Starpharma Holdings Limited recently announced the signing of an agreement to acquire US-based Dendritic Nanotechnologies Inc (DNT) for US$6.97m (A$9.36m) payable through the issue of Starpharma shares. Starpharma currently owns 33% of DNT. DNT will become a wholly owned operating subsidiary of Starpharma Holdings Limited and remain a US corporation based in Mount Pleasant, Michigan. The transaction is subject to DNT shareholder approval, which is anticipated to be obtained in the coming weeks.

“The acquisition of DNT is an extremely positive development for Starpharma,” said Starpharma CEO, Dr. Jackie Fairley. “DNT has exciting new intellectual property in its Priostar™ dendrimers, with existing royalty streams in place from leading life-science companies. We believe that the combined entity is ideally placed to capitalize on the significant commercial opportunities for the technology. This will give Starpharma the opportunity to commercialize dendrimer technology not only in the pharmaceutical sector but also into other nearer-term life-science and industrial applications.”

Starpharma anticipates the following key benefits from the transaction:

1. **The provision of diversified product pipeline with near-term cash-flow opportunities, and a more balanced risk profile.**

   Starpharma’s expanded product pipeline post-transaction will include drug delivery and industrial specialty chemical applications, offering revenue diversification opportunities over and above its existing product portfolio. Starpharma gains ownership of a new family of scalable, precision dendrimer nanostructures pioneered by DNT, called Priostar™. The Priostar™ dendrimers address industry needs for nanostructures to be manufactured in industrial volumes with a low cost-base. Priostar™ dendrimers, together with Starpharma’s existing polylysine dendrimers, allow Starpharma to commercially exploit opportunities in a broad range of industries, from high margin pharmaceutical goods, to larger volume industrial applications.

2. **Increased US presence.**

   Prior to the transaction almost 10% of Starpharma’s issued capital was held by US investors through the company’s highly successful American Depositary Receipts (ADR) program. The DNT acquisition will increase the presence and profile of Starpharma in the United States, improving access to partners and capital markets.
3. **Attractively priced transaction.**

Starpharma is acquiring DNT at an attractive valuation by issuing existing DNT shareholders with equity in Starpharma, subject to various escrow provisions. This arrangement provides Starpharma shareholders with exposure to a broader range of revenue-generating opportunities at minimal dilution and allows DNT shareholders to continue sharing in the upside of the DNT portfolio through Starpharma’s capital growth. Benefits to DNT include direct access to Starpharma’s nano-pharmaceutical development and regulatory expertise, economies of scale and access to public market funding.

4. **The Dow Chemical Company becomes a substantial shareholder in Starpharma.**

The acquisition will result in The Dow Chemical Company becoming a substantial shareholder in Starpharma. As a part of the deal, Dow has agreed to enter into a tiered escrow arrangement over a 3-year period and has been granted the right to participate in any future capital raisings on a pro-rata basis during the escrow period.

5. **Significant development, commercialization and other business synergies.**

Development synergies for DNT and Starpharma will result from combining commercialization efforts of the companies’ respective product platforms, technology development expertise, IP portfolios and commercial leads and business opportunities. Starpharma was the first company in the world to have an Investigational New Drug (IND) application allowed by the US Food and Drug Administration for a dendrimer-based pharmaceutical product, and works closely with the FDA’s Nanotechnology Working Group.

6. **Extensive IP portfolio with existing royalty streams.**

DNT currently owns the world’s largest patent portfolio in the field of dendrimers as a result of the assignment to DNT of the Dow dendrimer patent portfolio and associated licenses in 2005. Following this acquisition, Starpharma will benefit from DNT’s royalty bearing agreements and will own a comprehensive IP portfolio that covers a broad spectrum of potential commercial applications for dendrimers. These will provide the company with a significant competitive advantage in the rapidly developing nanotechnology sector.

**About Starpharma**

Starpharma Holdings Limited leads the world in the application of dendrimer-based nanotechnology to pharmaceuticals. The company’s lead development product is VivaGel™, a vaginal microbicide designed to prevent the transmission of STIs, including HIV and genital herpes.

VivaGel™ is the first example of a product to come from Starpharma’s dendrimer-based discovery pipeline, which also includes specific programs in the fields of ADME Engineering™ (using dendrimers to control where and when drugs go when introduced to the body), Polyvalency (using the fact that dendrimers can activate multiple receptors simultaneously) and targeted diagnostics (using dendrimers as a scaffold to which both location-signaling and targeting groups are added to allow location of specific cell type, such as cancer cells).
About DNT

Dendritic Nanotechnologies Inc (DNT) is committed to the development and commercialization of new proprietary Priostar™ dendrimer technology to create innovative products with its business partners. DNT was incorporated in 2003, is a US company with 16 employees, and is located in Mount Pleasant, Michigan. DNT’s Chief Scientific Officer is Donald A. Tomalia, Ph.D., the inventor of dendrimers. DNT has a broad and comprehensive IP portfolio that comprises approximately 180 patents/applications issued and pending, comprising 32 case families—a unique level of IP concentration among nanotechnology companies—and has existing licensing agreements with established revenue streams for dendrimer technology.

DNT sells and licenses more than 200 of its dendrimer products to scientific innovators in academia, government and private institutions. DNT also has an active development portfolio including:

- Targeted Ovarian Cancer Diagnostic and Delivery technology based on Priostar™ dendrimers
- Transfection reagents for siRNA
- Specialty chemical applications

DNT has developed a new family of dendrimers called Priostar™. This proprietary technology allows the company to develop a broad range of commercial applications that were previously not economically viable. The Priostar™ family of dendrimers serves as a major nanostructure platform with broad commercial applicability. These dendrimers are expected to find value in the industrial sector as they will help develop new products and improve existing technologies for applications such as surface coatings, sensors, surfactants, binders, antimicrobials, lotions, cosmetics, pigments, dyes, ion exchange media, and ultra filtration.