

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE STATUTORY FINANCIAL STATEMENTS PER DECEMBER 31, 2012

Dear shareholders,

We are pleased to present to you the consolidated financial statements and the statutory financial statements for the fiscal year ended December 31, 2012.

1. MAIN EVENTS IN 2012

In June 2012, TiGenix obtained national reimbursement in the Netherlands for ChondroCelect. The reimbursement was granted retroactively as per January 1, 2011. This event together with the ramp up in the Belgium sales had a huge impact in the 2012 sales (increase of 101% compared to 2011).

In July 2012, TiGenix reported positive results of the Cx621 Phase I to assess the safety of intra-lymphatic administration of its expanded adipose stem cells. Cx621 aims to capitalise on the benefits of TiGenix's proprietary approach of intra-lymphatic administration to treat autoimmune disorders.

In August 2012, the first patient enrolled in pivotal Phase III trial with lead product Cx601 in perianal fistulas (ADMIRE-CD). The trial is a multicenter, randomized, double-blind, placebo-controlled Phase III trial of Cx601 in approximately 200 Crohn's disease patients suffering from complex perianal fistulas. The main objectives of the study are to demonstrate safety and superior efficacy over placebo in perianal fistulas in Crohn's disease patients after failure with their previous treatment, in most cases biologicals, and to confirm the strong safety and efficacy results from the Phase II trial completed in 2011. To date, the Company received approvals from Ethical Committees or Regulatory Agencies in all 8 participating countries, which should allow the Company to accelerate patient enrolment in the study.

In September 2012, the Dutch manufacturing facility obtained EMA approval for commercial production of ChondroCelect. After the successful cGMP inspection by the Dutch authorities earlier in 2012, it now obtained the crucial approval from EMA for the production of ChondroCelect, the Company's commercial cell therapy product for cartilage repair in the knee, in its new state-of-the-art manufacturing facility in Geleen (the Netherlands).

In November 2012, TiGenix signed a commercialization agreement for ChondroCelect in the Middle East with pharmaceutical marketing and distribution company Genpharm in Dubai, United Arab Emirates.

TiGenix and Genpharm have entered into an exclusive distribution agreement to facilitate the commercialization of ChondroCelect in Saudi Arabia, United Arab Emirates, Kuwait, Bahrain, Qatar, Oman, Lebanon, Jordan, Syria, Iraq, Iran and Egypt. Under the terms of the agreement, Genpharm will facilitate patients' access to ChondroCelect in the Middle East countries by obtaining the required regulatory approvals, and providing training and product support to surgeons and healthcare professionals in selected orthopedic centers. TiGenix continues to be the marketing authorisation holder and will be responsible for logistics and the manufacturing of ChondroCelect.

In November 2012, TiGenix announced the closing of its UK biomaterials subsidiary, TiGenix Ltd, to fully focus on its advanced cell therapy programs.

In December 2012, TiGenix reported positive interim safety results of the Cx611 Phase IIa rheumatoid arthritis study.

For more information on this study, please refer to "Pipeline development" below.

In December 2012, TiGenix completed a private placement raising EUR 6.7 million via an accelerated book building procedure. The private placement allowed TiGenix to place 8,629,385 new shares with a

wide range of domestic and international investors at a price of EUR 0.78 per share, a 9.30% discount on the average closing price of the TiGenix share over the 30 day period preceding December 20, 2012. This represented 9.41% of the number of shares then outstanding and brought the total number of shares after the issue to 100,288,586. The new shares were admitted to listing on NYSE Euronext Brussels following their issuance, which took place on December 27, 2012.

2. DISCUSSION AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRS and have been drawn up by the Board of Directors on March 11, 2013. The financial statements will be communicated to the shareholders at the annual general shareholders' meeting on April 22, 2013.

Products & sales

ChondroCelect:

- In May 2011 and July 2012, ChondroCelect obtained national reimbursement in Belgium and the Netherlands and is today available in 40 specialized treatment centers.
- TiGenix is selling ChondroCelect in the UK, Germany, and Spain under managed access and private insurance schemes, while pursuing national reimbursement in Spain and France.
- In November 2012, TiGenix signed an agreement with Genpharm in Dubai, United Arab Emirates, for the commercialization of ChondroCelect in the Middle East region.
- During 2012, the Company's centralized European manufacturing facility in Geleen (the Netherlands) has obtained the EMA approval for commercial production of ChondroCelect. The site is operational for commercial production since January 1, 2013. The facility will provide the extra cell expansion capacity required to support the growing demand for ChondroCelect from 2013 onward, and the commercial production of TiGenix's stem cell products.

Sales:

- During 2012, TiGenix billed sales of KEUR 4,084 which represents an increase of 101% compared to the gross sales of 2011 (and which represents a total of 169 patients treated in 2012 compared to 85 patients treated in 2011).
- During 2012, sales in ChondroCelect increased significantly compared to 2011 due to the national retroactive reimbursement (as of January 1, 2011) of ChondroCelect in the Netherlands amounting to KEUR 657 and the ramp up in the Belgium sales. The increase in sales in 2011 compared to 2010 is due to the first full year of reimbursed sales in Belgium.
- The sales discounts in 2011 and 2010 relate to the fact that only part of the ChondroCelect sales in the Netherlands could be recognized as revenue at that time. After the retroactive reimbursement, this discount has become part of the sales billed in 2012.
- ChondroCelect sales are clearly a function of reimbursement. In the countries where reimbursement has been granted so far (Belgium, the Netherlands), sales have increased in line with expectations. In countries where ChondroCelect is not yet reimbursed nationally (e.g. Spain, France), sales did not yet reach the expected volume.

Pipeline development

- Phase III in perianal fistula (Cx601) ongoing as planned, 34 patients recruited end 2012
Cx601 is TiGenix's most advanced clinical stage product and has completed a Phase II study for the treatment of complex perianal fistulas in patients suffering from Crohn's Disease. Based on the Phase II clinical trial report, scientific advice was sought from the EMA. In a final clarification letter, the Committee for Medicinal Products for Human Use (CHMP) stated that the presented preclinical

data package can be considered sufficient for an MAA (Marketing Authorisation Application) submission so no further preclinical work will be required. CHMP also indicated that the proposed single Phase III (ADMIRE-CD) study should suffice to demonstrate the efficacy required to support the MAA.

The protocol of the Phase III program has been submitted to the ethics committees and regulatory agencies of all participating countries, and recruitment started in mid 2012.

Cx601 has been granted orphan designation by the EMA. An application for an orphan drug designation has been submitted with the US Food and Drug Administration.

The ADMIRE-CD (Adipose Derived Mesenchymal stem cells for Induction of REmission in perianal fistulising Crohn's Disease) Phase III trial has been designed in accordance with EMA requirements. It is a randomized, double-blind, placebo controlled international trial conducted in 46 centers, across 8 countries. Approximately 200 patients are to be treated. Key inclusion criteria are up to 2 internal openings and up to 3 external openings, and nonactive luminal Crohn's disease. The objective is to demonstrate safety and efficacy, which is defined as closure and/or remission after 24 weeks. The company has received approvals from Ethical Committees/Regulatory Agencies in all 8 participating countries (Spain, Italy, Austria, Belgium, Germany, France, the Netherlands and Israel). Final results of ADMIRE-CD are expected towards the end of 2014.

A EUR 4.95 million innovation credit from the "Madrid Network" has been granted to finance this Phase III study. Two tranches of the loan, representing 80% of the total amount, have been disbursed during 2011 for a total of EUR 4 million.

- Phase IIa in rheumatoid arthritis (Cx611) positive interim safety report

Cx611 is an intravenously injected suspension of expanded allogeneic adult stem cells derived from human adipose (fat) tissue. The Phase IIa clinical trial is a 53-subject, multicenter, placebo-controlled study in 3 cohorts with different dosing regimens, designed to assess safety, feasibility, tolerance, and optimal dosing. The study is being conducted at 23 centers. The Company believes that this clinical trial can set the stage not only for the further development of Cx611 in RA, but also in a wide range of other autoimmune disorders.

The interim results cover the first three months of the Phase IIa's six-month follow-up, and the data are still blinded. The primary endpoint of this study is safety, and the data collected so far support the good safety profile of all three doses of Cx611. Only two patients (4%) have suffered serious adverse events and only in one case (2%) it led to discontinuation of the treatment. All other side effects were mild and transient.

- Positive results of Cx621 Phase I to assess intra-lymphatic administration for autoimmune disorders

Cx621 is an allogeneic eASC product candidate for the treatment of autoimmune diseases via a proprietary technique of lymphatic administration. Based on positive preclinical data on toxicology, biodistribution and efficacy, the ethical committee of Clínica Universitaria de Navarra (Spain) approved a Phase I protocol to assess safety, tolerability and pharmacodynamics of intranodal injected allogeneic eASCs in healthy volunteers. TiGenix started the recruitment for this study in the fourth quarter of 2011 and had final results in 2012.

The confirmation of the safety of intra-lymphatic administration of TiGenix's expanded adipose stem cells (eASCs) has potentially important clinical and commercial implications. It opens up the possibility of achieving efficacy at much lower dosage, which would further increase the safety profile of TiGenix's eASCs, while it would simultaneously significantly reduce the cost of goods (COGS) and improve margins. An additional benefit is that the subcutaneous lymph nodes are superficial and readily visible by ultrasound, and thus allow for a rapid and easy injection

Consolidation scope

The consolidated financial statements consist of TiGenix NV, TiGenix Inc., TC CEF LLC (for 11 months), TiGenix BV and TiGenix Ltd for the financial year ended December 31, 2010, TiGenix NV, TiGenix Inc.,

TiGenix BV, TiGenix SAU (for 8 months) and TiGenix Ltd (the latter as discontinued operation) for the financial year ended December 31, 2011, and TiGenix NV, TiGenix Inc., TiGenix BV, TiGenix SAU and TiGenix Ltd (the latter as discontinued operation) for the financial year ended December 31, 2012.

