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1 September 2017

***Not for release or distribution in the United States***

**Mesoblast Limited - Retail Entitlement Offer**

Attached are the following documents which will be mailed to eligible shareholders in relation to the retail component of Mesoblast Limited's fully underwritten A\$50.7 million accelerated non-renounceable pro-rata 1 for 12 entitlement offer as announced on Friday, 25 August 2017:

- a) Retail Entitlement Offer Booklet
- b) Entitlement and Acceptance Form

Also attached is a letter of notification to ineligible retail shareholders.

Yours faithfully



Charlie Harrison  
Company Secretary



*Not for release or distribution in the United States*

**Mesoblast Limited**

ACN 109 431 870

# Entitlement Offer Booklet

Fully underwritten 1 for 12 non-renounceable pro rata retail entitlement offer of New Shares at an issue price of A\$1.40 per New Share

**The Entitlement Offer closes at 5.00 pm (Melbourne time) on 12 September 2017**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS ENTITLEMENT OFFER BOOKLET IN ITS ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR NEW SHARES. IF YOU DO NOT UNDERSTAND ANY PART OF THIS ENTITLEMENT OFFER BOOKLET, OR ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT OR YOUR ENTITLEMENT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER. THIS ENTITLEMENT OFFER BOOKLET IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN THE UNITED STATES

# Important Information

## About this document

This Offer Booklet contains information relating to a proposed retail entitlement offer to be undertaken by Mesoblast Limited (ABN 68 109 431 870) (**Mesoblast**).

This Offer Booklet is important and requires your immediate attention. You should read this Offer Booklet carefully and in its entirety, with emphasis on the risk factors detailed in Section 3, have regard to your own investment parameters, and if required, obtain independent professional investment advice, before deciding to invest in Mesoblast.

The Entitlement Offer is being made in accordance with Section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84). Accordingly, this document is not a prospectus (and has not been, and will not be, lodged with ASIC) and does not contain all information which an investor may require to make an informed investment decision.

## Forward-looking statements

This document contains forward looking statements with respect to the financial condition, results of operations, projects and business of Mesoblast and certain plans and objectives of the management of Mesoblast. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", "will", "plan", "could", "may" "intends", "guidance", "project", "forecast", "target", "likely" and other similar expressions, and include, but are not limited to, statements regarding the outcome and effects of the Entitlement Offer, projections, guidance on future revenues, earnings, dividends and estimates. The forward looking statements contained in this document are not based solely on historical facts but are based on current expectations about future events and results. These forward looking statements are subject to inherent known and unknown risks and uncertainties and other factors which are beyond the control of Mesoblast. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Such risks and uncertainties include factors and risks specific to the operations of Mesoblast, as well as general economic conditions, prevailing interest rates, conditions in the financial markets, government policies and regulations and competitive pressures. As a consequence, forward looking statements are provided as a general guide only and actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

Forward-looking statements in this Offer Booklet speak only at the date of this Offer Booklet. Subject to any continuing obligations under applicable law or the ASX Listing Rules, Mesoblast does not, in providing this information, undertake any obligation to publicly update or revise any of the forward-looking statements for any change in events, conditions or circumstances on which any such statement is based. Accordingly, you are cautioned not to place undue reliance on forward looking statements contained in this document.

Neither Mesoblast nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statement will actually occur.

## Information about Mesoblast

The Investor Presentation lodged with ASX on 25 August 2017 includes important information about Mesoblast and its current activities as at the date stated on it. It is information in summary form and does not purport to be complete. It should be read in conjunction with this Offer Booklet and Mesoblast's other periodic and continuous disclosure announcements including Mesoblast's full-year report for FY17 lodged with ASX and Mesoblast's other announcements to ASX available at [www.asx.com.au](http://www.asx.com.au) or [www.mesoblast.com](http://www.mesoblast.com).

## Past performance

Investors should note that Mesoblast's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) Mesoblast's future performance including Mesoblast's future financial position or share price performance.

## Foreign offer restrictions

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The distribution by you of this Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. You should observe such restrictions. Any non-compliance with these restrictions may contravene applicable securities law. See Section 4.5, "Foreign Shareholders", of this Offer Booklet for more information.

## New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Mesoblast with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## United States disclaimer

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet (or any part of it) nor the Entitlement and Acceptance Form may be distributed to persons in the United States.

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold in the United States or to, or for the account or benefit of, persons in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws.

#### **Nominees**

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia and New Zealand except, with the consent of Mesoblast, to beneficial Shareholders resident in certain other countries where Mesoblast may determine it is lawful and practical to make the Entitlement Offer.

#### **Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet or in the Investor Presentation. Any information or representation that is not contained in this Offer Booklet or in the Investor Presentation may not be relied on as having been authorised by Mesoblast in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Mesoblast, or any other person, warrants or guarantees the future performance of Mesoblast or any return on any investment made pursuant to the Entitlement Offer.

#### **No financial product advice**

This Offer Booklet is not financial product advice, does not purport to contain all the information that you may require to make an investment decision, and has been prepared without taking into account your personal investment objectives, financial situation or needs.

