ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE STATUTORY FINANCIAL STATEMENTS PER DECEMBER 31, 2015

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, 2015.

1. Overview

We are an advanced biopharmaceutical company focused on developing and commercializing novel therapeutics from our proprietary technology platforms of allogeneic, or donor derived, stem cells.

In 2015, we have completed, and received positive data in, a single pivotal Phase III trial in Europe of our most advanced product candidate Cx601, a potential first-in-class injectable allogeneic stem cell therapy indicated for the treatment of complex perianal fistulas in patients suffering from Crohn's disease.

Cx601 is our lead product candidate based on our platform of expanded adipose, or fat tissue, derived stem cells, known as eASCs. In the randomized, double blind Phase III study in Europe and Israel with a single treatment of Cx601 the rate of combined remission in patients treated with Cx601 compared with patients who received placebo was statistically significant, meeting the primary endpoint of combined remission of complex perianal fistulas at twenty-four weeks. In the 'intention to treat,' or ITT, population, which was comprised of 212 Crohn's disease patients with inadequate response to previous therapies, 49.5% of patients treated with Cx601 had combined remission compared to 34.3% in the placebo arm. The trial's results indicated that patients receiving Cx601 had a 44.3% greater probability of achieving combined remission than placebo patients. The efficacy results had a p-value, the statistical measure used to indicate the strength of a trial's observations, of less than 0.025. (A p-value of 0.025 is equivalent to a probability of an effect happening by chance alone being less than 2.5%.) A p-value less than 0.05 is a commonly used criterion for statistical significance. Moreover, the trial confirmed a favorable safety and tolerability profile, and treatment emergent adverse events (non-serious and serious) and discontinuations due to adverse events were comparable between the Cx601 and placebo arms.

The results of the follow-up analysis after fifty-two weeks were also positive. In the ITT population, 54.2% of patients treated with Cx601 had combined remission compared to 37.1% of patients in the placebo arm. The result had a p-value of 0.012, indicating high statistical significance. In addition, after fifty-two weeks, the rate of sustained closure in patients treated with Cx601 who were in combined remission at week twenty-four was 75.0%, compared to 55.9% for patients in the placebo arm who were in combined remission at week 24. The results also confirmed the favourable safety and tolerability profile of Cx601.

Based on the data from our pivotal Phase III trial in Europe and Israel, we submitted a marketing authorization application to the EMA in the first quarter of 2016 and anticipate launching the approved product in Europe during the second half of 2017. We also intend to initiate a pivotal Phase III trial for Cx601 for the treatment of complex perianal fistulas in the United States by the first half of 2017 and have begun the technology transfer process to Lonza, U.S. based contract manufacturing organization. Based on discussions with the U.S. Food and Drug Administration, or FDA, we believe that the U.S. Phase III trial, if successful, could, together with the European Phase III data, serve as supportive evidence for filing a biologics license application, or BLA, for regulatory approval with the FDA. In 2015, we reached an agreement with the FDA through a special protocol assessment, or

SPA, procedure for our proposed protocol. The agreed primary endpoint for the U.S. Phase III trial is the same as the one for the European Phase III trial. In addition, the required p-value is less than 0.05 for the U.S. trial, compared to the more stringent threshold of less than 0.025 that Cx601 was successfully able to meet in the European trial. We intend to apply for fast track designation from the FDA, which would facilitate and expedite development and review of our U.S. Phase III trial. Fast track designation by the FDA is granted to drugs that treat serious conditions and fill an unmet medical need. It results in earlier and more frequent communication with the FDA during the drug development and review process.

Our eASC-based platform has generated other product candidates, including Cx611, for which we have completed a European Phase I trial in severe sepsis. We are currently preparing to initiate a Phase II clinical trial in severe sepsis in Europe in the second half of 2016.

