TISSUE THERAPIES LIMITED (TRADING AS FACTOR THERAPEUTICS)

ACN 101 955 088

Information Booklet

2 for 5 pro rata non-renounceable Entitlement Offer at $0.035 per Share to raise approximately $5.3 million before Offer Costs.

The Entitlement Offer is fully underwritten

Entitlement Offer closes: 5.00pm (Sydney time) on 19 April 2016

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If after reading this document you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

Lead Manager and Underwriter

TAYLOR COLLISON

Legal Adviser

Lawyers | McCullough Robertson

IMPORTANT NOTICES

This Information Booklet is dated 18 March 2016. Capitalised terms in this section have the meaning given to them in this Information Booklet.

The Entitlement Offer is being made without a prospectus in accordance with Section 708AA Corporations Act (as notionally modified by ASIC Class Order 08/35). This Information Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares or Top Up Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders.

This Information Booklet is not to be distributed in, and no offer of New Shares or Top Up Shares is to be made in countries other than Australia and New Zealand. The distribution of this Information Booklet in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia or New Zealand.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Factor to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by a New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Definitions, currency and time

Defined terms used in this Information Booklet are contained in Section 5. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. Factor considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Information Booklet or the subsequent disposal of any New Shares. Factor recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

Factor collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Factor.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Factor (directly or through the Share Registry). Factor collects, holds and will use that information to assess your Application. Factor collects your personal information to process and administer your shareholding in Factor and to provide related services to you. Factor may disclose your personal information for purposes related to your shareholding in Factor, including to the Share Registry, Factor's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Factor holds about you. To make a request for access to your personal information held by (or on behalf of) Factor, please contact Factor through the Share Registry.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Queensland, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by Factor or any of its officers.

Past Performance

Investors should note that Factor's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Factor's future performance including Factor's future financial position or share price performance.

Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Factor and certain plans and objectives of the management of Factor. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Factor, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Factor. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Information Booklet in light of those disclosures.

Risks

Refer to Section 4 of this Information Booklet for a summary of general and specific risk factors that may affect Factor.

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Chairman's letter

18 March 2016

Dear Shareholder,

During the last 12 months your Company has undergone significant restructuring in order to begin the work of restoring shareholder confidence and value. With our revised board and management team, with confidence in our technology, with the determination demonstrated over the past year and fully building on lessons learned, we believe we can take this product to market and make it a success. We are seeking your support to achieve this goal.

On behalf of Tissue Therapies Limited (trading as Factor Therapeutics) (**Factor**), we are very pleased to invite you to participate in the recently announced 2 for 5, fully underwritten, non-renounceable entitlement offer for new Factor ordinary shares (**New Shares**) at an issue price of $0.035 per New Share (**Entitlement Offer**).

On 18 March 2016, Factor announced its successful raising of approximately $2.65 million through a first tranche placement to international and Australian institutional investors, utilising the Company's existing placement capacity under the Listing Rules, and a second tranche placement to raise a further $7 million, subject to obtaining shareholder approval (**Placement**), with the second tranche placement to be completed following this Entitlement Offer (together, the **Equity Raising**).

As well as providing Factor with working capital to meet the operational costs of the Company, Factor intends to use the proceeds of the Equity Raising to proceed with:

- execution of a Phase II clinical trial in the United States under an FDA Investigational New Drug (IND) application;
- manufacturing, material certification and stability testing to meet the needs of Phase III clinical trial and beyond as a pharmaceutical; and
- further development of core technology into new indication areas including ocular wound healing.

Entitlement Offer overview

Under the Entitlement Offer, Eligible Shareholders have the opportunity to invest at the price of $0.035 per New Share, which is the same price as the institutional investors who participated in the Placement. The number of new shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is attached to this Information Booklet. There is also a 'top-up facility' (**Top-Up Facility**) available under the Offer to allow Eligible Shareholders to apply for shares beyond their Entitlement (please refer to Section 3.2 of this Information Booklet for more information).

The issue price of $0.035 per New Share represents a 19% discount to the volume weighted average closing price for the fifteen trading days up to and including 15 March 2016 (being the last trading day of the Company's shares before the Equity Raising was announced).

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on ASX or otherwise transferable. We encourage you to consider this offer carefully.

Other Information

This Information Booklet contains important information, including:

- the investor presentation, which was released to the ASX on 18 March 2016, and provides information on Factor, the Entitlement Offer and key risks for you to consider;
- instructions on how to apply, detailing how to participate in the Entitlement Offer (if you choose to do so), and a timetable of key dates;
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions; and
- instructions on how to take up all or part of your Entitlement via BPAY.

The Entitlement Offer closes at 5.00pm (Sydney time) on 19 April 2016

Please read in full the details on how to submit your application which are set out in this Information Booklet. For further information regarding the Entitlement Offer, please call 1800 990 479 (within Australia) or +61 1800 990 479 (outside Australia) during the offer period.

An investment in Factor should be considered speculative. Section 4 identifies the major risks associated with an investment in Factor. You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of Factor, we encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely

Cherrell Hirst, AO
Chairman

Summary of Equity Raising

First Tranche Placement	
Issue Price	$0.035 per Share
Size	75,719,708 Shares
Gross proceeds	$2.7 million
Entitlement Offer	
Ratio	2 New Shares for every 5 Existing Shares
Issue Price	$0.035 per New Share
Size	151,439,417 New Shares
Gross proceeds	$5.3 million
Second Tranche Placement	
Issue Price	$0.035 per Share
Size	200,000,000 Shares
Gross proceeds	$7 million
Total gross proceeds of the Equity Raising	**$15 million**

Capital structure

Subject to rounding up of fractional Entitlements, the capital structure of Factor following the issue of New Shares is expected to be as follows:

Shares on issue as at 18 March 2016 (announcement of the Equity Raising)	302,878,835
Shares issued under the Placement*	275,719,708
New Shares to be issued under the Entitlement Offer	151,439,417
Shares on issue after the Equity Raising	730,037,960

*Assuming Shareholder approval is obtained for the second tranche placement.

Placement

Investors who receive shares under the first tranche placement will be entitled to participate in the Entitlement Offer.

Underwriting

The Entitlement Offer is fully underwritten by Taylor Collison Limited.

Risks

The major risks associated with an investment in Factor are set out in Section 4. These include:

(a) Factor may not obtain the regulatory approvals (including US Food and Drug Administration – FDA – approval) that it requires for sale of its products or the reimbursement approvals required for sales growth, or such approvals may be subject to delay;

(b) Factor's clinical trials may prove unsuccessful;

(c) Factor currently has no material revenues. Factor may need to raise additional funds in the future, which may not be available on favourable terms, and which may have a dilutive effect on existing Shareholders;

(d) Factor is dependent on the performance of its commercial partners and the retention of key consultants and personnel for its specialised business;

(e) Factor's value may be impacted if its intellectual property is not able to be adequately protected; and

(f) Factor may face competition from better-resourced industry participants.

Key dates

Activity	Date
Announcement of the Entitlement Offer	18 March 2016
Mailing of the Entitlement Offer details	21 March 2016
Ex-date	29 March 2016
Record Date for Entitlement Offer (7.00pm (Sydney time))	30 March 2016
Information Booklet and Entitlement & Acceptance Form despatched	1 April 2016
Entitlement Offer opens	1 April 2016
Closing date for acceptances under Entitlement Offer (5.00pm (Sydney time))	19 April 2016
New Shares quoted on deferred settlement basis	20 April 2016
Company notifies ASX of under subscriptions	22 April 2016
Allotment of New Shares under the Entitlement Offer	26 April 2016
Despatch of holding statements for New Shares issued under the Entitlement Offer	27 April 2016
Normal ASX trading for New Shares issued under the Entitlement Offer commences	27 April 2016
Anticipated date for general meeting of Shareholders to ratify the first tranche placement and approve the second tranche placement	28 April 2016
Anticipated date for settlement of second tranche placement	3 May 2016

This timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Underwriter, subject to the Listing Rules. The last date to extend the Closing Date is 14 April 2016. An extension of the Closing Date will delay the anticipated date for issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time prior to issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

Enquiries

Telephone: 1800 990 479 (within Australia) or +61 1800 990 479 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday during the offer period. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

If you have lost your Entitlement and Acceptance Form and would like a replacement form, you should contact the Share Registry on the above telephone numbers.

1 Description and effect of the Offer

1.1 Overview

The Entitlement Offer is a fully underwritten non-renounceable offer of approximately 151 million New Shares at $0.035 per New Share to raise approximately $5.3 million (before Offer Costs).

As well as providing Factor with working capital to meet the operational costs of the Company, Factor intends to use the proceeds of the Equity Raising to proceed with:

- execution of a Phase II clinical trial in the United States under an FDA Investigational New Drug (IND) application;
- manufacturing, material certification and stability testing to meet the needs of Phase III clinical trial and beyond as a pharmaceutical; and
- further development of core technology into new indication areas including ocular wound healing.

Eligible Shareholders who are on Factor's share register on the Record Date are entitled to acquire 2 New Shares for every 5 Existing Shares held on the Record Date (**Entitlement**). The issue price of $0.035 per New Share represents a discount of 19% to the volume weighted average closing price for the fifteen trading days to 15 March 2016 (being the last trading day for the Company's shares before the Equity Raising was announced). Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of by Shareholders.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet.

Shareholders will have their interest in Factor diluted because of the issue of Shares under the Placement. In addition, Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in Factor further diluted.

Eligible Shareholders should be aware that an investment in Factor involves risks and should be considered speculative. The key risks identified by Factor are identified in Section 4 of the Information Booklet.

Top Up Facility

Eligible Shareholders may subscribe for all or part of their Entitlement.

Any New Shares not taken up by the Closing Date may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Top Up Facility detailed in Section 3.2.

There is no guarantee that such Shareholders will receive the number of New Shares applied for under the Top Up Facility, or any.

There is no cap on the number of additional New Shares that Eligible Shareholders may apply for under the Top Up Facility, although the number of New Shares available under the Top Up Facility will not exceed the shortfall from the Entitlement Offer. The Underwriter, in consultation with the Company, shall determine an appropriate allotment and scaling policy (including allocations under the Top Up Facility). Therefore, the Directors reserve the right to allot and issue New Shares under the Top Up Facility at their discretion.

Options

The Company has 2,500,000 options on issue, comprising:

Category	Number	Exercise price	Vesting and lapse details
Employees and contractors	900,000	$0.08	Options vest on achievement of KPIs by specific target date and lapse 4 years from the issue date
Director - Dr Cherrell Hirst	300,000	$0.11	Options vest quarterly following the issue date and lapse 5 years after the issue date (or earlier, in respect of unvested options, if the director ceases to be a director within 12 months of the issue date)
Director - Mr Tim Hughes	300,000	$0.11	Options vest quarterly following the issue date and lapse 5 years after the issue date (or earlier, in respect of unvested options, if the director ceases to be a director within 12 months of the issue date)
Director - Dr Christian Behrenbruch	1,000,000	$0.11	Options vest following the issue date and lapse 5 years after the issue date (or earlier, in respect of unvested options, if the director ceases to be a director within 12 months of the issue date)
Balance at 18 March 2016	**2,500,000**		

1,150,000 options with an exercise price of $0.11 are exercisable. However, having regard to the exercise price, the Company does not expect these options to be exercised prior to the Record Date. No other options noted above may be exercised prior to the Record Date.

Effect on the Company's financial position

Set out below is the Pro Forma Consolidated Statement of Financial Position as at 31 December 2015. This statement comprises the independently reviewed Consolidated Statement of Financial Position as at 31 December 2015 adjusted for the Capital Raising, assuming that shareholder approval is obtained for the second tranche placement.

