Factor Therapeutics – Unmarketable Parcel Sale Facility

Brisbane 13th February 2017. Factor Therapeutics Limited (ASX: FTT) (FTT or Company) is pleased to announce that it has established an Unmarketable Parcel Sale Facility (UPS Facility) for holders of parcels of fully paid ordinary shares in the Company valued at less than $500 (each a UPS Shareholder).

The UPS Facility, which has been established in accordance with the Company's Constitution and ASX Listing Rules, will be subject to the terms set out in a letter that will be sent to each UPS Shareholder on 14 February 2017. The letter provides details of the UPS Facility as well as instructions for those UPS Shareholders wishing to retain their shareholding.

The Company is providing the UPS Facility to assist UPS Shareholders to sell their shares without having to pay brokerage fees or act through a broker. By facilitating this process, the Company expects to reduce the administrative costs associated with maintaining a large number of small shareholdings. Any tax consequences arising from participation in the UPS Facility will be the responsibility of the UPS Shareholder.

In accordance with ASX Listing Rules, the UPS Facility will be made open to shareholders recorded on FTT's register of members who as at 7pm (AEST) on 10 February 2017 (Record Date) were holders of Shares in FTT valued at less than $500.

Based on the ASX closing price of $0.062 per share, as at the Record Date, an Unmarketable Parcel is any shareholding of 8064 shares or less. This represents at total of 2,802,174 shares held by 987 UPS Shareholders.

A summary of the key dates in relation to the UPS Facility is as follows:

Event	Date
UPS Record Date	7pm (AEST), 10 February 2017
UPS Facility Announcement	13 February 2017
UPS Letter sent to UPS Shareholders	14 February 2017
Closing for the receipt of the Retention Notice	5pm (AEST), 28 March 2017

Attached to this announcement is a copy of a pro-forma letter and Retention Notice which will be sent to all shareholders that hold an unmarketable parcel on the Record Date.

Corporate Contact
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Investor Relations Contact
Kyahn Williamson
Head of Investor Communication
WE Buchan
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Factor Therapeutics Limited
PO Box 3114, Darra,
Queensland, Australia, 4076
ABN: 45 101 955 088

14 February 2017

Dear Shareholder,

Sale of your Unmarketable Parcel of Shares in Factor Therapeutics Limited

I am writing to advise you that Factor Therapeutics Limited (FTT or Company) has established an Unmarketable Parcel Sale Facility (UPS Facility) for holders of parcels of FTT shares with a market value of less than $500 as at 7.00pm (AEST) on 10 February 2017 (UPS Shareholding).

Based on the Company's closing share price on 10 February 2017 ($0.062), holdings of 8064 shares or fewer shall be subject to this UPS Facility. An ASX announcement notifying the market of this transaction was made on 13 February 2017.

Established in accordance with the ASX Listing Rules and the Company's Constitution, the UPS Facility is offering to assist holders of UPS Shareholdings to sell their shares without having to pay brokerage fees or act through a broker. By facilitating the sale of UPS Shareholdings, the Company expects to reduce the administrative costs associated with maintaining a large number of small holdings.

To assist in the process, the Company has appointed Taylor Collison to act as sale broker.

The Company records show that as at 7.00pm (AEST) on 10 February 2017 (Record Date), you held 8064 or fewer shares (a UPS Shareholding) and are therefore subject to sale under the UPS Facility.

Accompanying this correspondence is a 'Share Retention Form' which, should you not wish to participate in the UPS Facility, must be returned to Link Market Services within six weeks of the date of this letter, that is by 28 March 2017.

Unless you complete and return the Share Retention Form (notifying that you do NOT wish to sell your shares through the UPS Facility) within six weeks from the date of this letter, you will be deemed as participating in the UPS Facility.

Your shares will then be sold under the UPS Facility, and the proceeds relating to your holding will be sent to you by direct deposit to your nominated financial institution, or mailed to you as a cheque if you have not provided EFT details. **We encourage you to ensure that your bank account details have been provided to the Fund's registry, Link Market Services, to enable a prompt payment.**

Please note that any tax consequences arising from participation in the UPS Facility sale will be the responsibility of the UPS Shareholder.

Consistent with its continuous disclosure obligations, the Company may release to the ASX information that may be material to a shareholder's decision as to whether they wish to retain their shares. If released, this information will be available on both the ASX and the Company website (www.factor-therapeutics.com).

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What do I need to do?

If you wish to sell your UPS Shareholding in FTT with no brokerage or handling costs:

1. If you wish to sell your FTT UPS Shareholding without incurring brokerage or handling costs, you do not need to take any action. By refraining from taking any action, after the expiration of the time prescribed in the ASX Listing Rules, you will be deemed to have appointed the Company as your agent to sell all of your shares. The Company will bear the costs of the sale and the proceeds of the sale will be dealt with as set out below.

If you wish to retain your shares, you must do one of the following:

1. Complete the enclosed 'Share Retention Form' and return it so that it is received by FTT's share registry, Link Market Services Limited by 5.00pm (AEST) on 28 March 2017; or,

2. If you hold shares in multiple holdings, arrange to have these holdings merged into one holding of 8064 or more shares so that this is reflected on the Company's share register at 5.00pm (AEST) on 28 March 2017; or,

3. Make your own arrangements outside this Facility to purchase additional shares so that you are the registered holder of 8064 or more shares at 5.00pm (AEST) on 28 March 2017.