On July 31, 2015, we acquired Coretherapix, a Spanish biopharmaceutical company focused on developing cost effective regenerative therapeutics to stimulate the endogenous repair capacity of the heart and mitigate the negative effects of myocardial infarction, or a heart attack. Coretherapix has developed an allogeneic platform of expanded cardiac stem cells, or CSCs, and its lead product candidate, AlloCSC-01, employs allogeneic CSCs as a potential treatment for acute ischemic heart disease. We are sponsoring a European Phase I/II trial to evaluate the safety and efficacy of the intracoronary infusion of AlloCSC-01 in patients with acute myocardial infarction. We expect to receive six month interim exploratory data during the second half of 2016, and final results are expected to be available during the first half of 2017. We are also developing AlloCSC-02, the second product candidate from the CSC based platform, which is in a preclinical proof of concept stage for a chronic cardiac indication.

2. Pipeline development

Our pipeline portfolio includes a product candidate with positive pivotal Phase III data and three further product candidates in Phases II and I and preclinical development.

- **Cx601**. Cx601, our lead product candidate, is a potential first-in-class local injectable allogeneic stem cell therapy that has completed a pivotal Phase III trial in Europe and Israel for the treatment of complex perianal fistulas in patients suffering from Crohn's disease. We have observed compelling clinical results that suggest that Cx601 has clinical utility in treating perianal fistulas in one injectable dose with increased efficacy and a more favorable adverse events profile than currently available therapies in Europe and the United States. Based on the results of our successful pivotal Phase III trial, we submitted a marketing authorization application to the EMA in the first quarter of 2016. Moreover, Cx601 enjoys significant benefits due to its designation as an orphan drug by the EMA.

  We have also had a meeting with the FDA to discuss the adequacy of our clinical and non-clinical data to support an investigational new drug, or IND, application for a U.S. based Phase III trial. We received positive feedback regarding our current pivotal European Phase III trial design for supporting a BLA and have reached an agreement with the FDA through an SPA procedure for our proposed protocol for a Phase III trial in the United States. In addition, we intend to apply for fast track designation. We expect to submit an IND application to the FDA by the end of 2016 and to initiate a Phase III trial in the United States by the first half of 2017. Current therapies have limited efficacy, and there is currently no commercially available cell based therapy for this indication in Europe or the United States. We believe Cx601, if approved, would fulfill a significant unmet need in the market.

- **Cx611**. Cx611, our second eASC-based product candidate, is a potential first-in-class intravenous injectable allogeneic stem cell therapy intended for the treatment of severe sepsis. We believe that Cx611, if approved for severe sepsis, would be an add on therapy that has the potential to reduce mortality. Following positive data from a Phase I trial in Europe, we are planning to advance Cx611 in severe sepsis in a Phase II trial in Europe in the second half of 2016.

- **Cx621**. We have also explored the intra-lymphatic administration of allogeneic eASCs with Cx621 and generated positive safety and feasibility information in a Phase I trial in Europe. This different route of administration has the potential to enable applications in autoimmune diseases.

- **AlloCSC-01**. AlloCSC-01, our first product candidate from the CSC-based platform, is a suspension of allogeneic CSCs administered into the coronary artery of the patient. We are currently in the second stage of a two stage Phase I/II trial in Europe to evaluate the safety and efficacy of the intracoronary infusion of AlloCSC-01 in patients with acute myocardial infarction. We expect to receive six month interim exploratory data during the second half of 2016, and final results are expected to be available during the first half of 2017. We believe that AlloCSC 01, if approved, would limit the extent of tissue damage caused by myocardial infarction and delay the onset or reduce the severity of congestive heart failure.
- **AlloCSC-02**. AlloCSC-02, our second product candidate from the CSC based platform, is in a preclinical proof of concept stage for a chronic cardiac indication.

3. 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 April 11, 2016. The financial statements will be communicated to the shareholders at the annual general shareholders' meeting on June 2, 2016.