	31-Dec-15 Reviewed $ 000's	Placement $ 000's	Entitlement Offer $ 000's	31-Dec-15 Pro-Forma $ 000's
Current Assets				
Cash and cash equivalents	2,737	9,057[a]	4,851[b]	16,645
Receivables	62	-	-	62
Incentives – R&D claim	84	-	-	84
Inventories	352	-	-	352
Other assets	67	-	-	67
Total Current Assets	**3,302**	**9,057**	**4,851**	**17,210**
Non-Current Assets				
Inventories	716	-	-	716
Property, plant and equipment	99	-	-	99
Intangible assets	557	-	-	557
Total Non-Current Assets	**1,372**	**-**	**-**	**1,372**
Total Assets	**4,674**	**9,057**	**4,851**	**18,582**
Current Liabilities				
Payables	674	-	-	674
Current tax liabilities	12	-	-	12
Provisions	131	-	-	131
Other liabilities	30	-	-	30
Total Current Liabilities	**847**	**-**	**-**	**847**
Non-Current Liabilities				
Other liabilities	60	-	-	60
Total Non-Current Liabilities	**60**	**-**	**-**	**60**
Total Liabilities	**907**	**-**	**-**	**907**
Net Assets	**3,767**	**9,057**	**4,851**	**17,675**
Equity				
Contributed equity	66,029	9,057	4,851	79,937
Reserves	(33)	-	-	(33)
Accumulated losses	(62,229)	-	-	(62,229)
Total Equity	**3,767**	**9,057**	**4,851**	**17,675**

Notes to the Pro Forma Consolidated Statement of Financial Position

Note 1: Pro Forma Adjustments

The Pro Forma Consolidated Statement of Financial Position has been prepared on the basis that the following significant transactions occurred as at 31 December 2015:

Material transactions since 31 December 2015:

a. the issue of 275,719,708 Shares arising from the Placement to professional and sophisticated investors at $0.035 per Share less capital raising costs of $0.6m totalling $9.1m. The Placement will be conducted in two tranches being:
    - Tranche One – issue of 75,719,708 Shares to raise $2.7m less Offer Costs of $0.2m; and
    - Tranche Two – issue of 200,000,000 Shares to raise $7.0m less Offer Costs of $0.4m, subject to Shareholder approval following the Entitlement Offer.

b. the issue of 151,439,417 New Shares via the Entitlement Offer at $0.035 per New Share less Offer Costs of $0.5m totalling $4.8m.

Note 2: Cash and cash equivalents

The pro forma consolidated cash balance has been calculated adjusted for the Capital Raising, assuming that shareholder approval is obtained for the second tranche placement.

	$ 000's
Cash as at 31 December 2015	2,737
Placement proceeds	9,650
Costs of Placement	(593)
Entitlement Offer proceeds	5,300
Costs of Entitlement Offer	(449)
Pro forma cash balance	16,645

Until utilised, the funds will remain as a cash balance as reflected by the increase in cash assets.

Note 3: US Subsidiary

A wholly owned subsidiary Factor Therapeutics USA LLC was incorporated in the state of Delaware, USA on 18 February 2016.

1.2 Purpose of the Equity Raising

The purpose of the Equity Raising is to raise funds primarily to fund:

(a) execution of a Phase II clinical trial in the United States under an FDA Investigational New Drug (IND) application;

(b) manufacturing, material certification and stability testing to meet the needs of Phase III clinical trial and beyond as a pharmaceutical; and

(c) further development of core technology into new indication areas including ocular wound healing; and

(d) operating expenditure.

The proposed use of funds, assuming that shareholder approval is obtained for the second tranche placement, is intended to be apportioned as follows:

Estimated Use of Funds – assuming $15.0m raised	
	$M
Phase II clinical trial in the United States under an FDA IND	7.0
Manufacturing, stability testing, process development and regulatory costs	3.0
Product and pipeline development	1.2
Operating expenditure, includes • Corporate salaries and Directors' fees • Professional costs – audit & tax accounting, legal, IP, & other professional costs • Registry, stock exchange and insurances	2.7
Capital raising costs	1.1
Total Use of Funds	15.0

Revenues received by the Company and any surplus funds will be applied towards the working capital requirements of the Company.

1.3 Underwriting and management

The Underwriter has underwritten the full amount of the Offer on the terms set out in the Underwriting Agreement. Customary with these types of arrangements:

(a) the Underwriting Agreement includes a number of termination events, including market related termination events in respect of a 10% fall in the S&P/ASX 200;

(b) the Underwriter will receive:

(i) an underwriting fee of an amount equal to 4% (exclusive of GST) of the offer proceeds for the Entitlement Offer; and

(ii) a management fee of an amount equal to 2% (exclusive of GST) of the offer proceeds for the Entitlement Offer;

(c) Factor has agreed to indemnify the Underwriter and others against their losses in connection with the Entitlement Offer.

The Underwriter is able to procure any person to sub-underwrite the Entitlement Offer and also have the right to nominate and determine who is to receive any Shortfall Shares.

1.4 Shortfall facility

A shortfall may arise if applications received for New Shares under the Entitlement Offer (including after the Entitlements of Ineligible Shareholders) are less than the number of New Shares offered and the Underwriter or any sub-underwriters do not acquire that shortfall under the Underwriting Agreement. The Underwriter, in consultation with the Company, may determine a scaling and allotment policy with respect to the Top-Up Facility.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place Shortfall Shares within three months after the Closing Date to either existing or new Shareholders at their discretion. If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer. Shareholders will not receive any payment or value for the Entitlements not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Shares.

1.5 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders.

Eligible Shareholders are Shareholders on the Record Date who:

(a) have a registered address in Australia or New Zealand or are a Shareholder that Factor has otherwise determined is eligible to participate; and

(b) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of such Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

1.6 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

1.7 Allotment

Factor will make an application within seven days from the date of this Offer for quotation of the New Shares on ASX. Trading of New Shares will, subject to ASX approval, occur shortly after allotment. It is expected that allotment of the New Shares under the Entitlement Offer will take place no more than five Business Days after the close of the Entitlement Offer.

Application Monies will be held by Factor on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

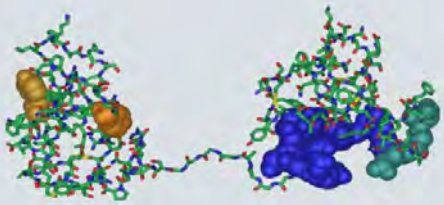
1.8 Information availability

Eligible Shareholders can obtain a copy of this Information Booklet from the Company's website at www.factor-therapeutics.com or by calling the Share Registry on 1800 990 479 (within Australia) or +61 1800 990 479 (outside Australia) at any time from 8.30am and 5.30pm (Sydney time) Monday to Friday during the Offer period. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry.

2 Investor presentation

FACTOR
THERAPEUTICS

Investor Presentation



March, 2016

Tissue Therapies Limited trading as "Factor Therapeutics", ACN 101 955 088

Notices

FACTOR THERAPEUTICS

- The information contained in the presentation is not intended to be an offer for subscription, invitation or recommendation with respect to shares in any jurisdiction.
- No representation or warranty, express or implied, is made in relation to the accuracy or completeness of the information contained in this document or opinions expressed in the course of this presentation. The information contained in this presentation is subject to change without notification.
- This presentation contains forward-looking statements which can be identified by the use of words such as "may", "should", "will", "expect", "anticipate", "believe", "estimate", "intend", "scheduled" or "continue" or similar expressions. Any forward-looking statements contained in this presentation are subject to significant risks, uncertainties, assumptions, contingencies and other factors (many of which are outside the control of, and unknown to, Tissue Therapies Ltd ("TIS"), trading as Factor Therapeutics, and its officers, employees, agents or associates), which may cause the actual results or performance to be materially different from any future result so performed, expressed or implied by such forward-looking statements.
- There can be no assurance or guarantee that actual outcomes will not differ materially from these statements.
- The photographs of clinical subjects used in this presentation are illustrative of medical conditions associated with potential applications of VF-001 (formerly marketed as VitroGro®). Actual clinical results may vary from those shown.
- Relevant images accessed under Creative Commons.

FACTOR
THERAPEUTICS

Company Introduction

Tissue Therapies Limited
trading as "Factor Therapeutics"

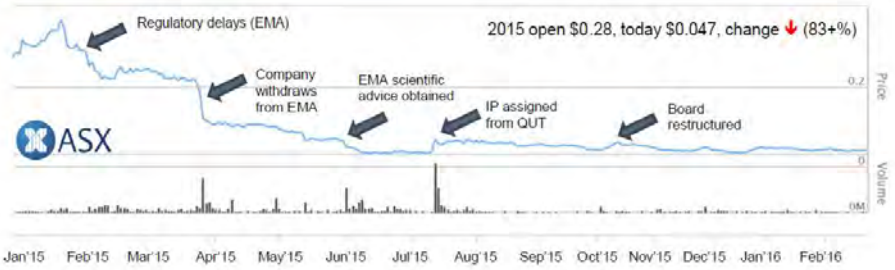
Investment Highlights

FACTOR THERAPEUTICS

Pharmaceutical strategy	Previously pursued an EMA device route, now focused on FDA biologic drug pathway. Greater value capture for shareholders
Pipeline	A significant pipeline of best-in-class wound care products
Major Market Opportunity	Our products target major unmet needs in chronic wound care, with the efficacy to capture significant market share
Strong Science	Technology has a novel mechanism of action that offers a compelling scientific rationale for efficacy
Manufacturing Scale-up Experience	Company has completed pre-commercialisation production scale-up of product, a major investment and achievement
Significantly De-Risked	Historical EMA challenges means that the company now has a well-documented pathway to success
Team	Restructured board and management team, capable of executing for the future
Intellectual Property (IP)	Excellent (broad/deep) IP portfolio with international coverage and duration

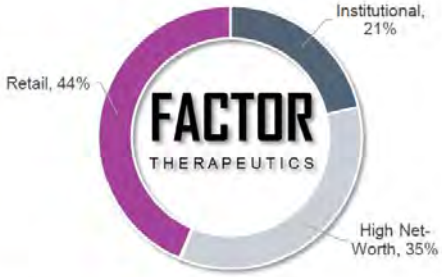
Factor Therapeutics is subject to a number of key investment risks, as highlighted on slide 32 of this presentation

Company Snapshot



ASX ticker[1]	TIS
Product focus area	Wound healing
Headquartered	Brisbane, Australia
Clinical stage	Phase II
Total issued capital	302,878,835 shares
Options	2,500,000 options
Share price[2]	$0.047
Market capitalisation[3]	$14.2m
Cash position	~$70m raised to date, $2m current
Top 20 ownership	~44% of cap table

Ownership Structure



1) Tissue Therapies Limited, trading as Factor Therapeutics, 2) as at 15/03/16 3) as at 15/03/16

5

Experienced Team

Dr. Cherrell Hirst AO FTSE MBBS BEdSt D.Univ (Hon) : Chair
Dr. Cherrell Hirst has had a distinguished clinical career in the detection and diagnosis of breast cancer and extensive and respected achievements as a director of multiple commercial, government and not-for-profit organisations including as Chancellor of QUT from 1994-2004. Dr Hirst is currently Chair of ImpediMed Ltd and a director of Medibank Private Ltd, Gold Coast Hospital and Health Service and RSLCare and in addition she chairs the Advisory Board of the Institute of Molecular Biosciences at UQ. She has previously been a director of Hatchtech, Peplin, Suncorp and Avan amongst others.

Timothy Hughes BSc (Hons) BA (Hons) M.NatRes : Non-Executive Director
Mr. Timothy Hughes has over 30 years experience in senior roles in the investment management and investment banking industries. This includes having been Chief Investment Officer at Rothschild Australia, Value Capital Management and Catholic Super. He also wrote a column on economics and investment for the Courier-Mail for 17 years. Tim currently sits on the Investment Advisory Panel of HESTA, one of Australia's largest super funds, and is on the Advisory Board of the Centre for Investor Education.

Dr. Christian Behrenbruch B.Eng (Hons) MBA D.Phil (Oxon) JD GAICD : Executive Director
Dr. Christian Behrenbruch has over 15 years of healthcare executive leadership experience. Prior CEO (and executive director) appointments include Mirada Solutions, CTI Molecular Imaging (now Siemens), Fibron Technologies and ImaginAb, Inc. He is a former director of Momentum Biosciences LLC, Siemens Molecular Imaging Ltd, Radius Health Ltd (now Adaptix) and Cell Therapies P/L (a partnership with the Peter MacCallum Cancer Centre). Chris is currently a member of the Monash Engineering Foundation Board and holds adjunct appointments at Monash University and RMIT University.