Sales

<i>Thousands of Euro (€)</i>	Years ended December 31		
	2012	2011	2010
Sales billed	4.084	1.804	982
Deferred sales and discounts	0	-657	-361
Total Sales	4.084	1.146	621

*The 2010 and 2011 consolidated financial statements have been adjusted to reflect the capitalization of the expenses incurred that were essential to bring the Dutch manufacturing facility into operations.

During 2012, sales in ChondroCelect increased significantly (approx. 101%) compared to 2011 due to the national retroactive reimbursement (as of January 1, 2011) of ChondroCelect in the Netherlands amounting to KEUR 657 and the ramp up in the Belgium sales. The increase in sales in 2011 compared to 2010 is due to the first full year of reimbursed sales in Belgium.

The sales discounts in 2011 and 2010 relate to the fact that only part of the ChondroCelect sales in the Netherlands could be recognized as revenue at that time. After the retroactive reimbursement, this discount has become part of the sales billed in 2012.

Cost of Sales

<i>Thousands of Euro (€)</i>	Years ended December 31		
	2012	2011	2010
Employee benefits expenses	363	206	112
Depreciations, amortisations and impairment losses	3	13	8
Other operating costs	540	237	190
Total	905	455	310

Cost of sales includes all costs directly attributable to the production of ChondroCelect, such as consumables, quality control tests, personnel and fix expenses. The cost of sales reflects the economic reality of the costs incurred in producing one unit of ChondroCelect. The cost of sales has increased through the years in accordance with the increase in the number of units sold.

Operating expenses

<i>Thousands of Euro (€)</i>	Years ended December 31		
	2012	2011*	2010*
Research and development expenses	-13,936	-10,595	-10,189
Sales and marketing expenses	-2,881	-2,726	-2,707
General and administrative expenses	-6,026	-6,593	-5,473
Other operating expenses	0	-2,974	0
Total operating expenses	-22,844	-22,888	-18,369

*The 2010 and 2011 consolidated financial statements have been adjusted to reflect the capitalization of the expenses incurred that were essential to bring the Dutch manufacturing facility into operations.

Research and development expenses have increased mainly as a result of the inclusion of a full year of TiGenix SAU in the consolidated financial statements, while TiGenix SAU was only included as from May 2011 in the previous year and was not included (because it was not part of the Group) in 2010.

The depreciation and amortisation expenses relate mainly to the amortisation of the intellectual property recognized as a result of the acquisition of TiGenix SAU in May 2011. Furthermore, the depreciation of the manufacturing facility in the Netherlands started as from August 2012.

Research and development expenses have no significant variations between 2010 and 2011.

The sales and marketing expenses are kept in line with previous years, notwithstanding the big effort of the Company to access new markets and the increase in sales. This is the result of a tight budget controlling.

Employee benefits expenses decreased compared to previous years, which follows the evolution in decrease of average FTE's over the period (although the number of FTE's at closing date 2012 increased compared to 2011 due to late in the year hirings).

During 2012 and despite the inclusion of the full year of TiGenix SAU (2011 figures included only 8 months), the Company has been successful in reducing overall G&A expenses due to strict cost control, cash management and the identification of several synergies after the business combination with TiGenix SAU. Furthermore, depreciation and amortisation expenses have decreased as in 2011 depreciation and amortisation included the impairment of receivables within TiGenix Inc. while no such impairment was done in 2012.

The other operating expenses in 2011 consist of the acquisition related costs incurred during the business combination with TiGenix SAU in May 2011. These costs include mainly lawyer fees, financial advisors and auditors.

Other operating income

	Thousands of Euro (€)	Years ended December 31		
		2012	2011	2010
Other operating income		1,389	393	1,802
Other operating income		1,389	393	1,802

Other operating income increased strongly in 2012 compared to the previous year as a result of the successful effort of the Company in obtaining non dilutive funds, such as the 7th Framework Program grant and national and regional grants.

Operating result (EBIT) and net result

	Thousands of Euro (€)	Notes	Years ended December 31		
			2012	2011*	2010*
CONSOLIDATED INCOME STATEMENT					
CONTINUING OPERATIONS					
Sales	1		4,084	1,146	621
Cost of sales	2		-905	-455	-310
Gross profit			3,179	691	311
Operating expenses			-22,844	0	-22,888
Other operating income	3		1,389	393	1,802
Operating Result			-18,276	-21,805	-16,256
Financial result			-168	734	579
Profit/(Loss) before taxes			-18,443	-21,071	-15,677
Income taxes	5		-1	0	368
Profit/(Loss) for the period from continuing operations			-18,444	-21,071	-15,309
DISCONTINUED OPERATIONS					
Profit/(Loss) for the period from discontinued operations	6		-1,949	-16,234	0
Profit/(Loss) for the period			-20,393	-37,305	-15,309

*The 2010 and 2011 consolidated financial statements have been adjusted to reflect the capitalization of the expenses incurred that were essential to bring the Dutch manufacturing facility into operations.

The operating result (EBIT) increased to EUR -18.3 million in 2012 from EUR -21.8 million in 2011 due to the increase in sales and the increase in other operating income (mainly related to grants) while keeping other operating expenses in line with 2011.

The net loss of the continuing operations amounted to EUR -18.4 million in 2012, compared to EUR -21.1 million in 2011, which is in line with the decrease of the operating result.

The net loss for the period has decreased to EUR -20.4 million in 2012 from EUR -37.3 million in 2011. This is due to the heavy impact in 2011 of the TiGenix Ltd divestment.

Taxation

The losses of the Group in the past imply that no income taxes were payable. On December 31, 2012 the Group had under IFRS a net tax loss carried forward amounting to EUR 113.8 million, implying a potential deferred net tax asset of EUR 37.8 million. Due to the uncertainty surrounding TiGenix's ability to realise taxable profits in the near future, the Company did not recognise any deferred tax assets on its balance sheet.

Furthermore, at December 31, 2012, TiGenix SAU's financial accounts include a potential tax deduction for overseas tax withholdings for an amount of KEUR 712 (resulting from the receipt in 2007 of a non-refundable fee, net of taxes withheld in the country of origin, Canada). This amount will only become recoverable in Spain to the extent that TiGenix SAU generates sufficient taxable income to allow it to be deducted from the gross corporate income tax payable within a maximum period of ten years (i.e. until 2017). No deferred tax asset has been accounted for this in the consolidated financial statements.

Cash flow

	Thousands of Euro (€)	Notes	Years ended December 31		
			2012	2011*	2010*
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Result (EBIT)			-18,276	-21,805	-16,256
Adjustments for:					
Depreciation, amortisation and impairment results			3,911	2,789	2,211
Earnings before interest, taxes, depreciation and amortisation (EBITDA)			-14,365	-19,016	-14,045
Other adjustments			-3,309	424	-2,514
Net cash provided by/(used in) operating activities			-17,674	-18,592	-16,559
Net cash provided by/(used in) investing activities			-722	15,109	-3,545
Net cash provided by/(used in) financing activities			9,695	17,697	880
Net increase/(decrease) in cash and cash equivalents			-8,700	14,214	-19,224
Cash and cash equivalents at beginning of year			19,771	5,555	24,745
Effect of currency translation on cash and cash equivalents			1	2	34
Cash and cash equivalents at end of period			11,072	19,771	5,555

*The 2010 and 2011 consolidated financial statements have been adjusted to reflect the capitalization of the expenses incurred that were essential to bring the Dutch manufacturing facility into operations.

*Capitalised development costs of EUR -1,621 that were in 2010 included in the "Net cash provided by/(used in) operating activities" have been reclassified to "Acquisition/Capitalization of intangible assets" in the "Net cash provided by/(used in) investing activities".

The net cash used in operating activities decreased to EUR -17.7 million in 2012 from EUR -18.6 million in 2011. Main drivers of the decrease were the decrease in the operating loss, the increase in depreciation and amortization costs (mainly driven by the incorporation of a full year of TiGenix SAU, while in 2011 only 8 months were included, and the start of the depreciation of the Dutch manufacturing facility since August 2012) and the changes in working capital related mainly to the increase in sales.

The net cash used in investing activities amounted to EUR -0.7 million in 2012, compared to EUR 15.1 million in 2011. The main investments in 2012 are related to the finalization of works in the new manufacturing facility in the Netherlands and IP, while the 2011 investing activities were related to the leasehold improvements of the manufacturing facility in the Netherlands, which were highly compensated by the cash and cash equivalents acquired through the business combination with TiGenix SAU in May 2011.

The net cash provided by financing activities amounted to EUR 9.7 million, which mainly related to the private placement that took place in December, the proceeds from different grants and the proceeds from the ING factoring service, while 2011 financing activities of EUR 17.7 million were the result of the rights issue net of costs that took place after the business combination with TiGenix SAU and EUR 3.7 million resulted from the proceeds from financial loans (obtained in substitution of grants).

Statement of financial position

The balance sheet at December 31, 2012 remained solid as evidenced by the following key ratios:

	Thousands of Euro (€)	Years ended December 31		
		2012	2011	2010
Cash and cash equivalents as a % of total assets		17%	26%	16%
Working capital as a % of total assets		11%	22%	12%
Solvency ratio (equity/total assets)		76%	82%	75%
Gearing ratio (financial debt/equity)		14%	11%	2%

The major assets of the balance sheet at December 31, 2012 are:

- Cash and cash equivalents of EUR 11.1 million for about 17% of the total assets, including the cash incorporated from the private placement at the end of 2012,
- Intangible assets of EUR 39.2 million, mainly the fair value of the intangible assets out of the acquisition of TiGenix SAU, for about 61% of the total assets,
- Tangible assets of EUR 8.3 million, mainly the leasehold improvements of the manufacturing facility in the Netherlands and the incorporated assets from the acquisition of TiGenix SAU, for about 13% of the total assets,
- Available for sale investments related to the Arcarios participation representing 0.4% of the total assets,
- Other non-current assets related to the guarantees of both TiGenix NV and TiGenix SAU for rental of buildings that represent 0.8% of the total assets,
- Inventories with a slight decrease due to the reduction of the stock of TiGenix SAU for about 0.2% of the total assets,
- Receivables that have significantly increased from 2011 due to the increase in sales and the retroactive reimbursement in the Netherlands for about 5.7% of the total assets,
- Other current financial assets related to grant guarantees representing 0.9% of the total assets, and
- Other current assets related to accrued income and deferred charges for about 0.2% of the total assets.