Result of Operations

Comparison of the Years Ended December 31, 2015, 2014 and 2013

The following table summarizes the audited results of our operations for the periods ended December 31, 2015, 2014 and 2013:

		Years ended December 31,		
Thousands of euros except per share data	**Notes**	**2015**	**2014**	**2013**
CONTINUING OPERATIONS				
Revenues				
Royalties		537	338	—
Grants and other operating income	6	1,703	5,948	883
Total revenues		**2,240**	**6,286**	**883**
Research and development expenses	7	(19,633)	(11,443)	(9,843)
General and administrative expenses	7	(6,683)	(7,406)	(5,829)
Total operating charges		**(26,316)**	**(18,849)**	**(15,672)**
Operating Loss		**(24,076)**	**(12,563)**	**(14,789)**
Financial income	8	148	115	7
Interest on borrowings and other finance costs	8	(6,651)	(1,026)	(45)
Fair value gains and losses	8	(6,654)	60	—
Impairtment and gains/(losses) on disposal of financial instruments	15	(161)	—	—
Foreign exchange differences	8	1,000	1,101	(352)
Loss before taxes		**(36,394)**	**(12,313)**	**(15,179)**
Income taxes	9	1,325	927	59
Loss for the year from continuing operations		**(35,069)**	**(11,386)**	**(15,120)**
DISCONTINUED OPERATIONS				
Loss for the year from discontinued operations	10	—	(1,605)	(3,270)
Loss for the year		**(35,069)**	**(12,990)**	**(18,390)**
Attributable to equity holders of TiGenix		*(35,069)*	*(12,990)*	*(18,390)*

Basic and diluted loss per share (euro)	11	**(0.21)**	**(0.08)**	**(0.16)**
Basic and diluted loss per share from continuing operations (euro)	11	**(0.21)**	**(0.07)**	**(0.13)**
Basic and diluted loss per share from discontinued operations (euro)	11	**—**	**(0.01)**	**(0.03)**

Royalties

In 2015 we earned 0.5 million euros (0.3 million euros in 2014) in royalties on net sales of ChondroCelect by Swedish Orphan Biovitrium, Sobi. Under the agreement with Sobi, we were entitled to receive 22% royalties on net sales until June 30, 2015 and 20% thereafter.

In April 2015, the decision to reimburse ChondroCelect in Belgium was reversed by the authorities. This had a significant impact on the units sold during the second half of the year. Units sold in that period, when compared to the same period in 2014, dropped by 54%. It is up to Sobi to decide whether or not to take any further action against such reversal (e.g. file a new application for reimbursement). Any costs related to such actions, if any, will be borne by Sobi. The sales of ChondroCelect are not considered to be material for the future development of the Company.

Since the ChondroCelect marketing authorization was granted by the EMA, the Company has been discussing with the EMA post-authorization follow-up measures and carrying out a non-interventional study. In December 2015, the EMA requested TiGenix to conduct a single-arm clinical trial with a sample size of 59 patients to assess, as the primary outcome, the efficacy of ChondroCelect in patients with large lesions. This trial will complement the data obtained with the non-interventional study, for which recruitment will be stopped (in agreement with the EMA) as soon as recruitment of the single-arm clinical trial has started. This requirement by the EMA will increase the costs for the next 6 years, but the yearly costs are not considered to be material to the Company. It cannot be excluded that the EMA would require additional follow-up measures in relation to ChondroCelect.

Through the agreement, Sobi acquired exclusive rights to distribute ChondroCelect within the European Union (excluding Finland, where we have a pre-existing distribution agreement with Finnish Red Cross Blood Service), Switzerland, Norway, Russia, Turkey and the Middle East and North Africa region. ChondroCelect was approved for reimbursement in the Netherlands in June 2012 (retroactively applicable through to January 2011) and in Spain in March 2013; in addition ChondroCelect is available to patients in the U.K. and Finland.

Grants and Other Operating Income

	Years ended December 31,		
Thousands of euros	**2015**	**2014**	**2013**
Grant revenues	855	5,522	774
Other income	848	426	109
Total revenues	**1,703**	**5,948**	**883**

Grant income relates to the following:

- In 2015 we recognized 0.5 million euros related to 7th Framework Program. At the end of 2011, the Company obtained a 7th Framework Program for the project: “Bringing Regenarative Medicine into de market: Allogeneic eASCs Phase IB/IIA clinical trial for treating Rheumatoid Arthritis”. The project lasted for 3 years (from January 2012 to December 2014) and all activities and expenses had to be justified in two reporting periods in June 30, 2013 and December 31, 2014. At December 29, 2011 TiGenix SAU obtained a soft loan from Ministry of Science of 0.7 million euros with maturity in February 2022. At year-end 2015 all activities related to this loan were done and justified and the period for inspection had elapsed. As such, the Company considered that there was sufficient assurance of the grant and recognized the benefit, from the loans at a below market rate of interest, in the income statement for 0.3

million euros.The benefit obtained through a government loan at a below market rate of interest was treated as a government grant, (measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates).

