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MESOBLAST'S ASSOCIATE COMPANY, ANGIOBLAST SYSTEMS, SECURES NEW CAPITAL Funding strengthens clinical program development and underpins corporate partnering strategy

- **Angioblast raises up to \$10 million from institutional and sophisticated investors**
- **New capital to progress cardiovascular and other clinical programs towards Phase 3**
- **Investment community validates underlying value of Mesoblast's equity stake in Angioblast**
- **Mesoblast remains well cashed up**

Melbourne, Australia; 19 August 2009: Australia's regenerative medicine company, Mesoblast Limited (ASX:MSB), today announced that institutional and sophisticated investors have made a minimum of \$7 million and up to a maximum of \$10 million equity-based investment in its United States associate company, Angioblast Systems Inc. Settlement formalities are expected to be completed in the next seven days.

Mesoblast's Board of Directors has welcomed Angioblast's successful funding by new investors as further third-party validation of Angioblast's underlying value proposition, underscoring the inherent value of Mesoblast's significant equity stake in the company.

Angioblast will use the proceeds from this raising to significantly advance its cardiovascular and other clinical programs towards Phase 3 trials. On the basis of continued positive results from its lead indications, Angioblast will seek to obtain additional funding for Phase 3 trials and product commercialisation needs via either an Initial Public Offering or alternative commercial transactions.

Together with Mesoblast's current cash reserves, both companies now have up to \$26.5 million in funds to allocate towards clinical development of the shared adult stem cell platform technology. This funding depth underpins the nature of potential strategic corporate partnerships for both companies.

Mesoblast Chairman Mr Brian Jamieson said: "We are delighted with the successful capital raising by Angioblast. As Angioblast continues to deliver clinical and commercial outcomes, we are confident that our significant equity investment in the company will continue to appreciate. We anticipate that this latest round of new capital will support the company through the next phase of its evolution that will serve to further crystallise Mesoblast's investment."

Specialist broking house, Lodge Corporate, assisted with the capital raising from Australian investors.

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About Mesoblast

Mesoblast Limited (ASX:MSB) is committed to the development of novel treatments for orthopaedic conditions, including the rapid commercialisation of a unique adult stem cell technology aimed at the regeneration and repair of bone and cartilage. Our focus is to progress through clinical trials and international regulatory processes necessary to commercialise the technology in as short a timeframe as possible. Mesoblast has the worldwide exclusive rights for a series of patents and technologies developed over more than 10 years relating to the identification, extraction and culture of adult Mesenchymal Precursor Cells (MPCs). The Company has acquired 38.4% of Angioblast Systems Inc., an American company developing the platform MPC technology for the treatment of cardiac, vascular and eye diseases including repair and regeneration of blood vessels and heart muscle. Mesoblast and Angioblast are jointly funding and progressing the core technology. Mesoblast's strategy is to maximise shareholder value through both corporate partnerships and the rapid and successful completion of clinical milestones.

For further information, please contact:

Julie Meldrum
Corporate Communications Director
Mesoblast Limited
T: + 61 (03) 9639 6036
M: +61 (0) 419 228 128
E: julie.meldrum@mesoblast.com

W: www.mesoblast.com