Ablynx

ABLYNX NV

Limited Liability Company
Registered offices: Technologiepark 21, 9052 Zwijnaarde
Company number: 0475.295.446
RPR Ghent

(the "**Company**")

SPECIAL REPORT BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLES 596 AND 598 OF THE BELGIAN COMPANY CODE ("BCC") REGARDING (I) THE ISSUE OF WARRANTS FOR THE BENEFIT OF CERTAIN EMPLOYEES AND (II) THE ISSUE OF WARRANTS FOR THE BENEFIT OF CERTAIN CONSULTANTS

The board of directors of the Company (the "**Board**") has, in its report in accordance with Article 583 BCC of even date hereof, proposed to (i) issue a maximum of three hundred thousand (300,000) warrants for the benefit of certain employees (the "**Employees SOP**"), free of charge, and (ii) a maximum of three hundred forty thousand (340,000) warrants for the benefit of certain consultants (the "**Consultants SOP**"), free of charge, each of such warrants entitling the holder thereof to subscribe for one new common share of the Company as set out below against payment of an exercise price determined in accordance with Article 3 of above-mentioned report, to be immediately and fully paid up upon exercise of the relevant warrant (the "**Warrants**"). The Warrants will be issued with cancellation of the shareholders' preferential subscription rights.

In this special report prepared in accordance with Article 596 and, only as regards the Consultants SOP, also pursuant to 598 BCC regarding the cancellation of the existing shareholders' preferential subscription rights in respect of an issue of warrants under the stock option plan, the Board of Directors justifies the proposal to cancel the shareholders' preferential subscription rights for the benefit of certain employees and consultants of the Company (and mainly for the benefit of consultants), in particular regarding the issue price and the financial consequences of the transaction for the shareholders, and in which in accordance with Article 598 BCC the identities of the beneficiaries under the Consultants SOP (insofar they can be qualified as "certain persons" within the meaning of Article 598 BBC) are set out.

The capitalized words in this report are defined in Section 2 of the report of the Board of Directors in accordance with Article 583 BCC.

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1. Justification for the issue of the Warrants with cancellation of the shareholders' preferential subscription rights

The issue of the Warrants aims to achieve the following purposes:

i. creating a long-term incentive for the selected employees and consultants who are able to contribute substantially to the success and growth of the Company;

ii. providing the Company with the necessary means to recruit and retain competent and experienced staff members; and

iii. creating a common interest between the Selected Participants on the one hand and the shareholders of the Company on the other, aimed at an increase in the value of the Company's shares.

The Board of Directors believes that these purposes are in the interest of the Company. Furthermore, the grant of these Warrants to the beneficiary employees and consultants necessarily presupposes a cancellation of the preferential subscription rights of the existing shareholders.

2. Identity of the persons to whose benefit the preferential subscription rights are cancelled

The preferential subscription rights of the existing shareholders will be cancelled for the benefit of the Selected Participants (as defined in Article 2 of the report of the Board of Directors in accordance with Article 583 BCC).

The Selected Participants under the Employees SOP are the persons associated with the Company by way of an Employment Agreement and to whom Warrants will be offered by the Proxyholder of the General Meeting of Shareholders

The Selected Participants under the Consultants SOP are the following persons associated with the Company by way of a Consultancy Agreement and of whom the identity, in accordance with Article 598 BCC is set out:

- Edwin Moses, Chief Executive Officer;
- Eva-Lotta Allan, Chief Business Officer;
- Josi Holz, Chief Medical Officer;
- Antonio Parada, site manager Ablynx Portugal;
- NV Woconsult, Chief Financial Officer, or its.permanent representative Wim Ottevaere.

In addition, Warrants can also be offered under the Consultants SOP to the following category of persons (that cannot be qualified as a "certain person" within the meaning of Article 598 BBC): the CSO of the Company who is still to be recruited.

3. Justification of the Issue Price and Exercise Price

The Warrants will be offered free of charge, in view of the purpose to create an incentive for the Selected Participants by means of these securities.