Grants that were recognized in the previous year are as follows:

- Grants earned through the 2014 activities related to the 7th Framework Program "Bringing Regenarative Medicine into de market: Allogeneic eASCs Phase IB/IIA clinical trial for treating Rheumatoid Arthritis". At year end 2014, the Company recognized in the income statement all the profit related to the activities performed in 2014 for an amount of 1.1 million euros.

- Grants related to soft loans, including the following:

  - At the end of 2011, TiGenix SAU obtained a soft loan from Madrid Network of 5.0 million euros in 3 tranches of 2.0 million euros (October 2011), 2.0 million euros (December 2011) and 1.0 million euros (April 2013) to finance its clinical trial Phase III for complex perianal fistulas in Crohn´s disease patients. The duration of the project was from January 2012 to December 2014 with yearly reporting periods ending in December 2014.

    In July 2013, TiGenix SAU obtained an additional soft loan from Madrid Network of 1.0 million euros to finance "New applications of the eASCs in autoimmune diseases". The duration of the project was from July 2013 to December 2014 with reporting period end of December 2013 and 2014.

    At the end of 2014, TiGenix SAU had successfully justified all the activities and expenses agreed in both loans and therefore fully recognized in the income statement the part of the benefit obtained through the loan at a below market rate of interest for an amount of 2.8 million euros for the first loan and 0.6 million euros for the second loan.

  - Since 2006, TiGenix SAU obtained from the Ministry of Science eight soft loans of different amounts for different projects.

    At year-end 2014 all activities related to the loans were completed and justified and the period for inspection had elapsed (except for two loans). As such, the Company considered that there was sufficient assurance of the grant for the loans for which the inspection period was elapsed and recognized the benefit, from the loans at a below market rate of interest, in the income statement for 1.1 million euros.The benefit obtained through a government loan at a below market rate of interest is treated as a government grant, (measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates). Under the Company´s view during 2014 all the conditions attached to the terms of each grant were met and therefore the grant was recognized.

Research and Development Expenses. Research and development expenses increased by 72%, from 11.4 million euros for the year ended December 31, 2014 to 19.6 million euros for the year ended December 31, 2015. The increase is mainly attributable to activities related to clinical trials such as the conclusion of the ADMIRE pivotal phase III trial for Cx601 and the phase I SEPSIS challenge trial for Cx611, as well as other key activities necessary for filing for marketing authorization filing for Cx601 in Europe.

In addition, research and development expenses increased due to the consolidation of the newly acquired company Coretherapix into the consolidated financial statements (5 months of operations), leading to an increase of research and development expenditure of 0.9 million euros.

The Company recognized during 2011 and 2010 development costs for ChondroCelect. They are amortized over their useful life of ten years. No additional development costs for ChondroCelect were capitalized after 2011. During the 4th quarter of 2015, as a result of the corresponding impairment test,

these costs were fully impaired generating a loss of 1.1 million euros in the accompanying consolidated income statements (See Note 13).

Research and development expenses increased by 16%, from 9.8 million euros for the year ended December 31, 2013 to 11.4 million euros for the year ended December 31, 2014. The increased expenses were in connection with the Phase III clinical trial for Cx601 in perianal fistula in Crohn´s disease and the launch of new projects during the second half of 2014, in particular the Phase I clinical trial for Cx611 in sepsis. After the acquisition of Coretherapix, the Company decided to prioritize the ongoing Phase I/II clinical trial of AlloCSC-01, which resulted in the decision to put the planned Phase IIb trial for Cx611 in early rheumatoid arthritis on hold.

