ABLYNX NV
Public Limited Liability Company (Naamloze Vennootschap)
Registered offices: Technologiepark 21, 9052 Zwijnaarde
Enterprise number: 0475.295.446

(the **"Company"**)

SPECIAL REPORT OF THE BOARD OF DIRECTORS PURSUANT TO SECTIONS 583 AND 596 OF THE BELGIAN COMPANIES CODE (BCC) RELATING TO THE ISSUE OF CONVERTIBLE BONDS WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS OF EXISTING SHAREHOLDERS

The Board of Directors of the Company (the **"Board of Directors"**) intends, within the context of the authorized capital granted on 18 July 2013, as set forth in Article 6 of the Articles of Association of the Company, to issue senior, unsecured convertible bonds maturing in 2020, as described hereunder (the **"Convertible Bonds"**), with cancellation of the preferential subscription rights of the Company's existing shareholders (the **"Issue"**).

The Convertible Bonds will be convertible bonds as defined in Sections 489 *et seq*. BCC. The Convertible Bonds will not be secured, which means that the holders of the Convertible Bonds will not benefit from any guarantees to secure the Company's obligations under the Convertible Bonds, except for the negative pledge, which provides that until maturity of the Convertible Bonds the Company will not be permitted to provide any security interest with respect to capital market debts and all other financial indebtedness of the Issuer and Material Subsidiaries, as described in the terms and conditions of the Convertible Bonds (the **"Terms and Conditions"**), unless the benefit of such security interest is also extended to the holders of the Convertible Bonds. The Convertible Bonds will constitute non-subordinated liabilities of the Company, which means that they will rank *pari passu* with any other unsecured financial indebtedness of the Company, except for the negative pledge. The Convertible Bonds always rank *pari passu* between themselves and have no reciprocal privilege. An application will be made for authorisation for the Convertible Bonds to be traded on the open market of the Frankfurt MTF (*Freiverkehr*). Upon conversion of the Convertible Bonds, an application will be made for admission of the new shares to trading on Euronext Brussels.

The Convertible Bonds must be fully paid up, in accordance with Section 489 BCC.

In accordance with Section 583 BCC, in this report the Board of Directors will describe the purpose of, and the justification for, the Issue. In accordance with Section 596 BCC, the Board of Directors will also justify in this report the cancellation of the preferential subscription rights of existing shareholders and warrant holders in favour of the subscribers to the Convertible Bonds, particularly as regards the conversion price and the financial consequences of the transaction for the shareholders and warrant holders of the Company as a result of the Issue.

A brief summary of the Terms and Conditions of the Convertible Bonds has been attached to this special report as Annex 1.

In this report the Board of Directors describes (i) the authorised capital, (ii) the Issue, (iii) the justification of the conversion price of the Convertible Bonds, (iv) the justification of the cancellation of the preferential subscription rights and (v) the financial consequences of the Issue for the shareholders and warrant holders of the Company.

This special report should be read together with the report of the Company's Statutory Auditor prepared pursuant to Section 596 BCC.

1. Authorised Capital

1.1. Description of the authorised capital

In accordance with Article 6.1 of the Articles of Association of the Company, the Board of Directors is authorised to increase the capital on one or more occasions by an amount equal to EUR 90,695,406.12. This authorisation was granted by the general shareholders' meeting of 18 July 2013 and is valid for a period of five years as from the publication of the resolution in the Annexes to the Belgian State Gazette on 8 August 2013. This authorisation is also valid for warrants and convertible bonds.

Pursuant to Article 6.2, a of the Articles of Association of the Company, the Board of Directors is also authorized, within the limits of the authorised capital, to limit or cancel the preferential subscription rights of the shareholders within the mandatory constraints of and in accordance with the mandatory provisions of the Belgian Companies Code, if such limitation or cancellation is in the interest of the Company. Such restriction or cancellation is also allowed for the benefit of employees of the Company or of its subsidiaries (where the Company has incorporated subsidiaries) and/or, unless prohibited under mandatory law, for the benefit of one or more certain persons who are not employees of the Company or of its subsidiaries (where the Company has incorporated subsidiaries).

The Board of Directors envisages to use its authorisation under the authorised capital within the context of the Issue and cancel the preferential subscription rights of the existing shareholders and warrant holders (however, without this taking place for the benefit of specific persons).

1.2. Available amount under the authorised capital

Since the General Meeting granted authorisation on 18 July 2013, the Board of Directors has used its authorisation once on 30 June 2014 when 4,908,332 new shares of the Company were issued with a total representing capital value (i.e. only the par value disregarding the issue premium) of EUR 9,178,580.84, so that EUR 81,516,825.28 is still available under the authorised capital at the time of the Issue. If the maximum amount of EUR 115,000,000 (*i.e.* the total amount of the Issue plus the maximum amount of the increase option, as described in Section 2) Convertible Bonds would be placed, EUR 17,474,408.72 under the authorised capital will be used, subject to a current par value of EUR 1.8690019763 and a conversion price of EUR 12.30 (i.e. EUR 10.00 per share and a conversion premium at the underside of the range, i.e. 23%, as provided by the Terms and Conditions), so that after the transaction (in this scenario) EUR 64,042,416.56 would still be available under the authorisation in respect of the authorised capital.

