

*Not for release to US wire services or distribution in the United States*

6 January 2022

## **Prospectus for Issue of Warrants in Connection with Previously Announced Refinancing of Debt Facility**

In connection with the refinancing of the existing senior debt facility with a US\$90 million five year facility provided by funds managed by Oaktree Capital Management, L.P., which was announced on Monday November 22, 2021, Mesoblast will issue 1,769,669 warrants over American Depository Shares (**ADS**) (with each ADS representing five fully paid ordinary shares). The warrants have an exercise price of US\$7.26 and are exercisable on or before the seventh anniversary of the issue date of the warrants.

A prospectus for the warrants was lodged with ASIC today and is attached.

### **Not an offer of securities**

This announcement is not for release to US wire services or distribution in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions registered under the Securities Act or exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Release authorized by the Chief Executive.

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# Mesoblast Limited

## ACN 109 431 870

ASX: MSB

### Prospectus

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This Prospectus relates to an offer of the Offer Securities to Approved US Investors that Mesoblast is required to issue in accordance with the terms of the Loan Agreement announced on 22 November 2021. This Prospectus has been prepared in accordance with Australian legal requirements. Please refer to the US legend in Section 1.2 (if applicable). Only Approved US Investors may apply for the Offer Securities.

#### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. It is a prospectus issued pursuant to section 713 of the *Corporations Act 2001 (Cth)* (Australia). It does not, itself, contain all the information that is generally required to be set out in a full prospectus, but refers to other documents, the information of which is deemed to be incorporated into this Prospectus.

If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

This Prospectus may not be released to US wire services or distributed in the United States except by Mesoblast to Approved US Investors.

# Mesoblast Limited ACN 109 431 870

## Prospectus

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# Corporate directory

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## Directors

Joseph Swedish (Chairman)  
Silviu Itescu  
William M Burns  
Philip J. Facchina  
Donal O'Dwyer  
Eric Rose  
Michael Spooner  
Shawn Cline Tomasello

## Registered Office

Level 38  
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Telephone +61 3 9639 6036  
Facsimile +61 3 9639 6030  
Website [www.mesoblast.com](http://www.mesoblast.com)

## Company Secretary

Niva Sivakumar

## Share Registry

Link Market Services Limited  
Tower 4, Collins Square  
727 Collins Street  
Docklands, Victoria 3008  
Australia  
Telephone + 61 1300 554 474  
Facsimile + 61 2 9287 0303  
Website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Legal adviser

MinterEllison  
Level 20, Collins Arch  
447 Collins Street,  
Melbourne, Victoria 3000  
Australia

# Summary

Topic	Details	Where to find more information
<b>What is the Offer?</b>	This Prospectus relates to the Offer to be made by Mesoblast to Approved US Investors for the issue of the Offer Securities, being 1,769,669 Warrants to acquire a like number of American Depository Shares ( <b>ADS</b> ) with each ADS representing five Shares, which Mesoblast is required to issue to Approved US Investors in accordance with the terms of the Loan Agreement.	Section 3.1
<b>Opening and Closing Dates</b>	The Opening Date is 6 January 2022 and the Closing Date is 5.00pm (Melbourne time) on 10 January 2022 (unless extended).	Section 3.7
<b>Application for Offer Securities</b>	An application for the Offer Securities can only be made by Approved US Investors and only by using an application form, and in accordance with the instructions set out in the application form. A duly completed application form must be mailed, emailed, faxed or delivered to Mesoblast as set out in this Prospectus. An application must also comply with any further requirements set out in Loan Agreement.	Section 3.4
<b>What is the purpose of the Prospectus?</b>	In accordance with the terms of the Loan Agreement, Mesoblast is required to issue the Offer Securities, which are warrants to acquire ADSs, under a prospectus.  This Prospectus has been prepared in accordance with section 713 of the Corporations Act for the purpose of making available the Offer Securities to Approved US Investors under this Prospectus and enabling all Shares, acquired as a result of the Offer, including any Shares underlying ADSs issued on exercise of the Offer Securities, to be freely traded and without restriction under section 707 of the Corporations Act in accordance with the terms of the Loan Agreement.	Section 3.2
<b>Risk factors</b>	The key risks in relation to an investment in Mesoblast include but are not limited to: <ul style="list-style-type: none"> <li>• product risk;</li> <li>• manufacturing risk;</li> <li>• commercialisation risk;</li> <li>• partnering risk;</li> <li>• funding risk;</li> <li>• key personnel risk;</li> <li>• intellectual property risk; and</li> <li>• regulatory risk.</li> </ul> There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to many factors, some of which are outside the control of	Section 7

Topic	Details	Where to find more information
	Mesoblast. Such risk factors include general economic conditions, natural disasters, fluctuations in the local and global market for listed securities, the Australian interest rate, foreign exchange rate, change in law or a change in the Australian Accounting Standards.	
<b>How do the Shares underlying ADSs which may be issued on exercise of the Offer Securities rank in comparison to existing Shares?</b>	Any Shares underlying ADSs issued on exercise of the Offer Securities will rank equally in all respects with existing Shares and ADSs from the date of their issue.	Sections 3.1 and 6.1
<b>What are ADSs?</b>	Each ADS represents five Shares, no par value. The ADSs are evidenced by ADRs issued by the Depositary. The Depositary will be (directly or indirectly through its appointed (sub-)custodians) the holder of the Shares underlying the ADSs and the ADR holder will only have rights provided under the Deposit Agreement. ADSs may be surrendered to the Depositary to withdraw the underlying Shares. The Depositary may charge a fee for the transmutation.	Section 8.3
<b>What is the effect of the Offer on Mesoblast?</b>	The effect of the Offer on the capital structure and financial position of Mesoblast is described in Section 5. The Offer will not have a material effect on the control of Mesoblast.	Section 5

# 1. Important notices

## 1.1 General

This Prospectus is dated 6 January 2022 and has been lodged with ASIC. ASIC and its officers take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be issued on the basis of this Prospectus later than the Prospectus Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Mesoblast in connection with this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of the Offer Securities, being Warrants to acquire ADSs, with each ADS representing five Shares, Shares being in a class of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with sections 711, 713, 715A and 716 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been given to the fact that Mesoblast is a 'disclosing entity' for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to an investor and professional advisers whom a potential investor may consult.

To the extent that statements in this Prospectus constitute statements relating to intentions, future acts and events, such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus.

This Prospectus does not take into account the investment objectives, financial situation and particular needs of any person. Professional advice should be obtained before deciding to invest in any securities the subject of this Prospectus. No cooling off period applies. Mesoblast is not licensed to provide financial product advice.

Certain abbreviations and other defined terms are used throughout this Prospectus. Details of the definitions and abbreviations used are set out in the Glossary. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated. Numbers used in this Prospectus may be subject to rounding.

## 1.2 Offer restrictions outside Australia

The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this document under the laws applicable in that jurisdiction.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and any person into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **United States**

The Offer Securities have not been registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. They may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person (as such term is defined in Regulation S of the US Securities Act), unless the Offer Securities are registered under the US Securities Act or an exemption from such registration applies. Any offer, sale or resale of the Offer Securities within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if made prior to 40 days after the issue of the Offer Securities or if purchased by a dealer in the Offer. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any US Person.

This Prospectus, any application forms or other materials relating to the Offer may not be distributed in the United States, except by Mesoblast to Approved US Investors. Each applicant in the Offer will be taken to have represented, warranted and agreed on behalf of itself and each person for whom it is applying for Offer Securities as follows:

- if in the United States, it is an Approved US Investor who has entered into an agreement with Mesoblast with respect to the issuance of the Offer Securities;
- if outside Australia and the United States, it is not a US Person nor acting for the account or benefit of any US Persons;
- it has not distributed this Prospectus or any other written materials concerning the Offer to any person in the United States or to any US Persons; and
- it understands that the Offer Securities have not been registered under the US Securities Act and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person, unless the Offer Securities are registered under the US Securities Act or an exemption from such registration applies.

### **1.3 Risk factors**

An investment in the Offer Securities involves a number of risks, the key risk factors of which you should be aware are set out in Section 7. These risks, together with other general risks applicable to all investments in securities not specifically referred to, may affect the value of the Offer Securities.



#### **1.4 Target market determination**

The Company has prepared a target market determination (TMD) in relation to the Warrants as required by law. The TMD is available at the Company's website: <https://mesoblast.com/company/corporate-governance>.

## 2. Company information

### 2.1 Company overview

Mesoblast has developed a range of late stage product candidates derived from our first and second generation proprietary mesenchymal lineage cell therapy technology platforms.

Remestemcel-L is our first generation mesenchymal lineage stromal cell product platform and is in late stage development for treatment of systemic inflammatory diseases including:

- Pediatric steroid refractory acute Graft versus Host Disease (SR-aGVHD);
- Acute respiratory distress syndrome (ARDS); and
- Biologic refractory inflammatory bowel disease.

