

**NOTICE OF ANNUAL GENERAL MEETING 2018**



Starpharma Holdings Limited is pleased to invite you to attend its Annual General Meeting, which will be held at:

**The offices of Norton Rose Fulbright, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria at 3.00pm on Thursday, 29 November 2018.**

Shareholders can vote by completing the enclosed proxy form, or by lodging their vote online at [www.investorvote.com.au](http://www.investorvote.com.au) by 3.00pm on Tuesday, 27 November 2018.

If you are attending the meeting in person, please bring your proxy form to facilitate registration.

## NOTICE OF ANNUAL GENERAL MEETING

Starpharma Holdings Ltd ABN 20 078 532 180

Notice is hereby given that the Annual General Meeting of the Shareholders of Starpharma Holdings Ltd (**Company or Starpharma**) will be held at the offices of Norton Rose Fulbright, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria at **3.00pm (Melbourne time) on Thursday, 29 November 2018**.

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in, and forms part of, this Notice of Meeting.

### Ordinary Business

#### Financial Statements and Reports

To receive and consider the Company's financial statements and the related Directors' Report, Directors' Declarations and Auditor's Report for the year ended 30 June 2018.

*No vote is required on this item.*

#### Resolutions

##### 1. Adoption of Remuneration Report (Resolution 1)

To consider, and if thought fit, pass the following as an **advisory resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth), the Company's Remuneration Report for the financial year ended 30 June 2018 be adopted."*

Under the Corporations Act, Resolution 1 is advisory only and does not bind the Directors or the Company.

##### 2. Re-election of Mr Peter Turvey (Resolution 2)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That Mr Peter Turvey, who retires in accordance with clause 65.1 of the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company."*

##### 3. Approval of Issue of Performance Rights to Dr Jacinth Fairley (Resolution 3)

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.14 and all other purposes, Shareholders approve the issue of 674,901 Rights to Dr Jacinth Fairley under the Starpharma Holdings Ltd Employee Performance Rights Plan on the terms set out in the Explanatory Memorandum accompanying the Notice of Meeting"*

**By order of the Board**



N Baade  
Company Secretary  
26 October 2018

### **Voting entitlements**

The Company has determined that all securities of the Company that are quoted securities as at 7.00pm (Melbourne time) on 27 November 2018 will be taken, for the purpose of the Meeting, to be held by the person who held them at the time.

### **Voting exclusions**

The Corporations Act and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by or on behalf of certain persons, on the Resolutions to be considered at the Annual General Meeting. These voting exclusions are described below.

#### **Resolution 1**

*The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's KMP whose remuneration details are included in the Remuneration Report for the Company, or their Closely Related Parties, regardless of the capacity in which the vote is cast.*

*However, votes will not be disregarded if they are cast as proxy for a person entitled to vote on Resolution 1:*

- *in accordance with a direction on the proxy form; or*
- *by the Chairman of the Annual General Meeting pursuant to an express authorisation to exercise the proxy even though Resolution 1 is connected with the remuneration of the Company's KMP.*

#### **Resolution 3**

*The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:*

- *by any Director who is eligible to participate in the relevant equity incentive plan (or an associate of that Director), regardless of the capacity in which the vote is cast. However, the Company need not disregard a vote if:*
  - *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
  - *it is cast by the Chairman of the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*
- *as a proxy by a person who is a member of the KMP at the date of the Annual General Meeting or their Closely Related Parties where the proxy appointment does not specify the way the proxy is to vote on the Resolution, unless:*
  - *the proxy is the Chairman of the Annual General Meeting; and*
  - *the proxy appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a KMP member.*

### **Important voting information**

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions. All Resolutions will be voted on by poll.

The Chairman of the Annual General Meeting intends to vote all undirected proxies in favour of each Resolution. In respect of Resolutions 1 and 3, if the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolutions 1 and 3, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation to vote the proxy in accordance with the Chairman's intention, notwithstanding the fact that the resolution is related to the remuneration of a KMP or Closely Related Party of a KMP.