2. Justification for the Issue

The Board of Directors proposes to issue Convertible Bonds for a maximum amount of EUR 100 million (capital and issue premium combined), within the context of the authorised capital as set forth in Section 1. The Company may increase this amount by up to 15% of the total amount of the Issue (*i.e.* a maximum increase of EUR 15,000,000, depending on the demand for Convertible Bonds by investors during the placing procedure (the **"Increase Option"**).

At the end of the first quarter of 2015, the Company had a cash position of approximately EUR 193.3 million, more than half of which should be earmarked for development programmes with pharmaceutical partners. The Company's strategy is to retain shareholder value by self-financing the development of its proprietary programmes for as long as possible so that the Company itself can launch specific Nanobody medicines onto the market. The Company's revenue is essentially dependant from the agreements with pharmaceutical partners, mainly from the milestone payments and instalments that help to partly finance its proprietary programmes. To implement its strategy, the Company must at all times ensure that it has a sufficiently high financial buffer available to be able to finance its programmes over the coming years as the development of medicines is a long, expensive process, and the Company does not have a sufficient annual revenue stream to finance such processes without need for external capital (debt and equity). As the biotechnological sector, in which the Company operates, is largely dependent on the general investment climate, it is important to attract additional funds in time if the market is receptive to this. In this way, the Company can make itself strategically less dependent on future milestone payments or the entering into new agreements with pharmaceutical partners.

Having carefully considered the various financing sources, the Board of Directors has opted for issuing convertible bonds, among other things because the issue of new shares entails certain restrictions, mainly in terms of the duration and cost of the transaction. The placement of new shares (even if non-public) via an "a*ccelerated bookbuild offering*", for more than 10% of the number of already listed shares, which new shares would be admitted to trading ("listing"), the transaction would entail prospectus obligations as a result of the application for listing on a regulated market (*i.c.* Euronext Brussels), which would have a significant impact on the duration and costs of the transaction. It is the Board of Directors' opinion that the market conditions are currently favourable to raise an amount of EUR 100 million within a very short period (possibly to be increased to EUR 115 million via the Increase Option) but it is not certain for how long this situation will last, so that time is of the essence. The Convertible Bonds will also allow the Company to broaden its financing sources to new types of investors. It will be possible to bear interest based on the current and future cash position. As regards to repayment of the principal amount, the Terms of the Convertible Bonds allow the Company to opt for repayment on maturity either in cash or in shares. In this way, the Company can gear the fulfilment of its obligations under the Convertible Bonds to its cash position as much as possible.

The Board of Directors therefore intends to issue the Convertible Bonds and offer them (exclusively) to a broad group of qualified investors for a private placement by means of an “accelerated book building”, primarily (yet not exclusively) in the European Economic Area, it being understood that the Convertible Bonds will not be sold in the United States or to investors in Canada, Australia, South Africa or Japan (the **"Offer"**). As (i) the Convertible Bonds will be exclusively offered to qualified investors and the nominal amount per Convertible Bond is EUR 100,000 and (ii) no application for admission of the Convertible Bonds to trading on a regulated market shall be made (only on an MTF *(Freiverkehr)*), the contemplated transaction qualifies as a private placement and thus the publication of a prospectus is not required pursuant to Section 3 (2) (a) and (d) of the Law of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market (the **"Prospectus Law"**). When the Convertible Bonds are exercised, the drafting of a prospectus will not be required for the admission of the new shares to trading on Euronext Brussels pursuant to the exemption provided for under Section 18 (2) (g) of the Prospectus Law.

The Board of Directors or one of its proxyholders will appoint a banking syndicate (comprising Bank of America Merrill Lynch and J.P. Morgan Securities (the ***"Joint Lead Managers"***), which, following the launch of the Offer, will attempt to place the Convertible Bonds with a broad group of qualified investors based on standard objective criteria in the market. Such qualified investors will be able to express their interest to the *Joint Lead Managers* in subscribing to the Convertible Bonds, as well as the terms (including the issue price, interest rate and Conversion Premium) at which they would be prepared to subscribe to the Convertible Bonds. The final terms of the Convertible Bonds will be determined on the basis of this process, considering investor interests and demand. The subsequent allocation to the interested qualified investors of the Convertible Bonds will occur, thereby applying objective criteria of quality and price.

Once the Issue has been carried out, there will be no stabilisation by the Company, nor by the Joint Lead Managers.

The Offer will take place on a date to be determined by the Board of Directors or one of its proxyholders. To maximise the chances of success of the placement of the Convertible Bonds, the Company and the *Joint Lead Managers* have reserved market standard flexibility to adjust the amount of the Issue, as well as the issue price, interest rate and premium above the reference price of the shares being incorporated in the Conversion Price, to the circumstances that apply when the Convertible Bonds are placed and result from the above-mentioned accelerated book building procedure. In accordance with the Terms and Conditions, the holders of Convertible Bonds are entitled to convert their Convertible Bond(s) during the Conversion Period (as defined in the Terms and Conditions) into fully paid-up Shares issued by the Company, which represent the Company's capital and which shall have the same rights as the existing shares issued by the Company. The Terms and Conditions also stipulate, however, that in such a case the Company can opt for full or part repayment in cash as well.

