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

ABLYNX NV

Limited Liability Company ("*Naamloze Vennootschap*")
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, (II) THE ISSUE OF WARRANTS FOR THE BENEFIT OF CERTAIN MEMBERS OF THE MANAGEMENT OF THE COMPANY AND (III) THE ISSUE OF WARRANTS FOR THE BENEFIT OF CERTAIN DIRECTORS.

The board of directors of the Company (the "**Board**") proposes to issue a maximum of eight hundred seventy thousand (870,000) warrants, of which (i) maximum four hundred fifty thousand (450,000) warrants for the benefit of certain employees (hereafter, the "**Employees SOP**"), free of charge, and (ii) a maximum of four hundred thousand (400.000) warrants for the benefit of certain members of the management of the Company (hereafter the "**Consultants SOP**") and (iii) a maximum of twenty thousand (20,000) warrants for the benefit of certain directors of the Company (hereafter the "**Directors SOP**"), free of charge, each of such warrants entitling the holder thereof to subscribe for one new common share of the Company against payment of an exercise price (as defined below in Article 3 of this report), per warrant exercised, 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.

For the avoidance of doubt, it is specified that the contemplated capital increase shall not occur within the framework of the authorized capital, so that the General Meeting will deliberate on the decision in principle to increase the capital.

In this special report prepared in accordance with Article 596 and, only as regards the Consultants SOP and the Directors SOP, also pursuant to Article 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 justifies the proposal to cancel the shareholders' preferential subscription rights for the benefit of certain employees, certain members of the management of the Company and certain directors, 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 identity of the beneficiaries under the Consultants SOP and Directors SOP is disclosed.

Capitalized words in this report are defined in Section 2 of the report of the Board 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 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 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 a Proxyholder of the General Meeting.

The Selected Participants under the Directors SOP are the following persons of whom the identity, is disclosed in accordance with Article 598 BCC:

- Mr. Peter Fellner
- Mr. Russell G. Greig, permanent representative of Greig Biotechnology Global Consulting, Inc.
- Mr. Bo Jesper Hansen, permanent representative of Orfacare Consulting GmbH
- Mr. William Jenkins, principal of William Jenkins Pharma Consulting
- Mrs. Catherine Moukheibir
- Mr. Remi Vermeiren

The decision to deviate from Article 7.7 of the Belgian Corporate Governance Code 2009, is motivated in Chapter IV, E of its Corporate Governance Charter, which is available on the Company's website.

The Selected Participants under the Consultants SOP are the following persons of which the identity is disclosed in accordance with Article 598 BCC;

- Mr. Edwin Moses, CEO
- Mr. Wim Ottevaere permanent representative of Woconsult BVBA and/ or Woconsult BVBA, CFO
- Mr. Johan Heylen, CCO
- Mr. Antonin de Rollet de Fougerolles, CSO
- Mr. Kim Simonsen, COO
- Mrs. Dominique Tersago, CMO
- Mr. Guido Gielen, VP HR
- Mr. Franciscus Gerrit Landolt, VP IP&Legal

The system which allows members of the management of the Company to be remunerated by way of offering warrants, was approved by the extraordinary general meeting of the Company of 30 October 2009, in accordance with Article 7.13 of the Belgian Corporate Governance Code 2009.

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 preceding 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 Consultants SOP and the Directors 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 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 shall at least equal the average closing rate of the share on Euronext Brussels during of period of thirty days preceding such 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 warrantholders

As referred to in the report of the Board 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 (870,000 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 54,014,159 common shares) and warrantholders (currently warrants giving right to an aggregate of 3,015,978[1] 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**
870,000 Warrants to be issued	1.61%[1]	1.50%

Ablynx NV has an aggregate of 3,455,478 outstanding warrants, 879,000 warrants of which entitle the holder thereof to an aggregate of 439,500 shares (where two warrants entitle to subscribe for one share) and 2,576,478 warrants entitling the holder thereof to an aggregate of 2,576,478 shares (where one warrant entitles to subscribe for one share). The total number of voting rights that can be acquired upon the exercise of the outstanding warrants amounts to 3,015,978.

The total number of outstanding warrants currently amounts to 5.29% of the total number of outstanding shares (on fully diluted basis) (*i.e.* 57,030,137 shares).

The Board believes 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.

[1] This percentage is the result of the quotient of the warrants to be issued and the currently outstanding shares (whereby neither the potential number of voting rights related to the currently outstanding warrants, nor the number of warrants to be issued under this proposal are included in the denominator).