In respect of Resolutions 1 and 3, if your proxy is a KMP (other than the Chairman), or a Closely Related Party of a KMP, provided you are not a KMP or a Closely Related Party of a KMP, the person may still vote as your proxy provided you have directed your proxy on the Proxy Form how to vote by marking the voting boxes for those Resolutions and your proxy does vote as directed.

### **Proxies**

A Shareholder has the right to appoint a proxy, who need not be a Shareholder of the Company.

If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage or number of votes each proxy is appointed to exercise. The Proxy Form should be returned to the share registry of the Company, Computershare Investor Services Pty Limited, located at Yarra Falls, 452 Johnston Street Abbotsford, Vic 3067, by mail using the enclosed reply envelope to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 8060 or by facsimile to Computershare on 1800 783 447 and must be received by no later than 3:00pm on Tuesday, 27 November 2018.

Shareholders may lodge proxies electronically via: [www.investorvote.com.au](http://www.investorvote.com.au) using the details printed on the personalised proxy form.

For Intermediary Online subscribers only (custodians): [www.intermediaryonline.com](http://www.intermediaryonline.com)

## EXPLANATORY MEMORANDUM

Starpharma Holdings Ltd ABN 20 078 532 180

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of the Resolutions to be put to the Annual General Meeting on Thursday, 29 November 2018. This Explanatory Memorandum should be read with, and forms part of, the accompanying Notice of Meeting.

Terms and expressions used in this Explanatory Memorandum, the Notice of Meeting and the Proxy Form have the meaning given to them in the 'Definitions' section located at the end of this Explanatory Memorandum.

### FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Annual Financial Report of the Company (which includes the Financial Statements and Directors' Declaration), the Directors' Report (which includes the Remuneration Report) and the Auditor's Report in respect of the financial year ended on 30 June 2018 to be put before the Annual General Meeting. There will be an opportunity for Shareholders to ask questions and comment on these documents and on the business, operations and management of the Company. No resolution is required to be passed on this item.

The Starpharma Annual Report for the year ended 30 June 2018 is available on Starpharma's website at [www.starpharma.com](http://www.starpharma.com). Hard copies of the report are distributed only to those Shareholders who have elected to receive it in printed form.

Shareholders will also have the opportunity to ask the auditor or their representative questions relating to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor. Shareholders may also submit written questions to the auditor in respect of the Auditor's Report or the conduct of the audit. The questions should be received by the Company no later than 5 business days before the meeting.

### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires publicly listed companies to disclose certain information relating to the remuneration of Directors and executives. This disclosure is contained in a separate section of the Directors' Report called the Remuneration Report, which is set out on pages 19 to 39 of the Annual Report.

In compliance with section 300A of the Corporations Act, the Remuneration Report sets out the Company's policy for determining the nature and amount of remuneration for the Directors and specified executive officers of the Company.

Starpharma aims to ensure that its remuneration strategy successfully aligns the interests of its executives and employees with those of its shareholders. In framing its remuneration strategy, the Board is conscious that Starpharma only has a small number of employees (approximately 40) so endeavours to keep its remuneration relatively straightforward. Staff are generally required to have a specialist knowledge and develop products over the medium to long-term. The fact that Starpharma operates in a global business environment also influences its remuneration strategy.

Starpharma continues to implement its corporate strategy to commercialise products from its dendrimer platform, with the group either having met or approaching important regulatory and commercial milestones.

Starpharma's remuneration structure is transparent and KPI driven to align with the interests of shareholders and to reward performance across multi-year timeframes related to product development value-adding milestones, such as commercial deals.

The structure and quantum of remuneration for FY18 remains largely consistent with the previous period, comprising fixed remuneration, short-term incentives in both cash and equity, and equity based long-term incentives. As communicated in previous years, the strategy and structural improvements implemented in 2015 included an increase of the relative portion of long-term remuneration for executives. Also, there has been a gradual increasing proportion of at-risk remuneration for other KMP executives over the subsequent years.