It is expected that the net proceeds from the Offer will amount to approximately EUR [X] million after deduction of the estimated costs. The Company intends to use the majority of the net proceeds of the offering to accelerate the development of its proprietary clinical pipeline, initiate pre-commercial activities and to advance earlier stage wholly-owned product candidates into the clinic.

Major activities includes:

1. The further development of caplacizumab, its first-in-class, wholly-owned bivalent anti-vWF Nanobody for the treatment of thrombotic thrombocytopenic purpura (TTP), which will enter into a Phase III study in North America and Europe starting in H2 2015. The net proceeds will allow Ablynx to file for conditional approval in Europe based on available Phase II clinical results, as well as provide the flexibility to choose whether to directly participate in the commercialisation of caplacizumab;

2. The further clinical development of ALX-0171, its first-in-class, wholly owned, trivalent, inhaled Nanobody for the treatment of respiratory syncytial virus (RSV) infection in infants. Results from the first-in-infant Phase IIa clinical trial, which will include data from >50 centres in Europe and the Asia-Pacific region, are expected in H1 2016. Assuming the results support further development, Ablynx intends to rapidly progress ALX-0171 into a global Phase IIb study, potentially comprising more than 150 infants, in late 2016;

3. Accelerating the development of proprietary pre-clinical Nanobody drug candidates into the clinic, potentially covering a broad range of indications including, immuno-oncology, inflammation, auto-immune and ocular indications.

The remainder of the net proceeds will be used for general corporate purposes.

In addition to creating value with its proprietary product pipeline, Ablynx remains focussed on the development of its multiple collaborative programmes, of which the most advanced is ALX-0061 (anti-IL- 6R), partnered with AbbVie, which is in Phase II development for rheumatoid arthritis and systemic lupus erythematosus. Ablynx's development activities under these collaborative programmes will continue to be partly funded from existing cash balances and future cash income streams from its partners.

By granting the right to convert the Bonds into shares of the Company, the Company will be able to attract new investors in convertible bonds. The Board of Directors is of the opinion that the proposed provisions are favourable to the Company, in view of:

- the current market opportunities;
- the flexibility offered by the proposed instrument;
- the alternative sources of financing currently available to the Company in terms of cost and duration.

The Board of Directors points out that if the Convertible Bonds are converted into new shares of the Company, the Company will be able to convert the debt represented by the Bonds into capital (and, if applicable, issue premium), thus strengthening its own equity position, from both a financial and an accounting perspective.

For the above-mentioned reasons, the Board of Directors is of the opinion that the Issue and the cancellation of the preferential subscription rights of the existing shareholders and warrant holders in the context of this Issue are in the interest of the Company.

3. Justification for the conversion price of the Convertible Bonds

The conversion price (the **"Conversion Price"**) will include a premium between 23% to 30% of the volume-weighted average price of the shares in the Company on Euronext Brussels calculated over the period from the opening of the financial markets on or about 20 May 2015 until market closing on the same date (the **"Reference Price"**). In other words, the Conversion Price includes a premium (in favour of the existing shareholders and warrant holders) vis à vis the market price of the shares of the Company at the time the Convertible Bonds will be placed.

The Conversion Price can be adjusted in the event of a change of control over the Company (as defined in the Terms and Conditions), in accordance with the formula specified in the Terms and Conditions (the **"Change of Control Conversion Price"**). In light of the current market practices, investors in convertible bonds require such a clause in order to cover changes in the risk profile of the instrument in the event of a change of control. For the same reasons, the Terms and Conditions also include the possibility for holders of Convertible Bonds to request early redemption of the Convertible Bonds if a change of control occurs. The Board of Directors deems such a clause therefore necessary, so as to be able to place the Convertible Bonds with qualified investors. The rights that may be exercised by holders of Convertible Bonds if a change of control of the Company occurs are subject to the approval of the general shareholders' meeting pursuant to Section 556 BCC.

The Board of Directors points out that the Company reserves the right to carry out specific transactions in connection with the capital or similar transactions (e.g. share consolidations, share splits, issues with preferential subscription rights, capital distributions and distributions of bonus shares). In such case, the Conversion Price may have to be adjusted and/or reduced based on specific formulae included in the anti-dilution protection mechanisms set out in the Terms and Conditions. The Board of Directors believes that these adjustment mechanisms are in line with market practice for this type of securities and are consistent with the principle set out in Section 490 BCC.

Thus, if the Company pays out a dividend, the Conversion Price will be adjusted on the basis of the common formula.

$$\frac{A - B}{A}$$

where:

A = the then applicable market share price;

B = the portion of the market price per share attributable to the dividend.

Pursuant to Section 491 BCC, the holders of Convertible Bonds may, in the event of a capital increase by the Company by means of a contribution in cash, convert their Convertible Bonds, even where such a conversion may not be possible under the Terms and Conditions. Furthermore, in such case holders of Convertible Bonds may participate as shareholders in such a capital increase, provided that the existing shareholders have such right (i.e. if the preferential subscription rights of existing shareholders have not been cancelled in the context of such a capital increase).