[1] Situation on 31 December 2014. This report does not take into account the issuance of new shares following the exercise of warrants between 1 January 2015 and 15 January 2015.

As a general principle, the financial dilution that existing shareholders would face as a result of the exercising of the Warrants at a price that is lower than the price per share at the time when the Warrants have actually been exercised (the potential positive difference in terms of percentage between both prices, hereafter the "**Benefit Percentage**", *i.e.* the benefit in terms of percentage the holders of Warrants would realize *vis à vis* the stock market price) can be calculated as follows: assuming (i) the maximum number of warrants (870,000) would be issued, (ii) the same number being offered and accepted and (iii) the same number would actually be exercised, the existing shareholders of the Company would undergo a financial dilution of a fixed percentage of the Benefit Percentage. Such fixed percentage is the quotient of the total number of warrants to be issued (nominator) and the sum of the total number of outstanding shares and the warrants to be issued (denominator). The fixed percentage for the proposed issue amounts to (rounded) 1.59%. In other words, for each percentage point of "benefit" (*vis à vis* the then prevailing stock market price) that would be realized by the Selected Participants by exercising the Warrants, the existing shareholders would undergo 0,016% of financial dilution.

In addition, the issue of the Warrants may 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 linked to 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 annual accounts of the Company ending on 30 June 2014 amounted to EUR 3.13[2] per share (existing at that time). On the basis of the current stock price of the Company, the Board expects that the exercise price of the Warrants shall exceed the net intrinsic value. The Board points out that the final dilution that the net intrinsic value of the existing shares shall undergo, shall depend upon the final exercise price of the warrants (and the negative difference between that exercise price and the net intrinsic value per share prevailing at that time). However, on the basis of the current share price, the exercise price shall largely exceed the fractional value of the share as included in the annual accounts (EUR 1.87[3]).

[2] *i.e.* the Company's equity value per 3 July 2014 of EUR 169,177,745 (*i.e.* equity as set out in the non-consolidated semi-annual financial report of the Company per 30 June 2014, increased by the amount of the capital increase via an "accelerated bookbuilding", which was decided upon on 30 June 2014, and which was realized before a notary on 3 July 2014 (the "**ABO**"), divided by 54,014,159 shares (following the ABO).
[3] i.e. the Company's capital (following the ABO) of EUR 100.952.365,12, divided by 54.014.159 shares (following the ABO).

A number of simulations based on hypothetical exercise prices is attached as Annex 1 to this report and demonstrates that, depending on the exercise price, the exercise of the Warrants could lead to a decrease or increase of the net intrinsic value of the existing shares.

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. Based on this model, the estimated cost to be recognized amounts to EUR 3,566,874 of which EUR 3,525,875 shall be spread over 4 years and EUR 40,999 over 3 years, as set out in Article 5.2.5 of the Board's report in accordance with Article 583 BCC.

Zwijnaarde, 22 January 2015

For the Board,

Dr Edwin Moses
Chief Executive Officer

Edwin Moses, CEO

Annex 1: simulations of the impact of hypothetical exercise prices on the future equity value per share (situation of 31 December 2014)

Simulation impact intrinsic value		
# Shares	**30/06/2014**	**54,014,159**
Equity	**30/06/2014**	**81,327,917**
Number of warrants	31/12/2013	2,845,098
Granted		399,286
Lapsed		115,225
Exercise		113,181
# Warrants	**31/12/2014**	**3,015,978**
A. Current situation, before issuance of the new warrants - Basic		
		Equity in €
Amount represented by 1 share		1.51
Total		81,327,917
B. Situation before issuance of the new warrants - Fully Diluted		
		Equity in €
Amount represented by 1 share		1.73
Total		98,611,414.55
C. Situation after issuance of the new warrants with an exercise price of €8		
		-
number of warrants to be issued		870,000.00
exercise price	€ 8	
		Equity in €
Amount represented by 1 share		1.82
Total		105,571,414.55
D. Situation after issuance of the new warrants with an exercise price of €9		
		-
number of warrants to be issued		870,000.00
exercise price	€ 9	
		Equity in €
Amount represented by 1 share		1.84
Total		106,441,414.55

E. Situation after issuance of the new warrants with an exercise price of €10		
		-
number of warrants to be issued		870,000.00
exercise price	€ 10	
		Equity in €
Amount represented by 1 share		1.85
Total		107,311,414.55