Nigel Johnson B.AppSc(Med&AppBiotech) : CEO
Mr. Nigel Johnson has been with the company in an operational capacity since early inception, and has over 20 years of experience in developing healthcare products in both the private and public sector. Nigel has broad experience in manufacturing, supply chain management, quality, R&D and regulatory affairs. He's been involved in delivering multiple regulated products from a blank sheet of paper into manufacturing, including leading the clinical translation of five recombinant proteins. He began his career with Queensland Health in tissue banking, followed by a role with the Australian Red Cross Blood Service where he was involved in developing a human cell-based product. Nigel has conducted post-graduate coursework in strategic management and is a member of both the Parenteral Drug Association and the American Society for Quality.

Dr. Gary Shooter BSc (Hons) Ph.D : Director of R&D
Dr. Gary Shooter is an experienced Protein Chemist and has a proven track record in the GMP manufacture and characterisation of protein-based therapeutics and products. Prior to joining the company, Dr Shooter was a Senior Research Fellow and Leader of the Tissue Repair and Regeneration Program at QUT. Gary has a strong foundation in IGF-I research that stems from his PhD studies at Adelaide University and developed a complementary strength in the science of wound healing while working at QUT from 2004 to 2014. During this period, Gary was primarily involved in developing the protein technology that forms the basis of Factor Therapeutics' intellectual property while supervising various postgraduate research projects aimed at elucidating the biochemical signatures of non-healing wounds.

Saskia Jo BCom GIA CPA : Director of Finance
Ms. Saskia Jo has over 10 years commercial experience in finance and compliance. She has been with the Company since 2011 and in additional to her financial management roles, serves as Company Secretary. Prior experience in international sales with Shiseido Corporation in Tokyo, and five years in accounting/finance functions with Burrell Stockbroking.

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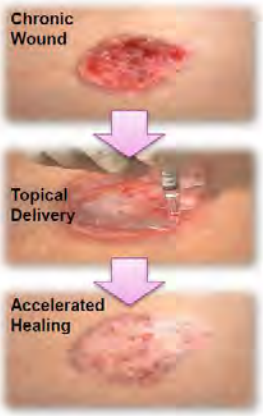
Our Products

Transforming Wound Care

What do our products do?

FACTOR THERAPEUTICS

- The company produces biotech products used in advanced wound healing applications – a multi $billion market opportunity with major unmet need for more effective products
  - ✓ We focus on chronic wounds where the normal processes inflammation / healing cease to function properly
  - ✓ Our first indication is Venous Leg Ulcers (VLUs)
- Our products are biomolecules that re-introduce cell attachment sites and growth factors into wounds that have become barren and difficult places for new skin cells to survive
  - ✓ Because we can recruit, attach and propagate cells into the wound bed, we can heal wounds faster
- Hard-to-heal wounds can take months to heal. Accelerating this process has a massive cost-benefit advantage to the healthcare system and to patients
  - ✓ We have future upside potential in other speciality wound care areas with large markets (for example, mucosal burns from radiation therapy, wounds from ocular surgery)

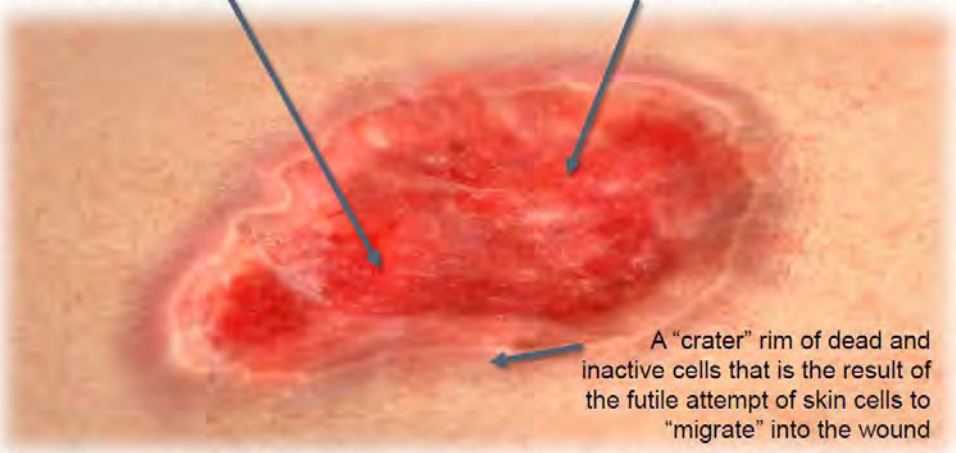


"Anatomy" of a Chronic Wound?

FACTOR THERAPEUTICS

Lack of attachment sites and growth factors, which encourages new tissue to grow

Skin is breached and subcutaneous tissue is exposed, causing pain



A "crater" rim of dead and inactive cells that is the result of the futile attempt of skin cells to "migrate" into the wound

Chronic wounds can last for months or years. They are recurrent, are prone to infection and are painful. The incidence is growing (venous leg ulcers, diabetic foot ulcers) and are major burden to our healthcare system.

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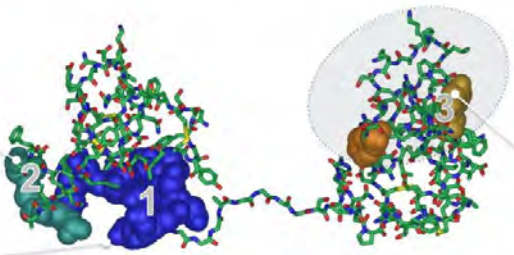
Our Technology : Molecular "Velcro" + Growth Factors

FACTOR THERAPEUTICS

Cell attachment site provides a scaffold for cells to move into the wound bed.



Growth Factor (i.e. IGF-1)

Promotes migration and repopulation of skin cells.

Collagen binding site for rapid adsorption of product onto wound bed.

Vitronectin (truncated 1-64) — **Linker** — **Growth Factor** (IGF-1)

- ✓ Advanced biologic products for wound care using a targeted growth factor approach.
- ✓ Our products promote healing by 1) providing an anchor point for new cells and 2) providing growth factors to encourage the proliferation of skin cells.
- ✓ Proven potency and safety.
- ✓ A platform technology with multiple clinical applications.

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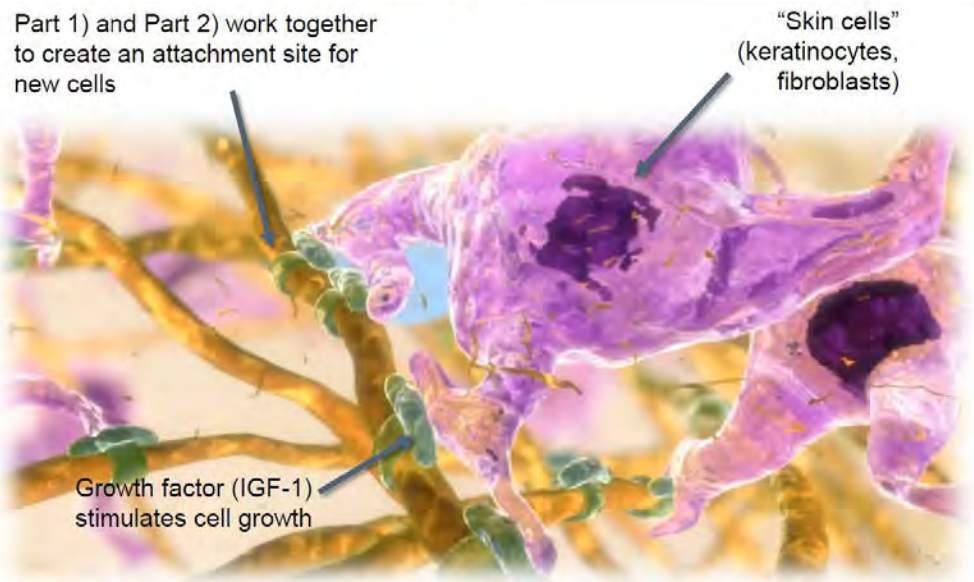
Visualisation of our Technology

FACTOR THERAPEUTICS



Our molecules provide a kind of "molecular velcro" that enables skin cells to migrate into the wound bed, find attachment sites and then respond to growth factors by dividing and propagating.

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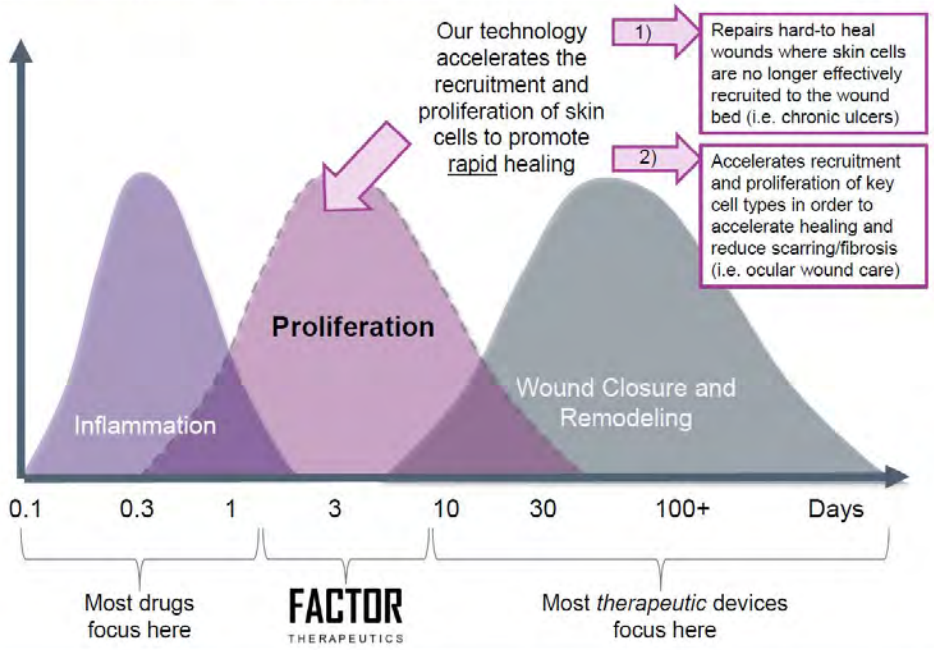
Unique Mechanism of Action

FACTOR THERAPEUTICS



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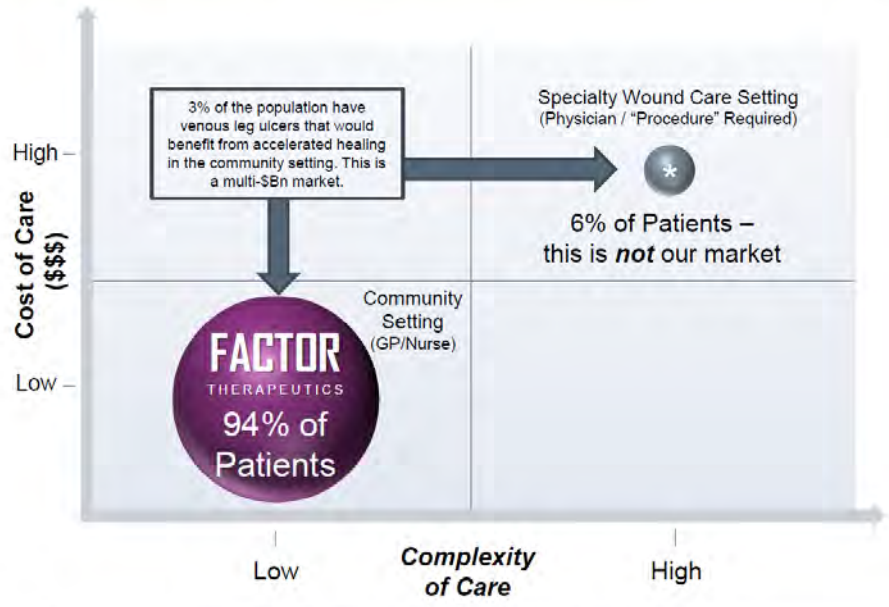
Venous Leg Ulcers : A Differentiated Market