Before deciding whether to apply for New Shares under the Entitlement Offer, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If after reading this Offer Booklet, you have any questions about the Entitlement Offer, you should contact your financial or other professional adviser.

#### **Definitions and references to time**

Capitalised words and expressions in this Offer Booklet have the meanings given in Section 5. A reference to time in this Offer Booklet is to Melbourne, Australia time, unless otherwise stated.

All financial amounts in this Offer Booklet are references to Australian currency, unless otherwise stated.

#### **Date of this document**

This Offer Booklet is dated 1 September 2017.

**For any enquiries please contact the Mesoblast Limited Offer Information Line on 1300 138 914 (within Australia) or +61 1300 138 914 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday, or contact your stockbroker, accountant or other professional adviser.**

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## Chairman's Letter

1 September 2017

Dear fellow shareholder

On 25 August 2017 Mesoblast Limited announced a fully underwritten accelerated pro rata non-renounceable entitlement offer to institutional and retail shareholders to raise a total of approximately A\$50.7 million. The Institutional component of the Entitlement Offer has successfully completed, raising approximately A\$38 million.

On behalf of the Board of Mesoblast, it is now my pleasure to invite you as a retail shareholder to participate in a pro rata, non-renounceable entitlement offer of 1 new fully paid ordinary share in Mesoblast (**New Share**) for every 12 Shares held by you on the Record Date (being 7.00 pm (Melbourne time) on 29 August 2017) at an issue price of A\$1.40 per New Share (**Entitlement Offer**).

### Overview of Entitlement Offer

The Entitlement Offer is being made to all eligible retail shareholders in Australia and New Zealand (**Eligible Shareholders**) who are registered as a holder of Mesoblast Shares as at 7.00 pm (Melbourne time) on 29 August 2017 (**Record Date**) and who were not entitled to participate in the institutional component of the Entitlement Offer.

Under the Entitlement Offer, Eligible Shareholders have the opportunity to subscribe for 1 New Share for every 12 Shares of which they are the registered holder on the Record Date at an issue price of A\$1.40 per New Share (**Issue Price**). The Entitlement Offer is non-renounceable. Eligible Shareholders are also invited to apply for additional New Shares in excess of their entitlement under the Top-Up Facility if there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer.

The Entitlement Offer is fully underwritten by Bell Potter Securities Limited.

Further information about Mesoblast and the Offer is contained in the Investor Presentation prepared in connection with the Entitlement Offer, which was released to the ASX on 25 August 2017.

### Action you should take

The Entitlement Offer is scheduled to close at **5.00 pm (Melbourne time) on 12 September 2017**. If you wish to subscribe for New Shares, you must ensure that your completed Entitlement and Acceptance Form and Application Monies are received by Link Market Services Limited by this time in accordance with the instructions set out in Section 2.2. Personalised Entitlement and Acceptance Forms along with this Offer Booklet may be downloaded at the Mesoblast Limited website [www.mesoblast.com](http://www.mesoblast.com).

This Offer Booklet contains important information regarding the Entitlement Offer, and I encourage you to read it carefully before making any investment decision. If you have any questions, you should consult your financial or other professional adviser.

For any enquiries please contact the Mesoblast Limited Offer Information Line on 1300 138 914 (within Australia) or +61 1300 138 914 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday, or contact your stockbroker, accountant or other professional adviser.

A handwritten signature in black ink, appearing to read 'Brian Jamieson', with a stylized flourish at the end.

**Brian Jamieson**

**Chairman**

## Key Dates

Event	Date
Announcement of the Entitlement Offer	25 August 2017
Record Date for eligibility to participate in the Entitlement Offer	7:00 pm (Melbourne time) on 29 August 2017
Despatch of Offer Booklet and Entitlement and Acceptance Form to Eligible Shareholders	1 September 2017
Entitlement Offer opens	1 September 2017
<b>Entitlement Offer closes</b>	5:00 pm (Melbourne time) on 12 September 2017
Shortfall (if any) announced to ASX	15 September 2017
Settlement of New Shares under the Entitlement Offer	15 September 2017
Issue of New Shares under Entitlement Offer	18 September 2017
Despatch of Holding Statements	19 September 2017
New Shares commence trading on a normal settlement basis	19 September 2017

Dates and times in this Offer Booklet are indicative only and subject to change. Any material changes will be notified to ASX. All dates and times are references to Melbourne, Australia time.

Mesoblast reserves the right to amend any or all of these dates and times, subject to the consent of the Lead Manager, Corporations Act, the ASX Listing Rules and other applicable laws and regulations. In particular, Mesoblast reserves the right to extend the Closing Date and/or accept late Applications under the Entitlement Offer without prior notice. Any extension of the Closing Date may have a consequential impact on the date that New Shares are issued and commence trading on the ASX. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens.

# 1. Overview of the Entitlement Offer

## 1.1 Summary

The Entitlement Offer is a pro rata offer at A\$1.40 per New Share.