If a capital increase takes place as a result of converting the Convertible Bonds, the issue price of the shares will be booked as follows:

- the portion of the Conversion Price amounting to the accounting par value (currently rounded to EUR 1.87) will be booked as "Capital";

- the remaining balance will be booked as "Issue premium" which, in the same way as the Company's capital, serves as a third-party guarantee and, apart from the conversion into capital, is only available in accordance with the conditions required for a change to the Articles of Association.

Taking into account the benefits for the Company as a result of the Issue, to which reference is made in Section 2 above, the Board of Directors believes that a conversion price between 23% to 30% above the Reference Price is justified as this is a reasonable balance between the interests of existing shareholders and warrant holders and those of the holders of the Convertible Bonds.

The Board of Directors does not intend to proceed with the issue of the convertible bond loan if the determined conversion price were to result in an issue of shares below the accounting par value.

4. <u>Cancellation of the preferential subscription rights of existing shareholders and warrant holders</u>

To support the private placement among a broad group of qualified investors, the Board of Directors deems it necessary to cancel the preferential subscription rights of existing shareholders and warrant holders as part of the proposed transaction.

The Board of Directors believes that the cancellation of the preferential subscription rights of the existing shareholders and warrant holders is justified and is in the interest of the Company as (i) such a procedure advances a swift placement of the Convertible Bonds and (ii) the Offer will provide the Company with additional funds that will support and accelerate the Company's further development and business growth. Reference is also made to the arguments under Section 2 in this respect.

Therefore, the cancellation of the preferential subscription rights as part of the placement of the Convertible Bonds based on the accelerated book building procedure is in the interest of the Company.

The main objectives of the Offer consist of broadening the investment basis of the Company and of obtaining additional working capital, as set out above.

5. Financial consequences for existing shareholders and warrant holders

A capital increase as a result of exercising the Conversion Right by holders of Convertible Bonds may lead to a significant dilution (in terms of relative share ownership, *i.e. pro rata* participation in voting rights in, and the equity and profits of, the Company) for the existing shareholders (currently 54,324,572 shares) and warrant holders (currently warrants giving right to an aggregate of 2,695,348 shares).

However, it is currently not possible to calculate the exact dilution that will be caused by exercising the Conversion Right by the various holders of Convertible Bonds as (i) the total amount of the Issue is not known at this time, (ii) the Conversion Price has not yet been determined, (iii) it is not known whether the procedures for adjusting the Conversion Price contained in the Terms and Conditions will be applicable, and (iv) it is not known how many Convertible Bonds will actually be converted. The maximum number of shares to be issued will be calculated by dividing the total nominal amount of subscribed Bonds by the final Conversion Price.

The proprietary consequenses and dilutive effects of the capital increase that could arise as a result of the conversion of the Convertible Bonds can be illustrated for information purposes by means of the table below. This table is based on the following assumptions:

- As the Reference Price is not yet known on the date of this report, it is assumed for the purposes of preparing this report that the Reference Price will be equal to the volume-weighted average price of the Company's shares on Euronext Brussels on the date of this report.

- All Convertible Bonds were converted into new shares of the Company based on the Conversion Price.

- The total amount of the Issue is EUR 115 million (*i.e.* the total amount of the Issue plus the maximum amount under the Increase Option).

- No existing shareholders are subscribing to the Convertible Bonds.

- The Conversion Premium lies in a range between 23% and 30%.

By issuing new shares, the voting rights and profit-sharing will have a dilutive effect as illustrated below:

Imaginary volume-weighted average price	Conversion Premium	Conversion Price	Maximum number of new shares	Maximum dilution on a non fully diluted basis[1]	Maximum dilution on a fully diluted basis[2]
EUR 10.00	23%	EUR 12.30	9,349,593	14.68%	14.09%
EUR 10.00	30%	EUR 13.00	8,846,153	14.00%	13.43%

As a general principle, the financial dilution that existing shareholders would face as a result of exercising the Convertible Bonds at a price that is lower than the price of the share at the time of exercise (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 bonds would realize *vis à vis* the stock market price) can be calculated as follows: assuming (i) the maximum number of Convertible Bonds (1,150, *i.e.* including the number under the Increase Option) is actually issued and (ii) the same number is actually converted, the existing shareholders will face a financial dilution amounting to a fixed percentage of the Benefit Percentage. Such fixed percentage should be calculated using the following formula:

$$VP = \frac{ANA}{54.324.572 + ANA}$$

Where

VP = is the fixed percentage;

ANA = $\frac{115.000.000}{CP}$ rounded down; and

Where

CP = is the Conversion Price.

Assuming that the Conversion Price is EUR 12.50 (i.e. the price of EUR 10.00 per share and a conversion premium of 25%), the Benefit Percentage will be 14.48%. In other words, for each percentage point (*vis à vis* the then prevailing stock market price) that would be realized by the bondholder by converting Convertible Bonds, the existing shareholders will undergo a financial dilution of 0.1448% in this scenario.

[1] This means that the issue of shares is not taken into account in the denominator following the possible exercise of 2,695,348 warrants that are currently outstanding. In this case, the denominator is therefore 54,324,572, plus the maximum number of shares to be issued following the conversion of the Convertible Bonds.