*Diameter of spheres represent relative size of the patient population, 1) Margolis 0,1 classification patients

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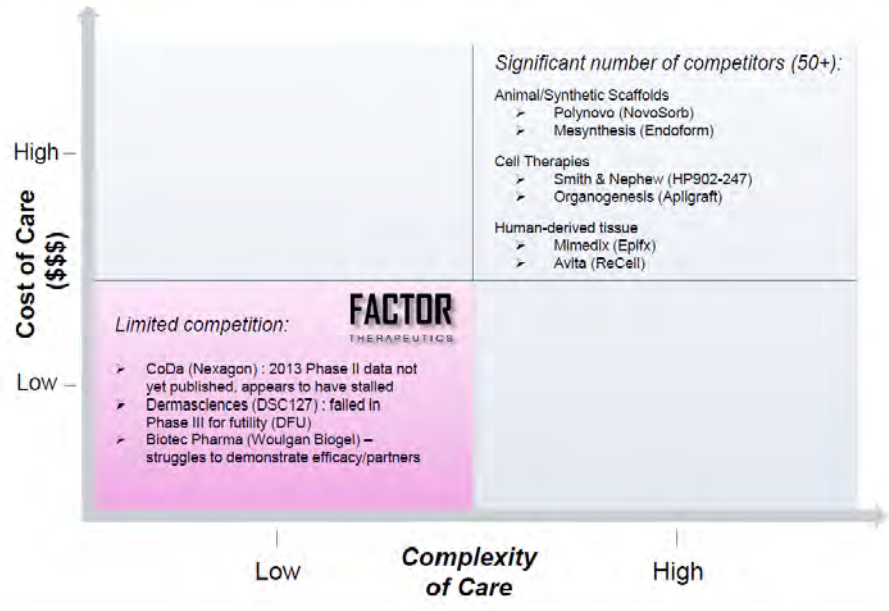
Low Competition in the Highest Volume Segment



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Our Impact : Venous Leg Ulcers

FACTOR THERAPEUTICS

Our product shows efficacy.

Most importantly it is intended for use in the community setting.

AND this is the largest, most important market

- Competing products (animal-derived and synthetic scaffolds, skin suspensions, human tissue-derived products) require physician supervision – "a procedure" – and are considerably more expensive.
- Our product will be suitable for application by a nurse in conjunction with standard of care (compression bandaging).
- Healthcare economics are driving wound care out of the specialty clinical environment into the GP/home and assisted living environment. Our product is highly suited to this trend.
- Health economics : ~USD $1,000 cost-benefit has been established for a 12 week course (VLU indication). Applicable to both US and EU5.

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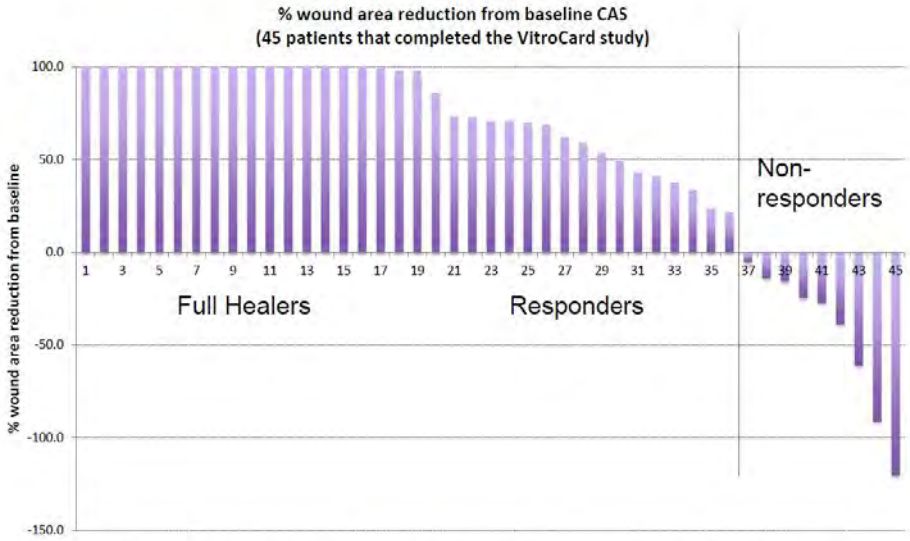
Our Product Shows Promising Efficacy

FACTOR THERAPEUTICS

In preliminary clinical studies, VF-001 was found to promote healing: **1/3 of patients fully healed within 12 weeks. 64% of patients ≥ 50% wound area reduction** in 12 weeks



- 8 patients did not fully complete the study due to reasons not related to product performance, though they make it into the safety database.

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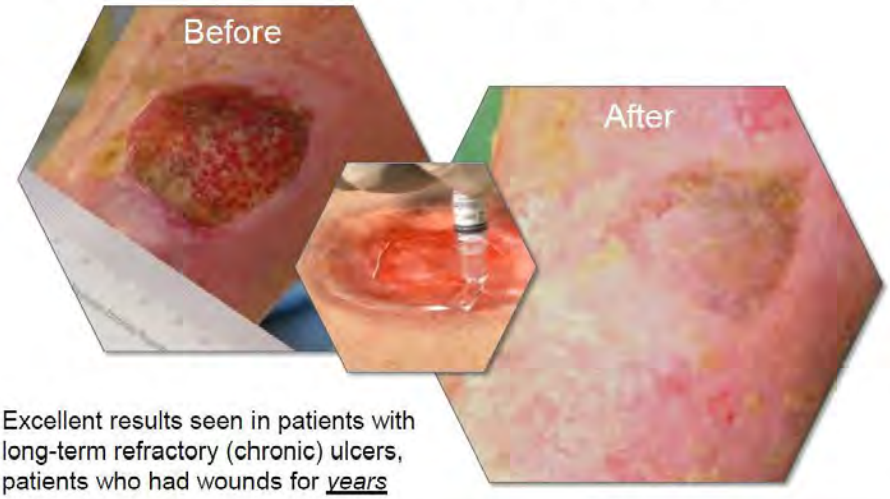
A Typical Result – Venous Leg Ulcers

FACTOR THERAPEUTICS

- Weekly wound irrigation with the product, combined with standard care (compression bandaging)
- Greatest reduction in wound area around ~8th week of treatment



Excellent results seen in patients with long-term refractory (chronic) ulcers, patients who had wounds for *years*

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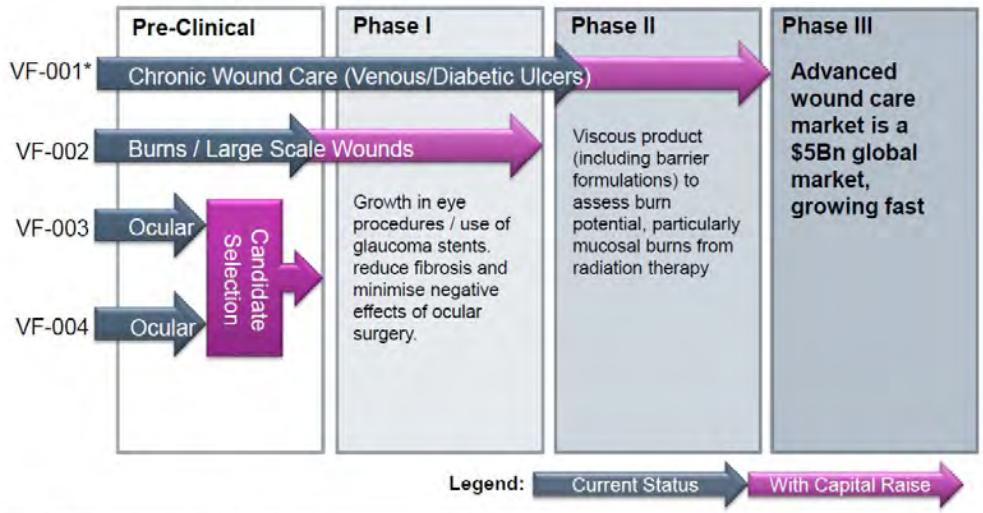
Product Pipeline

FACTOR THERAPEUTICS

- 90% of future investment will focus on the lead program (VF-001*) for chronic wounds, with first indication for venous leg ulcers (VLUs).
- We have started to explore ways to expand the utility of our technology platform.



* *Formerly communicated as VitroGro®.*

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Intellectual Property Snapshot

FACTOR THERAPEUTICS

- Potential to be the first approved* biologic combining an extra-cellular matrix protein with a growth factor – no other company is developing proteins that comprise components of vitronectin and growth factors such as IGF-1 and EGF.
- 5 patent families that robustly protect our core products and platform technologies.
- Potential for market exclusivity extensions in the US.

Durable	• Key asset has well defined claim scope • Portfolio covers both "next generation" products and practical alternatives
Exclusive	• Lifespan out to 2024 for lead product • Clear strategies to further extend IP life (in progress) • New constructs have patent life out to 2031
Granted	• Major jurisdictions protected, global reach • Broad indication support • Unequivocal asset ownership

*None of the company's products currently have marketing authorisation in any jurisdiction.

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Commercial Strategy

A Corporate Turn-Around

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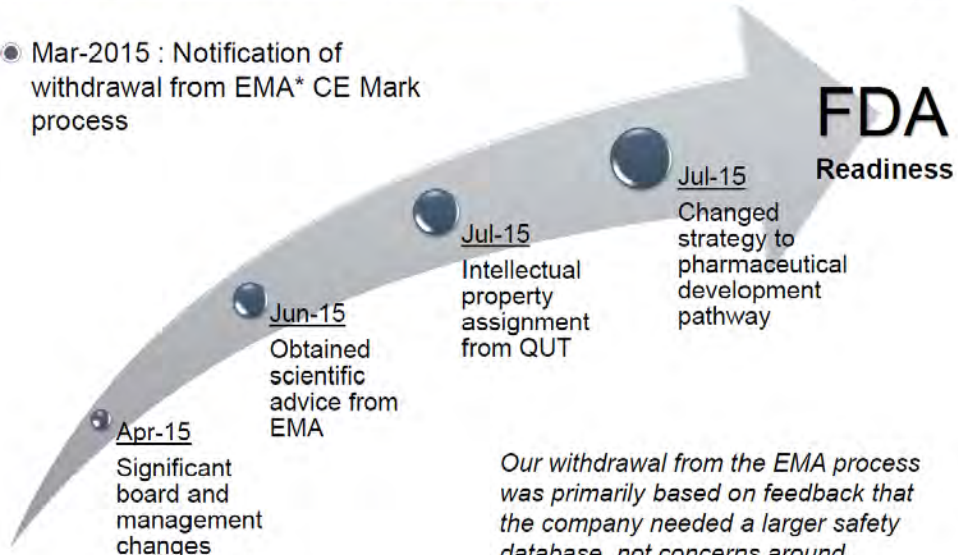
2015 : We Restructured the Company

FACTOR THERAPEUTICS

- Mar-2015 : Notification of withdrawal from EMA* CE Mark process



Our withdrawal from the EMA process was primarily based on feedback that the company needed a larger safety database, not concerns around efficacy or manufacturability.