Eligible Shareholders are entitled to subscribe for 1 New Share for every 12 Shares held by them on the Record Date.

The Entitlement Offer is non-renounceable, which means that to the extent that any entitlement under the Entitlement Offer is not taken up by any Eligible Shareholder prior to the Closing Date, the entitlement will lapse.

The choices available to Eligible Shareholders in respect of the Entitlement Offer are described in Section 2.

The Entitlement Offer is currently scheduled to close at 5.00 pm (Melbourne time) on 12 September 2017 (**Closing Date**).

## 1.2 Eligible Shareholders

Unless the Company otherwise determines, the Entitlement Offer is being made to those Shareholders who:

- (a) are registered as a holder of Mesoblast's Shares on the Record Date excluding those Shareholders who were entitled to participate in the institutional component of the Entitlement Offer which has already completed;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of any person in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Mesoblast is of the view that it is unreasonable to make an offer under the Entitlement Offer to retail Shareholders outside of Australia and New Zealand having regard to:

- (a) the number of Shareholders outside of those jurisdictions as a proportion of total Shareholders in Mesoblast;
- (b) the number and value of the New Shares that would have been offered to those Shareholders outside of those jurisdictions; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Mesoblast is not required to make offers under the Entitlement Offer to retail Shareholders outside of Australia and New Zealand (although Mesoblast may, at its absolute discretion, make offers under the Entitlement Offer to investors in certain other jurisdictions to whom it is lawful to make such an offer, subject to the provisions of Section 4.5).

## 1.3 What is the entitlement of an Eligible Shareholder?

The number of New Shares to which you are entitled under the Entitlement Offer is shown in the personalised Entitlement and Acceptance Form which accompanies this Offer Booklet. In calculating each Eligible Shareholder's entitlement, fractional entitlements to New Shares have been rounded up to the nearest whole number of New Shares. Eligible Shareholders can subscribe for all, or part, of

their pro rata entitlement under the Entitlement Offer. Detailed instructions on how to accept all, or part of, your pro rata entitlement are set out in Section 2.

Please note that if you choose not to take up your pro rata entitlement, your percentage shareholding in Mesoblast will be diluted to the extent that the Entitlement Offer is taken up by other persons.

#### **1.4 Top-Up Facility**

Eligible Shareholders may, in addition to taking up their entitlements in full, apply for additional New Shares (**Additional Shares**) in excess of their entitlement, up to a maximum of 100% of their entitlement, at the same Issue Price (**Top-Up Facility**). Additional Shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer (**Shortfall**). Additional Shares will be issued at the Issue Price.

Mesoblast proposes to adopt the below allocation policy for allocating Shortfall:

- (a) If there is a Shortfall, each Eligible Shareholder who has applied for Additional Shares through the Top-Up Facility will be entitled to be allocated their pro rata share of the Shortfall having regard to their holdings at the Record Date (if an Eligible Shareholder has made an application for Additional Shares for an amount less than the amount of Additional Shares that the Eligible Shareholder would otherwise be allocated under this process, the Eligible Shareholder will be allocated the amount applied for).
- (b) The allocation process described above will be repeated in relation to any remaining Shortfall and any subsequent Shortfall, until either all New Shares proposed to be issued have been allocated or all Shortfall applications have been satisfied in full.
- (c) If, following the allocation process above, not all New Shares proposed to be issued have been allocated, the Lead Manager will subscribe for, or procure subscriptions for the remaining Shortfall.
- (d) Directors of Mesoblast will not be eligible to participate in the Top-Up Facility for Additional Shares.

For avoidance of doubt, the prohibition on certain acquisitions of relevant interests in voting shares as set out in Section 606 of the Corporations Act applies to limit the acquisition of Additional Shares through the Top-Up Facility.

Accordingly, Eligible Shareholders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for in which case excess Application Money will be refunded without interest. If you wish to subscribe for Additional Shares in addition to your entitlement then you should nominate the maximum number of Additional Shares you wish to subscribe for on the Entitlement and Acceptance Form and make corresponding payment for your full Entitlement plus the Additional Shares.

#### **1.5 No trading of entitlements**

Entitlements under the Entitlement Offer are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of that part of the entitlement that they do not take up.

#### **1.6 Entitlement Offer fully underwritten**

The Entitlement Offer is lead managed and underwritten by Bell Potter Securities Limited.

A summary of the material terms of the Underwriting Agreement are set out in Section 4.4.

## 1.7 Issue of New Shares

Mesoblast currently expects that New Shares will be issued on 18 September 2017. The issue of New Shares will only be made after permission for their quotation on ASX has been obtained. The fact that New Shares have been admitted to quotation on ASX is not to be taken in any way as an indication of the merits of Mesoblast or the New Shares.

## 1.8 Ranking of New Shares

When issued, the New Shares will be fully paid and will rank equally with existing Shares on issue.

## 1.9 Withdrawal of the Entitlement Offer

Mesoblast reserves the right to withdraw all or part of the Entitlement Offer and this Offer Booklet at any time, subject to applicable laws. In that case, Mesoblast will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Mesoblast will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Mesoblast.