The number of rights awarded in FY18, as determined by the Board, was calculated on the fair value based on the 3 month VWAP to 30 June 2017, reflecting the beginning of the performance period. This practice is consistent with the company's practice since 2015, and the number of rights granted is not adjusted for changes in share price post 30 June. With the rise in Starpharma's share price during FY2018, the quantum of remuneration associated with performance rights was impacted due to the share price increasing between the time the Board determined the value of rights to grant and the value ascribed on the grant date; which in the case of the CEO was the 2017 AGM date. For instance, the fair value at grant date, being the 2017 AGM, of \$1.29 represents an 80% increase over the 3 month VWAP to 30 June 2017 value of \$0.71.

The Corporations Act requires publicly listed companies to put their Remuneration Report for each financial year to a resolution of members at the Company's Annual General Meeting. Under section 250R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors or the Company. Notwithstanding the 'advisory' nature of the vote on the Remuneration Report, the Directors will take the outcome of the vote into account when reviewing the remuneration practices and policies of the Company.

#### **Recommendation**

The Board considers that the Company's remuneration policies and practices are appropriate for its strategy, stage of development and industry, and are competitive with the external market. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

#### **RESOLUTION 2 – RE-ELECTION OF MR PETER TURVEY**

Mr Peter Turvey retires as a Director in accordance with clause 65.1 of the Company's Constitution and, being eligible, offers himself for re-election.

Mr Turvey has had more than 30 years of experience in the biotech/pharmaceutical industry having been former Executive Vice President Licensing, Group General Counsel and Company Secretary of global biopharmaceutical company CSL, retiring in 2011.

Mr Turvey played a key role in the transformation of CSL from a government owned enterprise, through ASX listing in 1994, to a global plasma and biopharmaceutical company. He also had responsibility for the protection and licensing of CSL's intellectual property and for risk management within CSL, which included management of the internal audit function, reporting to the Audit & Risk Management Committee of the Board as well as being the Chairman of the Corporate Risk Management Committee. In his senior executive role at CSL, Mr Turvey was actively involved in CSL's extensive M&A and equity capital raising activities over a 15 year period, including during the time of the float of CSL as a publicly listed company. This experience has been further enhanced by Mr Turvey's non-executive directorships of various ASX listed biotechnology companies, including Viralytics Limited until its takeover by MSD during 2018.

In addition to his expertise in corporate finance, audit and risk management, Mr Turvey has extensive experience in commercialisation and pharmaceutical product development. Mr Turvey is currently a principal of Foursight Associates Pty Ltd and a director of Victorian Government owned entity Agriculture Victoria Services Pty Ltd.

Mr Turvey has significant experience in:

- Healthcare and/or scientific research;
- Pharmaceutical/product development;
- International experience;
- Regulation/public policy;
- Licensing and commercialisation of innovation;
- Business development;
- Governance;
- Strategy;
- Risk management;
- Audit and risk; and
- M&A/capital markets.

Mr Turvey is Chairman of the Company's Audit and Risk Committee.

#### **Recommendation**

The Board (with Mr Peter Turvey abstaining) recommends that Shareholders vote in favour of this ordinary resolution.

#### **RESOLUTION 3 – GRANT OF PERFORMANCE RIGHTS TO DR JACINTH FAIRLEY**

ASX Listing Rule 10.14 provides that Shareholders of an ASX listed company must approve the issue of securities to a Director under an employee incentive scheme. Accordingly, the Board seeks Shareholder approval under Resolution 3 for the grant of 674,901 Rights to Dr Fairley (the Chief Executive Officer and Managing Director) as part of her 'at risk' remuneration.

The Rights will be granted under the Company's Employee Performance Rights Plan (which was last approved by Shareholders on 29 November 2017) on the terms and conditions set out below, including applicable performance and vesting conditions.