Rexlemestrocel-L is our second generation mesenchymal lineage precursor cell product platform and is in late stage development for treatment of:

- Advanced chronic heart failure (CHF); and
- Chronic low back pain (CLBP) due to degenerative disc disease.

Both platforms have life cycle management strategies with promising emerging pipelines.

Two products have been commercialized in Japan and Europe by Mesoblast's licensees, and the Company has established commercial partnerships in Europe and China for certain Phase 3 assets.

Mesoblast was listed on the Australian Securities Exchange (ASX:MSB) in December 2004. Mesoblast has an American Depositary Receipt program facility and listed on Nasdaq (Nasdaq: MESO) in November 2015.

### 2.2 Directors and Key Management Personnel

The Directors and Key Management Personnel bring to Mesoblast a mix of skills, knowledge, and expertise as well as operational and international experience. An outline of the Directors and Key Management Personnel of Mesoblast as at the date of this Prospectus is set out below:

#### ***Joseph R. Swedish, non-executive chairman***

MHA

Joseph. R. Swedish has more than two decades of healthcare leadership experience as the CEO for major United States healthcare enterprises. Most recently, he has served as Executive Chairman, President and CEO of Anthem Inc., America's leading health benefits provider. Prior to joining Anthem, Mr. Swedish was CEO for several major integrated healthcare delivery systems, including Trinity Health and Colorado's Centura Health. Currently, he sits on the board of directors of IBM Corporation, CDW Corporation, and Centrexion Therapeutics. Mr. Swedish is a member, and previously Chairman, of

Duke University's Fuqua School of Business Board of Visitors. Previously, he was Chairman of the Catholic Health Association and the America's Health Insurance Plans. Mr. Swedish received a bachelor's degree from the University of North Carolina and his master's degree in health administration from Duke University.

Mr Swedish is a member of the Audit and Risk Committee.

Date of appointment: 19 June 2018 (appointed to the board), 22 March 2019 (appointed as Chairman)

***William M. Burns, non-executive vice-chairman***

BA

Mr. Burns has served on our board of directors since 2014 and was appointed Vice Chairman in 2016. He spent his entire management career at the Beecham Group and F. Hoffmann-La Roche Ltd. He was Chief Executive Officer of Roche Pharmaceuticals from 2001 to 2009, when he joined the board of directors of F. Hoffmann-La Roche Ltd. until he retired in 2014. He is the Chair of Molecular Partners, and has been a Non-Executive Director of Shire PLC, Chugai Pharmaceutical Co., Genentech, Crucell, and Chairman of Biotie Therapies Corp. from 2014 until its sale to Acorda Therapeutics Inc. in 2016. Mr Burns is also a member of the Oncology Advisory Board of the Universities of Cologne/Bonn in Germany. In 2014, he was appointed a trustee of the Institute of Cancer Research, London, and from March 2016 until April 2020 a Governor of The Wellcome Trust in London, UK.

Mr Burns is a member of the Nomination and Remuneration Committee.

Date of Appointment: 6 March 2014

***Philip J. Facchina, non-executive director***

MBA

Mr. Facchina brings more than 35 years of experience in corporate strategy, capital markets, finance, and business development across several industries, including healthcare. Since 2018, Mr. Facchina has been Chief Strategy Officer at SurgCenter Development, the largest privately held operator of ambulatory surgery centers in the US, overseeing the company's strategic relationships, including its relationships with the broad US ASC market, certain hospital systems and other market constituents. Prior to SurgCenter, Mr. Facchina spent two decades in the public and private capital markets, where he managed liquid and illiquid portfolios, and managed public and private capital transactions of equity and debt, led M&A and special advisory processes including take-privates. From 2008 to 2017, Mr. Facchina served as a Partner, Co-Portfolio Manager and the Chief Operating Officer of Ramsey Asset Management, an institutional investment management firm, and from 1998 to 2008 Mr. Facchina led the technology, media and communications and healthcare investment banking groups of FBR Capital Markets. Mr. Facchina currently serves as an independent director for ViON 84 Corporation and Millennium Global Treasury Services, and is Advisor to the CEO of Johanna Foods Inc, where he heads the Audit Committee and he also serves as an advisor to New Markets Venture Partners. Previously, among other directorships and committee posts, Mr.

Facchina served on the Board of Web.com, where he led Corporate Governance. Mr. Facchina is a qualified financial expert for SEC and NASDAQ purposes.

Date of Appointment: 29 March 2021

***Silviu Itescu, chief executive officer and executive director***  
MBBS, FRACP

Dr. Itescu is our Chief Executive Officer (**CEO**). He has served on our board of directors since our founding in 2004, was Executive Director from 2007 to 2011, and became CEO and Managing Director in 2011. Prior to founding Mesoblast in 2004, Dr. Itescu established an international reputation as a physician scientist in the fields of stem cell biology, auto-immune diseases, organ transplantation, and heart failure. He has been a faculty member of Columbia University in New York and of Melbourne and Monash Universities in Australia. In 2011, Dr. Itescu was named BioSpectrum Asia Person of the Year. In 2013, he received the inaugural Key Innovator Award from the Vatican's Pontifical Council for Culture for his leadership in translational science and clinical medicine in relation to adult stem cell therapy. Dr. Itescu has consulted for various international pharmaceutical companies, has been an adviser to biotechnology and health care investor groups and has served on the board of directors of several publicly listed life sciences companies.

Date of Appointment: 8 June 2004

***Donal O'Dwyer, non-executive director***  
BE, MBA

Mr. O'Dwyer has served on our board of directors since 2004. He has over 25 years of experience as a senior executive in the global cardiovascular and medical devices industries. From 1996 to 2003, Mr. O'Dwyer worked for Cordis Cardiology, the cardiology division of Johnson & Johnson's Cordis Corporation, initially as its president (Europe) and from 2000 as its worldwide president. Prior to joining Cordis, Mr. O'Dwyer worked with Baxter Healthcare, rising from plant manager in Ireland to president of the Cardiovascular Group, Europe, now Edwards Lifesciences. Mr. O'Dwyer is a qualified civil engineer with an MBA. He is on the board of directors of Fisher & Paykel Healthcare Ltd and NIB Holdings Ltd. He also served on the board of Cochlear Ltd for 15 years and retired from their board in October 2020.

Mr O'Dwyer is the chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee.

Date of Appointment: 29 September 2004

***Eric Rose, non-executive director***  
MD

Dr. Rose has served on our board of directors since 2013. From 2007 through 2021, Dr Rose was with SIGA Technologies initially as CEO from 2007 to 2017 and then Chairman.

From 2008 through 2012, Dr. Rose served as the Edmond A. Guggenheim Professor and Chairman of the Department of Health Evidence and Policy at the Mount Sinai School of Medicine. From 1994 through 2007, Dr. Rose served as Chairman of the Department of Surgery and Surgeon-in-Chief of the Columbia Presbyterian Center of New York Presbyterian Hospital. From 1982 through 1992, he led the Columbia Presbyterian heart transplantation program in the United States. Dr. Rose currently sits on the board of directors of ABIOMED.

Date of Appointment: 15 April 2013

***Michael Spooner, non-executive director***

BCom, ACA

Mr. Spooner has served on the Board of Directors since 2004. During this period he has filled various roles including as Chairman from the date of the ASX public listing in 2004 until 2007. Over the past several years Mr. Spooner has served on the board of directors in various capacities at several Australian and international biotechnology companies, including BiVacor Pty Ltd (2009- 2013), Advanced Surgical Design & Manufacture Limited (2010-2011), Peplin, Inc. (2004-2009), Hawaii Biotech, Inc. (2010-2012), Hunter Immunology Limited (2007-2008), and Ventracor Limited (2001-2003). He has been the Chairman of Simavita Ltd since May 2016 and Chairman of MicrofluidX since February 2018. Prior to returning to Australia in 2001, Mr. Spooner spent much of his career internationally where he served in various roles including as a partner to PA Consulting Group, a UK-based management consultancy and a Principal Partner and Director of Consulting Services with PricewaterhouseCoopers (Coopers & Lybrand) in Hong Kong. In addition, Mr Spooner has owned and operated several international companies providing services and has consulted to a number of U.S. and Asian public companies.

Mr Spooner is the chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee.