## 1.10 Speculative nature of Entitlement Offer and projects and relevant risk factors

In deciding whether to take up some or all of your entitlements under the Entitlement Offer, you should:

- (a) have regard to the risks discussed in Section 3 of this Offer Booklet and the section headed 'Risk Factors' in the Investor Presentation lodged with ASX on 25 August 2017; and
- (b) read this Offer Booklet carefully and in its entirety and have regard to your own investment parameters, and if required, obtain independent professional investment advice, before deciding whether or not to invest in Mesoblast.

## 1.11 Purpose and use of funds

Mesoblast intends to use the funds from the Entitlement Offer primarily for product development including manufacturing, commercialisation expenses and general corporate purposes.

Further details are set out in the Investor Presentation lodged with ASX on 25 August 2017.

## 1.12 Financial Impact

The proceeds from the Entitlement Offer, before allowing for costs and expenses, will amount up to approximately A\$50.7 million.

## 1.13 Effect on Capital Structure

The principal effect of the Entitlement Offer on Mesoblast's issued share capital will be to increase the total number of issued Shares. The following table sets out the number of issued Shares on the Announcement Date and, subject to the rounding of fractional entitlements under the Entitlement Offer, the total number of issued Shares at the completion of the Entitlement Offer:

Shares	Number
Shares on issue at the Announcement Date	434,250,943
Shares issued under the institutional component of the Entitlement Offer	26,628,798

Shares offered under the Entitlement Offer*	9,558,780
Total Shares on issue on completion of the Entitlement Offer	470,438,521

\* Subject to rounding

### 1.14 Effect of the Entitlement Offer on the Control of Mesoblast

The potential effect the Entitlement Offer will have on the control of Mesoblast is as follows:

- (a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no effect on the control of Mesoblast;
- (b) if some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted; and
- (c) the proportional interests of Shareholders who are not Eligible Shareholders will be diluted because such Shareholders are not entitled to participate in the Entitlement Offer,

having regard to:

- (d) the composition of Mesoblast's share register; and
- (e) the terms of the Entitlement Offer.

Mesoblast does not believe that any person will increase their voting power in Mesoblast pursuant to the Entitlement Offer in a way that will have any material impact on the control of Mesoblast. In particular, no person presently has a relevant interest in more than 20% of Shares, and no person is expected to have a more than 20% relevant interest in Shares following the Entitlement Offer.

## 2. Choices available to Eligible Shareholders

### 2.1 Your choices

Before taking any action, you should read this Offer Booklet in its entirety and, if you have any questions, consult your financial or other professional adviser. If you are an Eligible Shareholder, the following choices are available to you:

Option	See Section
Take up all or part of your entitlement under the Entitlement Offer	2.2(a)
Take up all of your entitlement under the Entitlement Offer and apply for Additional Shares under the Top-Up Facility	2.2(b)
Take no action	2.7

### 2.2 How to participate in the Entitlement Offer

#### (a) Taking up all or part of your entitlement

To subscribe for New Shares offered to you under your pro rata allocation, please complete the accompanying Entitlement and Acceptance Form according to the instructions on the form for all, or that part, of your pro rata entitlement you wish to subscribe for.

**(b) Applying for Additional Shares under the Top-Up Facility**

If you wish to apply for Additional Shares in excess of your entitlement, please complete your personalised Entitlement and Acceptance Form accordingly and follow the instructions set out on the Entitlement and Acceptance Form or below.

Your application for additional New Shares may not be successful (wholly or partially). The decision in relation to the number of additional New Shares in excess of your entitlement to be allocated to you is at the discretion of the Company and will be final. No interest will be paid on any Application Monies received and returned.

**(c) Payment**

The Application Monies are payable in full on application.

Application Monies must be received by the Closing Date and must be in Australian currency and made by:

- (i) cheque drawn on and payable at any Australian bank;
- (ii) bank draft or money order drawn on and payable at any Australian bank; or
- (iii) BPAY®.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. You simply need to follow the instructions on the Entitlement and Acceptance Form. Different financial institutions may implement earlier cut-off times with regards to electronic payment, so please take this into consideration when making payment by BPAY®. It is your responsibility to ensure that funds submitted through BPAY® are received by no later than the Closing Date.

Mesoblast will treat you as applying for as many New Shares as your Application Monies will pay for in full.

Cheques, bank drafts and money orders must be made payable to “Mesoblast Limited” and crossed ‘Not Negotiable’. Cash payments will not be accepted. Receipts for payment of Application Monies will not be provided.

Mesoblast will not be responsible for any postal or delivery delays or delay in the receipt of your Entitlement and Acceptance Form or Application Monies.

Application Monies will be held in trust in a subscription account until New Shares are issued.

**(d) Return completed Entitlement and Acceptance Form and payment**

Unless you are paying by BPAY®, completed Entitlement and Acceptance Forms and payment of Application Monies should be forwarded to the Share Registry by mail in the enclosed prepaid envelope or, if you are outside of Australia or do not use the prepaid envelope, by mail addressed to:

**Mailing Address**

Mesoblast Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

**Hand Delivery**

Mesoblast Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138 (Please do not use this address for mailing purposes)

Completed Entitlement and Acceptance Forms and Application Monies must be received by the Closing Date.

