

17 November 2017

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Dear Mr Li

info@mesoblast.com
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Mesoblast Limited (“MSB”): aware query

We refer to your letter dated 14 November 2017, and respond to your questions as follows.

1. Does MSB consider the information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

2. If the answer to question 1 is “no”, please advise the basis for that view.

MSB considers that the information in the announcement, that it lodged on the ASX Market Announcements Platform at 11:54pm AEDT (7.54am US EST) on Friday, 10 November 2017, is not information that a reasonable person would expect to have a material effect on the price or value of its securities as the information, which comprised the material results and conclusions from the trial, had been previously reported to the market, as follows:

- **The results from the trial’s primary 12-week endpoint were set out in a detailed announcement and presentation lodged on the ASX Market Announcements Platform on 9 August 2016. These results showed evidence of a dose-related early treatment response.**
- **The trial results after 39 weeks of follow-up, a secondary efficacy endpoint, were set out in a detailed announcement and presentation lodged on the ASX Market Announcements Platform on 16 February 2017. These results showed evidence of a durable treatment response beyond 12 weeks.**

The presentation at the American College of Rheumatology and the subsequent announcement lodged on 10 November, which summarized this presentation, provided all statistically significant results during the trial’s first 12 weeks, at 39 weeks, and through 52 weeks (the follow-up period for trial completion). The conclusions in the presentation and the 10 November announcement were entirely

consistent with the conclusions made in the earlier above-mentioned announcements in regards to the observed dose-related early and durable treatment effects.

For completeness, MSB notes the following matters:

- MSB is not aware of any information which it is required to disclose in accordance with Listing Rule 3.1 that has not been disclosed. MSB notes that, contemporaneously with the release of the announcement and before the commencement of trading on 13 November 2017, the market became aware of the sale by MSB's previous substantial shareholder, Teva Pharmaceuticals, of its remaining shares in MSB (representing approximately 4.8% of MSB shares on issue) as disclosed on the initial substantial holder notice lodged by Credit Suisse on the ASX Market Announcements Platform. Teva had sold approximately half its shareholding some two weeks earlier. MSB considers that this sale of Teva's remaining 4.8% stake in MSB would likely to have been considered by investors to remove any perceived 'overhang' in the stock which could have been a matter considered by investors as material to their investment in MSB.
- The announcement that MSB lodged on the ASX Market Announcements Platform at 11:54pm AEDT (7.54am US EST) on Friday, 10 November 2017 was released as a press release in the United States on Friday morning 10 November (US time). Although MSB considers that the information in the announcement is not information that a reasonable person would expect to have a material effect on the price or value of its securities, MSB's practice is to lodge any press release regarding presentations of trial results as an announcement on the ASX Market Announcements Platform prior to releasing the press release.

3. If the answer to question 1 is "yes", when did MSB first become aware of the information?

Not applicable.

4. If the answer to question 1 is "yes" and MSB first became aware of the information before the relevant date, did MSB make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MSB was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MSB took to ensure that the information was released promptly and without delay.

Not applicable.

5. Please confirm that MSB is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

MSB confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

6. Please confirm that MSB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MSB with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Yours faithfully



Peter T Howard
General Counsel



14 November 2017

Mr Charlie Harrison
Senior Legal Counsel & Company Secretary
Mesoblast Limited
Level 38
55 Collins Street
Melbourne VIC 3000

By email: Charlie.Harrison@mesoblast.com

Dear Mr Harrison

Mesoblast Limited ("MSB"): aware query

ASX Limited ("ASX") refers to the following:

- A. MSB's announcement entitled "*RA Phrase 2 Trial Results Presented At ACR Annual Meeting*" lodged on the ASX Market Announcements Platform at 11:54pm AEDT on Friday, 10 November 2017 and released at 8:22am AEDT on Monday, 13 November 2017 (the "Announcement"), disclosing results from the phase 2 trial of its proprietary allogeneic mesenchymal precursor cells over 52 weeks in patients with biologic refractory rheumatoid arthritis, presented at the 2017 American College of Rheumatology Annual General Meeting in San Diego, CA, USA, held between 3-8 November 2017 local time.
- B. On 13 November 2017, following the release of the Announcement, MSB's shares opened at \$1.28, traded at an intra-day high of \$1.38 and closed at \$1.37. This compared to a close price of \$1.235 on 10 November 2017.
- C. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 *One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, ASX asks MSB to respond separately to each of the following questions and requests for information:

1. Does MSB consider the information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did MSB first become aware of the information?
4. If the answer to question 1 is "yes" and MSB first became aware of the information before the relevant date, did MSB make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MSB was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MSB took to ensure that the information was released promptly and without delay.
5. Please confirm that MSB is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that MSB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MSB with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30 a.m. AEDT on 17 November 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MSB's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MSB's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MSB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MSB's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MSB's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Kobe Li

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