Date of Appointment: 29 September 2004

***Shawn Cline Tomasello, non-executive director***

BS, MBA

With more than 30 years' experience in the pharmaceutical and biotech industries, Shawn Cline Tomasello has substantial commercial and transactional experience. Since 2015, Ms. Tomasello had been Chief Commercial Officer at leading immuno-oncology cell therapy company Kite Pharma, where she played a pivotal role in the company's acquisition in 2017 by Gilead Sciences for \$11.9 billion. Prior to this she served as Chief Commercial Officer at Pharmacyclics, Inc., which was acquired in 2015 by AbbVie, Inc. for \$21 billion. Ms. Tomasello previously was President of the Americas, Hematology and Oncology at Celgene Corporation where she managed over \$4 billion in product revenues, and was instrumental in various global expansion and acquisition strategies. She has also held key positions at Genentech, Pfizer Laboratories, Miles Pharmaceuticals and Procter & Gamble. Ms. Tomasello currently serves on the Board of Directors of Gamida Cell, Ltd. and UroGen Pharma, Ltd, TCR2 Therapeutics, and 4D Molecular Therapeutics. She previously served on the board of Principia Biopharma; acquired by Sanofi, Abeona

Therapeutics (resigned), Clementia Pharmaceuticals, Inc. which was acquired by Ipsen, SA, and Diplomat Specialty which was acquired by United Healthcare. She received a MBA from Murray State University and a B.S. in Marketing from the University of Cincinnati. Her extensive experience in the pharmaceutical and biotech industries, particularly in the commercial and transactional fields, provides industry, leadership and management expertise.

Ms Tomasello is a member of the Nomination and Remuneration Committee.

Date of Appointment: 11 July 2018

***Andrew Chaponnel, interim Chief Financial Officer***

BCom, CAANZ

Mr. Chaponnel has around 25 years of experience in finance roles including 9 years with Mesoblast, initially as the Group Financial Controller (6 years) and for the past 3 years as Head of Finance. As part of Mesoblast Group finance leadership he has been integral to the implementation and maintenance of our borrowing arrangements, various strategic partnerships, equity placements, the NASDAQ IPO and leads both ASX and NASDAQ financial reporting. Previously Mr. Chaponnel has held several roles including management roles in chartered accountancy, logistics, retail and a CFO role within construction before moving into healthcare. He is a member of the Chartered Accountants of Australia & New Zealand.

Date of Appointment: 31 August 2021

**2.3 Interests of Directors**

The Directors' direct and indirect interests in the securities of Mesoblast as at the date of this Prospectus are set out in the table below. The table below does not include Options which have been granted to Directors, and approved by shareholders at the last AGM, but have not yet been issued.

Director	Number of Shares subject to direct or indirect interest	Number of outstanding unexercised Options
Silviu Itescu	68,958,928	3,085,334
William Burns	63,000	220,000
Joseph Swedish	Nil	500,000
Eric Rose	Nil	220,000
Donal O'Dwyer	1,234,392	100,000
Shawn Cline Tomasello	Nil	200,000
Michael Spooner	1,069,000	100,000
Philip J. Facchina	273,224	68,306*

\*being Mr Facchina's interest in 68,306 warrants over Shares as described in Mesoblast's annual report which was provided to the ASX on 29 October 2021.

Except as disclosed in this Prospectus, no Director or proposed Director has, or has had within two years of lodgement of this Prospectus, any interest in:

- (a) the formation or promotion of Mesoblast;
- (b) any property acquired or proposed to be acquired by Mesoblast in connection with its formation or promotion or the Offer; or
- (c) the Offer.

## **2.4 Interests of Directors – remuneration**

The total maximum annual remuneration of non-executive Directors is set by resolution of Shareholders in a general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made in such proportion and manner as the Board agrees or in default of agreement, equally. The current amount has been set at an amount not to exceed A\$1.5 million per annum.

A Director may be paid remuneration as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

Except as disclosed in this Prospectus, no person has paid or agreed to pay any amount to any Director or has given or agreed to give any benefit to any Director, to induce the Director to become, or to qualify as, a Director of Mesoblast or otherwise for services rendered by the Director in connection with the formation or promotion of Mesoblast or the Offer.

## **2.5 Related party transactions**

There are no related party transactions entered into as part of, or in relation to, the Offer or the Loan Agreement, that have not otherwise been disclosed in this Prospectus.

### 3. Details of the Offer

#### 3.1 Offer

The Offer is being made solely to, and may only be accepted by, Approved US Investors.

Any Shares issued on exercise of the Offer Securities will rank equally with the Shares on issue at the date of issue of the Shares. Please refer to Section 6.1 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares and Section 8.3 for further information regarding the rights and liabilities attaching to the ADSs.

This Prospectus has been prepared in accordance with section 713 of the Corporations Act. 1,769,669 Warrants may be issued under the Offer, being the Warrants which Mesoblast is required to issue to Approved US Investors in accordance with the terms of the Loan Agreement (further details of which are set out in Section 8.3).

The opening date of the Offer is Thursday, 6 January 2022 (**Opening Date**) and the closing date of the Offer is 5.00pm (Melbourne time) on Monday, 10 January 2022 (**Closing Date**). Mesoblast reserves the right to extend the duration of the Offer or close the Offer early without notice.

The Offer is not underwritten and there is no sponsoring broker.

Mesoblast is already included in the official list of the ASX (ASX: MSB) and the ASX Listing Rules apply to all securities issued by Mesoblast. The ADSs are listed on the NASDAQ Global Select Market under the symbol "MESO".

#### 3.2 Purpose of the Offer

As announced on the ASX on 22 November 2021, Mesoblast entered into an agreement with Oaktree and a lender to refinance its existing senior debt facility under the Loan Agreement.

In accordance with the terms of the Loan Agreement, Mesoblast must offer and issue Approved US Investors a certain number of Warrants.

Among other things, unless Approved US Investors agree, Mesoblast must ensure that the Warrants issued to Approved US Investors are issued pursuant to a prospectus which complies with Chapter 6D of the Corporations Act to enable the relevant Warrants (including any Shares issued on exercise of the Warrants) to be freely traded and without restriction under section 707 of the Corporations Act.

Accordingly, the Offer is made by Mesoblast for the purpose of complying with its obligations under the Loan Agreement, including by:

- (a) making available the Offer Securities to Approved US Investors under a prospectus; and
- (b) enabling any Shares issued on exercise of the Offer Securities to be freely traded and without restriction under section 707 of the Corporations Act.



Mesoblast expects that all of the Offer Securities offered under this Prospectus will be applied for by, and issued to, Approved US Investors pursuant to Mesoblast's obligations under the Loan Agreement.

Further details of the Loan Agreement are set out in Section 8.3.

### **3.3 Terms and conditions of the Offer**

Mesoblast reserves the right to accept an application under, and issue securities pursuant to, the Offer prior to the Closing Date and the close of the Offer. Unless determined by Mesoblast, any such acceptance or issue is not taken to change the Closing Date or close the Offer.

Further information about the terms of the Loan Agreement, including those that are relevant to the terms and conditions of the Offer, is set out in Section 8.3.

### **3.4 Acceptance of the Offer**

The Offer may only be accepted by Approved US Investors.

Applications for Offer Securities under the Offer must be made by Approved US Investors using the application form included in or accompanying this Prospectus in Appendix 1. The Directors reserve the right to issue the Offer Securities pursuant to the Offer at their absolute discretion.

A duly completed application form may be provided by:

Post or delivery to:           The Company Secretary  
                                          Mesoblast Limited  
                                          Level 38, 55 Collins Street  
                                          MELBOURNE VIC 3000

Fax to:                             +61 3 9639 6030

Email to:                         Niva.Sivakumar@mesoblast.com

### **3.5 ASX quotation**

The Offer Securities will not be quoted on ASX or any other financial market.

Mesoblast will apply to ASX for quotation of any Shares underlying ADSs issued on exercise of the Offer Securities in accordance with the terms of the Loan Agreement.

The fact that ASX may subsequently grant Official Quotation to any Shares underlying ADSs issued on exercise of the Offer Securities is not to be taken in any way as an indication of the merits of Mesoblast or the Offer Securities offered under this Prospectus.

### **3.6 Allotment**

The Directors reserve the right to issue the Offer Securities offered pursuant to this Prospectus any time until the Prospectus Expiry Date.

In accordance with the terms of the Loan Agreement, Mesoblast expects that Approved US Investors will apply for the Offer Securities offered under this Prospectus before the Closing Date.

### **3.7 Timetable**

Lodgement of the Prospectus with ASIC	Thursday, 6 January 2022
Opening Date	Thursday, 6 January 2022
Closing Date	5.00pm on Monday, 10 January 2022

The dates above and other dates referred to in this Prospectus (except the date of the Prospectus) are indicative only. Subject to the ASX Listing Rules and the Corporations Act, Mesoblast may amend the timetable in its absolute discretion and without notice, including, without limitation, reserving the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications without notice, including to any recipient of this Prospectus or any Applicants.

## 4. Purpose and use of funds raised under the Offer

No funds will be raised immediately by the Offer.

The Offer is being made to satisfy Mesoblast's obligations under the Loan Agreement.