Total equity of EUR 48.6 million accounts for 76% of the total balance sheet at December 31, 2012. The other major liabilities are:

- Non-current liabilities of EUR 6.3 million, mainly related to the financial loans incorporated through the business combination with TiGenix SAU, for about 10% of the total balance sheet,
- Other financial liabilities of EUR 1.5 million, related to the proceeds from the ING factoring,
- Trade payables of EUR 4 million for about 6% of the total balance sheet, and
- Other current liabilities of EUR 3.2 million representing about 5% of the total balance sheet.

Off-balance sheet commitments

The Group has off-balance sheet commitments related to rent for leased facilities, vehicles and equipment. At December 31, 2012, these commitments amounted to EUR 5.6 million. There are no other off-balance sheet commitments.

Going concern

For the reasons set out in section 8 of this report below, the Board of Directors decided to maintain the valuation rules in the assumption of the continuity of the Company.

3. DISCUSSION AND ANALYSIS OF THE STATUTORY FINANCIAL STATEMENTS

The annual accounts cover the accounting period from January 1, 2012 to December 31, 2012.

The annual accounts give a true and fair view of the course of affairs of the Company during the past fiscal year.

Balance sheet - assets

- The cash at bank and in hand amounts to EUR 7.1 million on December 31, 2012;
- The non-current assets represent an amount of EUR 70.8 million, including EUR 66.5 million of financial assets, representing mainly the business combination with TiGenix SAU; the remainder consists of the formation expenses of EUR 1.6 million, being the costs (after depreciation) associated with the various capital increases, the tangible assets of EUR 0.7 million and the intangible assets of EUR 2.0 million;
- The current assets, excluding the cash at bank and in hand, amount to EUR 3.2 million. They mainly consist of receivables within one year and deferred charges and accrued income.

Balance sheet - liabilities

- The issued capital of the Company amounts EUR 10.0 million and the share premium account increased to EUR 95.6 million;
- Accumulated losses reached EUR 34.2 million at December 31, 2012 (see section 4 of this report below);
- The amounts payable of EUR 9.6 million consist mainly of TiGenix trade payables (EUR 1.1 million); short and long term financial debt (EUR 3.4 million) most of which comes from intra-group loans; liabilities in respect of remuneration and social security obligations (EUR 0.9 million); other amounts payable (EUR 2.7 million); and accrued charges and deferred income (EUR 1.5 million).

Results of the fiscal year

The operating income amounts to EUR 5.2 million and concerns other operating income of EUR 1.1 million that is recharged to its subsidiaries and a turnover of EUR 4.1 million related to the ChondroCelect sales.

The operating charges of EUR 11.8 million consist of:

- The expenses for services and other goods for an amount of EUR 4.9 million; costs mainly connected with clinical, medical and regulatory activities, sales & marketing outsourced costs, expenses for protection of intellectual property rights and the costs of the mandate contractors;
- The total personnel costs of EUR 4.1 million; reduced in line with the reduction in the R&D activities and the synergies after the business combination with TiGenix SAU;
- Depreciation costs and amounts written off of EUR 1.5 million;
- Raw materials, consumables and goods for resale of EUR 0.6 million; and
- Other operating charges of EUR 0.6 million, mainly consisting of costs made in TiGenix NV that are recharged to its subsidiaries and can be off set against the other operating income.

The operating losses of the continuing operations in 2012 amount to EUR 6.6 million compared to EUR 15.3 million losses in 2011 and EUR 18.9 million losses in 2010.

The extraordinary charges of EUR 0.6 million are due to the write-off of the inventory and some receivables from TiGenix Ltd, in line with the EUR 16.3 million divestment in 2011 where the whole participation related to TiGenix Ltd was written-off.

The Company has closed its annual accounts with respect to the financial year 2012 with a loss of EUR 7.1 million.

Statutory and non-distributable reserves

The Company has a share capital of EUR 10.0 million. The Company has no statutory reserves. As the Company has closed its annual accounts with respect to the past financial year with a loss, the Company is not legally obliged to reserve additional amounts.

Allocation of the results

The Board of Directors proposes to carry forward the loss for the financial year to the next financial year.

4. CAPITAL INCREASES, DECREASES AND ISSUANCE OF FINANCIAL INSTRUMENTS

The following capital increases and decreases occurred in 2012:

- Increase of the registered capital of the Company in the framework of the authorised capital (with cancellation of the preferential subscription right of the existing shareholders) with an amount of EUR 862,938.50 and payment of an issuance premium of EUR 5,867,981.80 through a private placement via an accelerated bookbuilding procedure that placed 8,629,385 shares, completed on December 27, 2012;
- Decrease of the registered capital of the Company with an amount of EUR 80,451,539.00 through the incorporation of losses carried forward on May 11, 2012;
- Third and final phase of the Orthomimetics acquisition: issuance of 536,534 shares at the occasion of an increase of the registered capital of the Company in the framework of the authorised capital with an amount of EUR 525,803.32 and payment of an issuance premium of EUR 1,770,561.44, through the contribution in kind of a receivable, completed on April 17, 2012.

At December 31, 2012, a total of 5,617,683 warrants were outstanding at an average weighted exercise price of EUR 2.01.

Under the existing warrant plans, 135,802, 45,268, 454,570, 800,000, 400,000, 500,000, 500,000 and 4,000,000 warrants were created in May 2004, April 2005, November 2005, February 2007, March 2008, June 2009, March 2010 and July 2012 respectively.

Under the 2004, 2005, 2007, 2008, 2009 and 2010 plans, in principle 25% of the warrants granted vests on each anniversary of the date of the grant. Under the July 2012 plan, in principle 1/3rd of the warrants granted vests on the first anniversary of the date of the grant and 1/24th of the remaining 2/3rd of the warrants granted vests on the last day of each of the 24 months following the month of the first anniversary of the date of the grant. Under all plans, warrants granted will only vest provided that the beneficiary still has a relationship with the Company via an employment contract, a director's mandate or another collaboration agreement. The warrants can only be exercised once vested. All warrants were granted for free. The duration of the warrants is about 10 years as of the respective issue date of the warrants. Warrants that have not been exercised within such periods become null and void.

The initial term of the warrants issued in May 2004, April 2005 and November 2005 was extended to May 13, 2014, within the limits and under the conditions set out in article 47, §5 of the Law of March 26, 1999 regarding the Belgian action plan for the employment 1998 as introduced by article 21 of the Economic

Recovery Law of March 27, 2009. The other terms and conditions of the respective warrants remained unchanged.

Prior to the business combination of the Company with TiGenix SAU, TiGenix SAU had created two Equity Based Incentive Plans (“**EBIPs**”).

Under the existing EPIB plans 415,700, 37,850, 61,479, 49,446 and 77,751 TiGenix SAU (then still Cellerix) shares were created in June 2008, September 2008, November 2009, May 2010 and October 2010 respectively. These shares were held by CX EBIP Agreement, SLU.

In the framework of the contribution of all TiGenix SAU (previously Cellerix SA) shares to TiGenix NV on May 3, 2011 (the “**Contribution**”), CX EBIP Agreement, SLU contributed its 642,226 TiGenix SAU shares into TiGenix NV and received 1,905,144 TiGenix NV shares in return. Therefore, as a result of the Contribution, CX EBIP Agreement, SLU no longer holds TiGenix SAU shares, but holds 1,905,144 TiGenix NV shares instead. Pursuant to the agreements reached in relation to the Contribution, the underlying assets of the options are no longer the TiGenix SAU shares, but the TiGenix NV shares received by CX EBIP Agreement, SLU. Therefore, upon the exercise of its options under any of the EBIPs, a beneficiary will receive a number of TiGenix NV shares corresponding to approximately 2.96 shares per option (rounded down to the nearest integer) under any of the EBIPs.

5. DISCUSSION OF THE MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties involved in the Company’s business include the following:

- TiGenix has a history of operating losses and an accumulated deficit until today and may never become profitable.
- TiGenix may need substantial additional funding, which may not be available on acceptable terms when required, if at all.
- TiGenix may fail in successfully commercialising ChondroCelect and future products, resulting in lower than anticipated revenues.
- TiGenix has a limited product portfolio and faces, and will continue to face, significant competition and technological change which could limit or eliminate the market opportunity for its products and future products.
- There may be uncertainty over reimbursement from third parties for newly approved healthcare products or such reimbursement may be refused.
- TiGenix may experience delays or failure in the preclinical and clinical development of its product pipeline.
- Regulatory approval of TiGenix’s products as medicinal products may be delayed, not obtained or not maintained.
- TiGenix’s manufacturing facilities and third party manufacturers are subject to regulatory requirements, which may affect the Company’s development of its product pipeline and the Company’s successful commercialisation of ChondroCelect and future products.
- TiGenix’s inability to manage its expansion, both internally and externally, could have a material adverse effect on its business.
- TiGenix is working in a changing regulatory environment. Future changes in any pharmaceutical legislation or guidelines could affect the Company’s business.
- TiGenix relies or may rely on third parties for certain of its research, clinical trials, technology, supplies, manufacturing and sales and marketing. TiGenix’s dependence on third parties may reduce its profit margins and delay or limit its ability to develop and commercialise its products on a timely and competitive basis.

- TiGenix may not be able to adequately protect its proprietary technology or enforce any rights related thereto.
- TiGenix could be prevented by third party patents to develop or exploit its products.
- TiGenix's success depends on its key people and it must continue to attract and retain key employees and consultants to be in a position to continue its activities.
- TiGenix could face product liability claims, resulting in damages that may, in whole or in part, not be insured.
- The allocation of available resources could harm the ability to carry out the business plan.

6. USE OF FINANCIAL INSTRUMENTS

Besides the investments in time deposits, the Company did not use any financial instruments during the financial year, given the highly volatile financial markets.