[2] This means that in the denominator, in addition to the existing shares and the new shares to be issued following conversion of the Convertible Bonds, the shares are also included that should possibly be issued based on 2,695,348 warrants that are currently outstanding. In this case, the denominator is therefore 57,028,152, plus the maximum number of shares to be issued following the conversion of the Convertible Bonds.

Among other things, in case of a change of control, as set forth in Section 3, the above-mentioned dilution percentage will be increased as a result of a reduction in the Conversion Price as provided for in the " Change of Control Conversion Price" mechanism, as stated under the title "Adjustment in the event of Change of Control", as stated in the summary of the Terms and Conditions.

A number of simulations of the dilution depending on the equity value per share based on hypothetical strike prices is attached to this report as <u>Annex 2</u> and show that, depending on the strike price, exercising the Convertible Bonds can lead to a decrease or an increase in the equity value of the existing shares.

From an accounting perspective, under IFRS the Company's equity will be increased by the fair value of the actually converted shares as a result of converting the Convertible Bonds. The difference between this amount and the amount of the Company's capital increase (including issue premium) will be absorbed by the fluctuating value of the conversion option through profit or loss. This convertible bond consists, therefore, of a debt component and a "*not closely related embedded derivative*", as defined in IAS 39, which is recognised at fair value. The changes in this fair value are stated in the profit and loss account for the period until conversion. At the time of the conversion, only one result will be stated as a result of the difference between the market interest rate at the time of conversion and the market interest rate used to value the debt component at amortised cost.

Under IFRS, the interest expenditure booked in respect of the convertible bond will tally with the market rate of interest on a similar bond loan without conversion option by amortising the difference between the initial book value of the debt component of the convertible bond and its redemption value.

The transaction costs relating to the issue of the convertible loan are allocated to the two accounting components under IFRS. The portion allocated to the debt component is added to the book value of this component and amortised over its term as part of the actual interest expenditure. The portion allocated to the conversion option is recognised directly in profit or loss.

The decision to actually convert a Convertible Bond will ultimately depend on the decision of the respective holder of Convertible Bonds. Such a decision will in all probability be taken based on the share price at the time of the conversion (compared with the Conversion Price of the Convertible Bonds). The Company is also entitled to repay in shares on the maturity date. Furthermore, the Company may opt for a full or part cash payment in the event of conversion by a holder of Convertible Bonds before maturity of the Convertible Bonds. At conversion, a holder of Convertible Bonds may realise a surplus value if the market price of the Company's shares is at that time higher than the Conversion Price and if the shares can be sold for the same price on the financial markets.

This means that it is not yet certain that the Convertible Bonds will ultimately be converted. If the Convertible Bonds are converted into new Shares, this will, however, entail a financial dilution of the existing shareholders, as the basic assumption is that a Bondholder will only convert a

Convertible Bond if the Conversion Price is less than the applicable market price of the Shares at the time of conversion.

Zwijnaarde, 18 May 2015

The Board of Directors,

____

Edwin Moses, CEO
In his own name and on behalf of the members of the Board of Directors whom he represents by special power of attorney

ANNEX 1: SUMMARY TERMS AND CONDITIONS

Issuer:	Ablynx NV (the "**Issuer**")
Securities Offered:	Senior unsecured convertible bonds due 2020 (the "**Bonds**") convertible into new and/or existing ordinary shares of the Issuer (the "**Shares**" or the "**Ordinary Shares**")
Issue Size:	EUR 100,000,000
Form and Denomination:	The Bonds will be issued in dematerialised form, in accordance with article 468 and following of the Belgian Company Code, in denominations of EUR 100,000.They will be represented by book-entries in the records of the securities settlement system operated by the National Bank of Belgium (the "**NBB-SSS**") on or about the Closing Date. Transfers of the Bonds will be effected through records maintained in a book-entry form by the NBB-SSS, Euroclear and/or Clearstream, Luxembourg.
Status of Bonds:	Senior, unsubordinated, unsecured (subject to the negative pledge) obligations of the Issuer
Rating:	The Issuer is not rated and the Bonds are not expected to be rated
Maturity Date:	27 May 2020 (5 years)
Pricing Date:	20 May 2015
Closing Date:	Expected to be on 27 May 2015
Interest:	3.25% per annum, payable semi-annually in equal instalments in arrear on or around 27 November and 27 May of each year , with the first interest payment to be made on 27 November 2015
Yield to Maturity:	3.25% per annum
Issue Price:	100% of the Principal Amount
Redemption Price:	100% of the Principal Amount
Reference Share Price:	EUR 10.2219, being the Volume Weighted Average Price of the Shares on NYSE Euronext Brussels from market open to the close of trading on 20 May 2015.
Initial Conversion Premium:	26.5% above the Reference Share Price
Initial Conversion Price:	EUR 12.93
Initial Conversion Ratio:	7,733.952 Ordinary Shares per EUR 100,000 principal amount of Bonds
Shareholder Approvals:	The Issuer will convene an EGM to be held no later than the Long-stop Date to authorize the Change of Control Put and the Change of Control Adjustment (the "**Change of Control Resolutions**"). "**Long-stop Date**" means 27 November 2015, being the date falling six months after the Closing Date.
Early Redemption:	If the Change of Control Resolutions are not passed at an EGM, and filed with the Clerk of the Commercial Court of Ghent on or before the Long-stop Date, the Issuer shall redeem all but not some only of the Bonds 45 days after the Long Stop Date, at the greater of (i) 102% of the principal amount of the Bonds, together with accrued interest, and (ii) 102% of the Fair Bond Value of the Bonds calculated during the Early Redemption Calculation Period, together with accrued interest. "**Early Redemption Calculation Period**" means the period of 5 consecutive dealing days commencing on the dealing day following the Long-stop Date. "**Fair Bond Value**" means the price calculated by an Independent Financial Adviser as being the average of the prices of the Bonds on each dealing day during the relevant calculation period. "**Independent Financial Adviser**" means an independent financial institution of international repute appointed by the Issuer at its own expense.
Conversion Right:	Unless previously redeemed, or purchased and cancelled, on exercise of Conversion Rights during the Conversion Period Bondholders will receive existing Shares and/or new Shares based on the then prevailing Conversion

