



**ABLYNX NV**

Limited Liability Company

Registered offices: Technologiepark 21, 9052 Zwijnaarde

Company number: 0475.295.446

RPR Ghent

(the "**Company**")

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**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 AND DIRECTORS**

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The board of directors of the Company (the "**Board**") proposes to issue a maximum of six hundred and twenty thousand (620,000) warrants, of which (i) maximum fifty thousand (50,000) for the benefit of certain employees (hereafter, the "**Employees SOP**"), free of charge, and (ii) a maximum of five hundred and seventy thousand (570,000) warrants for the benefit of certain consultants and directors (hereafter, the "**CD 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**"). These 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 employees), 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 BCC) 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.

## **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, consultants and directors 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 Board of Directors.

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:

- Kim Simonsen, Excom member
- Dominique Tersago, Excom member

In addition, warrants will be offered under the CD SOP to the following category of persons (other than "certain persons" in the sense of article 596 BCC):

- Members of the Executive Committee to be appointed;
- Employees to be appointed, who at the time of the offer will be associated to the Company by way of a Consultancy agreement of Director's appointment.

### **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.

The price will be determined as follows:

#### **3.1 Price determination for Employees SOP**

In view of the law of March 26, 1999, the Exercise Price of the Warrants will equal 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 last closing rate prior to the Date of the Offer, as to be determined in the Offer.

#### **3.2 Price determination for CD SOP**

In view of the law of March 26, 1999 and article 598 BCC, the Exercise Price of the Warrants will equal the highest of the following two values: (i) the average closing rate of the share on Euronext Brussels during the period of thirty days preceding the Date of the Decision, as mentioned in a letter to be sent to the Selected Participants subsequently to the Date of the Decision, 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 preceding the Date of the Offer, or (b) the last closing rate preceding the Date of the Offer, as to be determined in the Offer.

For clarity's sake, it is specified that if the Date of the Offer and the Date of the Decision coincide, the Exercise Price of the Warrants at least equals the average closing rate of the share on Euronext Brussels during of period of thirty days preceding this date.

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 warrant holders**

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 warrant holders are to be described as follows:

In case the maximum number of Warrants to be issued (620,000 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 48,528,202 common shares) and warrant holders (currently warrants giving right to an aggregate of 3,429,535 shares) amounts to, on a non-diluted basis (*i.e.* without taking into account the impact on the existing warrant holders), as well as on a fully diluted basis, as set out in the table hereunder:

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

	<b>% in relation to the existing shares (= on a non-diluted basis)</b>	<b>% on a fully diluted basis</b>
<b>620,000 Warrants to be issued</b>	1.28%	1.18%

Ablynx NV has an aggregate of 4,245,885 outstanding warrants, 1,632,700 warrants of which entitle their holders to an aggregate of 816,350 shares (two warrants giving right to subscribe for one share) and 2,613,185 warrants of which entitle their holders to an aggregate of 2,613,185 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 3,429,535.

The total number of outstanding Warrants currently amounts to 6.60% of the total amount of outstanding shares (on fully diluted basis) (i.e. 51,577,737 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 Warrantheolders 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 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 & Scholes model. 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 2013, 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.

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Zwijnaarde, 10 June 2013

For the Board,

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

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Edwin Moses, Chairman

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