

SHAREHOLDER Update

APRIL 2016



>> Message from the CEO

Dear Shareholders,

I am pleased to present the first Starpharma Shareholder Update for 2016. The past few months has been a period of high activity and great progress for the Company with the achievement of several important commercial and development milestones across our VivaGel[®], DEP[™] drug delivery and agrochemicals programs. We are very well placed to capitalise on these developments in the year ahead.

Starpharma's business supports a deep and diverse product portfolio that continues to attract strong interest from major pharmaceutical and other commercial partners. We have previously referred to the optionality and broad applicability of our technology and this last year in particular has provided many examples of the significant scale of opportunities for our technology.

Deep, diverse portfolio of products and commercial opportunities

- >> Licensing agreements involving our DEP[™] drug delivery platform, VivaGel[®] BV product and Agrochemical business
- >> A promising oncology agent, DEP[™] docetaxel in Phase 1
- >> A world first product, the VivaGel[®] condom
- >> EU marketing approval for VivaGel[®] BV for the treatment and rapid relief of bacterial vaginosis (BV) including its symptoms
- >> Signing of an MOU with a Chinese partner for the sale of VivaGel[®] condoms to Government sector in China
- >> Multinational Phase 3 clinical program well advanced for the Prevention of Recurrence of BV
- >> Strong innovation focus that continues to generate strong and compelling new product candidates through a highly active pre-clinical selection and development program

Following on from the significant multi-product DEP[™] licence deal with AstraZeneca, we continue to forge strong commercial and collaborative partnerships.

- >> In March, Starpharma announced two new licensing deals. The first was with Aspen for the sales and marketing of VivaGel[®] BV in Australia and New Zealand. This follows the recent EU Marketing clearance for VivaGel[®] BV (for the treatment and rapid relief of BV including symptoms) and an additional US patent for the prevention of recurrence of BV.
- >> The second licensing deal was with Adama, for the development and commercialisation of an enhanced, proprietary 2,4-D herbicide – one of the top three selling herbicides globally – using Starpharma's Priostar[®] technology.
- >> In December Starpharma signed a Memorandum of Understanding (MOU) for the VivaGel[®] coated condom with a Chinese company who is a major provider of condoms to the Chinese government. The MOU and agreement which will follow, will give access to the Government segment of the Chinese market. This large market, which is only available to local manufacturing companies, presents a new and exciting opportunity for Starpharma.
- >> In November, AstraZeneca nominated a second candidate for development, which not only further validates our DEP[™] platform but also brings additional potential milestones of up to US\$93 million, plus royalties. This followed AstraZeneca's signing of the multi-product license deal and selection of the initial DEP[™] candidate which provides for potential development, launch and sales milestones payable to Starpharma of up to US\$126 million, plus royalties on net sales.

Our clinical trial programs also continue to progress with more than 75% now recruited for both programs. Our double-blinded, placebo controlled Phase 3 trials of VivaGel[®] for the prevention of recurrent BV are in advanced stages across sites in the US, Canada, Mexico, Europe and Asia. Each trial will enrol around 600 women. Meanwhile, the Phase 1 clinical trial of DEP[™] docetaxel in cancer patients continues to show very encouraging efficacy signals in a significant proportion of patients including in cancers not typically sensitive to docetaxel. Efficacy signals have now been seen in cancers including pancreatic, lung, prostate, gastro-oesophagal, head & neck and brain.

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More than 75% of patients have now been recruited and multiple cycles of treatment administered. DEP™ docetaxel has been dosed at levels at and above the most commonly used dose for Taxotere® (75mg/m²), with no bone marrow toxicities (including neutropenia) or hair loss reported. Patients treated with DEP™ docetaxel have also not required anti-nausea or cortisone pre-treatment.

Substantial progress has also been made in our other internal DEP™ programs. The Company continues to build on its internal development candidates, with compelling pre-clinical results achieved in both DEP™ cabazitaxel and our novel targeted DEP™ program. We look forward to continuing this positive progress throughout the year. Finally, we thank our shareholders for their strong support in the recent equity placement and share purchase plan.

Dr Jackie Fairley
Chief Executive Officer

AGROCHEMICALS

>> Adama licenses Priostar® for 2,4-D

Adama Agricultural Solutions, formerly Makhteshim Agan Industries, is one of the world's leading crop protection companies and is an important partner with Starpharma in the agrochemical sector. This month, Starpharma announced that Adama has taken a licence to commercialise an enhanced, proprietary 2,4-D herbicide for the US market, utilising Priostar®.