Any proceeds received by Mesoblast from the exercise of the Offer Securities is proposed to be used for:

- investment in commercial supply of remestemcel-L ahead of potential approval for graft versus host disease in children and in optimized manufacturing for larger market opportunities;
- advancing manufacturing and development of rexlemestrocet-L platform to meet commercial objectives for CHF and CLBP due to degenerative disc disease following the recent completion of Phase 3 trials in these indications; and
- working capital and general corporate purposes.

The expenses of the Offer will be met from Mesoblast's working capital.

## 5. Effect on Mesoblast

### 5.1 Effect of the Offer

An issue of the Offer Securities under this Prospectus will have an effect on the capital structure and may have an effect on the financial position of Mesoblast.

As set out in Sections 3.1 and 3.2 of this Prospectus, the Offer is made by Mesoblast for the purpose of complying with its obligations under the Loan Agreement. Funds may be made available to Mesoblast from the exercise of the Offer Securities which exercise is at the discretion of Approved US Investors, but no funds will be raised immediately under the Offer.

### 5.2 Effect on capital structure

The effect of the Offer on the capital structure of Mesoblast is set out below.

The tables below assume that prior to the Closing Date there will be no other Shares, or ADSs or Warrants issued by Mesoblast other than those offered under this Prospectus and unless otherwise specified, that none of the current Options on issue will be exercised.

#### (a) Effect on capital structure of the Offer

Capital structure	Number on issue
Shares currently on issue	648,696,070
ADSs currently on issue*	20,630,588
Warrants currently on issue	15,027,327
Incentive Rights currently on issue	1,500,000
Maximum number of Warrants to be issued under this Prospectus	1,769,669
Total number of unquoted Options	42,650,801
Maximum number of Shares underlying ADSs issued on exercise of the Offer Securities offered under this Prospectus	8,848,345

\* Each ADS is represented by 5 Shares.

### 5.3 Effect on financial position

Mesoblast's annual report was provided to the ASX on 29 October 2021 and is also available on Mesoblast's website ([www.mesoblast.com](http://www.mesoblast.com)).

Mesoblast provided an unaudited financial report for the period ended 30 September 2021 to the ASX on Form 6-K on 24 November 2021. The report is also available on Mesoblast's website ([www.mesoblast.com](http://www.mesoblast.com)).

To illustrate the effect of the Offer on the Company, Mesoblast's pro forma statement of financial position as at 30 September 2021 (set out below) has been prepared to reflect the proposed Offer, as if they occurred on 30 September 2021.

The pro forma financial information in this Section has been derived from Mesoblast's unaudited financial report for the period ended 30 September 2021. As per Note 1(i) Going Concern: the financial report was prepared on a going concern basis, notwithstanding that there was material uncertainty about Mesoblast's ability to continue as a going concern on the basis that further capital investment would be required by Mesoblast to continue operations beyond 12 months of signing the relevant period financial statements. The pro forma financial information below has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) made by the AASB, which are consistent with International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board. The pro forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

### Pro forma consolidated balance sheet

	<i>As of 30 September 2021</i>	
	<b>Unaudited</b>	<b>Pro forma</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Assets</b>		
Cash and cash equivalents	115,956	114,976
Total assets (Total capitalisation)	721,819	720,839
<b>Liabilities</b>		
Current liabilities	92,899	39,507
Non-current liabilities	69,174	123,653
Total liabilities	162,073	163,160
<b>Equity</b>		
Issued capital	1,163,492	1,163,492
Reserves	66,468	66,468

Accumulated losses	(670,214)	(672,280)
Total equity	<u>559,746</u>	<u>557,680</u>

The pro-forma balance sheet above as at 30 September 2021 reflects the changes to Mesoblast's financial position assuming completion of the Offer as at that date noting the following:

- (a) on 19 November 2021, Mesoblast refinanced its senior debt facility with a new US\$90 million five-year facility provided by Oaktree. Mesoblast drew the first tranche of US\$60 million on closing. \$55.4 million of these proceeds were used to repay the outstanding balance of the existing senior debt facility with Hercules Capital, Inc. The facility has a three-year interest only period, at a rate of 9.75% per annum, after which time 40% of the principal amortizes over two years and a final payment due November 2026;
- (b) no application monies are payable by Approved US Investors for the Offer Securities offered under this Prospectus;
- (c) the issue of the Offer Securities is for nil consideration;
- (d) the Approved US Investors will receive Warrants (being the Offer Securities) to purchase 1,769,669 American Depositary Shares at US\$7.26 per ADS with a seven-year term. At the issue date of the Warrants, a financial liability is required to be recognised in the Company's consolidated balance sheet at the issue date at fair value. Any impact of the issue of the Warrants on the recognition of the borrowings liability related to the loan provided under the Loan Agreement has not been reflected in the pro-forma balance sheet above; and
- (e) management have determined that the Offer Securities are free standing financial instruments that are legally detachable and separately exercisable from ADSs and the Shares they represent. The Offer Securities exchange a number of the Company's Shares for an amount of cash (in United States dollars). The amount of cash may be adjusted based on the payment of dividends, reorganisation events and rights issues. The number of the Company's Shares may be adjusted where there is a change in ADS-to-Share ratio or in the event of a price adjustment, a proportionate change so that the aggregate price payable on exercise of the Warrants remains the same. Therefore, the Offer Securities are classified as a derivative financial liability.

At the issue date of the Offer Securities, a financial liability is required to be recognised in the Company's consolidated balance sheet at the issue date at fair value. The Approved US Investors will receive Warrants (being the Offer Securities) to purchase 1,769,669 American Depositary Shares at US\$7.26 per ADS with a seven-year term.

The pro-forma consolidated balance sheet above does not recognise the financial liability at the issue date at fair value as that is yet to be calculated.

The fair value of the Offer Securities will be determined by a Black Scholes valuation. The Black Scholes valuation will use the following inputs and assumptions when determining the fair value:

- market price of Shares;
- the exercise price of the Offer Securities;
- the Share market price volatility;
- the expected term of the Offer Securities;
- the market risk free rate; and
- the dividend yield (if any) for Shares.

On completion of the valuation of the financial liability of the Offer Securities, the financial liability will be recognised in the Company's consolidated balance sheet as at the issue date and that liability may well be material. The financial liability recognised in the Company's consolidated balance sheet will be disclosed publicly when the Company announces in February 2022 its financial statements for the period ending 31 December 2021.

#### 5.4 Details of substantial holders

Based on publicly available information as at 6 January 2022, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue in Mesoblast (on an undiluted basis) are set out below (as disclosed in substantial holding notices given to Mesoblast under the Corporations Act):

Shareholder	Number of Shares held in last ASX notification
Professor Silviu Itescu	68,958,928
M&G Investment Group	51,752,865
Thorney Holdings	24,696,000

#### 5.5 Impact on control of Mesoblast

The issue of the Offer Securities under the Offer is not expected to have any effect on the control of Mesoblast.

#### 5.6 Expenses of the Offer

Mesoblast estimates that the total costs of the Offer will be approximately A\$86,100 (excluding GST). Administrative costs and Share Registry expenses are estimated to be approximately A\$1,100 (excluding GST), accounting fees are estimated to be approximately A\$30,000 (excluding GST) and legal fees are estimated to be approximately A\$55,000 (excluding GST). Mesoblast will incur ASX and ASIC fees in connection with lodgement of the Prospectus and any Shares issued on exercise of the Offer Securities. These fees are included in the estimated administrative costs provided above.

## 6. Rights and liabilities attaching to any Shares underlying ADSs issued in connection with the exercise of the Offer Securities

### 6.1 Shares

#### (a) General

Any Shares underlying ADSs issued in connection with the exercise of the Offer Securities will be fully paid ordinary shares and will, as from their issue, rank equally in all respects with all Shares then on issue.

Any such Shares will be governed by the Corporations Act, the ASX Listing Rules and the Constitution. The following is a summary of the more significant rights and liabilities attaching to Shares on issue in Mesoblast. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should obtain independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which can be inspected, free of charge, at Mesoblast's registered office during normal business hours. In applying for Offer Securities under this Prospectus, the applicant agrees that it and any Offer Securities issued to the applicant are bound by the terms of the Constitution.

#### (b) General meetings and notices

Each Shareholder will be entitled to receive notice of general meetings of Mesoblast.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a Shareholder who is a body corporate) to attend and vote at general meetings of Mesoblast.

Shareholders may request meetings in accordance with section 249D of the Corporations Act and the Constitution and call meetings in accordance with section 249F of the Corporations Act.

Each Shareholder will be entitled to receive all notices, accounts and other documents required to be sent to Shareholders in accordance with the Constitution, the ASX Listing Rules and the Corporations Act.