Please note that all acceptances, once received, are irrevocable.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. Please see Section 2.2(c) above for details.

**2.3 Representations you will be taken to make by acceptance**

By completing and returning your Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have:

- (a) acknowledged that you have fully read and understood this Offer Booklet and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Booklet and the Entitlement and Acceptance Form;
- (b) agreed to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet and Mesoblast's constitution;
- (c) authorised Mesoblast to register you as the holder of the New Shares allotted to you;
- (d) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledged that once Mesoblast receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (f) acknowledged that you have a registered address in Australia or New Zealand or certain other jurisdictions as explicitly consented to by Mesoblast as at the Record Date;
- (g) agreed to apply for and be issued up to the number of New Shares and Additional Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;
- (h) authorised Mesoblast, the Share Registry and their respective officers, employees or agents to do anything on your behalf necessary for New Shares to be issued to you;
- (i) declared that you were the registered holder at the Record Date of the Shares indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledged that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledged that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Mesoblast and is given in the context of Mesoblast's past and ongoing continuous disclosure announcements to the ASX;

- (l) acknowledged the risk factors detailed in Section 3 of this Offer Booklet, the section headed 'Risks Section' in the Investor Presentation lodged with ASX on 25 August 2017, and that investments in Mesoblast are subject to risk;
- (m) acknowledged that none of Mesoblast or its related bodies corporate, affiliates and none of its or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Mesoblast, nor do they guarantee the repayment of capital;
- (n) agreed to provide any requested substantiation of your eligibility to participate in the Entitlement Offer and your holding of Shares on the Record Date; and
- (o) authorised Mesoblast to correct any errors in your Entitlement and Acceptance Form.

By completing and returning your Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (p) you are not in the United States and are not acting for the account or benefit of a person in the United States;
- (q) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
- (r) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or a person acting for the account or benefit of a person in the United States.

#### **2.4 No minimum subscription**

There is no minimum subscription for an Eligible Shareholder under the Entitlement Offer.

#### **2.5 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

#### **2.6 Refunds of excess Application Monies**

Any Application Monies received for more than the number of New Shares issued to you will be refunded as soon as reasonably practicable following the close of the Entitlement Offer. No interest will be paid on any Application Monies. Payment of any refund will be made by cheque mailed to your address as last recorded in Mesoblast's register of members.

#### **2.7 If you do nothing**

If you do not apply for New Shares pursuant to the Entitlement Offer, your entitlement under the Entitlement Offer will lapse.

If you do not apply for New Shares pursuant to the Entitlement Offer, your percentage ownership in Mesoblast will be diluted because the issue of New Shares to other Eligible Shareholders under the Entitlement Offer will increase the total number of Shares on issue.

### 3. Risk Factors

Mesoblast's activities are subject to a number of risks which may impact future financial performance and the market price at which New Shares trade. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, others are outside Mesoblast's control and cannot be mitigated. Therefore, investors who acquire New Shares may be exposed to a number of risks. Broadly, these risks can be classified as risks that are general to investing in the share market and risks specific to an investment in Shares and Mesoblast's underlying business.

A detailed list of the key risks associated with investing in New Shares is contained in the Investor Presentation.

This list is not exhaustive and investors should read this Offer Booklet and the Investor Presentation in their entirety before making an investment decision. Investors should also have regard to their own investment objectives and financial circumstances, and should consider seeking appropriate independent investment advice before deciding whether to invest in the New Shares.

### 4. Further Information

#### 4.1 Taxation

Taxation implications of participating in the Entitlement Offer will vary depending on the particular circumstances of individual Eligible Shareholders. Eligible Shareholders are advised to obtain their own professional taxation advice before making a decision in relation to the Entitlement Offer.

#### 4.2 This Offer Booklet is not a prospectus

The Entitlement Offer is being conducted in accordance with Section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84). In general terms, Section 708AA of the Corporations Act relates to rights issues by certain companies that do not require the preparation of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is less than the level of disclosure required in a prospectus.

As a result, in deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of Mesoblast, refer to disclosures made by Mesoblast to the ASX (which are available for inspection on the ASX website [www.asx.com.au](http://www.asx.com.au) and on Mesoblast's website at [www.mesoblast.com](http://www.mesoblast.com)) and seek the advice of your professional adviser.

#### 4.3 Holding Statements and trading of New Shares

Mesoblast participates in the Clearing House Electronic Sub-Register System (**CHES**), in accordance with ASX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together make up Mesoblast's principal register. Consequently, Mesoblast will not issue certificates to security holders but they will be provided with a holding statement, which will set out the number of New Shares allotted to them under this Entitlement Offer.