7. CORPORATE GOVERNANCE STATEMENT

7.1. Corporate governance code

The Company's corporate governance charter has been adopted in accordance with the recommendations set out in the Belgian Code on Corporate Governance (the "Code") that has been issued on March 12, 2009 by the Belgian Corporate Governance Committee.

7.2. Compliance with corporate governance code

The Board of Directors complies with the Belgian Code for Corporate Governance, but believes that certain deviations from its provisions are justified in view of the Company's particular situation. These deviations include the following:

- Provision 6.1. of the Code: as there are only two executive directors (the Chief Executive Officer, or "CEO" and the Chief Business Officer, or "CBO")) and there is no executive committee (*directiecomité / comité de direction*), the Company has not drafted specific terms of reference of the executive management, except for the terms of reference of the CEO and CBO.
- Provision 7.7. of the Code: only the independent directors shall receive a fixed remuneration in consideration of their membership of the Board of Directors and their attendance at the meetings of committees of which they are members. In principle, they will not receive any performance related remuneration in their capacity as director. However, upon advice of the nomination and remuneration committee, the Board of Directors may propose to the shareholders' meeting to deviate from the latter principle in case in the board's reasonable opinion the granting of performance related remuneration would be necessary to attract independent directors with the most relevant experience and expertise. The Board of Directors effectively proposed to the shareholders' meeting to deviate from this principle and to grant warrants to the independent directors. On February 26, 2013, the shareholders' meeting approved such deviation and the grant (subject to the issue by a shareholders' meeting scheduled to be held on March 20, 2013) of warrants to the independent directors.

7.3. Internal control and risk management systems

Internal control and financial reporting

The executive management is responsible for creating and maintaining adequate processes designed to control and assess the reliability of the financial reporting and the compliance with laws and regulations.

The Company has established internal controls over the financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Internal control policies aim to:

- Pertaining the maintenance of records that reflect the transactions of the Company,
- Ensuring the fair recording of the dispositions and assets of the Company,
- Providing assurance that the expenditures of the Company are duly approved,
- Ensuring the segregation of powers that prevent unauthorized transactions or fraud, and
- Assessing the risk over deficiencies or material weaknesses in the procedures.

Risk analysis

Financial risk management involved primarily the following:

- Capital risk: the Company's group policy with respect to managing capital is to safeguard the Company's group ability to continue as a going concern and to obtain over time an optimal capital structure;
- Credit risk: creditors will be mainly public medical centers supported by the National Health Insurance;
- Interest risk: the Company's group is not subject to material interest risk;
- Currency risk: the Company's group may be subject to limited currency risk. The Company's group has cash outflows in U.S. Dollars and Pound sterling for the operations of its U.S. and UK subsidiaries. The Company has no commercial revenues denominated in U.S. Dollars. The Company's group reports in Euro and has tried to match foreign currency inflows with foreign cash outflows. The Company has not engaged in hedging of the foreign currency risk via derivative instruments;
- Liquidity risk: the Company's group aims to maintain adequate reserves and continuously monitors forecast and actual cash flows. The Company has soft borrowing arrangements with long term liabilities at December 31, 2012 and has no derivative instruments.

7.4. Shareholder structure

To the best of the Company's knowledge, based on the transparency declarations most recently received by the Company, the shareholders' structure is as follows on the date of publication of this registration document:

Shareholder	Number of shares declared in transparency declaration	% of shares at time of transparency declaration ¹	% of shares (simulation) as per December 31, 2012 ²
Novartis Bioventures Ltd.	5,534,905	6.04%	5.52%
Roche Finanz AG	5,534,905	6.04%	5.52%
Ventech SA	5,195,199	5.67%	5.18%
Ysios Capital Partners SGEER	4,760,342	5.19%	4.75%
LSP III Omni Investment Coöperatief, U.A.	4,445,053	4.85%	4.43%
Mijnen NV	3,000,000	3.29%	2.99%
Genetrix Life Sciences A.B.	2,581,501	2.82%	2.57%
CX EBIP Agreement, SLU ³	1,905,144	2.08%	1.90%
LRM NV	200,000	0.22%	0.20%
Subtotal⁴	33,157,049		33.06%
Other shareholders	67,131,537		66.94%
TOTAL	100,288,586		100.00%

7.5. Board of Directors and Board committees

Composition of the Board of Directors

On the date of publication of this registration document, the Board of Directors consists of the following nine (9) members.

¹ Percentages based on number of shares and denominator at time of transparency declaration.

² Percentages based on number of shares at time of transparency declaration, but denominator as per December 31, 2012.

³ CX EBIP Agreement SLU is the holder of the TiGenix shares to be delivered to the employees of TiGenix SAU under two equity based incentive plans issued by TiGenix SAU.

⁴ The above shareholders are acting independently, with the exception of:

- (i) Genetrix Life Sciences A.B. and CX EBIP Agreement, SLU, which are affiliated companies, and
- (ii) LRM NV en Mijnen NV, which are affiliated companies.

Name	Age (as per December 31, 2012)	Position	Term ⁽¹⁾	Professional Address
Innosté SA, represented by Jean Stéphane ⁽⁵⁾	63	Chairman / Independent director	2016	Avenue Alexandre 8, 1330 Rixensart, Belgium
Gil Beyen BVBA ⁽²⁾ , represented by Gil Beyen	51	Managing Director (executive) / CBO	2015	Boetsenberg 20, 3053 Haasrode, Belgium
Eduardo Bravo Fernández de Araoz ⁽³⁾	47	Managing Director (executive) / CEO	2015	Romeinse straat 12, 3001 Leuven, Belgium
Willy Duron ⁽⁴⁾	67	Independent director	2015	Oude Pastoriestraat 2, 3050 Oud-Heverlee, Belgium
Greig Biotechnology Global Consulting, Inc., represented by Russell Greig ⁽⁵⁾	60	Independent director	2016	1241 Karen Lane, Wayne, PA 19087, USA
Eduard Enrico Holdener ⁽³⁾	67	Independent director	2015	Buchenrain 6, 4106 Therwil, Switzerland
Ysios Capital Partners SGECR SA ⁽⁶⁾ , represented by Joël Jean-Mairet	41	Director (non-executive)	2015	Calle Baldiri Reixac 10-12, Parc Cientific de Barcelona, Barcelona, Spain
R&S Consulting BVBA ⁽³⁾ , represented by Dirk Reyn	51	Independent director	2015	Populierstraat 4, 1000 Brussel, Belgium
LRM Beheer NV ⁽³⁾ , represented by Nico Vandervelpen	38	Director (non-executive)	2015	Kempische Steenweg 555, 3500 Hasselt, Belgium

Notes

- (1) The term of the mandates of the directors will expire immediately after the annual shareholders' meeting held in the year set forth next to the director's name.
- (2) First appointed by the shareholders' meeting on February 26, 2007. Appointment renewed on April 20, 2011 and on April 26, 2011 with effect as of May 3, 2011.
- (3) First appointed on April 26, 2011 with effect as of May 3, 2011.
- (4) First appointed by the shareholders' meeting on February 26, 2007. Appointment renewed on April 20, 2011 and on April 26, 2011 with effect as of May 3, 2011. Willy Duron resigned as Chairman of the Board of Directors on September 19, 2012 and was replaced as Chairman by Innosté SA, represented by Jean Stéphane.
- (5) First appointed on a provisional basis by the meeting of the Board of Directors on September 19, 2012, in order to replace Ms. Mounia Chaoui-Roulleau (who had been appointed director herself on January 18, 2012 in replacement of Ventech S.A.) and Mr. Koenraad Debackere, both having resigned effective as of September 19, 2012. The shareholders' meeting of February 26, 2013 has confirmed their appointment.
- (6) On April 26, 2011 with effect as of May 3, 2011, Mr. Joël Jean-Mairet was first appointed as a director. It was, however, the intention of Mr. Jean-Mairet to be appointed as permanent representative of Ysios Capital Partners SGECR SA. He therefore resigned as a director on May 4, 2011 and the board of directors decided on May 4, 2011 to appoint Ysios Capital Partners SGECR SA, represented by Mr. Jean-Mairet, as a director in order to replace Mr. Jean-Mairet until the shareholders' meeting of the Company of April 20, 2012 which confirmed its appointment.

Functioning of the Board of Directors in 2012

In 2012, the Board of Directors met 13 times.

Individual presence of the members of the Board of Directors in 2012

Name	Number of meetings attended
Gil Beyen BVBA, represented by Gil Beyen	10
Eduardo Bravo	11
Mounia Chaoui-Roulleau	6
Ventech S.A., represented by Mounia Chaoui-Roulleau	1
Koenraad Debackere	2
Willy Duron	11
Greig Biotechnology Global Consulting, Inc., represented by Russell Greig	2
Eduard Enrico Holdener	9
Ysios Capital Partners SGEER SA, represented by Joël Jean-Mairet	9
R&S Consulting BVBA, represented by Dirk Reyn	9
Innosté SA, represented by Jean Stéphane	2
LRM Beheer NV, represented by Nico Vandervelpen	10

Audit Committee

The following directors are member of the audit committee:

Name	Position
Willy Duron	Chairman of the audit committee; Independent Director
Innosté SA, represented by Jean Stéphane ⁽¹⁾	Member of the audit committee; Chairman of the Board of Directors; Independent Director
LRM Beheer NV, represented by Nico Vandervelpen	Member of the audit committee; Director (non-executive)

(1) Innosté SA, represented by Jean Stéphane, has been a member of the audit committee since September 19, 2012, replacing Eduard Enrico Holdener.

The audit committee met twice in 2012. All members of the audit committee were present at both meetings.