#### (c) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney, representative (in the case of a Shareholder who is a body corporate) or, if determined by the Directors for any meeting or class meeting, by delivering



the vote to the Company by post, fax or other electronic means approved by the Directors;

- (ii) on a show of hands, every Shareholder present in person, or by proxy, attorney or representative has one vote, however, if a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, neither proxy may vote on a show of hands;
- (iii) on a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a Shareholder who is a body corporate) has one vote for each Share held and in the case of partly paid shares, that proportion of a vote as is equal to the proportion which the amount paid up on that Shareholder's share bears to the total issue price for that share (excluding calls paid in advance of the due date for payment); and
- (iv) in the case of an equality of votes, the Chairman does not have a casting vote in addition to any vote to which the Chairman may otherwise be entitled.

(d) Dividend rights

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, Mesoblast may from time to time pay dividends as the Directors so resolve out of the profits of Mesoblast. All Shares on which a dividend is declared or paid are entitled to participate in that dividend equally. Each partly paid share is entitled to a fraction of the dividend declared or paid on a Share, equivalent to the proportion of the amount paid (not credited) on the relevant share relative to the total amounts paid and payable on the relevant share.

Interest is not payable by Mesoblast on a dividend.

(e) Winding-up

If Mesoblast is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders in kind the whole or any part of the assets of Mesoblast and may, for that purpose, carry out the division between the different classes of Shareholders but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

The liquidator may, with the sanction of a special resolution, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(f) Shareholder liability

Any Shares acquired on the exercise of the Offer Securities will be fully paid ordinary shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(g) Transfer of shares

Generally, Shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act.

The Directors may refuse to register any transfer of Shares or other securities that are not quoted by ASX or, in respect of Shares or securities quoted by ASX, refuse to register any transfer subject to the ASX Listing Rules.

(h) Future increase in capital

The Directors may issue shares or options to any person on such terms as the Directors determine, subject to the Corporations Act, ASX Listing Rules and the Constitution.

(i) Variation of rights

Subject to the Corporations Act, where shares of different classes are on issue, the rights attaching to the shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of those shares of that class, or with the written consent of the holders of at least 75% of the issued shares in that class.

At present, the only class of shares that Mesoblast has on issue are fully paid ordinary shares.

(j) Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least 75% of the votes cast at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Buy Backs

Subject to the Corporations Act and the ASX Listing Rules, Mesoblast may buy back shares on such terms and conditions as the Board may determine from time to time.

## 6.2 Warrants

The terms, including the rights and liabilities attaching to the Warrants, are summarised in 8.3 of this Prospectus.

## 6.3 ADSs

The terms, including the rights and liabilities attaching to the ADSs, are summarised in 8.3 of this Prospectus.

## 7. Risk factors

### 7.1 Introduction

The Offer Securities offered under this Prospectus (and any Shares underlying ADSs issued on exercise of the Offer Securities) are considered speculative because of the inherent risks associated with operating in the clinical stage biotechnology industry. In addition, there are risks inherent in investing in the share market in general.

The Directors have considered and identified in this Section of the Prospectus the critical areas of risk associated with investing in the Offer Securities. The risks identified by the Directors are not exhaustive. Accordingly, you should read this Prospectus in full and obtain professional advice if you require further information on material risks when deciding whether to subscribe for the Offer Securities.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of Offer Securities, will be achieved.

### 7.2 Company specific risks

Mesoblast is committed to ensuring the safety of its patients and staff, while continuing the development of its MLC platform technology.

Mesoblast is currently a loss-making entity in product development phase. The long term financial success of the Company will be measured ultimately on the basis of profitable operations. Key to becoming profitable is the successful development and commercialisation of the Company's product portfolio, establishment of efficient manufacturing operations, achieving product distribution capability, and overall, the ability to attract funding to support these activities. The following specific risks have the potential to affect Mesoblast's achievement of its business goals.

The risk factors below are not exhaustive. For a more detailed discussion, see the "Risk Factors" section in Mesoblast's Current Report on Form 6-K for the three months ended 30 September 2021. In addition, Mesoblast may face additional risks that are presently unknown to or that are believed to be immaterial as at the date of this Prospectus. Known and unknown risks and uncertainties may significantly impact and impair Mesoblast's business operations.

#### (a) Product risk

Mesoblast is subject to inherent product-related risks relevant to companies operating in the biotechnology industry, such as that products being developed are not safe and effective and therefore will not gain approval for sale from various regulatory bodies, and that there may be substantial delays in the clinical studies. These risks may arise or be exacerbated as a result of the following:

- (i) Mesoblast's product candidates are based on its novel mesenchymal lineage adult stem cell technology, which makes it difficult to accurately and

reliably predict the time and cost of product development and subsequently obtaining regulatory approval;

- (ii) Mesoblast may find it difficult to enrol patients in its clinical trials, especially for indications such as acute graft versus host disease which are designated as orphan or niche markets, which could delay or prevent development of Mesoblast's product candidates; and
- (iii) several of Mesoblast's product candidates treat patients who are extremely ill and patient deaths that occur in its clinical trials could negatively impact Mesoblast's business even if they are not shown to be related to its product candidates.

(b) Manufacturing risk

Disruption to manufacturing operations could impact Mesoblast's ability to deliver clinical grade product required for clinical trials and, in the future, MLC products for commercial sale.

Mesoblast relies on a limited number of suppliers for its product candidates' materials, equipment or supplies and components required to manufacture its product candidates. The Company's business could be harmed if:

- (i) Mesoblast's products are not manufactured in quantities sufficient for development and, if its products are approved, commercialisation;
- (ii) Mesoblast loses its collaborators and suppliers, or they fail to provide quality supplies on a timely basis, which could cause delays in Mesoblast's current and future capacity; and
- (iii) the Lonza manufacturing facilities do not continue to meet its ongoing regulatory requirements.

Product recalls or inventory losses caused by unforeseen events could also adversely affect Mesoblast's operating results and financial condition.

(c) Commercialisation risk

The speed and quality of Mesoblast's clinical trial execution are primary drivers of its ability to transform into a commercial stage company. In addition, the future profitability of Mesoblast's products depends largely on the reasonable achievement of various business assumptions, including product price (reimbursement), size of market, availability of raw materials in the manufacturing process and cost of goods sold.

These drivers and assumptions also underpin the carrying value of Mesoblast's in-process research and development on the balance sheet and are reviewed regularly when Mesoblast tests for asset impairment. There is a risk that these assumptions prove to be materially incorrect. If the market opportunities for Mesoblast's product candidates are smaller than Mesoblast believes they are, the

Company's revenues may be adversely affected and its business may suffer. Mesoblast also faces substantial competition, which may result in others discovering, developing or commercialising products before, or more successfully, than Mesoblast.

Mesoblast is exposed to risks relating to its international operations and failure to manage those risks may adversely affect its operating results and financial conditions. As an example, price controls may be imposed in foreign markets. Such an event may also adversely affect Mesoblast's future profitability.

If product liability lawsuits are brought against Mesoblast, the Company may incur substantial liabilities and may be required to limit commercialisation of its product candidates. The Company's use of animal-derived materials could also harm its product development and commercialisation efforts.

Furthermore, if in the future Mesoblast is unable to establish its own sales, marketing and distribution capabilities or enter into licensing or collaboration agreements for these purposes, Mesoblast may not be successful in independently commercialising any future products.

(d) Partnering risk

Future product sales in certain indications are dependent on maintaining existing commercial relationships. If Mesoblast and its partners do not successfully carry out their contractual duties, meet expected deadlines, or comply with regulatory requirements, they may not be able to obtain regulatory approval for or commercialise Mesoblast's product candidates in a timely and cost effective manner or at all, and Mesoblast's business could be substantially harmed. In addition, future product sales may also be dependent on the ability of the Company to attract new partners, who will in some cases, be required to help develop and distribute the Company's products.

(e) Funding risk

Mesoblast has incurred operating losses since its inception and anticipates that it may continue to incur operating losses for the foreseeable future. Accordingly, the ability of Mesoblast to successfully bring products to market ultimately relies on having access to continued sources of funding, including from partners and investors. Failure to obtain such funding when needed could force Mesoblast to delay, limit, reduce or terminate its product development or commercialisation efforts.

(f) Personnel risk

Execution of Mesoblast's corporate strategy could be impacted if Mesoblast did not retain its present CEO and certain members of staff. If Mesoblast fails to attract and keep senior management and key scientific personnel, it may be unable to successfully develop its product candidates, conduct clinical trials and commercialise its product candidates. There is also a risk that Mesoblast's

employees, principal investigators, consultants or collaboration partners engage in misconduct or other improper activities, including non-compliance with laws and regulatory standards and requirements and insider trading.

Mesoblast works with external scientists, medical professionals and their institutions in developing product candidates. These collaborators may have other commitments or conflicts of interest, which could limit Mesoblast's access to their expertise and harm its ability to leverage its technology platform.

