



**ABLYNX NV**

Limited Liability Company that has made a public call on savings

Registered offices: Technologiepark 21, 9052 Zwijnaarde

Company number: 0475.295.446

RPR Gent

(de "**Company**" or "**Ablynx**")

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**SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 604 OF THE BELGIAN COMPANY CODE ("BCC") WITH REGARD TO THE GRANT OF THE AUTHORISED CAPITAL**

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The Board of Directors (the "**Board**") hereby presents its special report with respect to the proposal to include in the Company's articles of association an authorisation to the Board to increase the Company's share capital in the framework of the "authorised capital".

**1. The authorised capital – circumstances in which the authorised capital may be used**

The Board proposes to the shareholders of the Company to authorise the Board to increase the share capital of the Company in one or more transactions, including the issue of warrants and convertible bonds, with an aggregate amount that equals the amount of the share capital of the Company.

If the shareholders of the Company would approve the proposal of the Board, a new article 6 will be included in the articles of association of the Company to reflect the proposed conditions and (modified) terms for the use of the authorised capital (and hence the circumstances in which the authorised capital may be used), as follows:

*"Article 6: Authorised capital*

*6.1 Authorisation*

*By virtue of the resolution of the extraordinary general meeting held on 25 april 2013, the Board was explicitly authorised to increase the share capital in one or more transactions, including the issue of warrants and convertible bonds, with an aggregate amount that equals the amount of the share capital of the Company, i.e. ninety million six hundred fifty-three thousand eight hundred fifty-eight euro and thirty cent (EUR 90.653.858,30).*

*The Board may exercise this power during a period of five (5) years as from the date of the publication of the resolution of the extraordinary general meeting held on 25 April 2013 in the annexes to the Belgian State Gazette.*

In the event of any discrepancy between the English translation and the original Dutch version, the latter shall prevail.

This authorisation may be renewed in accordance with the relevant legal regulations.

## 6.2 Conditions

a. *The capital increases, which by virtue of the authorisation may be decided upon, may occur in accordance with the terms to be decided upon by the Board, such as: (i) by means of a contribution in cash or in kind, subject to mandatory limits and, in accordance with the mandatory conditions, stipulated in the Belgian Company Code; (ii) through a conversion of reserves, issuance premiums, profits carried forward and revaluation gains (“herwaarderingsmeerwaarden”), with or without issuance of new shares, with or without voting rights, albeit that such shares cannot have an issue price inferior to the par value of the then existing shares of the Company; (iii) through issuance of convertible bonds, subordinated or not; (iv) by issue of warrants or bonds to which warrants or other tangible values are attached; and/or (v) through issuance of other securities.*

b. *In the framework of the use of its powers within the framework of the authorised capital, the Board may limit or cancel the preferential subscription right of the shareholders in the interest of the company, subject to the mandatory limitations and in accordance with the mandatory conditions provided for by the Belgian Company Code. This limitation or cancellation may also occur to the benefit of the employees of the company and its subsidiaries (to the extent the company should incorporate subsidiaries), and/or, except as prohibited under mandatory law, to the benefit of one or more specific persons who are not employees of the company or its subsidiaries (to the extent the company should incorporate subsidiaries).*

c. *If, following a capital increase that has been decided within the framework of the authorised capital, an issuance premium is paid, this shall be automatically booked onto a non-disposable account “Issuance Premiums”, that constitutes a guarantee for third parties in the same manner as the company’s share capital and which, apart from the possibility to convert this reserve into share capital, can only be decreased or reduced to zero in accordance with the conditions provided for by the Belgian Company Code for amendments to the articles of association.*

d. *By virtue of the resolution of the extraordinary general shareholders meeting of 25 April 2013, the Board has also been expressly authorised to increase the share capital in one or more transactions following a notification by the Belgian Financial Services and Markets Authority (FSMA), that it has been informed of a public takeover bid on the company’s financial instruments, through contributions in cash with cancellation or limitation of the preferential subscription rights of the shareholders (including for the benefit of one or more specific persons who are not employees of the company or its subsidiaries (to the extent the company should incorporate subsidiaries)) or through contributions in kind, with issuance of shares, warrants or convertible bonds, subject to the mandatory terms and conditions provided for in the Belgian Company Code. The Board may exercise this power, provided that the relevant notification by the Belgian Financial Services and Market Authority has been received within a period of three (3)*

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*years as of the date of the resolution of the extraordinary general shareholders meeting held on 25 April 2013.*

*e. The Board is authorised, with full power of substitution, to amend the articles of association upon each capital increase realized within the framework of the authorised capital, in order to bring them in accordance with the new situation of the share capital and the shares."*

## **2. Purposes for which the authorised capital may be used**

The purposes and motivation of the authorisation with respect to the authorised capital remain the same as with the authorisation already in place.

The technique of the authorised capital offers the Board a sufficient degree of flexibility and speed of implementation, which may be required to ensure, among others, an optimum governance, funding of other pursuit in the interest of the Company.

The relatively complex, expensive and time-consuming procedure for a listed company to convene the extraordinary general shareholders meeting to resolve upon a capital increase may, in certain circumstances, be incompatible with certain fluctuations on the capital markets or certain opportunities which may present themselves to the Company or certain threats which the Company may be confronted with. The inability to, in such circumstances, timely convene an extraordinary shareholders meeting may be to the detriment of the Company.

Also, when the Company wishes to admit one or more institutional, strategic or other shareholders to its capital structure or wishes to finance or support (e.g., by way of "equity kicker") a certain transaction (e.g., acquisition of companies), capital expenditure or investment (in part or entirely) by way of issuing securities, convening an extraordinary shareholders meeting may, under the circumstances, lead, for instance, to a premature announcement of the relevant transaction which in turn may jeopardize the favorable outcome of the negotiations in respect of such transaction. Also, making approval at the shareholders meeting a condition of such transaction, may, under the circumstances, jeopardize the ability to actually enter into such transactions.

The Board may also utilize the authorised capital in the framework of the remuneration policy of the Company, including for the issuance of shares, stock options or warrants to employees, directors or consultants of the Company and its subsidiaries (to the extent the company should incorporate subsidiaries), as well as to persons who in the scope of their professional activity have made themselves useful to the Company and its subsidiaries (to the extent the company should incorporate subsidiaries).

Finally, the Board may utilize the authorised capital as a potential reaction to and defense mechanism against a hostile public tender offer or the risk of being confronted with (a) minority shareholder(s) possessing sufficient voting power to block the decision making process of the Company, capable of jeopardizing the stability, continuity or development of the Company.

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The above mentioned terms and conditions governing the use of the authorised capital and the above mentioned purposes for the use of the authorised capital, all should be interpreted in the most extensive possible way.

Zwijnaarde, 25 March 2013

On behalf of the Board of Directors,

A handwritten signature in blue ink, appearing to read 'E. Moses', is written over a light blue grid background.

Edwin Moses  
Chairman