

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

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 Unlisted options to acquire ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 3,859,493 Fully Paid Ordinary Shares
2. 50,000 Unlisted options to acquire ordinary shares. |

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3 Principal terms of the +securities (eg, 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><u>Ordinary Shares</u></p> <p>475,600 Fully Paid Ordinary Shares as per the company's constitution, upon the exercise of options;</p> <p>2,948,729 Fully Paid Ordinary Shares as per the company's constitution in consideration of taking delivery of the assigned and other assets pursuant to the purchase agreement for the acquisition of the entire culture-expanded mesenchymal stem cell business of Osiris Therapeutics (NASDAQ: OSIR). The full amount of shares are held in voluntary escrow until 18 December 2014;</p> <p>70,164 Fully Paid Ordinary Shares as per the company's constitution as a component of consideration pursuant to the purchase agreement for the acquisition of certain assets from Provasculon, Inc. The full amount of shares are held in voluntary escrow until 29 October 2014; and</p> <p>365,000 Fully Paid Ordinary Shares as per the Company's Loan Funded Share Plan (Plan). These loan-funded shares* are awarded to employees as part of their overall remuneration package.</p> <p><u>*Loan-Funded Shares</u></p> <p>All loan-funded shares have been issued as new equity of Mesoblast Limited to the Mesoblast Employee Share Trust, which holds the shares on behalf of the participants to the plan.</p> <p>Mesoblast Limited has loaned the participants (via the Trust) a total of \$2,289,500 (165,000 x \$6.70, and 200,000 x \$5.92) to purchase the shares (Loan).</p> <p>The participants to the plan will progressively become entitled to the shares over a three year period. If they choose to purchase the shares once vested, the loan must be repaid to the Company immediately.</p> <p>The Loans expire 30 June 2017 and 30 June 2018, at which point the loan must either be repaid in full, or the entitlement to the shares will lapse and they will be cancelled.</p> <p><u>Unlisted Options</u></p> <p>50,000 Unlisted options to acquire ordinary shares at a price per share of \$6.20, vesting over three years, and expiring 10 October 2018.</p>
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+ See chapter 19 for defined terms.

4 Do the +securities rank equally in all respects from the date of allotment 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

Yes for Ordinary Shares;

5 Issue price or consideration

Ordinary Shares Issued Upon The Exercise of Share Options:

Price per Share	Shares Issued	Funds Received by the Company
\$1.58	150,000	\$237,000
\$1.73	75,000	\$129,750
\$2.64	40,000	\$105,600
\$3.48	210,600	\$732,888
TOTAL	475,600	\$1,205,238

2,948,729 Ordinary Shares Issued pursuant to the purchase agreement at a price of \$5.685;

70,164 Ordinary Shares Issued pursuant to the purchase agreement at a price of \$5.956;

165,000 Ordinary Shares Issued pursuant to the Company's Loan Funded Share Plan at a price per share of \$6.70;

200,000 Ordinary Shares Issued pursuant to the Company's Loan Funded Share Plan at a price per share of \$5.92; and

50,000 Unlisted Options to Acquire Shares Issued for No Consideration.

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6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>475,600 Ordinary shares issued upon the exercise of options in accordance with the Company's Employee Share Ownership Plan;</p> <p>2,948,729 Fully Paid Ordinary Shares as per the company's constitution in consideration of taking delivery of the assigned and other assets pursuant to the purchase agreement for the acquisition of the entire culture-expanded mesenchymal stem cell business of Osiris Therapeutics (NASDAQ: OSIR);</p> <p>70,164 Fully Paid Ordinary Shares as per the company's constitution as a component of consideration pursuant to the purchase agreement for the acquisition of intellectual property assets from Provasculon, Inc.;</p> <p>365,000 Ordinary Shares issued to 1 executive employee pursuant to the Company's Loan Funded Share Plan to provide for annual remuneration for Australian Employees. The issue of shares pursuant to the Plan is in lieu of issuing employee share options to Australian employees; and</p> <p>50,000 Unlisted Options to Acquire Ordinary Shares awarded to 1 senior employee pursuant to the Company's Employee Share Ownership Plan. This award of options forms part of the annual remuneration packages of our senior employees located outside of Australia.</p>
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7 Dates of entering +securities into uncertificated holdings or despatch of certificates

Date Registered	Number of Fully Paid Shares Issued
29/10/2013	70,164
01/11/2013	40,000
21/11/2013	90,000
02/12/2013	133,400
04/12/2013	30,400
09/12/2013	60,000
10/12/2013	46,800
11/12/2013	365,000
13/12/2013	75,000
18/12/2013	2,948,729
Total	3,859,493
Number of Unlisted Options to Acquire Shares Issued	
Date Registered	Number of Unlisted Options to Acquire Shares Issued
29/11/2013	50,000
Total	50,000

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

Number	+Class
321,210,394	Ordinary Shares

9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)

Number	+Class
12,867,575	Unlisted Options (250,000 options have lapsed since last Appendix 3B)

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 - Bonus issue or pro rata issue

- | | | |
|----|---|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the +securities will be offered | N/A |
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
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	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	N/A

⁺ 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) Ordinary Shares Only as 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

39 Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

40 Do the +securities rank equally in all respects from the date of allotment 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

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)

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

+ 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 not available now, 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: 20th December 2013

Print name: **Jenni Pilcher**

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	287,589,222
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	651,300 0 0
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	0
“A”	288,240,522

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	43,236,078
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>1,450,000 – Loan Funded Shares issued in the last 12 month period;</p> <p>26,970,979 – Fully Paid Shares as per Appendix 3B filed on 14 March 2013; and</p> <p>3,018,893 – Fully Paid Shares issued for purchase of assets as per Appendix 3B filed on 20 December 2013.</p>
“C”	31,439,872
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	43,236,078
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	31,439,872
Total [“A” x 0.15] – “C”	11,796,206 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	
Total ["A" x 0.10] – "E"	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.