General and Administrative Expenses. General and administrative costs decreased by 10%, from 7.4 million euros for the year ended December 31, 2014 to 6.6 million euros for the year ended December 31, 2015. The decrease is mainly explained by lower expenses to obtain additional funding during the present year as compared with previous year.

General and administrative costs increased by 27%, from 5.8 million euros for the year ended December 31, 2013 to 7.4 million euros for the year ended December 31, 2014. The increase was primarily related to expenses in connection with the Company's preparation to obtain additional funding during 2015.

Financial Income. Financial income increased from 115 thousand euros for the year ended December 31, 2014 to 148 thousand euros for the year ended December 31, 2015. Financial income consists of interest income and varies based on the cash balances in our bank deposits.

Financial income increased from 7 thousand euros for the year ended December 31, 2013 to 115 thousand euros for the year ended December 31, 2014. Financial income consists of interest income and varies based on the cash balances in our bank deposits.

Financial Expenses. Financial expenses increased from 1 million euros for the year ended December 31, 2014 to 13.5 million euros for the year ended December 31, 2015. They were mainly driven by:

- The financial expenses related to i) the convertible bonds (3.9 million euros) issued on March 6, 2015, ii) the interest expenses related to the Kreos loan (1.7 million euros) and iii) financial expenses (0.9 million euros) in connection with government loans.

- In addition, 5.5 million euros was mainly driven by the evolution of the fair value of the embedded derivative of the senior, unsecured convertible bonds issued by the Company from the date of the issuance (March 6, 2015) to December 31, 2015; and 0.6 million euros was by the evolution of the fair value of the Kreos loan.

- The change in value of contingent deferred elements of the purchase price of Coretherapix amounts to 0.7 million euros. (See note 23).

- The total impairment of Arcarios's participation amounting to 0.2 million euros. (See note 15).

Financial expenses increased from 44.8 thousand euros for the year ended December 31, 2013 to 1.0 million euros for the year ended December 31, 2014. The significant increase in the financial expenses was due to interest under the Kreos loan in an amount of 1.0 million euros.

Foreign Exchange Differences. Foreign exchange differences remain at the same level of the previous year. The foreign exchange difference is related to loans incurred by our subsidiaries, particularly TiGenix Inc.

Foreign exchange differences changed from a loss of 0.4 million euros for the year ended December 31, 2013 to an income of 1.1 million euros for the year ended December 31, 2014. The difference is related to loans incurred by our subsidiaries, particularly TiGenix Inc. and the decreased income is due to the weakness of the euro against the U.S. dollar. These amounts arise as a result of our translation of the financial statements from the functional currency, which may be currencies other than the euro, into our presentational currency, which is the euro, using the exchange rate at the balance sheet date,

which may differ from the rate in effect at the last measurement date of the item in question and are included in the foreign currency translation reserve. The major evolution compared to previous years is related to the evolution of the USD/EUR rate.

Income Taxes. The income tax in 2015 of 1.3 million euros (0.9 million euros in 2014) is related to the tax Law 14/2013 of September 27, 2013 for entrepreneurs in Spain that will allow TiGenix SAU to receive in cash the tax deductions obtained from R&D activities performed in 2013 and 2014.

For the year ended December 31, 2013, our income taxes were a credit of 58.7 thousand euros.

As of December 31, 2014, we had a tax loss carried forward of 143.4 million euros compared to 180.7 million euros as of December 31, 2015, including a potential deferred tax asset of 55.7 million euros. Because it remains uncertain whether we will be able to realize taxable profits in the near future, we did not recognize any deferred tax assets in our balance sheet. In addition to these tax losses, we have unused tax credits amounting to 15.0 million euros as of December 31, 2014 compared to 20.1 million euros as of December 31, 2015 and notional interest deductions of 5.1 million euros as of December 31, 2014 compared to 3.0 million euros as of December 31, 2015 for which we have not recognized any deferred tax assets in our balance sheet.

Loss for the Period from Discontinued Operations.

During 2015 there were no discontinued operations.

