



ASX ANNOUNCEMENT

3 March 2016

## Cynata Enters Agreement for Strategic Alliance in Japan

- AUD\$250,000 initial equity investment right in Cynata at a premium to market
- Potential further minimum investment of at least AUD\$2,250,000 for exclusive 2-year option in Japan and certain other Asian countries
- Additional up-front fees, milestone fees and royalties for each therapeutic field
- Potential for multi-hundred million dollar revenue stream from Japan and Asia
- Commercial development of Cymerus™ to be investigated in Japan with a global leader and innovator in regenerative medicine

**Melbourne, Australia and Tokyo, Japan; 3 March 2016:** Australian stem cell and regenerative medicine company, Cynata Therapeutics Ltd (ASX: CYP), announced today that it has entered into preliminary agreement, as the first step in a potential future strategic alliance, with Regience K.K. for Japan and certain other Asian countries.

The agreement provides a 60-day entitlement for Regience to make an initial investment of A\$250,000 in new ordinary shares issued by Cynata, based on a 10-day Volume Weighted Average Price (VWAP) plus 25%, such shares to be subject to a 12-month escrow period from the date of issue. Under the proposed strategic alliance, the parties will co-operate to develop and commercialise Cynata's unique Cymerus™ therapeutic mesenchymal stem cell (MSC) technology in the relevant territory.

The agreement further provides that if Regience proceeds it must invest an additional AUD\$2,250,000 in new ordinary shares issued by Cynata, based on the same pricing structure and escrow as the initial investment. This additional investment will provide Regience with an exclusive 2-year option to Cynata's Cymerus technology for Japan and certain other Asian countries. Regience will be entitled to exercise the option in respect of multiple therapeutic areas, but each exercise of the option in respect of a specific therapeutic area will be accompanied by a separate exercise fee and, upon execution of a license agreement(s), also by up-front fees, milestones and future royalties on product sales to be negotiated.

In view of the broad therapeutic indications currently foreseen for MSCs and the potential commercial market in Japan and neighbouring countries this relationship could result in revenues to Cynata of several hundred million dollars.

"We are delighted to have concluded this initial agreement with Cynata which paves the way for a strategic alliance between our respective companies for the further development and eventual commercialisation of Cymerus, a very innovative therapeutic MSC technology," said President and Chief Executive Officer at Regience, Mr Masanori Murayama. "By combining Regience's expertise in

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regenerative medicine and connections with big pharma in Japan, we aim to bring the Cymerus technology into therapeutic use in Japan and other Asian markets."

"We are excited to be working with Regience. We look forward to building a strategic alliance that combines our respective technologies, capabilities and expertise to successfully develop and commercialize Cymerus in Japan and neighbouring markets," said Dr Ross Macdonald, Chief Executive Officer and Managing Director at Cynata. "We believe that Regience represents an outstanding partner with strong capabilities in all facets of regenerative medicine. Regience has the dynamism and relationships with big pharma in Japan and elsewhere in Asia that are key to us together ensuring both companies maximize value. Cynata and Regience are committed to working together to establish a productive, long-term relationship."

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### **About Cynata Therapeutics (ASX: CYP)**

Cynata Therapeutics Limited (ASX: CYP) is an Australian stem cell and regenerative medicine company that is developing a therapeutic stem cell platform technology, Cymerus™, originating from the University of Wisconsin-Madison, a world leader in stem cell research. The proprietary Cymerus™ technology addresses a critical shortcoming in existing methods of production of mesenchymal stem cells (MSCs) for therapeutic use, which is the ability to achieve economic manufacture at commercial scale. Cymerus™ does so through the production of a particular type of MSC precursor, called a mesenchymoangioblast (MCA). The Cymerus™ MCA platform provides a source of MSCs that is independent of donor limitations and provides a potential "off-the-shelf" stem cell platform for therapeutic product use, with a pharmaceutical business model and economies of scale. This has the potential to create a new standard in the emergent arena of stem cell therapeutics and provides both a unique differentiator and an important competitive position.

### **About Regience K.K.**

Regience is a regenerative medicine venture company based in Japan developing multiple cell-based products in various fields and stages. As of November 2015, Regience has 7 regenerative medicine projects in research & development pipeline and also providing highly specialized evaluation service for pharmaceutical industry including regenerative medicine through disease model by using mini and micro-mini pig.

For further information, URL. <http://regience.jp/english/>

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