(g) Intellectual property risk

Future product sales are impacted by the extent to which there is patent protection over the products. Patent coverage risk includes the risk that competitive products do not infringe Mesoblast's intellectual property rights and also the risk that Mesoblast's products infringe on other parties' intellectual property rights. If third parties claim that intellectual property used by Mesoblast infringes on their intellectual property, commercialisation of Mesoblast's product candidates and its operating profits could be adversely affected. The Company may be forced to litigate to enforce or defend its intellectual property rights, and/or the intellectual property rights of its licensors. Intellectual property disputes could cause Mesoblast to spend substantial resources and distract Mesoblast's personnel from their normal responsibilities. Patent reform legislation and court decisions in the US and other major jurisdictions could increase the uncertainties and costs surrounding the prosecution of Mesoblast's patent applications and the enforcement or defence of its issued patents.

Furthermore, if Mesoblast does not obtain patent term extensions in the United States and other countries, thereby potentially extending the term of the marketing exclusivity of Mesoblast's product candidates, Mesoblast's business may be materially harmed.

The patent positions of biopharmaceutical products are complex and uncertain. There is a risk that Mesoblast may not be able to protect its proprietary technology in the marketplace. In addition, there is a risk that Mesoblast may be unable to adequately prevent disclosure of trade secrets and other proprietary information.

(h) Regulatory risk

The Company operates in a highly regulated industry. Pharmaceutical products are subject to strict regulations of regulatory bodies in the United States, Europe, Asia and Australia. In addition Mesoblast's operations may be subject to local laws and regulations, including and not limited to taxation, environmental and anti-corruption laws. Non-compliance with laws and regulatory standards and requirements could disrupt Mesoblast's operations and harm its operating results.

The requirements to obtain regulatory approval of the United States Food and Drug Administration and regulators in other jurisdictions can be costly, time consuming and unpredictable. If Mesoblast or its collaborators are unable to obtain timely regulatory approval for its product candidates, Mesoblast's business may be

substantially harmed. Even if Mesoblast obtains regulatory approval for a product candidate, its products will be subject to ongoing regulatory scrutiny. In addition, Mesoblast may face competition from biosimilars due to changes in the regulatory environment.

In the United States, Mesoblast may lose its foreign private issuer status, which would then require Mesoblast to comply with reporting and other requirements under the Exchange Act and cause it to incur additional legal, accounting and other expenses.

### 7.3 General risks

An investment in the Offer Securities (including any Shares underlying ADSs which are issued on the exercise of the Offer Securities) carries certain risks, many of which are not in the control of Mesoblast or its management. These risks include the risks set out below.

#### (a) Share Price

The price of Shares quoted on the ASX and of ADSs as quoted on the NASDAQ Global Select Market may rise or fall (and therefore the value of the Warrants), and the Shares may trade below or above the exercise price due to a number of factors, including:

- (i) general economic conditions, including interest rates, exchange rates, inflation rates and commodity prices;
- (ii) fluctuations in the local and global market for listed securities;
- (iii) changes to government policy, legislation or regulation;
- (iv) inclusion in or removal from market indices;
- (v) the nature of markets in which Mesoblast operates;
- (vi) general and operational business risks;
- (vii) natural disasters; and
- (viii) global hostilities, tensions and acts of terrorism.

There is no assurance that the value or price of the Offer Securities will increase, decrease or stay the same following the Shares underlying ADSs issued on exercise of the Offer Securities, even if Mesoblast's earnings increase. In addition, the dual listing of Mesoblast's Shares and the American Depository Shares may adversely affect the liquidity and value of these securities.

#### (b) Lack of liquidity and effect of exercise price

As the Offer Securities will not be quoted on ASX, there is a limited market for the Offer Securities. You should also be aware that the exercise price of the Offer

Securities may be in excess of the market price of the underlying Shares during the exercise period applicable to them.

(c) Changes in tax laws

There is the potential for further changes to Australia's tax laws and to foreign tax laws relevant to Mesoblast. Any change to the current rates of taxes imposed on Mesoblast is likely to affect returns from an investment in Offer Securities (and therefore the value of Shares). An interpretation of taxation laws by the relevant tax authority that is contrary to Mesoblast's view of those laws may increase the amount of tax to be paid. In addition, an investment in the Offer Securities involves tax considerations which may differ for each investor. You are encouraged to obtain professional tax advice in connection with any investment in Mesoblast.

(d) Force majeure events

Events may occur within or outside Australia that could impact on the Australian economy, the operations of Mesoblast and the price and value of the Offer Securities (and therefore the price and value of the ADSs and Shares). The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Mesoblast's products and its ability to conduct business and on Mesoblast's business and earnings. The Company has only a limited ability to insure against some of these risks.

(e) Capital Structure

Changes in the capital structure of Mesoblast, for example from the raising of further debt or the issue of further equity to repay or refinance debt facilities or to fund the acquisition of assets, may affect the value of, and returns from, an investment in the Offer Securities (and therefore the value of the ADSs and Shares).

(f) Dividends

The Company has not previously paid any dividends.

(g) Accounting Standards

Australian Accounting Standards are set by the AASB and are beyond the control of Mesoblast, the Directors and Mesoblast's management team. Changes to accounting standards issued by the AASB could adversely impact the financial performance and position reported in Mesoblast's financial statements.

(h) ADSs

ADS holders do not hold Shares directly and, as such, may be subject to the following additional risks:



- (i) an ADS holder will not be treated as a shareholder and will not be able to exercise shareholder rights directly (in other words, they would need to exercise those rights through the Depositary as permitted by the Deposit Agreement);
- (ii) distributions on Shares underlying ADSs will be paid to the Depositary and before the Depositary makes a distribution to an ADS holder, any withholding taxes that must be paid will be deducted. Additionally, if the exchange rate fluctuates during a time when the Depositary cannot convert the foreign currency, an ADS holder may lose some or all of the value of the distribution; and
- (iii) the Company and the Depositary may amend or terminate the Deposit Agreement without the ADS holders' consent in a manner that could prejudice ADS holders.

## 8. Additional information

### 8.1 Continuous disclosure obligations

This Prospectus is issued by Mesoblast in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities.

As a disclosing entity, Mesoblast is subject to regular reporting and disclosure obligations. As a listed company, Mesoblast is subject to the ASX Listing Rules which require, subject to certain exceptions, prompt disclosure to the market of any information of which Mesoblast is aware which a reasonable person might expect to have a material impact on the price or value of the Offer Securities (including the price or value of any Shares underlying ADSs issued in connection with the exercise of the Offer Securities).

Section 713 of the Corporations Act enables a company to issue a 'transaction specific' prospectus where the securities offered under that prospectus are continuously quoted securities within the meaning of the Corporations Act. This generally means that the relevant securities are in a class of securities that were quoted 'enhanced disclosure' securities at all times during the three months before the date of the prospectus and that, during the 12 months before the date of the prospectus, the issuing company was not exempt from the continuous disclosure regime and disclosing entity requirements under the Corporations Act and the ASX Listing Rules.

In summary, 'transaction specific' prospectuses are required to contain information in relation to the effect of the offer of securities on the company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus.

Having taken such precautions and having made such enquiries as are reasonable, Mesoblast believes that it has complied with, and has not been exempt from, the general and specific requirements of ASX as applicable throughout the 12 months before the date of this Prospectus which required Mesoblast to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the securities market conducted by ASX. For the purposes of satisfying section 713(5) of the Corporations Act, a prospectus must also incorporate such information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- (b) is information that an investor and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liability, financial position and performance, profits and losses and prospects of the body; and
  - (ii) the rights and liabilities attaching to the securities being offered.

This Prospectus must contain the above information only to the extent to which it is reasonable for an investor and its professional advisers to expect to find such information in the Prospectus. The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus.

## 8.2 Company announcements

An investor may view a record of Mesoblast's ASX announcements at [www.asx.com.au](http://www.asx.com.au). ASIC also maintains records in respect of documents lodged with it by Mesoblast and these may be obtained from or inspected at the office of ASIC. This Prospectus is intended to be read in conjunction with information previously publicly disclosed by Mesoblast.

The Company will provide free of charge to any person who requests it during the application period under this Prospectus:

- (a) the annual financial report most recently lodged by Mesoblast with ASIC;
- (b) any half-year financial report lodged by Mesoblast with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Prospectus with ASIC; and
- (c) any continuous disclosure documents given by Mesoblast to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Prospectus with ASIC.

The announcements below (continuous disclosure notices) have been made by Mesoblast to ASX in approximately the last 12 months.