As proof of the independence and expertise of the audit committee in the area of audit and accountancy, and as required by Article 96, §1, 9° of the Companies Code, we refer to the biographies of the members of the audit committee as set out below:

Willy Duron: Independent Director

Mr. Willy Duron has been an independent board member of TiGenix since February 2007. He was the Company's Chairman from September 2007 to September 2012. He started his career at ABB Verzekeringen in 1970, becoming a member of the executive committee in 1984. Mr. Duron holds a MSc degree in mathematics from the University of Gent and a MSc degree in actuarial sciences from the Katholieke Universiteit Leuven. He currently is a member of the board of directors of Ravago NV, Vanbreda Risk & Benefits NV, Universitaire Ziekenhuizen Leuven, Universitair Centrum St Jozef Kortenberg, Agfa-Gevaert NV and Van Lanschot Bankiers NV. Previously, Mr. Duron was CEO of KBC Groep NV and KBC Bankverzekeringsholding NV, Chairman of the board of Argosz, Secura, ADD and W&K, as well as member of the board of directors of KBC Asset Management NV, Synes NV, CSOB, Warta, FBD and Amonis.

Jean Stéphane, permanent representative of Innosté SA: Chairman and Independent Director

Jean Stéphane was until April 2012 Member of the Corporate Executive Team of GlaxoSmithKline (GSK), and Chairman and President of GSK Biologicals in Wavre, Belgium, which he built into a world leader in vaccines. He currently serves as Chairman of BESIX, IBA, Vesalius Biocapital, Nanocyl, Bepharbel, BioWin and Welbio, and as Board member of BNP Paribas Fortis, VBO/FEB, Groupe Bruxelles Lambert (GBL), Helse, Uteron and OncoDNA. He used to serve as Board member of Auguria Residential Real Estate Fund, which is currently in liquidation.

Nico Vandervelpen, permanent representative of LRM Beheer NV: Director (non-executive)

Mr. Nico Vandervelpen started his career with Ernst & Young Brussels in 1998 where he worked as a senior executive. Throughout his career, he gained extensive experience in finance, business consulting, project management and mergers and acquisitions serving a wide variety of multinational clients with, amongst others, a focus on the healthcare and pharmaceutical industries. He joined Limburgse Reconvertie Maatschappij NV ("LRM") in 2007 where he founded the Life Sciences venture fund and forms part of the executive management team. As permanent representative of LRM Beheer NV (previously: Immocom NV), Mr. Vandervelpen serves as chairman of the board of FFPharma and as a board member or observer on several boards of the LRM portfolio such as 3DDD Pharma, Apitope International, Complix, LSDC, SEPS, TiGenix, Vesalius Biocapital I SICAR, Vesalius Biocapital II SICAR and CommArt. As permanent representative of LRM Beheer NV, Mr. Vandervelpen previously served on the board of Amakem. Mr. Vandervelpen holds a Master degree in commercial and business engineering from Hasselt University as well as a Master in Accountancy.

Nomination and remuneration committee

The following directors are member of the nomination and remuneration committee:

Name	Position
R&S Consulting BVBA, represented by Dirk Reyn ⁽¹⁾	Chairman of the nomination and remuneration committee; Independent Director
Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig ⁽²⁾	Member of the nomination and remuneration committee; Independent Director
Eduard Enrico Holdener ⁽³⁾	Member of the nomination and remuneration committee; Independent Director

(1) R&S Consulting BVBA, represented by Dirk Reyn, was appointed Chairman of the nomination and remuneration committee as of September 19, 2012.

- (2) Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig, has been a member of the nomination and remuneration committee since September 19, 2012, replacing Ysios Capital Partners SGEGR SA, represented by Joël Jean-Mairet.
- (3) Eduard Enrico Holdener was Chairman of the nomination and remuneration committee until September 19, 2012.

The nomination and remuneration committee met five times in 2012. All members of the audit committee were present at all meetings.

Evaluation of the Board of Directors, the Board committees and the directors

Periodically, the Board of Directors undertakes a formal evaluation of its own size, composition and performance and that of the Board committees and of its interaction with the executive management. The purpose of this evaluation is to assess how the Board and its committees operate, to check whether important issues are suitably prepared and discussed, to evaluate whether each director makes a constructive contribution to the decision making, and to check the Board's or the Board committees' current composition against the Board's or Board committees' desired composition. Such formal evaluation is done at least once every three year by the Nomination and Remuneration Committee at the initiative of the Chairman and, if required, with the assistance of external advisors. The directors shall not attend the discussions on their evaluation.

7.6. Overview of the efforts made to ensure that at least one third of the board members is of another gender than the other members

The nomination and remuneration committee will draw up a plan to ensure that the composition of the Board of Directors timely complies with the requirement that at least one third of the board members is of another gender than the other members.

7.7. Remuneration report

7.7.1. Procedure for establishing remuneration policy and setting remuneration for members of the Board of Directors and for members of executive management

The remuneration policy is established and the remuneration for members of the Board of Directors and members of the executive management is set by the Board of Directors on the basis of proposals from the nomination and remuneration committee.

Warrant plans are determined by the Board of Directors on proposal from the nomination and remuneration committee.

7.7.2. Remuneration of Directors

Remuneration policy

Only the independent directors shall receive a fixed remuneration in consideration of their membership or chairmanship of the Board of Directors and board committees. The other directors will not receive any fixed remuneration in consideration of their membership of the board.

Pursuant to the Company's corporate governance charter, the independent directors do not in principle receive any performance related remuneration, nor will any option or warrants be granted to them in their capacity as director. However, upon advice of the nomination and remuneration committee, the Board of Directors may propose to the shareholders' meeting to deviate from the latter principle in case in the board's reasonable opinion the granting of any performance related remuneration would be necessary to attract or retain independent directors with the most relevant experience and expertise. The Board of

Directors effectively proposed to the shareholders' meeting to deviate from this principle and to grant warrants to the independent directors.

The nomination and remuneration committee recommends the level of remuneration for independent directors, including the chairman of the board, subject to approval by the board and, subsequently, by the shareholders' meeting.

The nomination and remuneration committee benchmarks independent directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board of Directors and its various committees. The Directors' remuneration has been last determined by the shareholders' meeting of February 26, 2013. Currently, a fixed annual fee of EUR 25,000 is granted to each independent director. The chairman's fee amounts to EUR 40,000. An additional fixed annual fee of EUR 5,000 is granted to each independent director who is also a member of a committee. Such additional fixed annual fee amounts to EUR 7,500 for each independent director who is also the chairman of a committee. The aforementioned fixed annual fees are based on six board meetings and two committee meetings a year. The fixed fee is supplemented with an amount of EUR 2,000.00 for each additional meeting. Changes to these fees will be submitted to the shareholders' meeting for approval.

On February 26, 2013, the shareholders' meeting approved the principle that independent directors may receive performance related remuneration. In addition, the February 26, 2013 shareholders' meeting approved the granting of 54,600 warrants to each of the independent directors, subject to the issue of these warrants by a shareholders' meeting scheduled to be held on March 20, 2013.

If the warrants are indeed issued by the shareholders' meeting scheduled to be held on March 20, 2013, they will be granted to the independent directors free of charge. Each warrant shall entitle its holder to subscribe to one share in the Company at a fixed exercise price determined by the shareholders' meeting. More specifically, the exercise price of a warrant shall be equal to the higher of (i) EUR 1.00 and (ii) the average closing price of the TiGenix share on the stock exchange over the 30 day period preceding the date of issuance of the warrants. The warrants shall have a duration of five (5) years as from the date of their issuance. Unless the shareholders' meeting decides otherwise prior to or at the time of the grant of the warrants and subject to the end of the cooperation and certain situations in which warrants can become null and void, (i) 1/3rd of the warrants granted to a warrant holder will be deemed definitively vested for the latter on the first anniversary of the granting of the warrants and (ii) 1/24th of the remaining 2/3rd of the warrants granted to such warrant holder will definitively vest on the last day of each of the 24 months following the month of the first anniversary of the granting of the warrants. The warrants can only be exercised by the warrant holder if they have definitively vested. The other terms and conditions of the warrants are described in the "Warrant Plan 2013", as attached to the special board report dated January 15, 2013 which is available on the Company's website.

Apart from the above remuneration for independent directors, all directors will be entitled to a reimbursement of out-of-pocket expenses actually incurred to participate to board meetings.

The board sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate or sitting on one of the board committees and the rules for reimbursement of directors' business-related out-of-pocket expenses.

TiGenix has not made any loans to the members of the Board of Directors, except that the Company pre-pays the Belgian salary taxes payable by Eduardo Bravo on the part of his remuneration that is taxable under Belgian law, until such amounts are refunded (on an annual basis) by the Spanish fiscal authorities to Eduardo Bravo, at which time Eduardo Bravo repays the relevant amounts to the Company.

In the next two years, 2013 and 2014, the remuneration of the members of the Board of Directors will be on the same basis as approved by the shareholders' meeting of February 26, 2013.

Remuneration of the members of the Board of Directors in 2012

In 2012, the following amounts were accrued for fees of the independent directors as member of the Board of Directors (not as member of a Board committee) for the performance of their mandate during the financial year 2012:

Name	Fee
Gil Beyen BVBA, represented by Gil Beyen	-
Eduardo Bravo	-
Mounia Chaoui-Roulleau	-
Ventech S.A., represented by Mounia Chaoui-Roulleau	-
Koenraad Debackere	-
Willy Duron	38,750
Greig Biotechnology Global Consulting, Inc., represented by Russell Greig	8,250
Eduard Enrico Holdener	31,000
Ysios Capital Partners SGEER SA, represented by Joël Jean-Mairet	-
R&S Consulting BVBA, represented by Dirk Reyn	31,000
Innosté SA, represented by Jean Stéphane	12,000
LRM Beheer NV, represented by Nico Vandervelpen	-
TOTAL	121,000

Remuneration of the audit committee in 2012

In 2012, the following amounts were accrued for fees of the independent directors as member of the audit committee for the performance of their mandate during the financial year 2012:

Name	Position	Fee
Willy Duron	Chairman of the audit committee; Independent Director	7,500
Eduard Enrico Holdener ⁽¹⁾	Member of the audit committee; Independent Director	3,750
Innosté SA, represented by Jean Stéphane ⁽²⁾	Member of the audit committee; Chairman of the Board of Directors; Independent Director	1,250
LRM Beheer NV, represented by Nico Vandervelpen	Member of the audit committee; Director (non-executive)	-
TOTAL		12,500

(1) Eduardo Enrico Holdener was a member of the audit committee until September 19, 2012.