	Price, unless the Issuer elects Cash Settlement in whole or in part (see "**Cash Settlement**").
Cash Settlement:	Upon the exercise of a Conversion Right by a Bondholder, the Issuer may make an election by giving written notice (a "**Cash Alternative Election Notice**") to the relevant Bondholder by not later than the fourth day following the relevant Conversion Date (the "**Cash Election Date**"), to satisfy the exercise of the Conversion Rights in respect of the relevant Bonds by (A) delivering to or to the order of the relevant Bondholder the Fixed Number of Ordinary Shares and (B) making payment, or procuring that payment is made, to the relevant Bondholder of the Cash Alternative Amount, together with any other amount payable by the Issuer to such Bondholder pursuant to the Conditions in respect of or relating to the relevant exercise of Conversion Rights. "**Cash Alternative Amount**" means an amount in euro calculated in accordance with the following formula and which shall be payable by the Issuer to a holder in respect of the relevant Cash Settled Shares: $CAA = \sum_{n=1}^{N} \frac{1}{N} \ x\ S\ x\ P_n$ *where:* **CAA** is the Cash Alternative Amount; **S** is the number of Cash Settled Shares; **Pn** is the Volume Weighted Average Price of a Share on the nth dealing day of the Cash Alternative Calculation Period; and **N** is 20, being the number of dealing days in the Cash Alternative Calculation Period "**Cash Settled Shares**" mean the Reference Shares, minus (if applicable) the Fixed Number of Ordinary Shares. "**Cash Alternative Calculation Period**" means a period of 20 consecutive dealing days commencing on the 2nd dealing day after the Cash Election Date and "**Fixed Number of Ordinary Shares**" means the number of Ordinary Shares specified as the Fixed Number of Ordinary Shares in a Cash Alternative Election Notice, to be delivered to or to the order of the relevant Bondholder with the Cash Alternative Amount upon exercise of a Cash Alternative Election, which may be zero "**Reference Shares**" means the number of Ordinary Shares which, had the Cash Alternative Election not been exercised, would otherwise fall to be delivered to the relevant Bondholder upon exercise of its Conversion Right
Share Settlement Option on Redemption:	The Issuer may, by giving notice ("**Share Settlement Option Notice**"), in the case of a redemption at maturity, on or after the day which is two dealing days prior to the start of the Averaging Period, elect to satisfy its obligation to redeem all of the Bonds to be redeemed on the Maturity Date by delivering on the Settlement Date in respect of each such Bond a proportion between 1% and 100% (as specified in the Share Settlement Option Notice) of the Redemption Conversion Shares in respect of such Bond and paying the Redemption Cash Settlement Amount together with accrued interest up to the Final Maturity Date. "**Averaging Period**" means the period of 30 dealing days ending on and including the Valuation Date, provided that, if, on the date the Share Settlement Option Notice is given, a day falling in the Averaging Period is scheduled to be a dealing day but such day subsequently is not a dealing day, the Averaging Period shall not, as a result, be extended, and shall begin on the date which was, as of the date of the Share Settlement Option Notice, expected to be the first dealing day in the Averaging Period and end on the Valuation Date (or the date on which the Valuation Date is deemed to fall) as aforesaid.

