

MESOBLAST RECEIVES A\$29.6 MILLION FOLLOWING SHARE ISSUE TO MALLINCKRODT

New York, USA; and Melbourne, Australia; January 9, 2017: Mesoblast Limited (ASX: MSB; Nasdaq: MESO) today announced that it has received A\$29.6 million (US\$21.7 million) following issuance of 20.04 million shares to Mallinckrodt Pharmaceuticals. The shares will be held in voluntary escrow for a period of 12 months.

Under the terms of the equity purchase agreement signed on December 23, 2016, and in consideration for the share purchase, Mallinckrodt has an exclusive period of up to nine months to conclude commercial and development agreements for two of Mesoblast's Tier 1 product candidates, MPC-06-ID in the treatment or prevention of moderate/severe chronic low back pain due to disc degeneration and MSC-100-IV in the treatment of acute graft versus host disease, in all territories outside of Japan and China.

About Mallinckrodt

Mallinckrodt is a global business that develops, manufactures, markets and distributes specialty pharmaceutical products and therapies, as well as nuclear imaging products. Areas of focus include autoimmune and rare diseases in specialty areas like neurology, rheumatology, nephrology, pulmonology and ophthalmology; immunotherapy and neonatal respiratory critical care therapies; analgesics and hemostasis products; and central nervous system drugs. The company's core strengths include the acquisition and management of highly regulated raw materials and specialized chemistry, formulation and manufacturing capabilities. The company's Specialty Brands segment includes branded medicines and its Specialty Generics segment includes specialty generic drugs, active pharmaceutical ingredients and external manufacturing. To learn more about Mallinckrodt, visit www.mallinckrodt.com

About Mesoblast

Mesoblast Limited (ASX:MSB; Nasdaq:MESO) is a global leader in developing innovative cell-based medicines. The Company has leveraged its proprietary technology platform, which is based on specialized cells known as mesenchymal lineage adult stem cells, to establish a broad portfolio of late-stage product candidates. Mesoblast's allogeneic, 'off-the-shelf' cell product candidates target advanced stages of diseases with high, unmet medical needs including cardiovascular diseases, immune-mediated and inflammatory disorders, orthopedic disorders, and oncologic/hematologic conditions.

Forward-Looking Statements

This press release includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Forward-looking statements should not be read as a guarantee of future performance or results, and actual results may differ from the results anticipated in these forward-looking statements, and the differences may be material and adverse. You should read this press release together with our risk factors, in our most recently filed reports with the SEC or on our website. Uncertainties and risks that may cause Mesoblast's actual results, performance or achievements to be materially different from those which may be expressed or implied by such statements, and accordingly, you should not place undue reliance on these forward-looking statements. We do not undertake any obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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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). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 20,044,771 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) | Fully paid ordinary shares as per the company's constitution. All 20,044,771 shares will be held in voluntary escrow until 6 January 2018. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 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">• 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	Yes.
<p>5 Issue price or consideration</p>	A\$29,588,086.47 (A\$1.4761 per share).
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	20,044,771 ordinary shares issued to Mallinckrodt Pharmaceuticals group as per ASX announcement on 23 December 2016.
<p>6a 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>	No
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	Not applicable
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	Not applicable

+ See chapter 19 for defined terms.

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 Fully Paid Shares Issued
06/01/2017	20,044,771
Total	20,044,771

8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)

Number	+Class
401,698,819	Ordinary shares

Number	+Class

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	18,174,491 (3,829,999 options have been cancelled since last Appendix 3B)	Unquoted options
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.	

Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable	
12	Is the issue renounceable or non-renounceable?	Not applicable	
13	Ratio in which the ⁺ securities will be offered	Not applicable	
14	⁺ Class of ⁺ securities to which the offer relates	Not applicable	
15	⁺ Record date to determine entitlements	Not applicable	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable	
17	Policy for deciding entitlements in relation to fractions	Not applicable	
18	Names of countries in which the entity has security holders who will not be sent new offer documents	Not applicable	
	Note: Security holders must be told how their entitlements are to be dealt with.		
	Cross reference: rule 7.7.		
19	Closing date for receipt of acceptances or renunciations	Not applicable	
20	Names of any underwriters	Not applicable	

+ See chapter 19 for defined terms.

21	Amount of any underwriting fee or commission	Not applicable
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	Not applicable

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

sale through a broker)?

33 +Issue date

Not applicable

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

+ See chapter 19 for defined terms.

40	<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"> • 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	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	Not applicable				
42	<p>Number and +class of all +securities quoted on ASX (including the +securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px; text-align: center;">Not applicable</td> <td style="padding: 5px; text-align: center;">Not applicable</td> </tr> </tbody> </table>	Number	+Class	Not applicable	Not applicable
Number	+Class					
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: 
.....
Company secretary

Date: 9th January 2017

Print name: Charlie Harrison

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+ See chapter 19 for defined terms.