

asx announcement

UNITED STATES ASSOCIATE COMPANY ANGIOBLAST CLOSES \$10M EQUITY-BASED FINANCING

Melbourne, Australia; 25 August 2009: Mesoblast Limited (ASX:MSB) today announced that its United States-based associate company Angioblast Systems Inc. has closed a \$10 million equity-based financing from institutional and sophisticated investors. New investors oversubscribed the financing, with \$3 million coming from existing Angioblast shareholders.

The capital was raised by way of non-redeemable convertible securities that will convert into common shares at the time of Angioblast's next financing event, defined as an Initial Public Offering, Merger and Acquisition, or private equity round of at least \$10 million. Mesoblast will retain its 38.4% equity in Angioblast until at least the next financing event, at which time it may seek to maintain or increase its shareholding.

In view of Angioblast's successful capital raising, Mesoblast's Board of Directors has decided that Mesoblast does not need to participate in the current financing round. Mesoblast will allocate an increased portion of its \$16.5 million existing funds towards a major new orthopedic clinical application during the course of the current financial year.

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