*European Medicines Agency

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Key Accomplishments : Past 12 Months

FACTOR THERAPEUTICS

The company has achieved major outcomes for shareholders in the past 12 months, despite EMA setback. We are back on track…

Human Capital	Technical	Regulatory / Clinical	Strategy	Financial
Board restructured and streamlined	"Bridged" our manufacturing process between EMA and FDA. Major achievement.	Augmented internal resource with world-class external expertise	US / FDA-focused strategy to further build value while preparing for EMA resubmission	Substantially reduced burn rate, terminated non-core programs and collaborations
Management team restructure, additional experienced leadership on-board	Acceptance of FDA of CMC/material release assays for Phase II study*	Design of an efficacy study that will assist both FDA progress and EMA re-submission	Articulate company as a biologics company, accentuate the value of our platform technology, rebranding	Cleaned balance sheet, write-off of EU inventory
			Indication / application expansion of core technology	QUT IP assignment completed, simplifies future IP royalty structure

*Subject to submission and acceptance of final certificates of analysis by the FDA

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Challenges – and Opportunities

Challenge	Opportunity
Device route proven not to be feasible for the company with current clinical data set.	Pharmaceutical route enables much larger market opportunity / superior price point.
Clinical development rolled-back to Phase II.	Company will have necessary efficacy signals to engage partners in a higher-value proposition.
Transition from EMA to an FDA-focused process.	A larger, more homogeneous (reimbursement) market opportunity for the company.
Additional manufacturing requirements to prepare for Phase III.	Existing scale-up experience can be largely "re-used", better product control = lower COGS, stability, etc.

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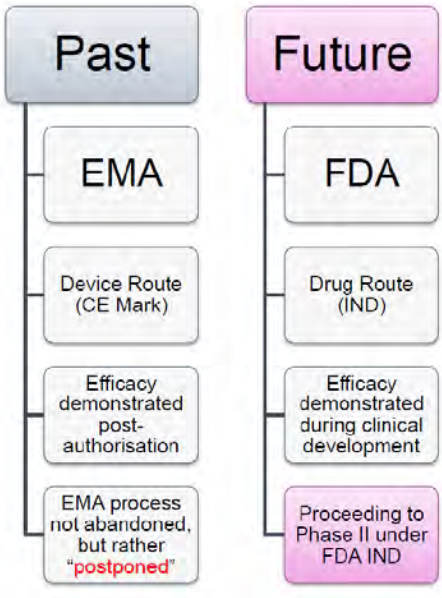
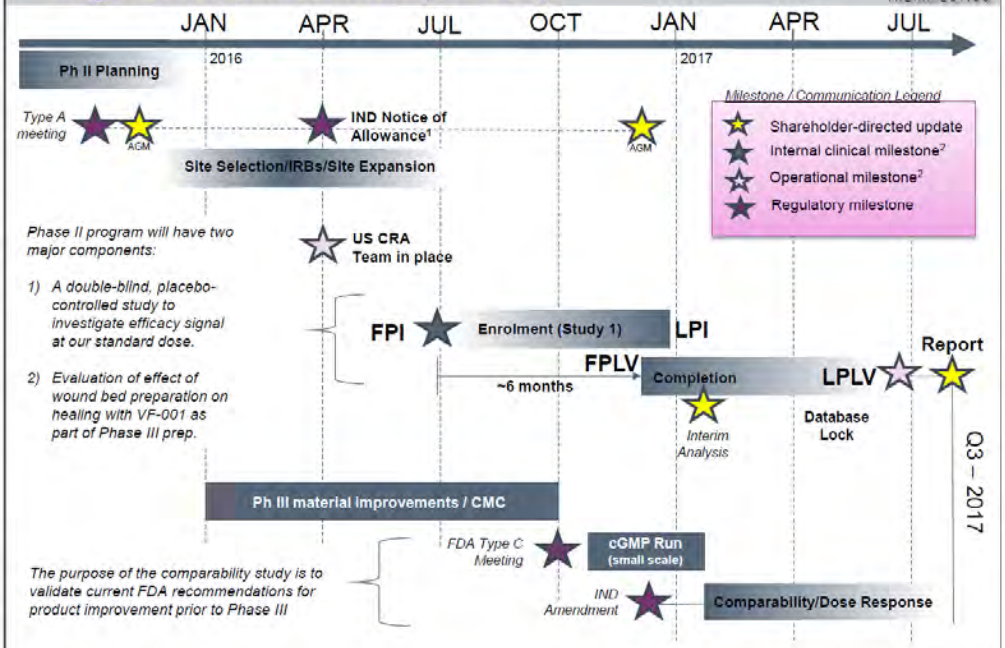
Change of Regulatory Strategy



Significant team effort the past 12 months to transition from device to IND model.

- ✓ Sophisticated and detailed gap analysis in collaboration with a top-tier CRO.
- ✓ Manufacturing / product characterisation taken to a superior level
- ✓ Effective re-engagement with the FDA (Type A meeting), with planned ongoing engagement.
- ✓ Clinical plan well-defined for a multi-centre US clinical trial that will pave the way to Phase III.
- • ***The opportunity to revisit EMA at the end of Phase II IND still remains.***
- • ***Clear guidance from the FDA on characterisation requirements for Phase III***

High-Level Clinical Plan (VF-001)



[1]Based on management's estimate only, [2]May or may not be reported, FPI = "first patient in", LPI = "last patient in", FPLV = "first patient, last visit", LPLV = "last patient, last visit"

Business Development Opportunities

Lead Program (VF-001):

- Have already re-engaged with major wound-care players
- New product development strategy a better perceptual "fit"
- Actively pursuing partnership opportunities
- Also interest in diabetic foot ulcers – we will pursue a separate IND filing (Q1 2017) with the goal of partnering for this indication

Ocular Program (VF-003/4):

- Already collaborative interest
- Major unmet clinical need and a well-identified market opportunity by the major ophthalmology players
- Comparatively low level of competition

Significant business development opportunities exist for our pipeline but strong clinical data at the end of Phase II will maximise the company's value in partnership discussions.

Building Value : The Next 18 Months

FACTOR THERAPEUTICS

Phase II Efficacy Study (US)
- Build a partnering-quality data set
- Move the company toward Phase III as a biologic drug in the US
- Meet the additional safety database requirements for EMA to enable CE Mark resubmission

EMA Resubmission
- Our Phase II study will meet the additional clinical data requirements for EMA
- Some limited non-clinical work should pave the way for re-submission end-2017

VF-001 Partnering
- Focus : DFUs*
- Will be supported by clinical data

Indication Expansion
- New applications
- IP "ever-greening"

Ocular Collaboration
- New market opportunities

We have planned out an 18 month roadmap to build significant value for shareholders. At the heart of this value creation is a well-designed clinical trial that builds on all of the company's experience, including EMA feedback.

~18 months

*Diabetic foot ulcers

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Capital Raise

Financing the Next Value Inflection

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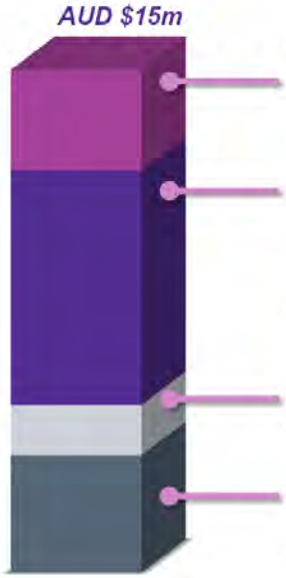
Capital Requirements & Use of Proceeds

FACTOR THERAPEUTICS



Manufacturing / CMC : **$3m.**
- Invest in bioprocess to meet needs of Phase III
- A strong manufacturing dossier (US) is critical to support partnering potential of VF-001

Multi-centre Phase II study : **$7m**
- Larger number of sites for rapid recruitment (plan 0.8 patients / month / site)
- US-centric, readiness / site qualification for Phase III a key consideration
- Obtain additional efficacy/safety data for EMA submission

Indication / pipeline expansion : **$1.2m.**
- Further develop core technology into new indication areas, future value capture

Working capital : **$3.8m**
- lean burn, runway of 24 months for corporate costs
- Financing costs

Phase II Trial Objectives

FACTOR THERAPEUTICS

1. **Show further evidence of efficacy**
   - Initial clinical experience with VF-001 has been very compelling. Now need to undertake a blinded/randomised, placebo-controlled study – powered to show efficacy
   - Build experience in a larger number of sites / treatment settings
   - Primary end-point - % fully-healed at 12 weeks, secondary end-point(s) – pain/safety
   - Experience at a higher dose (mostly for safety validation)
   - ~200 patients (100 treated), 20+ sites

2. **Obtain a larger safety database to satisfy EMA / CE Mark process**
   - Based on current AE[1] profile, ~100 additional patients required to complete CE Mark process for EMA, based on EMA guidance
   - Safety is a key decision-making criteria for Phase III IND process

3. **Build a robust data pack to attract partnerships**
   - Planned investment in manufacturing and clinical data collection will produce the type of validation required to attract partnerships
   - Will also lead to opportunities to expand indications for use

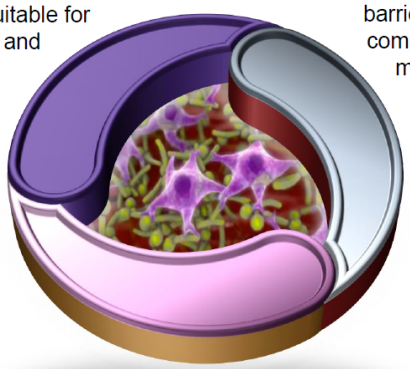
[1]Adverse Event

Pipeline Opportunities : Beyond VF-001

Lead Product: Majority investment focus in lead product. Demonstrate efficacy in a manner suitable for both driving partnering and Phase III decision - making.

Advanced wound care: $5Bn global market

VF-001*



New Product: Formulation development of a viscous form of lead product (incl. barrier formulations) to enable the company to start to evaluate burn market opportunities, including possibly mucosal burns.

Advanced burn products: $2Bn global market

VF-002

New Product: Leverage core IP to further develop a 2nd-generation product for ocular wound care. Growth in the number of eye surgical procedures, use of glaucoma stents, etc. has created a significant demand for advanced wound care products to accelerate healing, reduce fibrosis and minimise negative effects of ocular surgery. We have **two drug candidates** that are potentially first-in-class.

Post-surgical eye-care $1.5Bn global market

VF-003
VF-004

** Formerly communicated as VitroGro®*

Offer details

Details	A two tranche placement to institutional and sophisticated investors of approximately 275 million shares at an offer price of $0.035 per new ordinary share (**Offer Price**) to raise $9.65 (**Placement**), together with a non-renounceable entitlement offer to existing shareholders (**Entitlement Offer**) (together the **Offer**). The Entitlement Offer will be offered at a ratio of 2 new shares for every 5 shares held.
Pricing	The Offer Price of $0.035 represents: • 19.0% discount to the 15 business day volume Weighted Average Price up to and including 15 March 2016 • 17.5% discount to the 30 business day volume Weighted Average Price up to and including 15 March 2016 • 20.5% discount to the theoretical ex rights price • 25.5% discount to the closing price on 15 March 2016 of $0.047
Use of funds	As well as providing the Company with working capital to meet operational costs, the Company intends to use existing cash and proceeds for: • execution of a Phase II clinical trial in the United States under an FDA Investigational New Drug Application (IND); • manufacturing, material certification and stability testing to meet the needs of Phase III clinical trial and beyond as a pharmaceutical; and • further development of core technology into new indication areas including ocular wound healing.
Other	• New securities issued pursuant to the Offer will rank equally with the Company's existing securities • Taylor Collison are the Lead Manager and Underwriter to the Offer

Timetable

Activity	Date
Announcement of the Entitlement Offer	18 March 2016
Mailing of the Entitlement Offer details	21 March 2016
Settlement of tranche 1 placement shares	23 March 2016
Ex date	29 March 2016
Record Date for Entitlement Offer (7.00pm (AEDT))	30 March 2016
Information Booklet and Entitlement & Acceptance Form despatched	1 April 2016
Entitlement Offer opens	1 April 2016
Closing date for acceptances under Entitlement Offer (5.00pm (AEDT))	19 April 2016
New Shares quoted on deferred settlement basis	20 April 2016
Company notifies ASX of under subscriptions	22 April 2016
Allotment of New Shares under the Entitlement Offer	26 April 2016
Despatch of holding statements for New Shares issued under the Entitlement Offer	27 April 2016
Normal ASX trading for New Shares issued under the Entitlement Offer commences	27 April 2016
Extraordinary general meeting to approve second tranche placement	28 April 2016
Anticipated settlement of tranche 2 placement shares	3 May 2016

This timetable is indicative only and subject to change. The Directors may vary these dates, subject to the Listing Rules. The last date to extend the closing date is14 April 2016. An extension of the Closing Date will delay the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time prior to issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