Our loss for the period from discontinued operations in decreased by 51% from 3.3 million euros for the year ended December 31, 2013 to 1.6 million euros for the year ended December 31, 2014.

During the first six months of 2014, we completed the discontinuation of our operations in connection with ChondroCelect, our commercialized product, through the combination of the sale of TiGenix B.V., our Dutch subsidiary, that held our production facility for ChondroCelect, to PharmaCell for a total consideration of 4.3 million euros and the entry into an agreement with Sobi for the exclusive marketing and distribution rights for ChondroCelect. Under the terms of the share purchase agreement with PharmaCell, we received an upfront payment of 3.5 million euros when the sale became effective on May 30, 2014 and will receive a final payment of 0.8 million euros on May 30, 2017, which we have recognized at the net present value of 0.6 million euros. At the end of 2013, we conducted an impairment test with respect to the disposal of our Dutch subsidiary and recognized a loss of 0.7 million euros. After the completion of the disposal of the Dutch subsidiary and as a result of entering into the distribution agreement with Sobi, we recognized an additional loss on disposal of 1.1 million euros at June 30, 2014.

On June 1, 2014, we entered into an agreement with Sobi for the exclusive marketing and distribution rights with respect to ChondroCelect. Sobi will continue to market and distribute the product within the European Union (excluding Finland), Switzerland, Norway, Russia, Turkey and the Middle East and North Africa region. We will receive royalties on the net sales of ChondroCelect, and Sobi will reimburse nearly all of our costs in connection with the product, except for those related to the clinical trial assessing the efficacy of ChondroCelect in patients with large lesions requested by EMA in December 2015. The agreements with our former subsidiary, now owned by PharmaCell, and Sobi both include commitments for minimum quantities of ChondroCelect that are required to be purchased by us and from us under the respective contracts. If Sobi's actual purchases were to be lower than the required minimum, we would nevertheless be entitled to receive payment from Sobi up to a maximum undiscounted amount of 8.8 million euros spread over a period of 3.5 years and would be required to pass on such payment to PharmaCell.

The sale of our Dutch subsidiary also included a cost relief of up to 1.5 million euros on future purchases of ChondroCelect under the conditions of the long-term manufacturing agreement with our former subsidiary, which is now owned by PharmaCell. We will pass on this cost relief on a like-for-like basis to Sobi, which will purchase ChondroCelect from us at cost.

Critical Accounting Policies

Our financial statements are prepared in accordance with IFRS as issued by the IASB. The preparation of our financial statements in accordance with IFRS as issued by the IASB requires us to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, cost of sales, operating expenses and related disclosures. We consider an accounting policy to be critical if it is important to our financial condition or results of operations, and if it requires significant judgment and estimates on the part of management in its application. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, and we evaluate our estimates on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions. If actual results or events differ materially from the judgments and estimates that we have made in reporting our financial position and results of operations, our financial position and results of operations could be materially affected.

The summary of significant accounting policies and critical accounting judgements and key sources of estimation uncertainty can be found in note 2 and 3 respectively in the Consolidated Financial Statements.

Cash Flows

The following table summarizes the results of our cash flows for the periods ended December 31, 2015, 2014 and 2013 in thousand of euros:

	Years ended December 31,		
	2015	**2014**	**2013**
Net cash generated from (used in):			
Operating activities	(19,574)	(13,367)	(14,425)
Investing activities	(4,434)	3,307	(1,320)
Financing activities	28,523	7,969	20,237
Net increase (decrease)	**4,515**	**(2,091)**	**4,490**
Cash and cash equivalents	17,982	13,471	15,565

The net cash used in operating activities increased to -19.6 million euros in 2015 from -13.4 million euros in 2014. This increase was mainly driven by the increase in research and development activities and the inclusion of Coretherapix in the consolidation scope.

The net cash used in operating activities decreased to -13.4 million euros in 2014 from -14.4 million euros in 2013.

The net cash outflow from investing activities amounted to -4.4 million euros in 2015 compared to a cash inflow of 3.3 million euros in 2014. Main outflows of the year were the investment in Coretherapix (1.2 million euros paid in cash) and the allocation in an escrow account of future interest payments related to convertible bonds issued on March 2015 (3.4 million euros).