The license with Adama represents an important commercial milestone for Starpharma with 2,4-D being one of the top three herbicides sold worldwide, with global sales in 2014 estimated by Phillips McDougall to be around US\$680 million.

Under the license, Starpharma will receive royalties on sales of the proprietary Adama Priostar®- improved 2,4-D products. In addition to the US



2,4-D Herbicide

one of the top three herbicides sold world-wide

~US\$680m

global sales in 2014
estimated by Phillips
McDougall

projected to
grow by
>70%
by 2020*

* Source: US Department of
Agriculture

~US\$115m

size of US market

rights, the agreement also includes a mechanism to expand the licence into additional territories.

The agreement follows Adama undertaking extensive formulation development and trials of this novel and unique 2,4-D product containing the Priostar® dendrimer technology. The improved product is expected to provide better flexibility and weed control benefits to the grower, as well as on-target application, thus benefiting the environment by reducing the amount of product required.

DRUG DELIVERY

>> DEP™ cabazitaxel shows superior performance

In early April, Starpharma announced further efficacy results of its most recent DEP™ candidate, DEP™ cabazitaxel, in a human breast cancer model.

DEP™ cabazitaxel is Starpharma's dendrimer-enhanced, water soluble (detergent free) version of the cancer drug, Jevtana® (cabazitaxel). Jevtana® is a leading oncology agent marketed by Sanofi-Aventis with 2015 sales of approximately US\$430M growing at approximately 18% per annum.

In the study, Starpharma's DEP™ cabazitaxel was compared with Jevtana® in a human breast cancer preclinical model which showed it significantly outperformed Jevtana® with respect to both the level and duration of tumour regression (anticancer activity). Within four weeks of dosing, 100% of mice treated with Starpharma's DEP™ cabazitaxel were tumour-free and

remained so for the duration of the extended study (150 days). DEP™ cabazitaxel also significantly outperformed Jevtana® in terms of survival in the model. Jevtana® is currently registered for use in advanced prostate cancer and is also under development for a number of other cancers, including breast cancer.

Starpharma is continuing to expand

its DEP™ portfolio with the identification and assesment of new potential clinical candidates to be developed and/or partnered. With the DEP™ technology proving to be beneficial across many compounds (a true platform technology) the company is in a strong position to advance the most compelling candidates into the clinic.

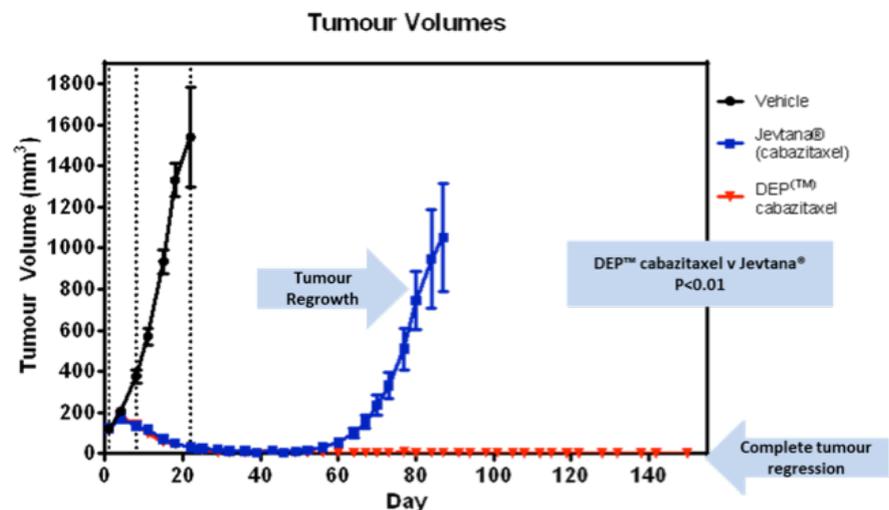


Figure 1: Efficacy of DEP™ cabazitaxel vs. Jevtana® (cabazitaxel) and vehicle in preclinical model of human breast cancer

DRUG DELIVERY

>> Starpharma's Targeted DEP™ conjugates – compelling results in an area of high interest

Targeted therapies are of great interest and seen as an important part of the next generation of cancer therapeutics. Antibody-drug conjugates or ADCs are a class of highly potent drugs that combine the targeting benefits of antibodies to accurately deliver highly potent cytotoxic drugs. They are intended to target and kill cancer cells and spare healthy cells.