(2) Innosté SA, represented by Jean Stéphane, has been a member of the audit committee since September 19, 2012.

Remuneration of the nomination and remuneration committee in 2012

In 2012, the following amounts were accrued for fees of the independent directors as member of the nomination and remuneration committee for the performance of their mandate during the financial year 2012:

Name	Position	Fee
R&S Consulting BVBA, represented by Dirk Reyn ⁽¹⁾	Chairman of the nomination and remuneration committee; Independent Director	11,625
Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig ⁽²⁾	Member of the nomination and remuneration committee; Independent Director	1,250
Eduard Enrico Holdener ⁽³⁾	Member of the nomination and remuneration committee; Independent Director	12,875
Ysios Capital Partners SGEGR SA, represented by Joël Jean-Mairet ⁽⁴⁾	Member of the nomination and remuneration committee; Director (non-executive)	-
TOTAL		25,750

(1) R&S Consulting BVBA, represented by Dirk Reyn, was appointed Chairman of the nomination and remuneration committee as of September 19, 2012.

(2) Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig, has been a member of the nomination and remuneration committee since September 19, 2012.

(3) Eduard Enrico Holdener was Chairman of the nomination and remuneration committee until September 19, 2012.

(4) Ysios Capital Partners SGEGR SA, represented by Joël Jean-Mairet, was a member of the nomination and remuneration committee until September 19, 2012.

Shares and warrants held by independent and other non-executive directors

The table below provides an overview (as at 31 December 2012) of the shares, EBIP options on shares and warrants held by the independent and other non-executive directors. This overview must be read together with the notes referred to below.

	Shares		Options on existing shares under EBIPs ⁽⁴⁾		Warrants		Total shares, options on existing shares under EBIPs and warrants	
	Number	% ⁽¹⁾	Number	% ⁽¹⁾	Number	% ⁽²⁾	Number	% ⁽³⁾
Willy Duron	6,000	0.0060%	0	0%	0 ⁽⁵⁾	0%	6,000	0.0057%
Greig Biotechnology Global Consulting, Inc., represented by Russell Greig	0	0%	0	0%	0 ⁽⁵⁾	0%	0	0%
Eduard Enrico Holdener	0	0%	73,989	0.0738%	0 ⁽⁵⁾	0%	73,989	0.0699%
Ysios Capital Partners SGEGR SA, represented by Joël Jean-Mairet ⁽⁶⁾	0	0%	0	0%	0	0%	0	0%

	Shares		Options on existing shares under EBIPs ⁽⁴⁾		Warrants		Total shares, options on existing shares under EBIPs and warrants	
	Number	% ⁽¹⁾	Number	% ⁽¹⁾	Number	% ⁽²⁾	Number	% ⁽³⁾
R&S Consulting BVBA, represented by Dirk Reyn	4,000	0.0040%	0	0%	0 ⁽⁵⁾	0%	4,000	0.0038%
Innosté SA, represented by Jean Stéphenne	0	0%	0	0%	0 ⁽⁵⁾	0%	0	0%
LRM Beheer NV (previously named: Immocom NV), represented by Nico Vandervelpen ⁽⁷⁾	0	0%	0	0%	0	0%	0	0%
Total	10,000	0.0100%	73,989	0.0738%	0	0%	83,989	0.0793%

Notes:

- (1) Calculated on the basis of the total number of issued voting financial instruments on December 31, 2012.
- (2) Calculated on the basis of the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2012.
- (3) Calculated on the basis of the sum of (i) the total number of issued voting financial instruments on December 31, 2012 and (ii) the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2012.
- (4) This column refers to the number of existing shares that the beneficiary of the EBIP options would receive upon exercise of his options with delivery of 2.96 existing TiGenix shares per EBIP option. In this respect for the EBIP 2008 options it has been assumed that they shall all be exchanged for options on existing TiGenix shares. For more information on the EBIP options, see section 4 of this report above.
- (5) The Board of Directors has proposed to the shareholders' meeting to grant each of the independent directors 54,600 warrants. The shareholders' meeting is expected to decide on this on March 20, 2013.
- (6) Ysios Biofund I, FCR, which is a related company of Ysios Capital Partners SGEGR SA, holds 4,760,342 shares (4.49% of the issued and outstanding shares, calculated on the basis of the total number of issued voting financial instruments on December 31, 2012).
- (7) LRM NV and Mijnen NV, which are related companies of LRM Beheer NV, hold 200,000 and 3,000,000 shares respectively (0.20% and 2.99% respectively of the issued and outstanding shares, calculated on the basis of the total number of issued voting financial instruments on December 31, 2012).

7.7.3. Remuneration of executive management

Remuneration policy

The remuneration of the members of the executive management is determined by the Board of Directors upon recommendation by the nomination and remuneration committee, after recommendation by the CEO to such committee.

The remuneration of the executive management is designed to attract, retain and motivate executive managers.

The remuneration of the members of the executive management currently consists of the following elements:

- Fixed remuneration: the members of the executive management are entitled to a basic fixed remuneration designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions. The amount of the fixed remuneration is evaluated and determined by the Board of Directors each year.
- Short-term variable remuneration: the members of the executive management are entitled to a variable remuneration in cash dependent on the executive management members meeting individual, team and/or company objectives in a certain year. The maximum short-term variable remuneration, or maximum bonus, is set at a percentage of the yearly fixed remuneration, and is not spread in time. The maximum bonus of the CEO and the CBO amounts to 75% of their yearly fixed remuneration. The maximum bonus of the CFO and the CTO amounts to 45% of their yearly fixed remuneration. This short-term variable remuneration cannot be claimed back by the Company once it is granted.

The individual, team and/or company objectives that determine the amount of the bonus are determined at the beginning of each year and are all formulated in such a way that they are measurable and that it can be clearly concluded whether or not, or to what extent, they have been met. They are set, among others, in respect of cash consumption, sales, corporate development transactions and clinical trials (e.g. numbers of patients included in a trial, timing of interim or final results). Each member of executive management has various objectives, and each objective represents a pre-identified percentage of the overall potential bonus (with all objectives together representing 100% of the potential bonus). Every year in the month of January, the Board of Directors (upon recommendation by the nomination and remuneration committee, after recommendation by the CEO to such committee) evaluates and determines the extent to which the various objectives have been met and determines the amount of the variable remuneration (as the sum of the percentages allocated to the objectives that have been met). The variable remuneration relating to a certain calendar year is paid in the first quarter of the following year.

On May 11, 2012, the extraordinary shareholders' meeting of the Company approved a modification of the Company's articles of association as a result of which the restrictions provided for in Article 520ter, first and second paragraph of the Belgian Companies Code (including a spread in time of variable remuneration) do not apply to the Company in respect of all persons who either directly or by reference fall within the scope of that Article.

- Long-term incentive plan: warrants may be granted to the members of the executive management, in accordance with the recommendations set by the nomination and remuneration committee, after recommendation by the CEO to such committee.
- Other benefits: members of the executive management who are salaried employees may be entitled to a number of fringe benefits, which may include participating in a defined contribution pension or retirement scheme, disability insurance, a company car, a mobile telephone, a laptop computer and/or a lump sum expense allowance according to general Company policy, and other collective benefits (such as hospitalisation insurance and meal vouchers). Members of executive management who are engaged on the basis of a service agreement do not receive fringe benefits, except that they may be provided with a mobile phone and laptop computer according to general Company policy.

The members of the executive management do not receive any remuneration based on the overall financial results of the Company or the Company's group, nor do they receive any long-term variable remuneration in cash.

In the next two years, 2013 and 2014, the remuneration of the members of the executive management will be on the same basis as in 2012, except that the Company intends to provide appropriate pension, life and medical insurances for Eduardo Bravo and Claudia D'Augusta, who currently do not benefit from such insurances paid for by the Company.

Termination payments

Eduardo Bravo (CEO) is engaged as CEO of TiGenix SAU on the basis of his corporate responsibility as a member of the Board of Directors of TiGenix SAU and as Managing Director (*Consejero Delegado*) governed by the applicable Spanish Law on capital companies (*Ley de Sociedades de Capital*). His relationship with TiGenix SAU can be terminated at any time, without notice period, subject to the payment, in case TiGenix SAU terminates the relationship, of a termination fee equal to his yearly remuneration applicable at such time. An additional termination fee of maximum two years is payable in case the relationship is terminated by TiGenix SAU within one year of a corporate transaction involving the company (such as a merger, sale of shares, sale of assets, etc).

Claudia D'Augusta (CFO) has an employment contract with TiGenix SAU. The employment contract is for an indefinite term and may be terminated at any time by TiGenix SAU, subject to a three month notice period and, in case TiGenix SAU terminates the agreement, a severance payment of minimum nine month. An additional severance payment of maximum one year is payable in case the agreement is terminated by TiGenix SAU within one year of a corporate transaction involving the company (such as a merger, sale of shares, sale of assets, etc).

Wilfried Dalemans (CTO) has an employment contract with TiGenix NV. The employment contract is for an indefinite term and may be terminated at any time by the Company, subject to a notice period and a severance payment in accordance with applicable law.

Gil Beyen BVBA (represented by Gil Beyen) (CBO) is engaged on the basis of a service agreement with TiGenix NV, which can be terminated at any time, subject to a three month notice period. In the event the Company terminates the agreement other than for serious misconduct or serious fault, the Company must pay Gil Beyen BVBA an indemnity equal to 12 months fees, based on the average monthly fee paid during the last six months prior to termination.

Remuneration of the CEO in 2012

	2012
Fixed remuneration (gross)	322,000
Variable remuneration (short term)	116,725
Pension	0
Other benefits	16,645
TOTAL	455,370

In addition, in 2012, Eduardo Bravo (in his capacity as CEO) was granted and accepted 1,360,000 warrants under the July 6, 2012 warrant plan. The exercise price of the warrants is EUR 1.00. A description of the main characteristics of the July 6, 2012 warrant plan can be found in section 4 of this report above.

