



Not for release or distribution in the United States

25 August 2017

ASX Announcement & Media Release

Fully underwritten accelerated non-renounceable entitlement offer to raise A\$50.7m

Mesoblast Limited (**Mesoblast**) has announced a fully underwritten capital raising of approximately A\$50.7 million to all existing eligible shareholders.

Key Highlights

The capital raise has been structured as a fully underwritten 1 for 12 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares (**New Shares**) in Mesoblast to existing eligible shareholders (**Entitlement Offer**), at an offer price of A\$1.40 per New Share (**Offer Price**) to raise approximately A\$50.7 million, comprising an accelerated institutional entitlement offer ("**Institutional Entitlement Offer**") and a retail entitlement offer ("**Retail Entitlement Offer**").

The Offer Price of A\$1.40 per New Share represents a discount of:

- 12.2% to the theoretical ex-rights price ("**TERP**")¹ of A\$1.59; and
- 13.0% to Mesoblast's last close price of A\$1.61 on 24 August 2017.

The new ordinary shares will rank equally with existing ordinary shares on issue in Mesoblast.

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

Use of Proceeds

Proceeds will be used 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.

Proceeds from the Entitlement Offer and existing cash reserves will ensure Mesoblast is fully funded to complete/advance its near term objectives and provide balance sheet flexibility.

¹ The TERP is the theoretical price at which Mesoblast shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Mesoblast shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to Mesoblast's closing price of A\$1.61 on 24 August 2017.

About the Entitlement Offer

Under the Entitlement Offer, existing eligible shareholders are invited to subscribe for 1 New Share for every 12 existing Mesoblast shares held as at 7.00 pm (AEST) on 29 August 2017 (**Record Date**) at the Offer Price.

New Shares issued under the Entitlement Offer will rank equally with existing Mesoblast shares on issue from the date of allotment.

As the Entitlement Offer is non-renounceable, shareholders who do not take up their entitlements will not receive any value in respect of those entitlements that they do not take up. Shareholders who are not eligible to receive entitlements will not receive any value in respect of the entitlements they would have received had they been eligible to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from 25 August 2017 to 28 August 2017.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement.

Institutional entitlements cannot be traded on the ASX. Institutional entitlements which are not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild on 28 August 2017 ("**Institutional Shortfall Bookbuild**").

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia and New Zealand on the Record Date will be invited to participate in the Retail Entitlement Offer at the same Offer Price as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on 1 September 2017 and close at 5.00pm (AEST) on 12 September 2017.

In addition to being able to apply for New Shares under the Retail Entitlement Offer, Eligible Retail Shareholders who have taken up all of their entitlement will also have the ability to apply for additional New Shares in excess of their entitlement that are not subscribed for by other Eligible Retail Shareholders under the Retail Entitlement Offer at the Offer Price.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Entitlement Offer Booklet and an accompanying personalised entitlement and acceptance form which are expected to be despatched on 1 September 2017. Copies of the Entitlement Offer Booklet will be available on the ASX website and our website at www.mesoblast.com.

Those shareholders who Mesoblast determines to be ineligible shareholders will also be notified.

Entitlement Offer Key Dates

Event	Date
Trading Halt and announcement of Entitlement Offer	25 August 2017
Institutional Entitlement Offer Opens	25 August 2017
Institutional Entitlement Offer closes	28 August 2017
Institutional Shortfall Bookbuild	28 August 2017
Trading halt lifted and shares recommence trading on ASX	29 August 2017
Record Date for determining eligibility to participate in the Entitlement Offer	7.00pm on 29 August 2017
Retail Entitlement Offer opens	1 September 2017
Despatch of Entitlement Offer Booklet and Entitlement and Acceptance Form to Eligible Retail Shareholders	1 September 2017
Settlement of Institutional Entitlement Offer	1 September 2017
Allotment and normal trading of New Shares under the Institutional Entitlement Offer	4 September 2017
Retail Entitlement Offer closes	5.00pm (AEST) on 12 September 2017
Settlement of Retail Entitlement Offer	15 September 2017
Allotment of New Shares issued under the Retail Entitlement Offer	18 September 2017
Quotation of New Shares issued under the Retail Entitlement Offer	19 September 2017
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	19 September 2017

Entitlement Offer key dates 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, the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws and regulations. In particular, Mesoblast reserves the right to extend the closing dates for either the Institutional Entitlement Offer or Retail Entitlement Offer (**Closing Dates**) and/or accept late applications under the Entitlement Offer without prior notice. Any extension of the Closing Dates 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.*

Additional Information

Further details on the Entitlement Offer are set out in the investor presentation also provided to ASX today. The investor presentation contains important information, including a summary of key risks associated with an investment in Mesoblast and foreign selling restrictions with respect to the Entitlement Offer. Any person considering an investment in Mesoblast should read the investor presentation and seek their own independent advice before making any decision in this regard.

If you have any questions in relation to the Entitlement Offer, please contact the Mesoblast Offer Information Line on 1300 138 914 (if calling from within Australia) and +61 1300 138 914 (if calling from outside Australia). For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

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Forward looking statements

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. None of Mesoblast or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.