	"**Redemption Cash Settlement Amount**" means, in respect of any Bond, an amount in cash equal to the amount (if any) by which the principal amount of such Bond exceeds 97% of the arithmetic average of the VWAP of the Specified Proportion of the Redemption Conversion Shares in respect of such Bond on each of the dealing days in the Averaging Period. "**Redemption Conversion Shares**" means, in respect of each Bond, the number of Ordinary Shares deliverable upon conversion of such Bond based upon the Conversion Price in effect on the Valuation Date. "**Settlement Date**" means, in the case of a delivery of Redemption Conversion Shares following exercise of the Share Settlement Option, the date falling 10 dealing days following the Valuation Date. "**Valuation Date**" means the date scheduled on the date of the Share Settlement Option Notice to fall 10 dealing days prior to the Final Maturity Date. "**Specified Proportion**" means a proportion between 1% and 100% of the Redemption Conversion Shares in respect of each Bond as specified in the Share Settlement Option Notice.
Conversion Period:	The period commencing on 7 July 2015, being the date falling 41 days after the Closing Date (or, if earlier, following the occurrence of a Change of Control) and ending on the close of business on 20 May 2020, being the seventh day prior to the Maturity Date (or, if earlier, ending on the seventh day prior to any earlier date fixed for redemption of the Bonds).
Investor Put:	None, save as provided below under "**Change of Control Put**"
Issuer Soft Call:	The Issuer may redeem all, but not some only, of the Bonds at the Redemption Price, together with accrued interest at any time after the date falling on or after 17 June 2018 (the "**Optional Redemption Date**", being the day falling 3 years and 21 days after the Closing Date), provided that the volume weighted average price of the Shares on each of not less than 20 dealing days within a period of 30 consecutive dealing days ending not earlier than the fifth dealing day prior to the date on which the relevant Redemption Notice is given to Bondholders, shall have been at least 130% of the Conversion Price in effect on each such dealing day
Clean-up Call:	Yes, at the principal amount plus accrued interest, if 15% or less of the Bonds remain outstanding
Tax Gross-up:	No
Tax Call:	None
Full Dividend Protection:	The Conversion Price will be subject to adjustment in respect of any Dividend or distribution made by the Issuer. If and whenever the Issuer shall pay or make any Dividend to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction: $\frac{A-B}{A}$ *where*: **A** is the Current Market Price (as defined in the Conditions) of one Ordinary Share on the Effective Date **B** is the portion of the Fair Market Value of the aggregate Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Ordinary Shares in issue and entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back). Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein. "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or, in the case of a Spin-Off, on the first date on which the Ordinary Shares are traded ex-the relevant

	Spin-Off on the Relevant Stock Exchange.
Anti-Dilution Protection:	Euro-market standard anti-dilution provisions dealing with, inter alia, share consolidations, share splits, distributions (as described above), spin-off events, rights issues, bonus issues and reorganisations
Change of Control Adjustment:	A "**Change of Control**" shall occur if an offer is made to all (or, substantially all) Shareholders (or all (or, substantially all) Shareholders other than the offeror and / or any parties acting in concert (as defined in Article 3, paragraph 1, 5° of the Belgian Law of 1 April 2007 on public takeover bids or any modification or re-enactment thereof) with the offeror), to acquire all or a majority of the issued ordinary share capital of the Issuer and (the period of such offer being closed, the definitive results of such offer having been announced and such offer having become unconditional in all respects) the offeror has acquired, or, following the publication of the results of such offer by the offeror, is entitled to acquire as a result of such offer, post-completion thereof, Shares or other voting rights of the Issuer so that it has the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer; If a Change of Control occurs, Bondholders will be entitled to exercise their Cash Settlement Conversion Rights or Physical Settlement Conversion Rights for a period of not more than 60 days following the later of the occurrence of the Change of Control or the giving of notice of such Change of Control Event at a Conversion Price (the "**Change of Control Conversion Price**") the that shall be adjusted downwards in accordance with the following formula: $$CoCCP = \frac{CP}{(1 + (IP \times c/t))}$$ **CoCCP** is the Conversion Price in effect during the Change of Control Period; **CP** is the Conversion Price in effect immediately prior to the Change of Control Period; **IP** is the issuance premium of each Bond over the reference price of the Ordinary Share used to determine the terms of the Bonds (i.e., the Conversion Premium), expressed as a fraction; **c** is the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date; and **t** is the number of days from and including the Closing Date to but excluding the Final Maturity date This provision will only become effective if and when the Change of Control Resolutions are approved.
Change of Control Put:	Upon the occurrence of a Change of Control, the Bondholders may (subject to EGM approval of the Change of Control Resolutions – see "Shareholder Approvals" above) require the Issuer to redeem any of their Bonds at the Redemption Price plus accrued interest
Events of Default:	Cross-default relating to the capital market debts and all other financial debt of the Issuer and its Material Subsidiaries subject to a €5 million threshold. Other customary events of default provisions subject to certain exceptions in respect of the Issuer and its Material Subsidiaries A "**Material Subsidiary**" accounts for 5% or more of the Issuer's consolidated total assets or revenues
Negative Pledge:	Yes. In respect of the capital market debts and all other financial debt of the Issuer and its Material Subsidiaries.
Repurchase by the Issuer:	The Issuer may at its option, repurchase, all or part of the outstanding Bonds, at any time, without limitation as to price or quantity, either on-or off-market or by means of public tender or exchange offers
Governing Law:	English Law, except for certain aspects governed by Belgian Law
Listing:	Application will be made to include the Bonds for trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, and such listing is expected no later than three months after the Closing Date
Selling Restrictions:	Institutional private placement, Reg S (Category 1) only, no Rule 144A. TEFRA rules do not apply.