With regard to the Warrants that will be offered to the CSO (who at the time of the Offer will be associated with the Company by way of a Consultancy Agreement) and the VP Technology (who at the time of the Offer will be associated with the Company by way of an Employment Agreement), who are both still to be recruited, in view of the Law of March 26, 1999, the Exercise Price of the Warrants will be equal to highest of the following two values: (i) the average closing rate of the share on Euronext Brussels during a period of thirty days before the date of the extraordinary general meeting (as defined below), as indicated in a letter which will be sent to the Selected Participants after the date of the extraordinary general meeting, and (ii) the lowest of the following two values: (a) the average closing rate of the share on Euronext Brussels during a period of thirty days before the Date of the Offer, or (b) the final closing rate before the Date of the Offer, as to be determined in the Offer.

With regard to the remaining Warrants, in view of the Law of 26 March 1999 (and as the case may be, for the consultants whose identity was published in accordance with Article 598 BCC, in view of Article 598 BBC), the Exercise Price of Warrants will be (at least) equal to the average closing rate of the share during a period of thirty days before the Date of the Offer, as to be determined in the Offer.

The Offer of the Warrants to the Selected Participants, save for the CSO and the VP Technology who are still to be recruited, will occur on the day of the decision of the general meeting to issue. The Offer of the Warrants to the CSO and the VP Technology who are still to be recruited, shall occur on recruitment of or within a reasonable period after the recruitment of the CSO or the VP Technology, respectively, by the Company. The Issue Price will be included in the Offer.

This Issue Price is justified by the price discovery process on Euronext Brussels, as linked to the applicable legislation.

4. Consequences for the existing shareholders and warrantholders

As referred to in the report of the Board of Directors in accordance with Article 583 BCC the consequences for the Company's existing shareholders and warrantholders are to be described as follows:

In case the maximum number of Warrants to be issued (640,000 Warrants), would be subscribed for and in case such Warrants would all be exercised, the dilution that would result from such exercise (in terms of relative shareholding, *i.e.* pro rata participation in the voting rights in, and the profits of, the Company) for the existing shareholders (currently 43,658,611 common shares) and warrantholders (currently warrants giving right to an aggregate of 2,386,909 shares) amounts to, on a non-diluted basis (i.e. without taking into account the impact on the existing warrantholders), as well as on a fully diluted basis, as set out in the table hereunder:

	% in relation to the existing shares (= on a non-diluted basis)	**% on a fully diluted basis**
640,000 Warrants to be issued	1.47	1.37

Ablynx NV has an aggregate of 3,579,600 outstanding warrants, 2,385,382 warrants of which entitle their holders to an aggregate of 1,192,691 shares (two warrants giving right to subscribe for one share) and 1,194,218 warrants of which entitle their holders to an aggregate of 1,194,218 shares (one warrant giving right to subscribe for one share). The aggregate number of voting rights that can be obtained upon exercise of the outstanding warrants amounts to 2,386,909.
The total number of outstanding Warrants currently amounts to 5.18% of the total amount of outstanding shares.

The Board of Directors is of the opinion that the percentage of outstanding Warrants (also after the proposed issue) is not unusual compared to companies similar to the Company, in the same sector.

The issue of the Warrants may in addition cause an economic shift from the shareholders to the Warrantholders at the occasion of the exercise of the Warrants, if the value of the common shares would be higher than the Exercise Price of the Warrants at the time of the issue of common shares further to the exercise of Warrants. This is an inherent trait of the Warrants to be issued, and the Board believes that this potential economic shift is acceptable in the light of the benefits for the Company associated with the issue of the Warrants, and even desirable, given the purpose of the issue of the Warrants, as set out in Section 1 of this report.

The net intrinsic value of the existing shares on the date of the draft annual accounts of the Company that was approved by the board of directors and that prior to the issue of Warrants, will be submitted for approval to the general meeting of the Company amounted to €3.87 per (at that time existing) share. Based on the current stock price of the share of the Company, the Board expects that the exercise price of the Warrants will be substantially higher than the net intrinsic value.

The costs with respect to the services, performed in consideration for the grant of these Warrants will under IFRS be booked as a cost in the consolidated accounts of the Company. The aggregate amount of these costs will be spread out over the vesting period and determined on the basis of the actual value of the Warrants on the date of the grant by applying the Black & Scholesmodel. As the Company has suffered losses over the past couple of years and as it can be expected that this will also be the case in 2011, the booking of these costs has no impact on the profit per share as this is already negative, nor does it have an impact on the equity.

Zwijnaarde, 29 March 2011

For the Board,

[UNOFFICIAL]

Edwin Moses, Chairman
on his own behalf, as well as on behalf of the members of the Board represented by him as special proxyholder

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