

10 July 2017

The Manager  
Company Notices Section  
ASX Limited  
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Dear Sir/Madam

**Notice under section 708A(5)(e) of the Corporations Act 2001 (Cth)**

This notice is given by Mesoblast Limited ACN 109 431 870 (Mesoblast) under section 708A(5)(e) of the Corporations Act 2001 (Cth) (Corporations Act).

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info@mesoblast.com  
www.mesoblast.com

Mesoblast has today issued 6,029,545 fully paid ordinary shares in Mesoblast (the Shares) to Osiris Therapeutics Inc. as contingent consideration in relation to the ongoing Crohn's disease program. This consideration was included in the original purchase agreement for the acquisition in 2013 of the mesenchymal stem cell (MSC) business of Osiris Therapeutics.

Mesoblast advises that:

1. the Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
2. this notice is being given under section 708A(5)(e) of the Corporations Act;
3. as at the date of this notice, Mesoblast has complied with:
  - (a) the provisions of Chapter 2M of the Corporations Act as they apply to Mesoblast; and
  - (b) section 674 of the Corporations Act;
4. as at the date of this notice, there is no excluded information of the type referred to in sections 708A(7) and 708A(8) of the Corporations Act; and
5. it remains in exclusive negotiations with Mallinckrodt Pharmaceuticals in regard to a potential commercial and development partnership for two of its lead product candidates.

Yours sincerely



Charlie Harrison  
Company Secretary  
**Mesoblast Limited**

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MESOBLAST LIMITED

ABN

68 109 431 870

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | Ordinary shares (fully paid) and unquoted options to acquire ordinary shares.                   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 6,302,124 fully paid ordinary shares and 6,945,000 unquoted options to acquire ordinary shares. |

3	Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	<p>6,302,124 fully paid ordinary shares as per the terms set out in the Company's constitution.</p> <p>2,095,000 unquoted options to acquire ordinary shares at a price per share of \$1.33, vesting in three equal tranches on 6 December 2017, 6 December 2018 and 6 December 2019 respectively, and expiring 5 December 2023.</p> <p>4,400,000 unquoted options to acquire ordinary shares at a price per share of \$1.21 and expiring 5 December 2023. These options vest upon the satisfaction of certain specified corporate milestones.</p> <p>450,000 unquoted options to acquire ordinary shares at a price per share of \$1.67 and expiring 12 January 2024. These options vest upon the satisfaction of certain specified corporate milestones.</p>
4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes for the fully paid ordinary shares.</p> <p>Shares issued on the exercise of the unquoted options will rank equally with quoted shares as from their date of issue.</p>
5	Issue price or consideration	<p>6,029,545 ordinary shares issued to Osiris Therapeutics Inc at a price of \$2.18;</p> <p>272,579 ordinary shares issued upon the exercise of options in accordance with the Company's Employee Share Option Plan.</p> <p>Each option was issued for no issue price.</p>

+ See chapter 19 for defined terms.

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>6,029,545 ordinary shares to Osiris Therapeutics Inc. as contingent consideration in relation to the ongoing Crohn's disease program. This consideration was included in the original purchase agreement for the acquisition in 2013 of the mesenchymal stem cell business of Osiris Therapeutics.</p> <p>272,579 ordinary shares issued upon the exercise of options in accordance with the Company's Employee Share Option Plan.</p> <p>6,945,000 unquoted options to acquire ordinary shares issued pursuant to the Company's Employee Share Option Plan across the Company's executives and other senior management.</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable
6c	Number of +securities issued without security holder approval under rule 7.1	Not applicable
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of +securities issued under an exception in rule 7.2	Not applicable

6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.

Not applicable

6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

Not applicable

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

Not applicable

7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

Date Registered	Number of Unquoted options to acquire shares issued
30/06/2017	6,945,000
<b>Total</b>	<b>6,945,000</b>

  

Date Registered	Number of ordinary shares issued
26/04/2017	255,912
27/04/2017	16,667
10/07/2017	6,029,545
<b>Total</b>	<b>6,302,124</b>

Number	+Class
434,250,943	Ordinary shares

Number	+Class
22,200,246 (1,967,578 options have been cancelled since last Appendix 3B)	Unquoted options

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	All ordinary shares rank equally and participate in the right to dividends equally.
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## Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
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12	Is the issue renounceable or non-renounceable?	Not applicable
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13	Ratio in which the +securities will be offered	Not applicable
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14	+Class of +securities to which the offer relates	Not applicable
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15	+Record date to determine entitlements	Not applicable
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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
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17	Policy for deciding entitlements in relation to fractions	Not applicable
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18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not applicable
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19	Closing date for receipt of acceptances or renunciations	Not applicable
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20	Names of any underwriters	Not applicable
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21	Amount of any underwriting fee or commission	Not applicable
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22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	+Issue date	Not applicable

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+ See chapter 19 for defined terms.

## Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37  A copy of any trust deed for the additional +securities

### Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

Not applicable

39 +Class of +securities for which quotation is sought

Not applicable



40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

Not applicable

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Not applicable	Not applicable

+ See chapter 19 for defined terms.

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 10 July 2017  
Company secretary

Print name: Charlie Harrison

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+ See chapter 19 for defined terms.