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Pro Forma Consolidated Statement of Financial Position

	31-Dec-15 Reviewed $ 000's	Placement $ 000's	Entitlement Offer $ 000's	31-Dec-15 Pro-Forma
Current Assets				
Cash and cash equivalents	2,737	9,057[a]	4,851[b]	16,645
Receivables	62	-	-	62
Incentives – R&D claim	84	-	-	84
Inventories	352	-	-	352
Other assets	67	-	-	67
Total Current Assets	3,302	9,057	4,851	17,210
Non-Current Assets				
Inventories	716	-	-	716
Property, plant and equipment	99	-	-	99
Intangible assets	557	-	-	557
Total Non-Current Assets	1,372	-	-	1,372
Total Assets	4,674	9,057	4,851	18,582
Current Liabilities				
Payables	674	-	-	674
Current tax liabilities	12	-	-	12
Provisions	131	-	-	131
Other liabilities	30	-	-	30
Total Current Liabilities	847	-	-	847
Non-Current Liabilities				
Other liabilities	60	-	-	60
Total Non-Current Liabilities	60	-	-	60
Total Liabilities	907	-	-	907
Net Assets	3,767	9,057	4,851	17,675
Equity				
Contributed equity	66,029	9,057	4,851	79,937
Reserves	(33)	-	-	(33)
Accumulated losses	(62,229)	-	-	(62,229)
Total Equity	3,767	9,057	4,851	17,675

Notes to the Pro Forma Consolidated Statement of Financial Position:

Pro Forma Adjustments
The Pro Forma Consolidated Statement of Financial Position has been prepared on the basis that the following significant transactions occurred as at 31 December 2015:

Material transactions since 31 December 2015:

a) The issue of 275,719,708 New Shares arising from Placement to professional and sophisticated investors at $0.035 per Share less raising costs of $0.6m totalling $9.1m. The Placement will be conducted in two tranches being:
   - Tranche One – issue of 75,719,708 Shares to raise $2.7m less Offer Costs of $0.2m; and
   - Tranche Two – issue of 200,000,000 Shares to raise $7.0m less Offer Costs of $0.4m, subject to Shareholder approval following the Entitlement Offer.

b) The issue of approximately 151,439,417 New Shares via the Entitlement Offer, at $0.035 per Share less Offer Costs of $0.5m totalling $4.8m.

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Investment Risks

Regulatory Approvals	Company may not obtain the regulatory approvals (including US Food and Drug Administration (FDA) approval) that it requires for sale of its products or the reimbursement approvals required for sales growth, or such approvals may be subject to delay
Clinical Trials	Clinical trials may prove unsuccessful
Requirement to Raise Additional Funds	Company currently has no material revenues. It may need to raise additional funds in the future, which may not be available on favourable terms, and which may have a dilutive effect on existing shareholders
Dependence on Commercial Partners	Company is dependent on the performance of its commercial partners and the retention of key consultants and personnel for its specialised business
Intellectual Property	Company's value may be impacted if its intellectual property is not able to be adequately protected
Competition	Company may face competition from better-resourced industry participants

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Concluding Remarks

Key Messages:

- Company has undergone a major change in the last 12 months. Transition from a device to a biologic drug strategy.
- Orderly response : major management and board restructuring.
- Company has the opportunity to significantly advance the articulation and development of its technology, is back on track with its regulatory and clinical strategy.

Seeking $15m in capital to get lead program through Phase II and to realise the potential of the company's wound healing platform, including some preliminary work around indication expansion.

- ✓ Clear use of proceeds, primarily focused on lead program.
- ✓ Significant commercial and clinical value inflections in the next 18 months.
- ✓ Biologic/IND pathway broadens the market opportunity for the company.

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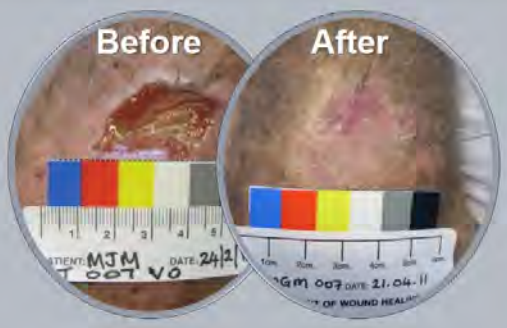

Appendix : Clinical Summary VF-001

Our Lead Product in Action

Clinical Objectives

FACTOR THERAPEUTICS

- **Initial focus : chronic wound application - Venous Leg Ulcers (VLUs)**
  - Major patient population (3% of the population, ~3m people in the US alone)
  - Major burden on the healthcare system, major unmet need for better, cost-effective treatments
  - Standard of care is compression bandaging
- **We want to treat *all* patients, not just those with the most severe wounds**
  - The most severe cases will end up in specialty wound care clinics, disease is multi-faceted
  - Severe cases will be treated with more complex products/procedures
  - Severe cases are a relatively small % of the market for VLUs (~6%)
- **We are <u>very</u> interested in treating mild-moderate severity patients**
  - Accelerated healing time means big cost savings
  - Treatment in the community setting is a huge differentiation
  - Our products are easily combined with standard care weekly compression bandaging
  - 94% of the patient population

Background : Margolis Wound "Severity" Scores

FACTOR THERAPEUTICS

Severity	Proportion in the real world population	Probability of Healing within 24 Weeks with Limb Compression (%)*	Baseline Ulcer Area (cm^2)	Ulcer Duration (months)
0 (least severe)	~ 69%	93.0 %	≤ 5	≤ 6
1 (middle)	~ 25%	65.0 %	≤ 5	> 6
			> 5	≤ 6
2 (most severe)	~ 6%	13.0 %	> 5	> 6

To have patient benefit and healthcare impact, we need to treat the entire population of patients, not just the most severe.

* Margolis DJ, Berlin JA, Strom BL. Which venous leg ulcers will heal with limb compression bandages? Am J Med. 2000 Jul;109(1):15-9.

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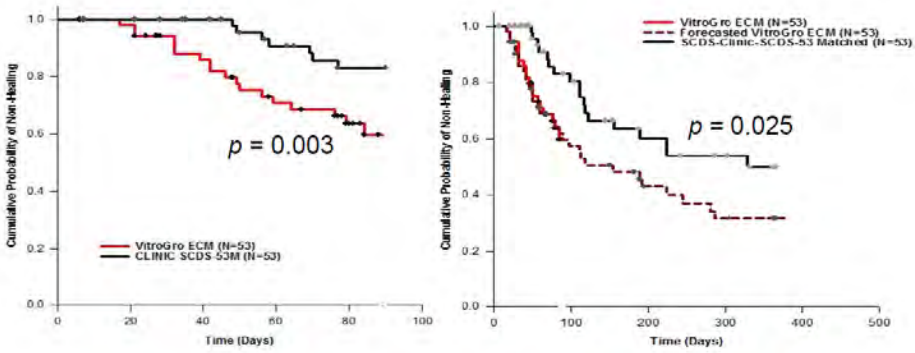
Summary of Clinical Experience to Date

FACTOR THERAPEUTICS

- Evaluated in 53 patients to date. Demonstrated efficacy, indicating that VF-001* delivers significant clinical benefit to a hard-to-heal patient population
- VF-001 plus standard care (SC) compared to SC only - Day 90:
  - Cross-trial data - 1:1 propensity score matched from raw data on major prognostic factors for healing (ulcer area and duration) and age. Comparator is large published UK data set on chronic VLUs



Significantly faster healing profile with VF-001

* *Formerly communicated as VitroGro®*

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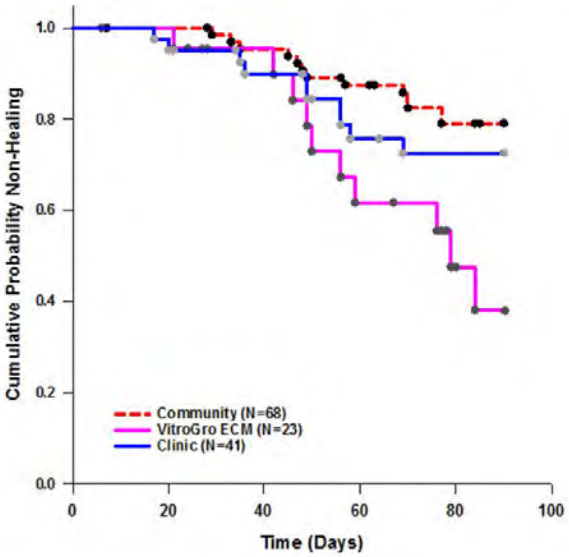
Moderately Severe Patients Respond the Best

FACTOR THERAPEUTICS

"Margolis 1" patients are moderately severe patients.

VF-001 almost doubles healing rates in this patient population with statistical significance.

Log-Rank Test:		
Statistic	**DF**	**P Value**
12.065	2	0.002



* Margolis DJ, Berlin JA, Strom BL. Which venous leg ulcers will heal with limb compression bandages? Am J Med. 2000 Jul;109(1):15-9.

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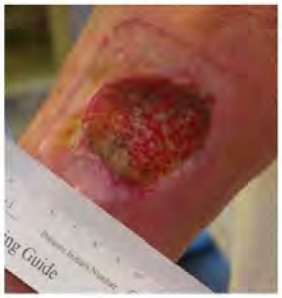
Illustrative Examples

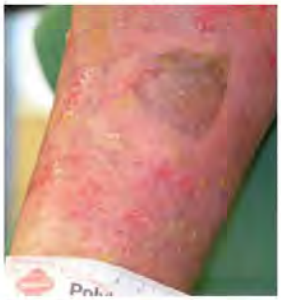
FACTOR THERAPEUTICS

- 15.4 cm² ulcer at entry
- 5 years duration
- Healed at week 7

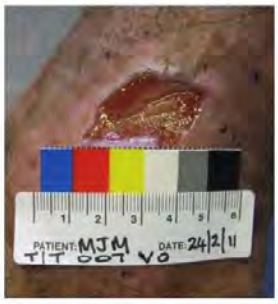
Before

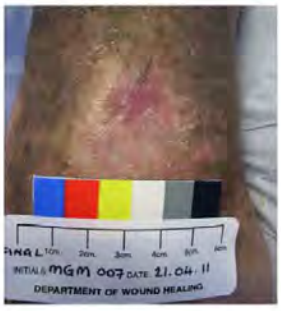


After



- 4.4 cm² ulcer at entry
- 7 years duration
- Healed at week 8





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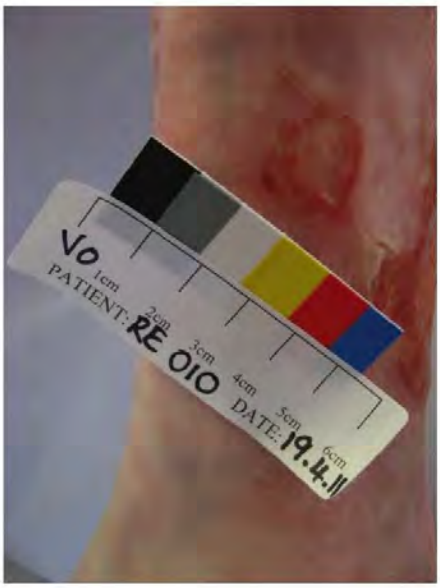
Study Ulcer Comparison with Adjacent Ulcer

FACTOR THERAPEUTICS



Treatment:
VF001 applied to study ulcer only
while adjacent ulcer remained untreated

Study ulcer duration: 3 yrs

Adjacent ulcer duration: 3 yrs

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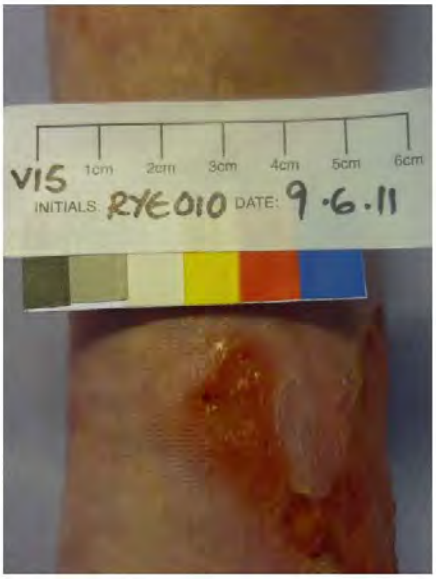
Study Ulcer Comparison with Adjacent Ulcer

