

Peter Webse

From: ASXMarket.AnnouncementsOffice@asx.com.au
Sent: Thursday, 3 March 2016 11:31 AM
To: ASXMarket.AnnouncementsOffice@asx.com.au
Subject: Confirmation of Release - CYP - Cynata Enters Agreement for Strategic Alliance in Japan
Attachments: 1532565.pdf

ASX confirms the release to the market of Doc ID: 1532565 as follows:

Release Time: 03-MAR-2016 14:30:33

ASX Code: CYP

Related ASX Codes:

Announcement Title: Cynata Enters Agreement for Strategic Alliance in Japan

ASX Market Announcement Office | ASX Limited

20 Bridge Street, Sydney, NSW 2000

INTL:+61 2 8298 8044 | T: 1800 021 965 | F: 1300 135 638 MAOgroup@asx.com.au | www.asx.com.au Please consider the environment before printing this email

The information in this email is confidential, it may also be privileged and is intended for the exclusive use of the addressee(s). If you have received this email in error, please do not distribute it, notify me and destroy the original message and all copies. The unauthorised use of this email may result in liability for breach of confidentiality, privilege or copyright. E-mail transmissions cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or contain viruses. The sender does not accept liability for errors or omissions in the contents of this message which arise as a result of e-mail transmission.



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

Cynata Therapeutics Limited

Suite 1, 1233 High Street, Armadale, Victoria 3143, Australia

PO Box 7165, Hawthorn North, Victoria 3122

T: + 613 9824 5254 F: + 613 9822 7735 E: admin@cynata.com

ABN - 98 104 037 372



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."

CONTACTS: Dr Ross Macdonald, CEO: Tel: 0412 119343; email ross.macdonald@cynata.com
Dr Stewart Washer, Executive Chairman: Tel: 0418 288212; email stewart.washer@cynata.com
Kirin Smith, Chief Operations Officer, Investor Contact, + 1 646-863-6519, ksmith@pcgadvisory.com
Sean Leous, Chief Communications Officer, Media Contact, +1 646-863-8998, sleous@pcgadvisory.com
Rudi Michelson, Monsoon, Australia Media Contact, 0411 402 737, rudim@monsoon.com.au

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/>

Cynata Therapeutics Limited

Suite 1, 1233 High Street, Armadale, Victoria 3143, Australia
PO Box 7165, Hawthorn North, Victoria 3122
T: + 613 9824 5254 F: + 613 9822 7735 E: admin@cynata.com
ABN - 98 104 037 372