There are currently two registered ADCs, Kadcyla (marketed by Roche which combines the HER-2 targeting antibody Herceptin with the toxin DM1) and Adcetris (marketed by Takeda which combines the CD20 targeting antibody Brentuximab with the toxin Auristatin). Kadcyla® and Adcetris® had combined sales in excess of US\$1 billion in 2014, with Kadcyla® sales growing at 144%. The market for ADCs is expected to grow to US\$9 billion annually by 2023 (Roots Analysis, Antibody Drug Conjugates Market, 2014–2024).

Starpharma's HER2-targeted DEP™ conjugate was recently assessed in an ovarian cancer model and achieved complete tumour regression which was seen as early as one week after dosing and continued to the last study time point of 120 days post dosing. In this preclinical model, Starpharma's HER2-targeted DEP™ conjugate significantly outperformed other treatment groups, including Kadcyla® (Trastuzumab-DM1), with respect to both tumour regression and survival.

This study was conducted for Starpharma by an internationally recognised cancer organisation, as part of a wider program of studies to assess various Targeted DEP™ conjugates.

"We are very excited by these latest results for our Targeted DEP™ conjugates. Both the extent and the

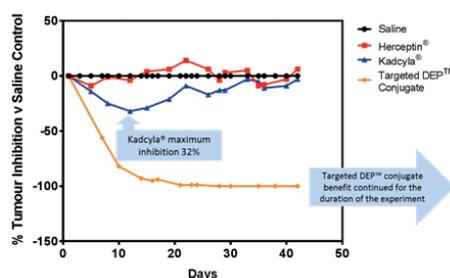


Figure 1: Percent Tumour Inhibition Compared to Saline control

sustained nature of the anticancer effect seen with Starpharma's DEP™ candidate have been considered most impressive," said Starpharma CEO, Jackie Fairley.

Starpharma's Targeted DEP™ conjugates provide many benefits over current approaches to the development of ADCs. These include development of homogeneous and reproducible conjugates that bind with high selectivity and delivering high payloads of drug safely.

Industry feedback on the latest results has been very positive and Starpharma has discussions underway with a number of leading pharmaceutical companies in relation to Targeted DEP™ conjugates and the application of Starpharma's Targeted DEP™ platform to their proprietary drugs.

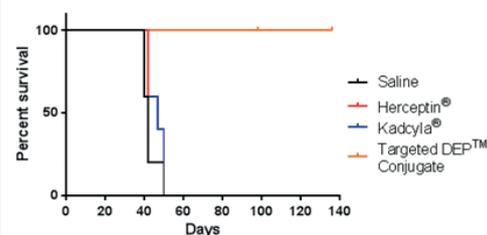


Figure 2: Kaplan Meier Survival Curve¹: Targeted DEP™ Conjugate vs Kadcyla® and Herceptin®

¹ Statistical analysis Kadcyla® vs Targeted DEP™; P = 0.0011 (Mantel Cox log rank test).

DRUG DELIVERY

>> AstraZeneca selects second DEP™ candidate

In December AstraZeneca selected its second DEP™ candidate, under its multiproduct license agreement. Since then Starpharma and AstraZeneca have commenced work on this new oncology candidate. This follows the AstraZeneca DEP™ drug delivery licence in September where Starpharma licensed use of its DEP™ drug delivery platform in the development and commercialisation of AstraZeneca compounds targeting a specific family of drug targets.

AstraZeneca has a deep-rooted heritage in oncology and is building a growing portfolio of new medicines that has the potential to transform patients' lives. "Starpharma's ongoing collaboration with AstraZeneca continues to be very productive and their selection of a second compound so soon is an



extremely positive development," said Starpharma CEO Jackie Fairley.

Under the license, AstraZeneca selected an initial oncology compound as the initial DEP™ candidate. It provides for potential development, launch and sales milestones payable to Starpharma of up to US\$126 million, plus royalties on net sales. The nomination of the second candidate for development brings with it further potential milestones of up to US\$93 million, plus royalties.

In another illustration of the strength of Starpharma's partnership program, AstraZeneca's global CEO Pascal Soriot noted its relationship with Starpharma as an example of great Australian science and innovation in a recent interview. The full article can be accessed at (paywall) <https://pharmadispatch.com/news/soriot-if-sweden-does-it-why-cant-australia>

DRUG DELIVERY

>> Starpharma long standing collaborator ranked 4th in the world

Starpharma congratulates Monash University for



MONASH
University

ranking fourth in the world in the field of Pharmacy and Pharmacology, as named by the 2016 QS World University Rankings by Subject.

The result places the Faculty of Pharmacy and Pharmaceutical Sciences at number one in Australia and the Asia Pacific, and is the highest rank in any discipline of any university in Australia. Starpharma and Monash University have had a long standing and successful collaboration related to various aspects of the DEP™ program.