FACTOR THERAPEUTICS



Time point: Week 8

Study ulcer: Ulcer area reduction

Adjacent ulcer:
Enlarged and deteriorated. Serves to
illustrate how localized the treatment is

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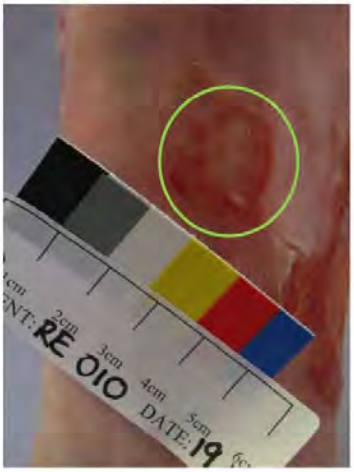
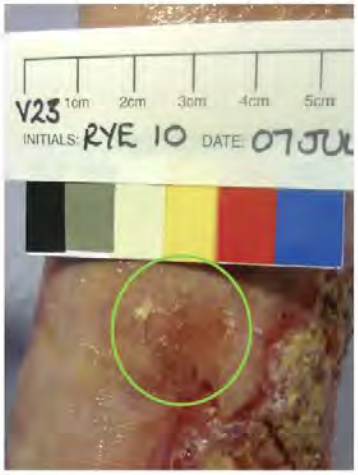
Study Ulcer Comparison with Adjacent Ulcer

FACTOR THERAPEUTICS

Visit: 0 (Enrolment)



Visit: 23 (80 days)



- Healing of VF001 treated ulcer and deterioration of untreated ulcer

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Summary : Clinical Results

FACTOR THERAPEUTICS

- ✓ ~90 patients have been treated with our technology, 53 with the current recombinant product (VitroCard study). The VitroCard study was enriched with Margolis 1 and 2 patients
- ✓ A 1/3 of refractory ulcers healed in 12 weeks, in a very hard-to-heal patient population
- ✓ Healing trajectory restored in ¾ of patients in 12 weeks
- ✓ ~ Half of all treated patients achieved a reduction in wound area of > 70% in 12 weeks
- ✓ Evidence for effectiveness includes cross-trial comparison to standard care data from 3 large studies
- ✓ Good product safety profile observed to date, comparable to standard care (compression bandaging)

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3 How to Apply

3.1 Shareholder's choices

The number of New Shares to which Eligible Shareholders are entitled (their **Entitlement**) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

(a) take up their Entitlement in full and, if they do so, they may apply for additional New Shares under the Top Up Facility (refer to Section 3.2);

(b) take up part of the Entitlement, in which case the balance of the Entitlement would lapse (refer to Section 3.3); or

(c) allow their Entitlement to lapse (refer to Section 3.4).

Ineligible Shareholders may not take up any of their Entitlements.

Factor reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is **5.00pm (Sydney time) on 19 April 2016** (however, that date may be varied by Factor, in accordance with the Listing Rules and the Underwriting Agreement).

3.2 Taking up all of your Entitlement and participating in the Top Up Facility

If you wish to take up your Entitlement in full, follow the instructions set out in the Entitlement and Acceptance Form.

If you have applied to take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with Section 3.6 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than **5.00pm (Sydney time) on 19 April 2016** at the addresses set out below:

By hand delivery (not to be used if mailing)
Tissue Therapies Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

By post
Tissue Therapies Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

You may also take up all of your Entitlement and apply for Top-Up Shares by payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than **5.00pm (Sydney time) on 19 April 2016**.

If you do not return the Entitlement and Acceptance Form, amounts received by Factor in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) may be treated

as an application to apply for as many additional New Shares as your Excess Amount will pay for in full.

If you apply for additional New Shares under the Top Up Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Entitlement Offer. There is no guarantee you will receive any New Shares under the Top Up Facility. The Directors reserve their right to allot and issue New Shares under the Top Up Facility at their discretion.

3.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up. You do not need to take any other action as the portion of your Entitlement that you do not take up will lapse.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and Factor receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

3.4 Allow your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

3.5 Consequences of not accepting your Entitlement

If you do not accept all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise have been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by the Underwriter, or sub-underwriters, or under the Top Up Facility.

No party will acquire a relevant interest in voting Shares exceeding 20% as result of the Entitlement Offer, the placement of any Entitlement Offer shortfall, or completion of the second tranche placement.

3.6 Payments and refunds

The consideration for the New Shares (including under the Top Up Facility) is payable in full on application by a payment of $0.035 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Tissue Therapies Limited**' and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the closing date of the offer. If you wish to advise or change your banking instructions with the Share Registry you may do so by going to https://investorcentre.linkmarketservices.com.au/Login.aspx/Login and following the instructions.

3.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

(a) you are an Eligible Shareholder and are not otherwise a person to whom it would be illegal to make an offer or issue of New Shares under the Entitlement Offer; and

(b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand.

3.8 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

3.9 Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Information Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand, and beneficial holders of Shares who are institutional or professional investors in other countries that Factor has approved as being a country in which investors are eligible to participate, as well as any other country to the extent Factor may determine it is lawful and practical to make the Entitlement Offer.

4 Risk factors

Introduction

An investment in Factor should be considered speculative. This section identifies the major risks associated with an investment in Factor.

4.1 Specific risks

Regulatory approvals

The research, development, manufacture, marketing and sale of products using Factor's technology are subject to varying degrees of regulation by a number of government authorities in Australia and overseas including the FDA.

Obtaining approval for marketing authorisation is generally a substantial and regulated process requiring extensive documentation and data regarding quality, safety and product performance to be provided to regulatory authorities. Regulatory processes differ from one jurisdiction to another and each authority may impose its own requirements including local studies even if a product is approved in another country.

The ability to sell the Company's products in the USA is subject to regulatory approval from the FDA. This will involve the submission of an application for approval following the completion of late stage (Phase III) clinical development. The forthcoming human trial will be conducted under an FDA IND, with the notice of allowance pending on the certification of the clinical trial material. (ASX: TIS, FDA Regulatory Progress Update, announced 17 December 2015).

The FDA requires indication-specific clinical trial data for approval for sale and therefore obtaining FDA marketing approval for indications other than venous leg ulcers may require further FDA clinical trials and regulatory review. Prior to granting approval the FDA may require a confirmatory trial to show the Company's products provide a clinical benefit in that indication.

The Company also intends to revisit its European Medicines Agency (EMA) submission for CE Mark on the basis of the data obtained in the currently planned (US) clinical studies. Whilst the Company is informed by previous processes with the EMA, residual regulatory risk remains.

Reimbursement

In many territories, products such as those produced by the Company, must follow a formal reimbursement process in order to be commercially effective. The availability and timing of reimbursement may have an impact upon the uptake and profitability of products in some jurisdictions.

Furthermore, any of the products utilising Factor's technology may be shown to cause adverse events, not to be effective, uneconomical to market, compete with superior products marketed by third parties or not be as attractive as alternative treatments.

The regulatory environment is subject to change as many Western countries pursue health sector cost reforms. These changes may increase the costs associated with obtaining and maintaining regulatory approvals and reimbursement for the Company's products. This risk remains despite the fact that Factor has conducted economic modelling and retained expert consultants to assist with regulatory approval and reimbursement processes.

Clinical trial risk

The research and development process for commercialising biopharmaceuticals includes clinical studies. As the Company's product portfolio is still in development there is exposure

to clinical trial risk which includes failure to achieve goals for efficacy and safety wherein the Company may have to abandon a product even in the late stages of development (for example, Phase III clinical development). Factor may be unable to secure necessary approvals from regulatory agencies and institutional bodies (clinics and hospitals) to conduct future clinical trials. There is also no assurance that products developed using Factor's technology will prove to be completely safe and efficacious in clinical trials, or that the regulatory approval to manufacture and market its products will be received. Clinical trials might also potentially expose Factor to product liability claims in the event its products in development have unexpected effects on clinical trial subjects.

To the extent it is available on reasonable terms, Factor intends to maintain clinical trial insurance, however there is no guarantee such insurance will be held to be valid or be sufficient to cover any liability which may arise.

Unexpected safety or efficacy concerns

Pharmaceutical products can develop unexpected safety or efficacy concerns. Generally the side effects profile of biopharmaceuticals cannot be fully established based upon preapproval clinical trials. When side effects are observed product labelling may evolve to include restrictions to certain populations, new contraindications, warnings or precautions. Clinical trials undertaken by Factor have many associated risks which may impact the Company's profitability and commercial potential. They may prove unsuccessful or non-efficacious, impracticable or costly. The clinical trials could be terminated and this would likely have a significant adverse affect on the Company, the value of its securities and the future commercial development of the Company's products.

After approval the Company's products may be used for longer periods of time by a larger number of patients and regulators and payers collect additional information on marketed products by continuous monitoring of use. The Company may conduct post-market surveillance and clinical studies that may result in labelling changes to the Company's products. Labelling changes could potentially impact commercialisation. Serious safety or product performance issues could result in voluntary or mandatory product recalls.

Risk of delay

The Company may experience delay in achieving a number of critical milestones, securing further commercial partners, completion of clinical trials, obtaining regulatory approval (to commence sales) or reimbursement approvals (for sales growth), manufacturing, product launch and sales in one or more jurisdictions. Any material delays may impact adversely upon the Company, including the timing of any revenues under milestone or sales payments.

Commercialisation of products

Factor's ability to achieve profitability is dependent on a number of factors, including its ability to complete successful clinical trials and obtain regulatory approval for its products and successfully commercialise those products. There is no guarantee that Factor's products will be commercially successful.

There are many reasons why initially promising products fail to be successfully commercialised. For example, clinical trials may be suspended for safety or efficacy reasons, following development it may prove difficult or impossible to manufacture the product on a large scale, or during the period of development competitors (including those with greater resources) may emerge with competing or alternative treatments

Requirement to raise additional funds

The Company may be required to raise further additional equity or debt capital in the future. There is no assurance that the Company will be able to raise further capital when required or, even if available, the terms may be unsatisfactory. If Factor is unsuccessful in obtaining funds when they are required, Factor may need to delay or scale down its operations.

Reliance on third-party relationships and outsourcing arrangements

The Company utilizes third parties, including suppliers and third-party service providers for product development, manufacture and commercialisation of products, and certain financial transactional processes. For example, the operation of clinical trials will be outsourced to a contract research organisation. Outsourcing these functions involves the risk that the third party service provider may not comply with regulatory and legal requirements, may not produce reliable results, may not perform in a timely manner or fail to perform at all, may not maintain confidentiality or meet contractual or other obligations. Failure of these third parties could have a material adverse effect on the Company.

Worsening economic conditions

Biopharmaceuticals have not generally been sensitive to overall economic cycles, however prolonged economic slowdowns could impact commercialisation. If third party service providers, suppliers or commercial partners experience financial difficulties, the Company could experience performance delays or defaults by suppliers and service providers.

A substantial proportion of the Company's operations occur outside Australia and the Company faces risk exposure to exchange rates for foreign currencies. The risks primarily relate to the Australian dollar against the Euro and the US dollar. The Company uses currency rate risk management techniques to manage a portion of these exposures however significant fluctuations in currency rates can have an impact on operations and cash reserves.

Commercial, manufacturing and distribution capability

Biopharmaceutical manufacturing is regulated and complex. Factor's ultimate success is dependent upon its ability, directly or through its partners, to manufacture its products on a commercial scale, with continuity of supply and in accordance with current Good Manufacturing Practices, prescribed by the regulatory authorities. Material difficulties at contracted facilities, or failure or refusal of a contract manufacturer to supply in a timely manner could result in product shortages, manufacturing stoppages or clinical trial delays. Difficulties could arise for a variety of reasons including, but not limited to, quality or compliance problems, natural disaster, inability to obtain raw materials or impairment of assets such as cell banks used for production.