If you take one of these steps, your shares will not be sold under the UPS Facility.

Additional information

1. How are my shares sold?

If you participate in the UPS Facility, your shares will be transferred to the broker appointed by FTT to sell all shares under the UPS Facility, Taylor Collison. Your shares will then be pooled together with other shares being sold through the UPS Facility, and Taylor Collison will sell all these shares (including yours) on-market as soon as possible. If your shares are in a CHESS holding, the Company may, without further notice to you, initiate a holding adjustment to move those shares to an issuer sponsored holding or a certificated holding for the purposes of sale under the UPS Facility.

2. What price will I receive for my FTT shares?

The sale price of each of your FTT shares will be the average price of every share sold on the ASX under the UPS Facility (Sale Price). All UPS Shareholders participating in the UPS Facility will receive the same Sale Price per share, and the payment for your holding will be the Sale Price multiplied by your number of shares. FTT will pay all transaction costs associated with the sale, including brokerage, and any applicable GST. You should be paid on or around 4 April 2017, following the close of the UPS Facility. Link Market Services will then send you a transaction statement confirming the final amounts.

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3. How and when will I receive the sales proceeds?
The proceeds to which you are entitled are expected to be remitted to you by 4 April 2017 using the payment method recorded for your holding. The proceeds of the sale of your UPS Shareholding will be deposited into your bank account if you have previously provided banking instructions to FTT's share registry or alternatively, will be sent to you by cheque at the address last recorded in the Company's register of members. We encourage you to ensure that your bank account details have been provided to the Company's registry, Link Market Services, to enable a prompt payment.

4. If I buy more Shares, will I retain my holding?
Yes, FTT will treat any purchase of additional Shares to increase the value of your FTT shareholding to more than $500 as an indication that you do not want your shares to be sold through the UPS Facility. For a purchase to be an effective notification that you wish to retain your shares, any additional shares must be registered by 5.00pm (AEST) on 28 March 2017 under the same name and address and with the same holder number (SRN or HIN) as set out in the accompanying Share Retention Form.

Important Information

FTT makes no recommendation as to whether you should participate in this UPS Facility and this letter does not constitute advice and is not a recommendation to buy, sell or hold shares. If you are in doubt or require further information regarding possible taxation implications from participation in the Facility, you should consult your legal, financial or taxation advisor.

FTT is not bound to sell all or any of the shares that may be available for it to sell under the UPS Facility, and there is no guarantee that FTT will be able to sell your shares. In addition, the sale proceeds may differ from the market value of your shares on the Record Date, depending on movement in the market price of the shares and on Taylor Collison's ability to procure purchasers.

Neither FTT nor any person involved in the UPS Facility shall be liable for failure to sell the shares or at a particular price. The price of FTT shares is subject to change and an up-to-date price can be obtained from ASX website (www.asx.com.au) under the code "FTT".

If you have any questions, please contact the Company's share registry, Link Market Services Pty Ltd on 1300 554 474.

FTT reserves the right to change any of the dates referred to in this shareholder information document or letter to the shareholder by notice to the ASX.

Yours sincerely,

Melanie Farris
Company Secretary

FACTOR
THERAPEUTICS
ABN 45 101 955 088

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

Telephone: 1300 554 474
From outside Australia: +61 1300 554 474
Facsimile: +61 2 9287 0303

ASX Code: FTT

Website: www.linkmarketservices.com.au

SRN/HIN:

Number of Shares held as at the Record Date, 7:00pm (Sydney Time) on 10 February 2017:

IMPORTANT NOTICE

Please return this slip if you do not wish your Shares in Factor Therapeutics Limited to be sold. If you do not understand this notice you should immediately consult your financial adviser.

SHARE RETENTION FORM

If you wish to retain your Shareholding in Factor Therapeutics Limited ("Factor") you must detach this slip and return it to Factor's Registry, so that it is received no later than 5.00pm Sydney Time, on 28 March 2017. Slips may be mailed or delivered to the addresses below.

Mailing Address
ATTN: Company Secretary
Factor Therapeutics Limited
PO Box 3114
DARRA QUEENSLAND 4076

or

Hand Delivery
ATTN: Company Secretary
Factor Therapeutics Limited
Suite 1.12, BTP Hub, 1 Westlink Court,
DARRA, QLD, 4076
(Do not use this address for mailing purposes)

THIS FORM MUST BE RECEIVED BY LINK MARKET SERVICES LIMITED BY NO LATER THAN 5.00PM SYDNEY TIME ON THE 28 MARCH 2017

If you require further information regarding this form, please contact Factor Therapeutics Limited on (within Australia) or (from outside Australia) between 8.30am and 5.00pm (Sydney Time) Monday to Friday.

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

Please detach

FACTOR
THERAPEUTICS
ABN 45 101 955 088

SRN/HIN:

RETENTION SLIP

I/We the Shareholder(s) described above by returning this retention slip, hereby give notice that I/we wish to retain my/our Shareholding in Factor, in accordance with the ASX Listing Rules and the Company's Constitution.

✓ **DO NOT SELL MY SHARES**

CONTACT DETAILS – Telephone number	Telephone number – after hours	Contact name
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