VIVAGEL®

VIVAGEL®

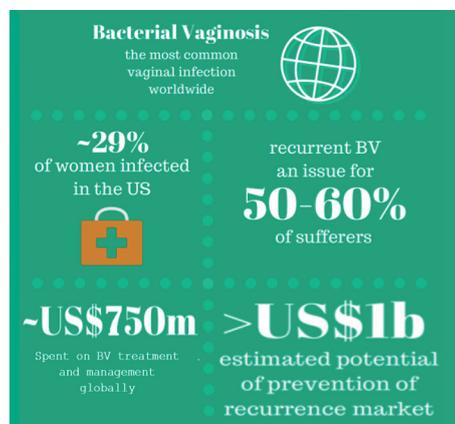
>> Starpharma signs licence with Aspen for commercialisation of VivaGel® BV in Australia and New Zealand

Starpharma recently signed a license and



supply agreement with Aspen Pharmacare Australia Pty Ltd for the sales and marketing of VivaGel® BV in Australia and New Zealand (ANZ). Aspen Pharmacare Australia Pty Ltd is a subsidiary of Aspen Holdings Ltd, the largest pharmaceutical company listed on the South African stock exchange, the JSE Limited. Aspen is a global supplier of branded and generic pharmaceutical products and consumer healthcare products in selected territories. In Australia Aspen is in the top 5 Over-the-counter companies in the country.

Starpharma's CEO, Dr Jackie Fairley, stated: "Aspen is an ideal partner for VivaGel® BV in the Australian and New Zealand markets given their proven track record of successfully marketing products in the women's healthcare segment. We are pleased that VivaGel® BV, an Australian innovation, will give BV sufferers a new option for management, where few effective alternatives exist. BV is the world's most common vaginal infection and a significant unmet medical need."



VIVAGEL®

VIVAGEL®

>> MOU for VivaGel® condom in China

In December, Starpharma signed a Memorandum of Understanding (MOU) with a Chinese company which is a major provider of condoms to the Chinese government, an important step towards expanding the availability of the VivaGel® condom to a market not captured by Starpharma's current licensees.

CORPORATE NEWS

>> Half-year financial results

Starpharma finished the half-year in a strong financial position with a cash balance of \$54.7 million following the \$32 million equity placement, with a further \$1.9 million received after the period from the closing of the share purchase plan. Cash receipts in the half-year totalled \$7.2 million with \$3.8 million received from partners, including AstraZeneca, and a further \$3.4 million from R&D tax incentives.

The net loss after tax for the half-year of \$10.0 million reflects investment across the Company's VivaGel®, drug delivery and agrochemical portfolios, including the conduct of the two clinical programs in parallel for the VivaGel® Phase 3 clinical trials for the prevention of recurrent bacterial vaginosis and the Phase 1 DEP™ docetaxel trial.

Key Financial Data for half year FY2016	AUD \$
Revenue from continuing operations	\$3.7M
R&D tax incentive	\$1.8M
Consolidated loss after tax	(\$10.0M)
Cash at December 2015	\$54.7M

The Government segment in China is only open to local Chinese companies and manufacturers, with annual demand estimated at approximately three billion condoms. The market spans both the Birth Control and Disease Prevention Departments of the Chinese Government.

The MOU outlines the key commercial and other terms for Starpharma's partner to manufacture and sell a VivaGel® condom into the Government segment of the Chinese market. Starpharma is now working with its partner to advance the regulatory process and to finalise a full and binding commercial agreement.

CONFERENCES

>> Bio-Europe® conference

Starpharma's VP Business Development, Tony Eglezos, presented at the Bio-Europe® conference in Stockholm in early April. The business development team were also involved in numerous partnering discussions with pharmaceutical companies for VivaGel® BV, DEP™ and other parts of Starpharma's portfolio.

Bio-Europe® is Europe's largest partnering conference for biotechnology and life sciences companies, attracting more than 2,300 attendees representing more than 1,300 companies from 53 countries. Attendees at the conference include many of the world's leading pharmaceutical companies including Roche, Sanofi, Takeda, Pfizer, Genentech, Lilly and Amgen.



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Forward Looking Statements

This document contains certain forward-looking statements, relating to Starpharma's business, which can be identified by the use of forward-looking terminology such as "promising", "plans", "anticipated", "will", "project", "believe", "forecast", "expected", "estimated", "targeting", "aiming", "set to", "potential", "seeking to", "goal", "could provide", "intends", "is being developed", "could be", "on track", or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, product candidates, financial results and business prospects. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Starpharma is providing this information as of the date of this document and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.