The terms of the deferred short-term equity (**Deferred STI equity**) and long-term equity (**LTI equity**) are determined by the Board consistent with the Company's remuneration strategy to link Dr Fairley's reward to performance and the delivery of medium to long-term results for the Company's shareholders. This is achieved by:

- Aligning Dr Fairley's interests with the interests of Shareholders;
- Ensuring that Dr Fairley's remuneration is competitive and aligned with market remuneration for comparable roles in the industry; and
- Encouraging the achievement of the Company's strategic goals and overall growth of the Company's business necessary to build competitive advantage and shareholder value.

There is an element of discretion retained by the Board related to performance metrics as the path to commercialisation with some projects may be varied depending on changing priorities or market factors. The Board also maintains absolute discretion in finalising remuneration outcomes for incentive based awards to the Chief Executive Officer and executives and is cognisant of ensuring fairness, recognition of contribution and any exercise of discretion reinforces Starpharma's strategy and remuneration policy.

The Deferred STI equity allows 41% of Dr Fairley's short-term incentive to be delivered in equity, instead of cash, which assists in conserving cash reserves for the Company's operations and aligns Dr Fairley's interests with the interests of shareholders.

If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1 for the issue of the Rights to be excluded from the calculation of the maximum number of new securities that can be issued by the Company without Shareholder approval or the application of another exception to ASX Listing Rule 7.1.

#### **Number of Rights to be granted to Dr Fairley**

The Board has determined that it wishes to grant Rights valued on a face value basis at \$165,000 for Deferred STI equity and \$660,000 for LTI equity. This represents an increase of 3.2% compared with the prior year. In accordance with the face value methodology and using the 3 month VWAP to 30 June 2018 which reflects the beginning of the performance period, the Board has invited Dr Fairley to apply for a grant of up to 134,980 Rights for the Deferred STI equity component and 539,921 Rights for the LTI equity component. Each Right is to acquire one Share in the Company.

The face value of the Rights is based on the 3 month VWAP to 30 June 2018, which reflects the beginning of the performance period. The VWAP for each Right is \$1.2224.

The 3 month period to 30 June has been determined to be the appropriate duration for the calculation of the VWAP as it limits any unintended consequences of short-term volatility in the Share price and is consistent with the duration used since 2015 as the calculation of TSR for the TSR performance condition. For accounting purposes, a valuation at the date of grant, which is the Annual General Meeting date, in accordance with Australian Accounting Standards Board (AASB) 2 Share-based payments will be undertaken and the fair value of these Rights will be

expensed in accordance with AASB Standards. This is likely to lead to a discrepancy in the face value amount stated in this Notice of Meeting and the fair value amount recorded in the remuneration disclosures in the FY19 Annual Report. The fair value calculation is performed by an independent professional services firm using a binomial/trinomial option pricing model. The methodology is widely accepted for the purposes of accounting disclosures.

The Company notes that there has been a recent increase in the Share price following:

- VivaGel® BV licences;
- AstraZeneca DEP® Bcl2/xL inhibitor patent application publication released on 31 August 2018; and
- Pre-clinical DEP® irinotecan results announced on 5 September 2018.

Notwithstanding the Share price increase, the Board has determined that, in accordance with prior stated practice in past years, the number of rights to be awarded should continue to be calculated based on the 3 month period VWAP to 30 June 2018, reflecting the beginning of the performance period. This is consistent with the Company's practice since 2015, and the number of Rights granted is not adjusted for changes in Share price post 30 June. The 3 month VWAP is chosen specifically to reduce the impact of short-term share-price volatility on the allocation of these rights. This ensures the CEO's performance is measured to include results achieved between 1 July 2018, being the start of the performance period, and December 2018, when Rights are granted (subject to the approval at the Annual General Meeting).