It is your responsibility to determine your holding of New Shares before trading to avoid the risk of selling New Shares you do not own. To the maximum extent permitted by law, Mesoblast disclaims any liability to persons who trade New Shares before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Mesoblast or the Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

#### **4.4 Summary of material terms of Underwriting Agreement**

The Entitlement Offer is fully underwritten by the Lead Manager. Mesoblast and the Lead Manager have entered into an Underwriting Agreement. Customary with these types of arrangements:

- (a) Mesoblast has provided various representations and warranties to the Lead Manager;
- (b) Mesoblast has agreed to indemnify the Lead Manager and its affiliates against any losses they may incur in connection with the Entitlement Offer;
- (c) the Underwriting Agreement includes a number of termination events; and
- (d) the Lead Manager will receive an underwriting fee of 4% of the gross proceeds of the Entitlement Offer.

#### **4.5 Foreign shareholders**

- (a) General restrictions

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Booklet outside Australia and New Zealand should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares or to otherwise permit an offering of New Shares outside Australia and New Zealand and the New Shares may not be offered outside Australia and New Zealand except to the extent permitted below.

Return of the Entitlement and Acceptance Form or payment of Application Monies will be taken by Mesoblast as a representation by you that there has been no breach of any such laws.

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia and New Zealand except, with the consent of the Mesoblast, to beneficial shareholders resident in certain other countries where Mesoblast may determine it is lawful and practical to make the Entitlement Offer.

- (b) New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Mesoblast with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### **4.6 Privacy**

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Mesoblast (directly or through the Share Registry). Mesoblast collects, holds and will use that information to assess and process your application, administer your shareholding in Mesoblast and to provide related services to you. Mesoblast may disclose your personal information for purposes related to your shareholding in Mesoblast, including to the Share Registry, Mesoblast's related bodies

corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Mesoblast holds about you. To make a request for access to your personal information held by (or on behalf of) Mesoblast, please contact Mesoblast through the Share Registry.

#### **4.7 Governing law**

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offer are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

## 5. Glossary and interpretation

### 5.1 Definitions

In this Offer Booklet, the following words have the following meanings unless the context requires otherwise:

<b>Additional Shares</b>	New Shares applied for by an Eligible Shareholder under the Top-Up Facility that are in excess of the Eligible Shareholder's entitlement
<b>Announcement Date</b>	25 August 2017
<b>Applicant</b>	a Shareholder as at the Record Date applying for New Shares under this Entitlement Offer
<b>Application Monies</b>	the sum of the relevant New Shares applied for under the Entitlement Offer and any Additional Shares multiplied by the Issue Price
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
<b>ASX Listing Rules</b>	the official listing rules of the ASX as amended or replaced from time to time
<b>Board</b>	the board of directors of Mesoblast
<b>Business Day</b>	means a day which is not a Saturday, Sunday or a public holiday in Victoria
<b>Closing Date</b>	the deadline for accepting the Entitlement Offer, being 5.00 pm (Melbourne time) on 12 September 2017 (subject to change)
<b>Company or Mesoblast</b>	Mesoblast Limited (ABN 68 109 431 870)
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Directors</b>	the directors of Mesoblast
<b>Eligible Shareholder</b>	has the meaning given in Section 1.2
<b>Entitlement and Acceptance Form</b>	the personalised entitlement and acceptance form to subscribe for New Shares accompanying this Offer Booklet
<b>Entitlement Offer</b>	the pro rata non-renounceable offer of New Shares to Eligible Shareholders in accordance with the terms of this Offer Booklet
<b>Investor Presentation</b>	the investor presentation prepared in connection with the Offer lodged with ASX on 25 August 2017
<b>Issue Price</b>	the price payable for each New Share under the Entitlement Offer, being A\$ 1.40
<b>Lead Manager</b>	Bell Potter Securities Limited
<b>New Shares</b>	the Shares offered pursuant to the Entitlement Offer
<b>Offer Booklet</b>	this entitlement offer booklet
<b>Record Date</b>	7.00 pm (Melbourne time) on 29 August 2017
<b>Share</b>	a fully paid ordinary share in the capital of Mesoblast
<b>Shareholder</b>	a registered holder of Shares
<b>Share Registry</b>	Link Market Services Limited
<b>Shortfall</b>	the shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlement Offer

<b>Subsidiary</b>	a body corporate that is a subsidiary of Mesoblast within the meaning of the Corporations Act
<b>Top-Up Facility</b>	the mechanism by which Eligible Shareholders can apply for Additional Shares as described in Section 1.4
<b>United States</b>	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
<b>US Securities Act</b>	The United States Securities Act of 1933, as amended

## 5.2 Interpretation

In this Offer Booklet, unless the context otherwise requires:

- (a) the singular includes the plural, and vice versa;
- (b) words importing one gender include other genders;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this document have corresponding meanings;
- (d) terms used in this document and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act;
- (e) other grammatical forms of a word or phrase defined in this document have a corresponding meaning; and
- (f) a reference to a Section is a reference to a Section of this Offer Booklet.