No other warrants, shares, options on shares or rights to acquire shares were granted to Eduardo Bravo in 2012. No warrants, options on shares or rights to acquire shares were exercised by Eduardo Bravo in 2012 or expired in 2012.

Remuneration of the other members of the executive management in 2012

	2012
Fixed remuneration (gross)	587,026
Variable remuneration (short term)	171,953
Pension	16,041
Other benefits	35,638
TOTAL	810,657

In addition, in 2012, the other members of the executive management were granted and accepted the following warrants under the July 6, 2012 warrant plan. The exercise price of the warrants is EUR 1.00. A description of the main characteristics of the July 6, 2012 warrant plan can be found in section 4 of this report above.

	Number of warrants
Gil Beyen BVBA, represented by Gil Beyen	-
Claudia D'Augusta	480,000
Wilfried Dalemans	400,000

No other warrants, shares, options on shares or rights to acquire shares were granted to any of Gil Beyen BVBA, represented by Gil Beyen, Claudia D'Augusta or Wilfried Dalemans in 2012. No warrants, options on shares or rights to acquire shares were exercised by them in 2012 or expired in 2012.

Shares and warrants held by executive management

The table below provides an overview (as at 31 December 2012) of the shares, EBIP options on shares and warrants held by the executive management, including the executive directors. This overview must be read together with the notes referred to below.

	Shares		Options on existing shares under EBIPs ⁽⁴⁾		Warrants		Total shares, options on existing shares under EBIPs and warrants	
	Number	% ⁽¹⁾	Number	% ⁽¹⁾	Number	% ⁽²⁾	Number	% ⁽³⁾
Eduardo Bravo, CEO	150,263	0.15%	782,771	0.78%	1,360,000	24.21%	2,293,034	2.17%
Gil Beyen BVBA, represented by Gil Beyen, CBO ⁽⁵⁾	264,751	0.26%	0	0%	102,749	1.83%	367,500	0.35%
Claudia D'Augusta	127,682	0.13%	206,492	0.21%	480,000	8.54%	814,174	0.77%
Wilfried Dalemans	0	0%	0	0%	545,000	9.70%	545,000	0.51%
Total	542,696	0.54%	989,263	0.99%	2,487,749	44.28%	4,019,708	3.80%

Notes:

- (1) Calculated on the basis of the total number of issued voting financial instruments on December 31, 2012.
- (2) Calculated on the basis of the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2012.
- (3) Calculated on the basis of the sum of (i) the total number of issued voting financial instruments on December 31, 2012 and (ii) the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2012.
- (4) This column refers to the number of existing shares that the beneficiary of the EBIP options would receive upon exercise of his options with delivery of 2.96 existing TiGenix shares per EBIP option. In this respect for the EBIP 2008 options it has been assumed that they shall all be exchanged for options on existing TiGenix shares. For more information on the EBIP options, see section 4 of this report above.
- (5) Gil Beyen BVBA is controlled by Gil Beyen, who also controls Axxis V&C BVBA, one of the founding shareholders. Axxis V&C BVBA holds 224,248 shares (0.22% of the issued and outstanding shares, calculated on the basis of the total number of issued voting financial instruments on December 31, 2012). Therefore Gil Beyen controls through Gil Beyen BVBA and Axxis V&C BVBA in aggregate 488,999 shares and 102.749 warrants (0.56% of the issued and outstanding voting financial instruments, calculated on the basis of the sum of (i) the total number of issued voting financial instruments on December 31, 2012 and (ii) the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2012).

8. CONTINUITY OF THE COMPANY

On December 31, 2012, the Company had a cash position of EUR 11.1 million. Based on the monthly net cash burn during 2012 in operating activities (EUR 1,5 million), this cash position is not sufficient to continue the operations for the next twelve months (until the next ordinary shareholders' meeting of April 2014).

In order to generate sufficient additional cash to continue the operations for the next twelve months, the Board of Directors developed an action plan, which is reflected in the budget, based on the following key assumptions:

- An increase of the projected commercial revenues of ChondroCelect, expected to continue the same trend in units sold as in 2012, based on the expected progressing reimbursement activities in additional countries;
- Additional non-dilutive funding, such as grants (EU 7th FP) and soft loans already granted (Innpacto, Madrid Network), and others not yet granted;
- Partnering of Cx601 (i.e. finding a partner for the co-development and/or commercialization of Cx601 in different regions); and
- Monetizing of some assets, such as the Dutch manufacturing facility (which was constructed by the Company in a building leased under a long-term lease contract running until July 2029).

According to the budget, the effective and timely realization of the above assumptions of the action plan will generate sufficient additional cash to continue the Company's operations during the next twelve months.

However, at this moment it is uncertain whether the above assumptions will be realized timely. There is a risk that the action plan will not generate sufficient additional cash, as a result of the non-realization or only partly realization of one or more assumptions. There is also a risk that, even if most of the assumptions would be realized, this realization will happen too late, so that the necessary additional cash is not generated timely to continue the Company's operations for the next twelve months.

However, if the execution of the above action plan would not or not timely generate sufficient additional cash, the Board of Directors intends to explore the option of obtaining additional dilutive funding (i.e. a capital increase) or non-dilutive funding.

Notwithstanding the described uncertainties, the Board of Directors is confident that the action plan described above, in combination with, if needed, additional dilutive funding (i.e. a capital increase), will timely generate sufficient additional cash to continue the Company's operations for the next twelve months.

In accordance with Article 96, 6° of the Belgian Companies Code, taking into account two consecutive financial years of losses, the Board of Directors has decided, after consideration, to apply the valuation rules assuming "going concern", for the reasons set out above.

Since the Company is currently able to satisfy all financial liabilities and is able to fulfil all payments, the Board of Directors is of the opinion that the continuity of the Company is not threatened.

9. CONFLICTS OF INTEREST

In 2012, during 3 Board meetings, decisions were taken that required the application of the conflict of interests procedure pursuant to Article 523 of the Belgian Companies Code. The relevant parts of the minutes are copied below.

Meeting of the Board of Directors of January 23, 2012

"Introduction

The chairman opened the meeting and explained that the board meeting was held at the request of Gil Beyen BVBA, represented by Gil Beyen.

The latter has proposed to scale down its role in the Company to a half-time role, thereby permitting it to take up other commitments vis-à-vis other companies as well.

Going forward, the main focus of Gil Beyen BVBA, represented by Gil Beyen, would be on:

- identifying and implementing business development and partnering opportunities;
- supporting the Company's activities in investor, press and government relations; and
- supporting the post-merger transition and integration.

Preliminary statement

Prior to discussing the sole item on the agenda, the board of directors acknowledged that, in accordance with Article 523 of the Companies Code, Gil Beyen BVBA, represented by Gil Beyen, declared to have an interest of a patrimonial nature which is conflicting with the decisions that fall within the scope of the powers of the board of directors, in particular with respect to the management and termination fees payable to Gil Beyen BVBA, represented by Gil Beyen, pursuant to an amended consultancy agreement between the Company and Gil Beyen BVBA, represented by Gil Beyen.

In accordance with Article 523 of the Companies Code, the auditor of the Company, BDO Bedrijfsrevisoren BV CVBA, represented by Gert Claes, will be informed of the existence of the conflict of interests.

Furthermore, the minutes of the resolutions regarding the amended consultancy agreement between the Company and Gil Beyen BVBA, represented by Gil Beyen, will be entirely included in the annual report of the board of directors in relation to the financial year ending 31 December 2012.

Following this statement, Gil Beyen BVBA, represented by Gil Beyen, left the conference call in accordance with Article 523, §1, last paragraph of the Companies Code and the remaining directors continued the meeting.

Deliberation

The board discussed the proposal set out above. It was found that a scaling-down of the role of Gil Beyen BVBA, represented by Gil Beyen, to a half-time role, would not be detrimental to the Company because the Company can continue to rely on its services in the fields listed above. Since Gil Beyen BVBA's daily fixed fee will remain unchanged, the proposed scaling-down of the role of Gil Beyen BVBA will not have any patrimonial consequences for the Company other than the fact that the number of days of service to be provided by Gil Beyen BVBA (and thus also the total fee) will be reduced.

Resolutions

The board of directors RESOLVED to:

- approve the scaling-down of the commitments of Gil Beyen BVBA, represented by Gil Beyen, vis-à-vis the Company by half the number of days, and to change the consultancy agreement with Gil Beyen BVBA accordingly;
- maintain Gil Beyen BVBA's daily fixed fee as currently applicable;
- maintain the termination clause as provided in the current consultancy agreement between the Company and Gil Beyen BVBA (it being understood that the basis for calculating any termination fees will reduce in the same proportion as the number of days per year that Gil Beyen BVBA will deliver services to the Company);
- approve that Gil Beyen BVBA, represented by Gil Beyen, may render (consulting) services to other companies as long as such other companies do not directly compete with the regenerative medicine activities of the Company;
- delegate to Eduardo Bravo the power to draw up and sign on behalf of the Company an amended consultancy agreement with Gil Beyen BVBA, represented by Gil Beyen, for the performance of services as Managing Director and CBO, in line with the resolutions listed above;
- instruct Eduardo Bravo to check with Legal and IR the need to draw up and issue a press release and to determine the content and the timing of release of such press release.

As mentioned above, Gil Beyen BVBA, represented by Gil Beyen, did not participate in the deliberation and resolutions on the above matter."

Meeting of the Board of Directors of March 8, 2012

"Preliminary statement

Prior to discussing the items on the agenda, the board of directors acknowledged that, in accordance with Article 523 of the Companies Code, Eduardo Bravo and Gil Beyen BVBA, represented by Gil Beyen, declared to have an interest of a patrimonial nature which is conflicting with the decisions that fall within the scope of the powers of the board of directors, in particular with respect to their evaluation and bonus relating to 2011 and their management remuneration for 2012.