Date	Headline
31 Dec 2021	Update on FDA Meeting for Remestemcel-L in Paediatric GvHD
16 Dec 2021	FDA's OTAT Agrees to Primary Endpoint for Back Pain
14 Dec 2021	Update on Novartis Agreement
14 Dec 2021	Pause in Trading
06 Dec 2021	Rexlemestrocel Greatest Benefit in Diabetics and Ischemics
06 Dec 2021	Global CardioVascular Clinical Trialists Forum Presentation
29 Nov 2021	Results of Meeting
29 Nov 2021	CEO Presentation to 2021 Annual General Meeting
29 Nov 2021	Mesoblast Chairman Message to 2021 AGM
24 Nov 2021	MSB Q1 Financial Results and Operational Highlights
24 Nov 2021	First Quarter Results Presentation
24 Nov 2021	First Quarter Financial Results on Form 6-K
23 Nov 2021	Mesoblast Q1 Financial Results Webcast
22 Nov 2021	MSB and Oaktree Conclude Refinancing of Senior Debt Facility

<b>Date</b>	<b>Headline</b>
22 Nov 2021	Proposed issue of securities - MSB
15 Nov 2021	AHA Late-Breaker - Rextlemestrocel Improves Cardiac Outcomes
29 Oct 2021	Annual Report to Shareholders
29 Oct 2021	Notice of Annual General Meeting and Proxy Form
29 Oct 2021	Appendix 4G and Corporate Governance Statement
29 Oct 2021	Appendix 4C Quarterly Activity Report
18 Oct 2021	Remestemcel-L Improves Survival in High-Risk Acute GvHD
14 Oct 2021	Notification of cessation of securities - MSB
14 Oct 2021	Notification regarding unquoted securities - MSB
07 Oct 2021	CHF Late Breaker Presentation at American Heart Association
31 Aug 2021	MSB Annual Financial Results and Operational Progress
31 Aug 2021	Annual Financial Results Presentation
31 Aug 2021	Preliminary Final Report including Appendix 4E
30 Aug 2021	Appendix 3G and 3H
30 Aug 2021	Mesoblast 2021 Full Year Financial Results Webcast
10 Aug 2021	Mesoblast Management Update
30 Jul 2021	Appendix 4C Quarterly Activity Report
29 Jul 2021	Release of Shares from Voluntary Escrow
16 Jul 2021	COVID ARDS Trial 90-Day Survival Outcomes Presented at ISCT
16 Jul 2021	COVID ARDS Trial Respiratory Outcomes Presented
16 Jul 2021	COVID ARDS Trial Results Presentation
14 Jul 2021	Appendix 3Y - Change of Director's Interest Notice
07 Jul 2021	Appendix 3G
01 Jul 2021	Mesoblast Update on Chronic Low Back Pain Program
03 Jun 2021	MSB Reports Q3 Financial Results and Operational Highlight
03 Jun 2021	Third Quarter Results Presentation
03 Jun 2021	Third Quarter Financial Results on Form 6-K
03 Jun 2021	Mesoblast Q3 Financial Results Webcast
25 May 2021	Remestemcel-L for COPD Published in Respiratory Research
30 Apr 2021	COVID ARDS Trial Topline 60-Day Results
30 Apr 2021	Appendix 4C Quarterly Activity Report
30 Apr 2021	Mesoblast Corporate Update Webcast
06 Apr 2021	Director's Interest Notice - Appendix 3X
31 Mar 2021	Mesoblast Operational Highlights and Upcoming Milestones
29 Mar 2021	Director Appointment/Resignation

Date	Headline
15 Mar 2021	Prospectus for Warrants in Connection with US\$110M Raise
09 Mar 2021	MSB Closes US\$110M Raise Led By US Strategic Investor Group
09 Mar 2021	Cleansing Notice and Appendix 2A
03 Mar 2021	Cleansing notice and Appendix 2A
02 Mar 2021	Proposed issue of Securities - MSB
02 Mar 2021	Mesoblast Raises US\$110M Led By US Strategic Investor Group
26 Feb 2021	Half Year Report and Accounts (including Appendix 4D)
26 Feb 2021	Trading Halt
17 Feb 2021	Remestemcel-L for COVID-19 MIS-C published in Pediatrics
11 Feb 2021	Mesoblast Phase 3 Chronic Low Back Pain Results
11 Feb 2021	Mesoblast Corporate Update Webcast
29 Jan 2021	Appendix 4C Quarterly Activity Report
12 Jan 2021	CHF Phase 3 Trial Results Presented at Investor Conference
12 Jan 2021	Mesoblast Healthcare Conference Investor Presentation
11 Jan 2021	Rexlemestrocel Reduces Heart Attacks/Strokes/CV Death in CHF

### 8.3 Loan Agreement, Warrant terms and conditions and ADS terms and conditions

#### (a) Overview of Loan Agreement

As announced to the ASX on 22 November 2021, the Company, as part of refinancing its existing senior debt facility with Oaktree and the lender, agreed to issue Warrants to purchase 1,769,669 ADSs to Approved US Investors under the Loan Agreement.

The Loan Agreement is a private agreement between the Company, its subsidiaries, Oaktree and the lender that was entered into to effect the refinancing of the Company's existing senior debt facility with a new US\$90 million five year facility and issuance of the Offer Securities to Approved US Investors. The Loan Agreement contains customary terms and conditions for documents of that nature, including standard warranties and representations.

Under the Loan Agreement, the lender may assign any of its rights without prior notice to the Company, and all such rights shall inure to the benefit of the lender's assignees. This assignment right is subject to certain restrictions where the assignee is a competitor of the Company.

#### (b) Warrant terms and conditions

The maximum number of Warrants being offered under this Prospectus is 1,769,669.

The full terms and conditions applicable to the Warrants are set out in the Loan Agreement. Below is a summary of the material terms and conditions of the Warrants.

### ***Expiry***

Each Warrant has an expiry date of seven years from the date of its issue (**Exercise Period**).

The Company proposes to issue the Offer Securities validly applied for under this Prospectus on or about 11 January 2022.

### ***Exercise Price***

Each Warrant will have an exercise price of USD\$7.26 (**Exercise Price**) and convert into one ADS which represents five Shares.

### ***Exercise***

During the Exercise Period, a Warrant holder may exercise (in whole or in part) their Warrants by:

- (i) delivering to the Company and the Depository, written notice in the prescribed form of the Warrant holder's election to exercise the Warrant; and
- (ii) paying to the Company an amount equal to the Exercise Price multiplied by the number of Warrants being exercised.

### ***Delivery of ADSs***

On or before the fifth Trading Day following the Company's receipt of a Warrant holder's valid exercise of some or all of its Warrants (including payment of the relevant aggregate Exercise Price), the Company will deposit the underlying Shares of each ADS with the Depository and cause the Depository to credit to the Warrant holder the relevant number of ADSs.

### ***Adjustments***

In the event of any re-organisation of the Company, including reconstruction, consolidation, subdivision, reduction or return of capital or pro rata issue to Shareholders, the Warrants will be adjusted in accordance with their terms and the ASX Listing Rules.

### ***Participation rights and entitlements***

Warrant holders are not entitled to any participation rights or entitlements in respect of the Company, including the right to vote or receive dividends from the Company or be deemed to be a Shareholder, except after exercise of the Warrants and conversion of the issued ADSs into Shares.

## ***Transferability***

Each Warrant is transferable by the Warrant holder to a third party subject to the transferor and transferee satisfying the transfer requirements under the Loan Agreement.

(c) ADS terms and conditions

On exercise of a Warrant, a Warrant holder will be issued an ADS through an American Depository Receipts (**ADR**) program.

The ADR program was established under the deposit agreement entered into between the Company, JP Morgan Chase Bank N.A as depository (**Depository**) and ADR holders (**Deposit Agreement**).

Each ADS represents an ownership interest in five Shares which the Company will deposit with the custodian, as agent of the Depository, under the Deposit Agreement.

## ***Rights***

An ADR holder is not a shareholder of the Company and does not have any shareholder rights. The Depository or its nominee will be the shareholder of record for the Shares represented by the ADSs, shareholder rights will rest with the Depository or its nominee. An ADR holder derives their rights from the terms of the Deposit Agreement. The obligations of the depository and its agents are also set out in the Deposit Agreement. Because the Depository or its nominee will be the registered owner of the Shares, an ADR holder must rely on the Depository to exercise the rights of a shareholder on its behalf.

The Deposit Agreement and the ADSs are governed by New York law.

## ***Deposit, Withdrawal and Cancellation of ADSs***

The Depository will issue ADSs if the ADR holder or its broker deposit Shares or evidence of rights to receive Shares with the custodian and pay the fees and expenses owing to the Depository in connection with such issuance.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of JPMorgan Chase Bank, N.A., as depository for the benefit of holders of ADRs or in such other name as the Depository shall direct.

The custodian will hold all deposited Shares for the account of the Depository. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited Shares (the deposited Shares and any such additional items are collectively Deposited Securities).