## Corporate Directory

**COMPANY NAME** Mesoblast Limited

**ASX CODE** MSB

**NASDAQ CODE** MESO

**WEBSITE** [www.mesoblast.com](http://www.mesoblast.com)

**DIRECTORS**

Brian Jamieson (Chairman)  
Silviu Itescu  
William Burns  
Donal O'Dwyer  
Eric Rose  
Michael Spooner  
Ben-Zion Weiner

**HEAD OFFICE**

Level 38  
55 Collins Street  
Melbourne VIC 3000

**SHARE REGISTRY**

Link Market Services Limited  
Tower 4, Collins Square  
727 Collins Street  
Melbourne VIC 3008  
Tel: +61 1300 554 474

**SRN/HIN:**

**Entitlement Number:**

**Number of Eligible Shares held as  
at the Record Date, 7:00pm (AEST)  
on 29 August 2017:**

**Entitlement to New Shares  
(on a 1 New Share for 12 basis):**

**Amount payable on full acceptance  
at A\$1.40 per New Share:**

**Offer Closes  
5:00pm (AEST): 12 September 2017**

**ENTITLEMENT AND ACCEPTANCE FORM**

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 12 Existing Shares that you hold on the Record Date, at an Offer Price of A\$1.40 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

**IMPORTANT:** The Offer is being made under the Entitlement Offer Booklet dated 1 September 2017. The Entitlement Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Entitlement Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Entitlement Offer Booklet.

If you do not have a paper copy of the Entitlement Offer Booklet, you can obtain a paper copy at no charge, by calling the Mesoblast Limited Offer Information Line on 1300 138 914 (within Australia) or +61 1300 138 914 (from outside Australia).

**PAYMENT OPTIONS**

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

**OPTION 1: PAYING BY BPAY®**

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 12 September 2017. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

**OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER**

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on 12 September 2017.



**Billers Code:** 615898  
**Ref:**

**Telephone & Internet Banking – BPAY®**

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)  
® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

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



*Please detach and enclose with payment*



SRN/HIN:

Entitlement Number:

<p><b>A</b> Number of New Shares accepted (being not more than your Entitlement shown above)</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div>	<p><b>B</b> Number of additional New Shares</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div>	<p><b>C</b> Total number of New Shares accepted (add Boxes A and B)</p> <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div>
<div style="display: flex; align-items: center; justify-content: center;"> <div style="border: 1px solid black; width: 100%; height: 20px; margin-right: 5px;"></div> <span style="font-size: 24px; margin: 0 10px;">+</span> <div style="border: 1px solid black; width: 100%; height: 20px; margin-right: 5px;"></div> <span style="font-size: 24px; margin: 0 10px;">=</span> <div style="border: 1px solid black; width: 100%; height: 20px;"></div> </div>		

**D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS** – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Mesoblast Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				<b>A\$</b>

**E CONTACT DETAILS – Telephone Number**

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# MESOBLAST LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the United States or to any person acting for the account or benefit of a person in the United States. The Entitlement Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire New Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

## ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Entitlement Offer Booklet and that you acknowledge the matters, and make the warranties and representations in the Entitlement Offer Booklet;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Mesoblast Limited;
- you are not in the United States and are not acting for the account or benefit of a person in the United States;
- you are an Eligible Shareholder;
- the New Shares have not been, and will not be, registered under US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States and accordingly, the New Shares may not be offered, sold or otherwise transferred, in the United States to, or for the account or benefit of, any person in the United States except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- you agree not to send this Entitlement and Acceptance Form, the Entitlement Offer Booklet or any other material relating to the Entitlement Offer to any person in the United States or any jurisdiction other than Australia or New Zealand (except to certain institutional and professional investors in the jurisdictions (excluding the United States) listed in, and to the extent permitted under, the section captioned "International Offer Restrictions" in the investor presentation relating to the Entitlement Offer lodged with the ASX);
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand (or other jurisdictions approved by Mesoblast Limited including to certain institutional and professional investors in jurisdictions listed in, and to the extent permitted under, the section captioned "International Offer Restrictions" in the investor presentation relating to the Entitlement Offer lodged with the ASX) and is not in the United States and is not acting on behalf of a person in the United States, and you have not sent this Entitlement and Acceptance Form, the Entitlement Offer Booklet or any information relating to the Entitlement Offer to any such person; and
- if in the future you decide to sell or otherwise transfer the New Shares, you will only do so by regular transactions on ASX or otherwise where neither you nor any other person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting on behalf of a person in the United States.