In accordance with Article 523 of the Companies Code, the auditor of the Company, BDO Bedrijfsrevisoren BV CVBA, represented by Gert Claes, will be informed of the existence of the conflict of interests.

Furthermore, the minutes of the resolutions regarding the evaluation and bonus of Eduardo Bravo and Gil Beyen BVBA, represented by Gil Beyen, relating to 2011 and their management remuneration for 2012, will be entirely included in the annual report of the board of directors in relation to the financial year ending 31 December 2012.

Following this statement, Eduardo Bravo and Gil Beyen BVBA, represented by Gil Beyen, left the meeting in accordance with Article 523, §1, last paragraph of the Companies Code and the remaining directors continued the meeting.

Deliberation

Eduard Enrico Holdener, chairman of the nomination and remuneration committee, presented to the board of directors the proposal of the nomination and remuneration committee on (i) the evaluation of the 2011 Company objectives and (ii) the evaluation of the members of the executive management and their bonuses for 2011.

In particular, it is proposed that the evaluation of the 2011 company objectives is set at 55%.

It is further proposed that the members of executive management will each receive a bonus as follows: (i) CEO: actual bonus equal to 55% of his potential maximum bonus, (ii) CBO: actual bonus equal to 45% of its potential maximum bonus, (iii) CFO: actual bonus equal to 78% of her potential maximum bonus, and (iv) CTO: actual bonus equal to 75% of his potential maximum bonus.

With regard to the remuneration of the members of the executive management for 2012, Eduard Enrico Holdener, chairman of the nomination and remuneration committee, reported that until now the nomination and remuneration committee had mainly been working on the 2012 warrants plan, and that it will prepare and present a proposal on the remuneration packages for the members of executive management at the May board meeting.

Resolutions

The board of directors RESOLVED to approve (i) the evaluation of the Company objectives, as well as (ii) the evaluation of and the bonuses granted to the members of executive management as proposed by the nomination and remuneration committee.

As mentioned above, Eduardo Bravo and Gil Beyen BVBA, represented by Gil Beyen, did not participate in the deliberation and resolutions on the above matter.”

Meeting of the Board of Directors of July 6, 2012

“Preliminary statement

Prior to discussing the items on the agenda, the board of directors acknowledged that, in accordance with Article 523 of the Companies Code, Eduardo Bravo and Gil Beyen BVBA, represented by Gil Beyen, declared, prior to the meeting of the board of directors, to have an interest of a patrimonial nature which is conflicting with the decisions that fall within the scope of the powers of the board of directors, in particular with respect to the decisions to be taken regarding the (potential) grant to them of warrants under the 2012 warrant plan and their remuneration for 2012.

In accordance with Article 523 of the Companies Code, the auditor of the Company, BDO Bedrijfsrevisoren BV CVBA, represented by Gert Claes, will be informed of the existence of the conflict of interests.

Furthermore, the minutes of the resolutions regarding the (potential) grant of warrants to Eduardo Bravo and Gil Beyen BVBA, represented by Gil Beyen, and their remuneration for 2012 will be included in the annual report of the board of directors in relation to the financial year ending 31 December 2012.

Eduardo Bravo and Gil Beyen BVBA, represented by Gil Beyen, are not present at the meeting.

Deliberations and resolutions

Grant of warrants under the 2012 warrants plan

The chairman explained that (i) on 4 July 2012, the board of directors approved a warrant plan regarding the issue of maximum 4,000,000 warrants (the “2012 warrants plan”) and that (ii) on 6 July 2012, immediately prior to the current meeting of the board of directors, the board of directors issued 4,000,000 warrants in the framework of the authorized capital.

Willy Duron presented to the board of directors the proposal of the nomination and remuneration committee with respect to the grant of warrants from the 2012 warrants plan to the members of the executive management:

- Eduardo Bravo, CEO: 1,360,000 warrants,
- Claudia D’Augusta, CFO: 480,000 warrants, and
- Wilfried Dalemans, CTO: 400,000 warrants.

The remainder of the warrants issued pursuant to the 2012 warrants plan would be offered to the other employees of the Company and its subsidiaries, as set out in the attached overview.

The nomination and remuneration committee further proposes that the exercise price of the warrants would be determined at EUR 1.00 per warrant.

As regards the grant of 1,360,000 warrants to Eduardo Bravo at an exercise price of EUR 1.00 per warrant, the board of directors is of the opinion that this is justified by the fact that this constitutes a strong motivation for Eduardo Bravo to maximise his efforts for (the results of) the Company and to commit for a longer term to the Company. In addition, this grant of warrants does not have negative patrimonial consequences for the Company itself. On the contrary, the net assets of the Company shall be reinforced when the warrants will be effectively exercised.

The board of directors DECIDED unanimously to grant 2,240,000 warrants, issued in accordance with the 2012 warrants plan, to the members of the executive management and to grant the remainder of the warrants to the other employees of the Company and its subsidiaries as set out above.

The board of directors DECIDED unanimously to determine the exercise price of the warrants at EUR 1.00 per warrant.

Finally, as regards the beneficiaries of the 2012 warrants plan who are subject to taxation in Belgium and who wish to opt for a taxation upon the grant of the warrants, the board of directors DECIDED unanimously that that is only possible by means of using

response form "B" (attached), including the commitments set out therein in respect of non-transferability and non-exercisability of the warrants before 1 January 2016.

Remuneration of the members of the executive management for 2012

Willy Duron presented to the board of directors the proposal of the nomination and remuneration committee regarding the remuneration of the members of the executive management for 2012:

Eduardo Bravo, CEO:

- Fixed remuneration for 2012: equal to the fixed remuneration for 2011;
- Variable remuneration: a potential bonus of maximum 50% of the fixed remuneration;
- Company car: for a value equal to the company car granted in 2011;
- Grant of warrants: in accordance with the previous resolution.

Gil Beyen BVB, represented by Gil Beyen, CBO:

- Fixed remuneration for 2012: equal to (pro rata) the fixed remuneration for 2011 (pro rata because in 2012 the role of the CBO was reduced to a half-time role compared to 2011);
- Variable remuneration: a potential bonus of maximum 50% of the fixed remuneration; the board of directors requested the nomination and remuneration committee to work out an additional bonus for Gil Beyen BVBA (represented by Gil Beyen).

Claudia D'Augusta, CFO:

- Fixed remuneration for 2012: equal to the fixed remuneration for 2011, indexed for 2012 in accordance with applicable provisions;
- Variable remuneration: a potential bonus of maximum 30% of the fixed remuneration;
- Company car: for a value equal to the company car granted in 2011;
- Meal vouchers: in accordance with applicable Company policy;
- Grant of warrants: in accordance with the previous resolution.

Wilfried Dalemans, CTO:

- Fixed remuneration for 2012: equal to the fixed remuneration for 2011, indexed for 2012 in accordance with applicable provisions;
- Variable remuneration: a potential bonus of maximum 30% of the fixed remuneration;
- Company car: for a value equal to the company car granted in 2011;
- Meal vouchers, expense reimbursement, group insurance and hospitalization insurance: in accordance with applicable Company policy;
- Grant of warrants: in accordance with the previous resolution.

As regards the proposed remunerations for Eduardo Bravo and Gil Beyen BVBA, represented by Gil Beyen, the board of directors is of the opinion that these remunerations are justified in view of their role and the efforts that are requested from them. The patrimonial consequences for the Company in respect of these remunerations do not change vis-à-vis 2011 given that the remunerations (except for the warrants for Eduardo Bravo) are equal to the remunerations for 2011.

After discussion of the remuneration packages of the CEO, CBO, CFO and CTO as proposed by the nomination and remuneration committee for 2012, the board of directors DECIDED unanimously to approve these remuneration packages, as set out above.

Finally, the board of directors acknowledged that the remuneration of both Eduardo Bravo and Claudia D'Augusta is partly born by the Company (and taxable in Belgium) and partly born by TiGenix SA (and taxable in Spain).

In accordance with the applicable Spanish tax regime, however, TiGenix SA must withhold salary taxes on the full remuneration of Eduardo Bravo, including on the Belgian part of his remuneration. As a result thereof, Eduardo Bravo must in principle bear a double

withholding on the Belgian part of his remuneration. To avoid that Eduardo Bravo had to bear such double withholding on the Belgian part of his remuneration for 2011, the Company has pre-financed the salary taxes on the Belgian part of his remuneration, subject to the condition that Eduardo Bravo fully repays the prepaid amounts to the Company as soon as he receives the corresponding reimbursement of the Spanish tax authorities. The Company now wishes to formalize the agreement. The pre-financing issue will normally occur each year as regards Eduardo Bravo.

A similar issue of pre-financing occurred with respect to the Belgian salary taxes that had to be withheld on the 2011 remuneration of Claudia D'Augusta. The Company pre-financed these salary taxes subject to the condition that Claudia D'Augusta fully repays the prepaid amounts to the Company as soon as she receives the corresponding reimbursement of the Spanish tax authorities. The Company also wishes to formalise this agreement. Given that, in Spain, Claudia D'Augusta is subject to a different tax regime than the regime applicable to Eduardo Bravo, it is possible, although it cannot be excluded, that the pre-financing issue will not occur anymore for Claudia D'Augusta.

Consequently, the board of directors DECIDED to approve the entering into of one or more agreements between the Company and Eduardo Bravo on the one hand (for 2011, 2012 and the future, to the extent applicable) and between the Company and Claudia D'Augusta on the other hand (for 2011 and the future, to the extent applicable) in respect of the reimbursement of the pre-paid Belgian salary taxes, and DECIDED to grant a power of attorney to two directors acting jointly to sign these agreements on behalf of the board."

10. BRANCHES

The Company does not have any branches.

11. SUBSEQUENT EVENTS

No material events took place, and no significant change occurred in the financial or trading position of the Group, after December 2012.

The shareholders' meeting shall be requested to approve the statutory financial statements as submitted and to release the directors and auditor from liability for the performance of their duties in the course of the financial year ended December 31, 2012.

Done on March 11, 2013

On behalf of the Board of Directors

Eduardo Bravo, CEO