Delays and difficulties in the future manufacture of products for trials or commercial purposes or with packagers or distributors could delay market introduction and subsequent sales of Factor's products. More particularly, any contamination or other failure in the manufacture of the compounds that are supplied or subsequently manufactured could result in delay, increased costs, exposure to liability for breach of obligations as well as regulatory and statutory standards, loss of funding and / or regulatory approval.

Factor's development portfolio consists of biological entities that may bring significant future benefit, but which may also lead to more technical constraints and further industrial investments as biological products are complex to produce.

Dependence on commercial partners

Factor has entered into a number of commercial partnering agreements to launch the marketing and sales of its lead products. Satisfactory performance of these agreements will be critical to Factor's ability to derive revenue and the timing of those revenues.

There is no guarantee that Factor will be able to find suitable industry partners or that it can negotiate attractive commercial terms for future medical indications or in all jurisdictions.

The success of Factor's partnering arrangements may depend on the resources devoted to them by itself or its industry partners. Collaborative agreements may be terminable by Factor's partners. Non-performance, suspension or termination of relevant agreements is likely to have a material and adverse impact on Factor's business, financial condition and results of operations.

Development of manufacturing processes

The Company intends to further develop and revise its manufacturing processes. Integrating the outcome of development is complex and potentially disruptive to operations and commercialisation. Unexpected delays and difficulties integrating manufacturing changes could lead to additional expenses, failure to achieve expected results and milestones.

Information technology systems

The Company relies on the efficient and uninterrupted operation of complex information technology systems and infrastructure, some of which are outsourced. These systems are potentially vulnerable to damage or interruption from a variety of sources including, but not limited to, telecommunications failures, natural disasters or malicious intrusion.

Retention of key personnel and contract researchers

Because of the specialised nature of Factor's business, Factor is highly dependent upon qualified, scientific, technical and managerial personnel.

The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical, managerial and other personnel in a timely manner could harm Factor's R&D programs and its business.

Intellectual property

The Company's products, in particular the lead program VF001, benefit from certain intellectual property protections such as patents and potentially non-patent exclusivity periods.

As announced in July 2015, a revised arrangement with Queensland University of Technology (**QUT**) provided for the assignment of all intellectual property around the Company's development portfolio, particularly the commercial embodiment of the lead program (VF001) which has been granted protection.

Factor's success will depend in part on the ability to obtain commercially valuable patent claims and to protect its intellectual property. Accordingly, Factor and its research partners face the following risks and uncertainties with respect to the licensed patents and any other patents subsequently licensed or issued to Factor:

- the licensed patents may not result in issued patents or may take longer than expected for patents to issue;
- the claims of any patents that are issued from the licensed patents may not provide meaningful protection;
- Factor and its research partners may not be able to develop additional proprietary technologies that are patentable;
- the licensed patents and any other patents subsequently licensed or issued to Factor or its industry partners may not provide a competitive advantage;
- other companies may challenge the licensed patents and any other patents subsequently licensed or issued to Factor or its industry partners;
- other companies may independently develop similar or alternative technologies, to those of Factor or duplicate Factor's technology;
- other companies may design around technologies Factor has licensed or developed;
- if letters patent do not issue in respect of a licensed patent, then the value of Factor's intellectual property rights may be significantly diminished. Further, any information contained in the licensed patents will become part of the public domain, so that it will not be protected as confidential information; or

- outside the major markets some countries may consider granting compulsory license to use patents protecting the Company's products, which limits the protection granted to such products.

As legal regulations and standards relating to the validity and scope of patents continue to evolve, the degree of future protection for Factor's proprietary rights is uncertain.

Factor may incur substantial costs in asserting any patent or intellectual property rights and in defending legal action against it relating to intellectual property rights. Such disputes could substantially delay Factor's product development or commercialisation activities.

In addition to patents, Factor depends upon trade secrets and proprietary know-how to protect its proprietary technology. Any agreements between Factor and its employees and consultants may not provide adequate protection for Factor's trade secrets, know-how, or other proprietary information in the event of any unauthorised use or disclosure.

Factor may from time to time need to acquire or licence intellectual property from third parties to develop and commercialise its own suite of intellectual property and products. There is no guarantee such acquisition or licence can be obtained or, if obtained, that it will be on reasonable commercial terms.

Competition

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. To compete successfully the Company must deliver to the market cost effective products that meet important and unmet medical needs. Factor's products may compete with existing alternative treatments that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that target the same conditions that Factor is targeting. Some of these companies may have, or develop, technologies that may be perceived to be superior to Factor's own technology, including by generic or biosimilar versions of the Company's products. Factor may face competition from parties who have substantially greater resources than Factor.

Litigation

There is a risk that the Company may in future be the subject of or required to commence litigation. There is, however, no litigation currently underway or threatened.

4.2 General market risks

Share market investments

The price of Shares might rise or fall and Shares might trade at prices below the Issue Price. There can be no assurance that an active trading market will always exist for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include economic conditions and investor sentiment. These risks apply generally to any investment in the stock market.

General economic conditions

Factor's operating and financial performance is influenced by a variety of general economic and business conditions, both domestic and global, including the level of inflation, commodity prices, interest rates and government fiscal, monetary and regulatory policies.

Taxation risks

A change to the current taxation regime in Australia or overseas may affect Factor and its Shareholders. Personal tax liabilities are the responsibility of each individual investor. Factor is not responsible for either taxation or penalties incurred by investors.

5 Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Information Booklet.

Applicant means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

Board means the board of Directors of Factor.

Business Day has the same meaning as in the Listing Rules.

Closing Date means 19 April 2016, the day the Entitlement Offer closes.

Company or Factor means Tissue Therapies Limited ACN 101 955 088 (trading as Factor Therapeutics).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder on the Record Date who:

(a) has a registered address in Australia or New Zealand or is a Shareholder that Factor has otherwise determined is eligible to participate; and

(b) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

EMA means European Medicines Agency

Entitlement means the right to subscribe for New Shares pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Information Booklet.

Entitlement Offer means a pro rata non-renounceable offer to Eligible Shareholders to subscribe for New Shares on the basis of 2 New Shares for every 5 Existing Shares of which the Shareholder is the registered holder on the Record Date at the Issue Price.

Equity Raising means the Entitlement Offer and the Placement.

Existing Shares means the Shares already on issue in the Company as at the Record Date.

FDA means the US Food and Drug Administration.

Ineligible Shareholder means a Shareholder (or beneficial holder of Shares) on the Record Date with a registered address outside Australia and New Zealand or any other

jurisdiction that Factor and the Underwriter agree to whom ASX Listing Rule 7.7.1(a) applies.

Information Booklet means this document.

IND means Investigational New Drug application.

Investor Presentation means the presentation to investors, incorporated in Section 2 of this Information Booklet.

Issue Price means $0.035 per New Share.

Listing Rules means the official listing rules of ASX.

New Shares means Shares to be allotted and issued under the Entitlement Offer.

Offer Costs means direct costs of the Entitlement Offer including fees paid to the Underwriter, advisers and to providers of specific services to cover Share Registry, printing and postage costs.

Placement means the offer of New Shares to institutional investors announced on 18 March 2016 which comprises a first tranche placement utilising the Company's placement capacity under the Listing Rules, to complete on 23 March 2016, and a second tranche placement that is subject to shareholder approval, anticipated to be obtained on 28 April 2016 to allow the second tranche placement to complete on 3 May 2016.

Record Date means 7.00pm (Sydney time) on 30 March 2016.

Shareholders means holders of Shares.

Shares means fully paid ordinary shares in the capital of the Company.

Share Registry means Link Market Services Limited ACN 083 214 537.

Shortfall Shares means those New Shares not taken up by Eligible Shareholders under the Entitlement Offer.

Top Up Facility means the facility described in Sections 1.1 and 3.2 under which certain Eligible Shareholders may apply for New Shares in excess of their Entitlement.

Top Up Shares means extra Shares a Shareholder may apply for in excess of their Entitlement.

Underwriter means Taylor Collison Limited.

Underwriting Agreement means the underwriting agreement dated 18 March 2016 between the Company and the Underwriter.

US Securities Act means the US Securities Act of 1933, as amended.

6 Corporate information

COMPANY

Tissue Therapies Limited (trading as Factor Therapeutics)
ACN 101 955 088
www.factor-therapeutics.com

REGISTERED OFFICE

Level 19, 179 Turbot Street
Brisbane QLD 4000
Tel (07) 3334 3900
Fax (07) 3334 3999

DIRECTORS

Cherrell Hirst (non-executive Chairman)
Timothy Hughes (non-executive Director)
Christian Behrenbruch (executive Director)

EXECUTIVE

Nigel Johnson (CEO)
Saskia Jo (CFO and company secretary)

SHARE REGISTRY

Link Market Services Limited
ABN 54 083 214 537
Level 15, 324 Queen Street
Brisbane QLD 4000
Tel 1800 990 479
www.linkmarketservices.com.au

LEAD MANAGER AND UNDERWRITER TO THE OFFER

Taylor Collison Limited
ACN 008 172 450
Level 10
167 Macquarie Street
Sydney NSW 2000
www.taylorcollison.com.au

AUDITOR

PKF Hacketts Audit
Level 6, 10 Eagle Street
Brisbane QLD 4000
www.pkf.com.au

LEGAL ADVISER TO THE OFFER

McCullough Robertson Lawyers
Level 11 Central Plaza Two
66 Eagle Street
Brisbane QLD 4000
www.mccullough.com.au

FACTOR
THERAPEUTICS

Tissue Therapies Limited
ABN 45 101 955 088

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: +61 1300 554 474
ASX Code: TIS
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as at the Record Date, 7:00pm (Sydney time) on 30 March 2016:

Entitlement to New Shares (on a 2 New Shares for 5 basis):

Amount payable on full acceptance at A$0.035 per Share:

Offer Closes
5:00pm (Sydney time): 19 April 2016

ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 2 New Shares for every 5 Existing Shares that you hold on the Record Date, at an Offer Price of A$0.035 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Information Booklet dated 18 March 2016. The Information Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Information Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Information Booklet.

If you do not have a paper copy of the Information Booklet, you can obtain a paper copy at no charge, by calling the Tissue Therapies Limited Offer Information Line on 1800 990 479 (free call within Australia) or +61 1800 990 479 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY **BPAY®**
If paying by BPAY®, refer to the instructions overleaf. You do NOT need to return the acceptance slip below if you elect to make payment by **BPAY®**. Payment must be received via BPAY® before 5:00pm (Sydney time) on 19 April 2016. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER
If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (Sydney time) on 19 April 2016.

BPAY

Biller Code: [XXXXXX]
Ref:

Telephone & Internet Banking – BPAY®
Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

FACTOR
THERAPEUTICS

Tissue Therapies Limited
ABN 45 101 955 088

Please detach and enclose with payment

SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)

B Number of additional New Shares

C Total number of New Shares accepted (add Boxes A and B)

\+ =

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Tissue Therapies Limited" and crossed "Not Negotiable".

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A$

E CONTACT DETAILS – Telephone Number

( )

Telephone Number – After Hours

( )

Contact Name

TISSUE THERAPIES LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Information Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Information Booklet and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Tissue Therapies Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY **BPAY®** (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

   If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

   Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A$0.035.

   Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

   Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of additional New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Tissue Therapies Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Tissue Therapies Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Tissue Therapies Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Information Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. If paying by **BPAY®** you do not need to complete or return the Entitlement and Acceptance Form. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address	Hand Delivery
Tissue Therapies Limited	Tissue Therapies Limited
C/- Link Market Services Limited	C/- Link Market Services Limited
GPO Box 3560	1A Homebush Bay Drive
Sydney NSW 2001	Rhodes NSW 2138 *(Please do not use this address for mailing purposes)*

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (Sydney time) on 19 April 2016. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Tissue Therapies Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Tissue Therapies Limited Offer Information Line on 1800 990 479 (free call within Australia) or +61 1800 990 479 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.