The following table outlines the key terms:

	<b>Deferred STI equity</b>	<b>LTI equity</b>
Performance Period and Assessment	<p>1 year</p> <p>The performance period is from 1 July 2018 to 30 June 2019, after which performance against the pre-determined KPIs will be assessed. If KPIs are not achieved, some or all of the Rights will be forfeited. There is no retesting of the performance conditions.</p>	<p>3 years</p> <p>The performance period is from 1 July 2018 to 30 June 2021, after which performance against the key strategic objectives and TSR will be assessed. There is no retesting of the performance conditions.</p>
Face value to grant	\$165,000	\$660,000
Face value per Right	VWAP to 30 June 2018 is \$1.2224	
Method for calculating number of Rights	Total value of grant at face value divided by the face value per Right	
Number of Rights	134,980	539,921
Deferral Period	12 months from end of performance period	Not applicable
Performance Conditions (outlined further below)	100% of Deferred STI equity subject to Corporate KPIs	<p>70% of the LTI equity subject to Corporate KPIs</p> <p>30% of the LTI equity subject to TSR performance</p>
Vesting Date	30 June 2020 provided the Rights have not otherwise lapsed.	30 September 2021 provided the Rights have not otherwise lapsed.
Other Vesting Conditions	Remains employed until the Vesting Date and has not engaged in fraud or dishonesty	
Early Vesting	Part or all of the Rights may vest earlier, at the Board's discretion, if certain events occur which are outside of Dr Fairley's control (e.g. if a Change of Control Event occurs in respect of the Company).	
Exercise of Rights	The Rights may be exercised during specified exercise windows after the Vesting Date within a 15 year period from the grant date provided certain conditions are met and the Rights have not lapsed or expired.	
Conversion of Rights into Shares upon exercise	Equity incentives are currently satisfied by the issue of new Shares, rather than purchasing Shares on market, to conserve the Company's cash reserves. This is reviewed periodically and purchases of Shares on market may be undertaken in the future if appropriate.	

**Deferred STI Equity Performance Conditions – Key Business Drivers (STI Corporate KPIs)**

The vesting of the Deferred STI equity is dependent upon the extent to which the STI Corporate KPIs set by the Board have been achieved over Deferred STI equity Performance Period.

The STI Corporate KPIs are as follows:

- Maximise the value of VivaGel® BV through diligent regulatory activities and partnering to allow effective commercial exploitation and timely launch of the product in multiple markets. Priority given to major markets with material financial opportunities;
- Drive value of other VivaGel® products, including the coated condom and/or other products (e.g., Ophthalmology), through actively supporting development, registration activities and launch by partners in additional markets with priority given to major market opportunities;
- To maximise the value of the DEP® platform technology by:
  - Supporting and further developing existing DEP® partnerships;
  - Securing new DEP® partnering deals/licences;
  - Progressing internal clinical DEP® programs into and through clinical development (or signing a licence, as appropriate) with a focus on expediting outcomes and building value through additional and/or combination studies;
  - Advancing additional internal DEP® product candidates through preclinical development (or signing a licence, as appropriate).
- To manage the Company's finances in a prudent manner to create value, and increase recurrent revenues and to maintain and develop a highly results oriented culture, exceptional leadership and succession planning to achieve superior performance.

**LTI Equity Performance Conditions – Key Strategic Objectives**

The vesting of the LTI equity is dependent upon the extent to which the performance conditions set by the Board have been achieved over the LTI equity Performance Period.

**LTI Corporate KPIs**

VivaGel® and Drug Delivery

30% of the LTI equity (161,976 Rights) is subject to the monetisation of the VivaGel® and Drug Delivery portfolios represented by the completion of a number of commercial deals that build shareholder value and/or generate income.

DEP® Platform

40% of the LTI equity (215,969 Rights) is subject to the development of new DEP® candidates and/or licensing of DEP® candidates.

The LTI Corporate KPIs selected relate to key value creating events and significant milestones. Whilst there are detailed performance metrics related to each LTI Corporate KPI, due to their commercially sensitive nature, the Company intends to provide further details related to the performance metrics in the annual report following the relevant Performance Period.

