

ASX Announcement

R&D loan facility approved - ASX listing rule waiver

Sydney, Australia – 28 June 2018

Regeneus Ltd (ASX: RGS), a clinical-stage regenerative medicine company, today announced it has entered into an R&D loan facility agreement with Paddington St Finance. The maximum loan value of the facility is the lesser of \$2 million or 80% of the estimated refundable tax offset credits under the ATO's R&D tax incentive. The initial drawdown of \$1 million has been applied for and is expected to be available within the next few days.

The funds will be utilized in operational expenditure. The loan will be repaid upon receipt of the R&D tax incentive, forecast receipt is by the end of Q1 FY19.

The loan from Paddington St Finance was finalised after Regeneus received a waiver from the ASX listing rule 10.1 necessitated as Mr Barry Sechos, a Director of Regeneus is also a Director of Paddington St Finance a commercial R&D financier. The waiver permitted Regeneus to grant security by way of a fixed and floating charge over all of its assets and undertakings in favour of Paddington St Finance. Regeneus had considered funding from other sources and determined that Paddington St Finance was the most attractive commercial arrangement and entered into the necessary arrangements on arm's length terms that the Directors (with Mr Sechos abstaining) consider to be fair and reasonable from the perspective of the Regeneus security holders.

The ASX decision to grant the waiver is on the following terms:

1. *Based solely on the information provided, ASX Limited ("ASX") grants Regeneus Limited (the "Company") a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over the assets of the Company to Paddington St Finance Pty Ltd ("Paddington St Finance"), under a proposed security (the "Security") to be granted in connection with the subscription by the Company of a short term loan of up to \$2,000,000 if and when the subscription is made (the "Notes"), without obtaining securityholder approval on the following conditions.*
 - 1.1. *The Security includes a term that if an event of default occurs and Paddington St Finance exercises its rights under the Security, Paddington St Finance or any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person, including without limitation an administrator or liquidator) appointed by the Company or Paddington St Finance (or another securityholder or secured creditor) exercising its power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to the Company or Paddington St Finance in accordance with their legal entitlements.*
 - 1.2. *A summary of the material terms of the Security is made in each annual report of the Company during the term of the Security.*
 - 1.3. *Any variations to the terms of the Security which is:*
 - 1.3.1. *not a minor change; or*
 - 1.3.2. *inconsistent with the terms of the waiver, must be subject to securityholder approval.*

- 1.4. *The Company or Paddington St Finance must seek to discharge the Security when the funds advanced under the secured notes are either repaid to Paddington St Finance, or if it is not discharged, seek securityholder approval for the continuation of the Security for any further period.*

ENDS

About Regeneus:

Regeneus Ltd (ASX: RGS) is a Sydney-based clinical-stage regenerative medicine company using stem cell and immune-oncology technologies to develop a portfolio of novel cell-based therapies to address significant unmet medical needs in the human and animal health markets with a focus on osteoarthritis and other musculoskeletal disorders, oncology and dermatology.

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