Upon each deposit of Shares, receipt of related delivery documentation and compliance with the other provisions of the Deposit Agreement, including the payment of the fees and charges of the Depository and any taxes or other fees or charges owing, the Depository will issue an ADR or ADRs in the name or upon the order of the person entitled, evidencing the number of ADSs to which such person is entitled. All of the ADSs issued

will, unless specifically requested to the contrary, be part of the Depositary's direct registration system, and a registered holder will receive periodic statements from the Depositary which will show the number of ADSs registered in such holder's name. An ADR holder can request that the ADSs not be held through the depositary's direct registration system and that a certificated ADR be issued.

An ADR holder can turn in its ADR certificate at the Depositary's office, or when provided proper instructions and documentation in the case of direct registration ADSs, the Depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying Shares to the ADR holder or upon an ADR holder's written order.

The Depositary may only restrict the withdrawal of Deposited Securities in connection with:

- (i) temporary delays caused by closing transfer books or those of the Depositary or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- (ii) the payment of fees, taxes and similar charges; or
- (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of Deposited Securities.

This right of withdrawal may not be limited by any other provision of the Deposit Agreement.

### ***Voting***

The Depositary may ask an ADR holder to provide it with voting instructions. In such a circumstance, an ADR holder may instruct the Depositary how to exercise the voting rights for the Shares which underlie their ADSs.

As soon as practicable after receiving notice of any meeting from the Company, the Depositary will distribute to the registered ADR holders a notice stating such information as is contained in the voting materials received by the Depositary and describing how an ADR holder may instruct the Depositary to exercise the voting rights for the Shares which underlie the ADR holder's ADSs.

### ***Books of Depositary***

The Depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs.

## **8.4 Litigation**

In October 2020, in light of the Complete Response Letter released by the FDA and the decline in the market price of our ADS, a purported class action lawsuit was filed in the U.S. Federal District Court for the Southern District of New York on behalf of purchasers or acquirers of our ADSs against the Company, its Chief Executive Officer, its Chief Financial Officer and its Chief Medical Officer for alleged violations of the U.S. Securities



Exchange Act of 1934. The Company cannot provide any assurance as to the possible outcome or cost to us from the lawsuit, particularly as it is at an early stage. Further, the Company cannot provide any assurance as to how long it may take to resolve such lawsuit.

## **8.5 Design and distribution obligations**

From 5 October 2021, the new product design and distributions obligations under the Corporations Act (**DDO Obligations**) take effect. The DDO Obligations are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric product. The DDO Obligations require product issuers to make publicly available a target market determination that explains the target market for certain securities, any distribution conditions and any information related to reviewing and monitoring conduct in relation to the target market determination.

The Company has prepared a target market determination in respect of the Offer Securities which is available on the Company's website at <https://mesoblast.com/company/corporate-governance>.

## **8.6 Relevant interests, benefits and related party transactions**

Sections 2.3 to 2.5 of this Prospectus set out a summary of the interests and benefits payable to the Directors and other persons connected with Mesoblast or the Offer and any significant related party transactions.

Directors and their related parties will not participate in the Offer.

## **8.7 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of Mesoblast; or
- (c) underwriter to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of Mesoblast;
- (e) any property acquired or proposed to be acquired by Mesoblast in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or

(f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of Mesoblast; or

(h) the Offer.

MinterEllison has acted as Australian legal advisers to Mesoblast in relation to the Offer. Mesoblast estimates it will pay MinterEllison approximately A\$55,000 (excluding GST and disbursements) for these services. Further amounts may be paid to MinterEllison in accordance with its usual time based charge out rates.

## **8.8 Consents**

Each of the parties referred to in this Section 8.8:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

MinterEllison has given its written consent to being named as Australian legal advisers to Mesoblast in this Prospectus. MinterEllison has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Link Market Services Limited has given its written consent, and has not withdrawn its consent, to be named as Share Registry in the form and context in which it is named in this Prospectus. Link Market Services Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to Mesoblast. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes not responsibility for, any part of the Prospectus.

## **8.9 No involvement in preparation of this Prospectus**

Oaktree and the Approved US Investors had no responsibility or obligation in connection with the preparation, form or content of this Prospectus, have not been involved in its authorisation or release and accept no liability for this Prospectus.

## **8.10 Restricted securities**

None of Mesoblast's issued securities are 'restricted securities' (as defined in the ASX Listing Rules).

## **8.11 Broker handling fees**

No handling fees are payable in connection with the Offer under this Prospectus.

## **8.12 Taxation**

The Board do not consider that it is appropriate to provide an investor with advice regarding the taxation consequences of accepting the Offer under this Prospectus. Mesoblast, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to an investor in respect of any issue.

## **8.13 Privacy disclosure statement**

The Company holds certain personal information regarding Shareholders that has been provided to Mesoblast (directly or via the Share Registry) in connection with their investment in Mesoblast. The *Privacy Act 1988* (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information that Mesoblast holds is used to provide services and appropriate administration including communications with members. If Mesoblast is obliged to do so by law, an investor's personal information will be passed on to other parties strictly in accordance with legal requirements.

The Corporations Act requires that Mesoblast include information about security holders (including name, address and details of the securities held) in its public register. The information contained in Mesoblast's public register must remain there for seven years after that person ceases to be a security holder. Information contained in Mesoblast's registers is also used to facilitate distribution payments and corporate communications (including Mesoblast's financial results, annual report and other information that Mesoblast may wish to communicate to its security holders) and compliance by Mesoblast with legal and regulatory requirements.

An investor has a right to gain access to the information that Mesoblast holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Mesoblast's registered office.

## **8.14 Authorisation**

Each Director has consented (and has not withdrawn their consent) to the lodgement of this Prospectus with ASIC.

## **8.15 Governing Law**

This Prospectus is governed by the law of Victoria.

# Glossary

Term	Definition
<b>\$ and A\$</b>	means the currency of Australia.
<b>AASB</b>	means the Australian Accounting Standards Board.
<b>American Depositary Receipt or ADR</b>	means the certificate issued by the Depositary to a holder of ADSs evidencing their ownership of the ADSs.
<b>American Depositary Share or ADS</b>	means a fully paid American Depositary Share in the capital of Mesoblast.
<b>Approved US Investor</b>	means any person who is a lender, or has been assigned the relevant lender rights, under the Loan Agreement prior to the Closing Date.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX or Australian Securities Exchange</b>	means ASX Limited ACN 008 624 691 or the financial market known as the Australian Securities Exchange operated by it, as the context requires.
<b>ASX Listing Rules</b>	means the listing rules of the ASX.
<b>ASX Settlement</b>	means ASX Settlement Pty Limited ABN 49 008 504 532.
<b>ASX Settlement Operating Rules</b>	means the operating rules of ASX Settlement as amended from time to time, except to the extent of any express written waiver by ASX Settlement.
<b>Board</b>	means the board of Directors unless the context indicates otherwise.
<b>CEO</b>	means the Chief Executive Officer.
<b>CFO</b>	means the Interim Chief Financial Officer.
<b>Closing Date</b>	means 5.00pm (Melbourne time) on 10 January 2022 (unless extended).
<b>Company or Mesoblast</b>	means Mesoblast Limited ACN 109 431 870.
<b>Constitution</b>	means the constitution of Mesoblast as at the date of this Prospectus.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Deposit Agreement</b>	means the deposit agreement entered into between the Company, the Depositary and ADR holders
<b>Depositary</b>	means JPMorgan Chase Bank, N.A.
<b>Directors</b>	means the directors of Mesoblast as at the date of this Prospectus.
<b>Exchange Act</b>	means the <i>Securities Exchange Act of 1934</i> (US).
<b>GST</b>	means goods and services tax.
<b>FDA</b>	means the United States Food & Drug Administration.
<b>Loan Agreement</b>	means the loan agreement and guaranty dated 19 November 2021 between Mesoblast, Oaktree (as administrative agent and collateral agent) and the lender.
<b>Oaktree</b>	means Oaktree Fund Administration, LLC, a Delaware limited liability company or its assignees.
<b>Offer</b>	means the offer of the Offer Securities described in Section 3 of this Prospectus.
<b>Offer Securities</b>	means the securities offered to the Approved US Investors under this Prospectus, being 1,769,669 Warrants.

<b>Term</b>	<b>Definition</b>
<b>Official Quotation</b>	means official quotation on ASX.
<b>Opening Date</b>	means 6 January 2022.
<b>Option</b>	means an option to acquire by way of issue a Share.
<b>Prospectus</b>	means this prospectus dated 6 January 2022.
<b>Prospectus Expiry Date</b>	means 5 January 2023.
<b>Section</b>	means a section of this Prospectus.
<b>Share(s)</b>	means a fully paid ordinary share in the capital of Mesoblast.
<b>Share Registry</b>	means Link Market Services Limited.
<b>Shareholder</b>	means a holder of one or more Shares.
<b>Warrants</b>	means warrants issued by Mesoblast in accordance with the terms of the Loan Agreement as described in Section 8.3, and includes where the context requires, any ADSs that may be issued on exercise of those warrants.