**Total Shareholder Return (TSR)**

30% of the LTI equity (161,976 Rights) is subject to a relative TSR performance measure. This performance measure tests the TSR of the Company over a 3 year period commencing 1 July 2018 and ending on 30 June 2021 compared to the TSR of the S&P/ASX300 Accumulation Index (Index). TSR is expressed as an annualised percentage.

TSR measures the return received by Shareholders from holding Shares in the Company or the Index (as applicable) over the Performance Period. TSR takes into account the difference in Share price over the relevant period, as well as any dividends (assumed to be reinvested) and other capital adjustments. Specifically, the Company's TSR will take into account the volume weighted price of the Company's Shares calculated for the 3 month period ending 30 June 2018 and the volume weighted price of the Company's Shares calculated for the 3 month period ending on 30 June 2021, compared with the TSR of the Index over the same period.

TSR has been selected as an LTI equity performance measure as it is directly linked to Shareholder returns. The Board has chosen the Index for the TSR comparator group as it provides an external, market-based performance measure to which the Company's performance can be compared in relative terms.

The Board considers that the Index is a more appropriate comparator than a customised group of peer companies due to inherent volatility within the biotechnology industry. In recent years, the performance of Starpharma's industry peers has been particularly volatile, with a number of companies experiencing significant decreases in market capitalisation down to under \$30 million and a number have gone through some type of corporate activity (e.g. takeovers) or are no longer ASX listed. Given that the TSR is measured over a 3 year period, the Index is favoured as a more stable and appropriate comparator. Also, the published Healthcare Index was considered as a possible comparator, however was determined to be inappropriate given its concentrated composition including CSL Limited and other large service-oriented companies, such as private hospitals.

Half of the TSR equity award will vest if the Company's return is equal to the Index's return. As the Board recognises that Shareholders in biotechnology companies expect a return in excess of the Index, it has determined that an additional return of 10% per annum above the Index return represents a realistic but stretching target, and is the level at which full vesting of the relevant Rights will occur.

To achieve the full TSR performance condition, Starpharma's TSR must reach 10% per annum (or 30% over 3 years) above the Index, which is considered a realistic but stretching target.

The table below sets out the percentage of Rights that will vest depending on the Company's TSR compared to the Index.

<b>Annualised Company TSR compared with the Index</b>	<b>Percentage of Rights subject to the TSR performance condition which vest</b>
Below Index	0%
Equal to Index	50%
Between Index and Index + 9.99%	Pro rata basis from 51% to 99%
At least 10% above Index (or at least 30% over 3 years)	100%

For example, if the TSR of the Index is 10% per annum, then Starpharma would need to achieve a TSR of 20% per annum or more for all of the TSR related performance rights to vest. The above hurdle recognises the return that investors expect when investing in the biotechnology sector. The Board considers an additional return of 10% per annum (or 30% over 3 years) above the Index to be a realistic but stretching target for all TSR rights to vest.

### **Other ASX Listing Rule Requirements**

In accordance with ASX Listing Rule 10.15, the following information is provided to Shareholders for the purpose of assisting Shareholders to make a decision on Resolution 3:

- (a) Dr Fairley is the Chief Executive Officer and a Director of the Company.
- (b) The maximum number of Rights to be issued to Dr Fairley is 674,901. Once vested, each Right may be exercised by Dr Fairley during an exercise window and will subsequently be converted into one fully paid Share.
- (c) No consideration is payable by Dr Fairley for the grant of the Rights or for the issue of Shares on vesting and exercising of the Rights. However, the Rights will be subject to the vesting conditions set out above.
- (d) No person referred to in ASX Listing Rule 10.14 other than Dr Fairley has been granted Rights under the Plan to date. Dr Fairley has been granted a total of 1,120,000 Rights to Shares under and on the terms of the Starpharma Employee Performance Rights Plan since the Plan was last approved at the annual general meeting held on 29 November 2017. To date, all Rights have been granted to Dr Fairley for nil consideration.
- (e) All Directors of the Company are entitled to participate in the Plan, however at this time the plan is not utilised for non-executive directors.
- (f) A voting exclusion statement in respect of Resolution 3 is set out in the Notice of Meeting.
- (g) The Company has not implemented any loan or financing arrangements in respect of the issue of the Rights to Dr Fairley.
- (h) The 674,901 Rights, if approved, will be issued within 10 business days of approval.