## 3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Entitlement Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

### Mailing Address

Mesoblast Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

### Hand Delivery

Mesoblast Limited  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 12 September 2017. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Mesoblast Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Mesoblast Limited Offer Information Line on 1300 138 914 (within Australia) or +61 1300 138 914 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.**

## HOW TO APPLY FOR NEW SHARES

### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: [www.bpay.com.au](http://www.bpay.com.au)

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$1.40.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

#### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

#### B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Mesoblast Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

#### C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

#### D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Mesoblast Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Mesoblast Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

#### E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

1 September 2017

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]

***Not for release or distribution in the United States***

Dear Shareholder

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**Corporate Headquarters**  
Level 38  
55 Collins Street  
Melbourne, Victoria 3000  
AUSTRALIA

T +61 3 9639 6036  
F +61 3 9639 6030

**United States Operations**  
505 Fifth Avenue  
Third Floor  
New York, NY 10017  
USA

T +1 212 880 2060  
F +1 212 880 2061

**Asia**  
20 Biopolis Way  
#05-01 Centros  
Biopreneur 3  
SINGAPORE 138668

T +65 6570 0635  
F +65 6570 0176

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info@mesoblast.com  
www.mesoblast.com

## **Mesoblast Limited Entitlement Offer – Notification to Ineligible Shareholders**

On 25 August 2017, Mesoblast Limited (**Mesoblast**) announced a fully underwritten accelerated pro-rata non-renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares in Mesoblast (**New Shares**) at an offer price of A\$1.40 per New Share (**Offer Price**) to raise approximately A\$50.7 million.

Under the Entitlement Offer, Mesoblast will offer eligible existing shareholders (**Eligible Shareholders**) the opportunity to subscribe for 1 New Share for every 12 existing Mesoblast shares held on the Record Date of 7.00pm (Melbourne time) on 29 August 2017 (**Record Date**). The Entitlement Offer is lead managed and fully underwritten by Bell Potter Securities Limited (**Bell Potter**).

### **Why are we sending you this letter?**

This letter is to inform you about the Entitlement Offer and to explain to you why you will not be able to subscribe for New Shares under the Entitlement Offer.

### **No action required**

This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares. **You are not required to do anything in response to this letter.**

### **Details of the Offer**

The Entitlement Offer will raise approximately A\$50.7 million. The proceeds from the Entitlement Offer will be used by Mesoblast to fund the costs of on-going Tier 1 clinical programs; support commercial manufacturing requirements for Tier 1 product candidates, through development and implementation of our proprietary manufacturing processes and expansion of our manufacturing capabilities and resources, and general and administrative expenses, working capital and other general corporate purposes.

The Entitlement Offer comprises an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to eligible retail shareholders (**Retail Entitlement Offer**) to participate in the Entitlement Offer at the same Offer Price and offer ratio. The Entitlement Offer is being made pursuant to section 708AA of the *Corporations Act 2001*(Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared in relation to the Entitlement Offer.

The Institutional Entitlement Offer has already been completed and raised approximately A\$38 million.

#### **Details and eligibility of the Retail Entitlement Offer**

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 1 New Share for every 12 existing Mesoblast shares held at 7.00pm (Melbourne time) on the Record Date. An information booklet in relation to the Retail Entitlement Offer (**Entitlement Offer Booklet**) will be despatched to Eligible Retail Shareholders on or around 1 September 2017.

**Eligible Retail Shareholders** are those persons who:

- are registered as a holder of existing Mesoblast shares as at 7.00pm (Melbourne time) on the Record Date;
- as at the Record Date, have a registered address in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Mesoblast shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee in respect of other underlying holdings) in the Institutional Entitlement Offer and were not treated as ineligible institutional investors under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered in the jurisdiction in which the shareholder resides.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the Institutional Entitlement Offer are ineligible retail shareholders, and are consequently unable to participate in the Retail Entitlement Offer.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of legal and regulatory limitations in some countries other than Australia and New Zealand and the potential costs to Mesoblast of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in these countries, the relatively small number of existing Mesoblast shares the shareholders in these countries hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled under the Retail Entitlement Offer. Mesoblast has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3) of the Corporations Act, that it would be unreasonable to make or extend offers to Mesoblast shareholders in all countries in connection with the Retail Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria stated above to qualify as an Eligible Retail Shareholder. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Mesoblast wishes to notify you that Mesoblast will not be extending the Retail Entitlement Offer to you and you will not be able to

subscribe for New Shares under the Retail Entitlement Offer. Under the terms of the Retail Entitlement Offer, you are not eligible to apply for New Shares and you will not be sent a copy of the Entitlement Offer Booklet or any other offering materials relating to the Retail Entitlement Offer.

The Entitlement Offer is non-renounceable, which means that your entitlements are non-transferable and cannot be sold or traded.

If you have any queries regarding the Retail Entitlement Offer or if you believe you are an Eligible Retail Shareholder please call the Mesoblast Offer Information Line on 1300 138 914 (within Australia) or +61 1300 138 914 (outside Australia) between 8.30am to 5.30pm (Melbourne time) Monday to Friday during the Retail Entitlement Offer period. For other questions, you should consult your stockbroker, accountant or other professional adviser. On behalf of the Board of Mesoblast, thank you for your continued support.

Yours sincerely



Brian Jamieson  
Chairman

### **Important Information**

This letter is issued by Mesoblast Limited. This letter is not a prospectus, product disclosure statement, or any other disclosure document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Mesoblast in any jurisdiction. This letter does not constitute financial product advice and has been prepared without taking account of the investment objectives, financial situation or needs of any particular investor. This letter does not and will not form any part of any contract for the acquisition of Mesoblast shares.

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