	• No offers or sales in the US • No offers or sales to investors in Canada, Australia, South Africa or Japan • Sales to qualified institutional investors only in EEA
Clearing Systems:	The Bonds have been accepted by the NBB for clearing through the NBB-SSS, of which Euroclear and Clearstream are participants, but their circulation is limited to X-Accounts only. Euroclear and Clearstream only hold bonds on behalf of investors on X-Accounts in the NBB-SSS.
Clearing Codes:	ISIN Code: BE6278650344 Common Code : 123899024
Lock-Up:	90 days for the Issuer, subject to customary exceptions
Stock Symbols:	Bloomberg: ABLX.BB <Equity> / Reuters: ABLX.BR
Joint-Bookrunners:	BofA Merrill Lynch and J.P. Morgan Securities plc
Paying and Conversion Agent:	BNP Paribas Securities Services, Brussels Branch
Calculation Agent	Conv-Ex Advisors Limited
Settlement Agent:	J.P. Morgan Securities plc
Use of Proceeds:	The Company intends to use the majority of the net proceeds of the offering to accelerate the development of its proprietary clinical pipeline, initiate pre-commercial activities and to advance earlier stage wholly-owned product candidates into the clinic. Major activities include: 1. The further development of caplacizumab, its first-in-class, wholly-owned bivalent anti-vWF Nanobody for the treatment of thrombotic thrombocytopenic purpura (TTP), which will enter into a Phase III study in North America and Europe starting in H2 2015. The net proceeds will allow Ablynx to file for conditional approval in Europe based on available Phase II clinical results, as well as provide the flexibility to choose whether to directly participate in the commercialisation of caplacizumab; 2. The further clinical development of ALX-0171, its first-in-class, wholly owned, trivalent, inhaled Nanobody for the treatment of respiratory syncytial virus (RSV) infection in infants. Results from the first-in-infant Phase IIa clinical trial, which will include data from >50 centres in Europe and the Asia-Pacific region, are expected in H1 2016. Assuming the results support further development, Ablynx intends to rapidly progress ALX-0171 into a global Phase IIb study, potentially comprising more than 150 infants, in late 2016; 3. Accelerating the development of proprietary pre-clinical Nanobody drug candidates into the clinic, potentially covering a broad range of indications including, immuno-oncology, inflammation, auto-immune and ocular indications. The remainder of the net proceeds will be used for general corporate purposes. In addition to creating value with its proprietary product pipeline, Ablynx remains focussed on the development of its multiple collaborative programmes, of which the most advanced is ALX-0061 (anti-IL-6R), partnered with AbbVie, which is in Phase II development for rheumatoid arthritis and systemic lupus erythematosus. Ablynx's development activities under these collaborative programmes will continue to be partly funded from existing cash balances and future cash income streams from its partners.
Day Count Basis:	Actual/Actual, semi-annual
Withholding Tax:	The Bonds are only accepted in the NBB-SSS for clearing on X-Accounts. X-Accounts are accounts in the NBB-SSS on which Bonds are held on behalf of investors that are pursuant to Belgian law entitled to receive interest without deduction of Belgian withholding tax, and Euroclear and Clearstream only have accounts in the NBB-SSS on behalf of such investors. Investors should consult with their own advisor as to whether they qualify to hold the Bonds on X-Accounts and whether any specific circumstance would cause any tax to be due on interest paid on the Bonds. Dividend payments on the Shares are as a

	rule subject to Belgian withholding tax at a rate of 25% subject to such relief as may be available under applicable law or tax treaties. Prospective investors should consult their tax advisors as to whether they qualify for any reduction in withholding tax upon payment of dividends.

Annex 2: simulations of the impact of hypothetical conversion prices on the future equity value per share (situation on 31 March 2015)

Simulation impact intrinsic value		
# Shares	**31/03/2015**	**54.324.572**
Equity	**31/03/2015**	**74.179.752**
Number of warrants	31/03/2015	2.724.766
Granted (New grant not yet included)		
Lapsed		9.253
Exercise		20.165
# Warrants	**30/04/2015**	**2.695.348**
A. Current situation, before issuance of the convertible bonds - Basic		
		Equity in €
Amount represented by 1 share		1,37
Total		74.179.752
B. Situation before issuance of the convertible bonds - Fully Diluted		
		Equity in €
Amount represented by 1 share		1,56
Total		89.076.649,05
C. Situation after conversion of bonds at €10/share with conversion premium of 23%		
		-
number of convertible bonds to be issued		9.349.593
exercise price	€ 12,30	
		Equity in €
Amount represented by 1 share		3,07
Total		204.076.649,05
D. Situation after conversion of bonds at €10/share with conversion premium of 30%		
		-
number of convertible bonds to be issued		8.846.154
exercise price	€ 13,00	
		Equity in €
Amount represented by 1 share		3,10
Total		204.076.649,05
E. Situation after conversion of bonds at €12/share with conversion premium of 23%		
		-

number of convertible bonds to be issued		7.791.328
exercise price	€ 14,76	
		Equity in €
Amount represented by 1 share		3,15
Total		204.076.649,05

F. Situation after conversion of bonds at €12/share with conversion premium of 30%

		-
number of convertible bonds to be issued		7.371.795
exercise price	€ 15,60	
		Equity in €
Amount represented by 1 share		3,17
Total		204.076.649,05

G. Situation after conversion of bonds at €11,5/share

		-
number of convertible bonds to be issued		10.000.000
exercise price	€ 11,50	
		Equity in €
Amount represented by 1 share		3,05
Total		204.076.649,05