### **Recommendation**

Noting that each Director is excluded from voting their Shares on Resolution 3 (as set out in the voting exclusion statement in the Notice of Meeting), the Directors (with Dr Fairley abstaining) recommend that Shareholders vote in favour of Resolution 3.

## DEFINITIONS

Unless the context requires otherwise, the following words shall have the following meanings in this Explanatory Memorandum, the Notice of Meeting and the Proxy Form:

- (1) **Annual General Meeting** means the 2018 annual general meeting of the Company convened by the Notice of Meeting.
- (2) **ASX** means ASX Limited ACN 008 624 691 or, as the context requires, the market operated by it.
- (3) **ASX Listing Rule** means a listing rule of ASX as amended or waived.
- (4) **Board** means the board of Directors of the Company.
- (5) **Change of Control Event** means any of the following:
  - a. the acquisition by any person, either alone or together with an associate (as defined in the Corporations Act), of a relevant interest (as defined in the Corporations Act) in more than 50% of the issued shares in the Company;
  - b. a person (alone or together with its associates) becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the board of the Company;
  - c. the acquisition by any person, either alone or together with an associate (as defined in the Corporations Act), of all or a substantial portion of the assets of the Company; or
  - d. such other event as the Board considers, acting reasonably, to be a Change of Control Event.
- (6) **Closely Related Party** of a KMP means:
  - a. a spouse or child of the KMP; or
  - b. a child of the KMP's spouse; or
  - c. a dependant of the KMP or of the KMP's spouse; or
  - d. any member of the KMP's family who may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company; or
  - e. a company which the KMP controls.
- (7) **Company** or **Starpharma** means Starpharma Holdings Limited ABN 20 078 532 180.
- (8) **Corporations Act** means the Corporations Act 2001 (Cth).
- (9) **Directors** means the directors of the Company from time to time.
- (10) **Explanatory Memorandum** means this Explanatory Memorandum.
- (11) **KMP or Key Management Personnel** means the key management personnel of the Company, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. It includes all Directors (executive and non-executive). The KMPs during the year ended 30 June 2018 are listed in the Remuneration Report contained in the Directors' Report for the year ended 30 June 2018.
- (12) **Notice of Meeting** means the notice of Annual General Meeting accompanying this Explanatory Memorandum.
- (13) **Plan** means the Starpharma Holdings Limited Employee Performance Rights Plan.
- (14) **Proxy Form** means the proxy form accompanying this Explanatory Memorandum.
- (15) **Right** means a right granted by the Company under the Plan which entitles the holder to one Share upon vesting of the right.
- (16) **Resolution** means the relevant resolution set out in the Notice of Meeting.
- (17) **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
- (18) **Shares** means fully paid ordinary shares in the capital of the Company quoted on the ASX under the code "SPL".
- (19) **VWAP** means volume weighted average price of Shares.

All references to time in the Notice of Meeting are to Melbourne time.



**STARPHARMA HOLDINGS LIMITED**

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**Proxy Form**

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**Vote and view the annual report online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by no later than 3.00pm (Melbourne time) on Tuesday, 27 November 2018**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, you must attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Starpharma Holdings Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Starpharma Holdings Limited to be held at the offices of Norton Rose Fulbright, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria on Thursday, 29 November 2018 at 3.00pm (Melbourne time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 3 by marking the appropriate box in step 2 below.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Peter Turvey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Performance Rights to Dr Jacinth Fairley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

\_\_\_\_\_

Contact Daytime Telephone

\_\_\_\_\_

Date

\_\_\_\_ / \_\_\_\_ / \_\_\_\_

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