The net cash proceeds from investing activities amounted to 3.3 million euros in 2014, compared to a net cash outflow of EUR -1.3 million in 2013. In 2014 the Company sold its Dutch manufacturing facility for an amount of 3.5 million euros while the main investment in 2013 was related to a guarantee for the second soft loan of Madrid Network.

The net cash provided by financing activities as per December 31, 2015 increased from 8.0 million euros in 2014 to 28.5 million euros. The increase is mainly the result of the funds obtained through the convertible bonds issued in March 2015 (25.0 million euros) and the private placements that took place in November and December 2015 (8.7 million euros). These inflows were partially offset by costs (1.6 million euros) related to the issuance of convertible bonds and private placements, increase

of interest expenses (1.2 million euros) and 2.7 million euros of financial loan reimbursements compared to proceeds from financial loans amounting to 9.3 million euros in 2014.

The net cash provided by financing activities in 2014, amounted 8.0 million euros and was mainly related to the Kreos loan while the net cash provided by financing activities in 2013 amounting 20.2 million euros was mainly related to the private placements that took place in July and November 2013.

Statement of financial position

The balance sheet at December 31, 2015 presents the following key ratios:

	Year ended December 31,		
	2015	2014	2013
Cash and cash equivalents as a % of total assets	23%	25%	25%
Working capital as a % of assets	14%	16%	19%
Solvency ratio (equity/total assets)	17%	64%	76%
Gearing ration (financial debt/equity)	320%	37%	18%

(Working capital is defined as current assets minus current liabilities)

The major assets of the balance sheet at December 31, 2015 are:

- Cash and cash equivalents of 18.0 million euros, for about 23% of the total assets, including 8.2 million euros from capital increases in November and December 2015.
- Intangible assets of 49.0 million euros, mainly the fair value of the intangible assets out of the acquisition of TiGenix SAU (26.5 million euros) and the intangible assets as a result of Coretherapix acquisition (18.1 million euros), for about 62% of the total assets.
- Tangible assets of 0.5 million euros, mainly the leasehold improvements of the offices in Belgium and the incorporated assets from the acquisition of TiGenix SAU and Coretherapix, for about 1% of the total assets.
- Other non-current assets related to the guarantees of both TiGenix NV and TiGenix SAU for rental of buildings, the deposit for the guarantee of the second soft loan of Madrid Network, long term receivable from Pharmacell related to the last tranche of the sale of our Dutch manufacturing facility subsidiary in 2014, receivable from Spanish Tax Authorities for the R&D activities developed in 2014 and to be collected in 2017 and long term interest payment of convertible bonds in escrow account representing in total 4.8 million euros or 6% of the total assets.
- Inventories related to the stock of TiGenix SAU, for about 0.5% of the total assets.
- Trade and other receivables that have increased from 1.7 million euros in 2014 to 3.0 million euros due to Coretherapix' grants to be collected and the increase of VAT receivables as a result of higher operating expenses, for about 4% of the total assets.
- Other current financial assets related to interests on convertible bonds to be paid on short term and maintained in an escrow account, representing 3% of the total assets.
- Total equity of 13.1 million euros, for 17% of the total balance sheet at December 31, 2015.

The other major liabilities are:

- Non-current liabilities of 52.1 million euros, mainly related to convertible bonds issued on March 6, 2015 amounting to 18.1 million euros and related warrants (13.3 million euros), the financial loans including Kreos (4.7 million euros), Madrid Network and the rest of soft loans and contingent consideration consequence of Coretherapix acquisition on July 2015 amounting to 12.0 million euros, for about 66% of the total balance sheet.
- Current portion of financial loans of 4.6 million euros mainly related to the short term part of the financial loans mentioned above, for about 6% of the total balance sheet.

- Other financial liabilities of 1.0 million euros, related to the warrants issued in respect of the Kreos loan, for about 1% of the total balance sheet.
- Trade and other payables of 3.3 million euros, for about 4% of the total balance sheet.
- Other current liabilities related to operating accruals of 4.9 million euros, representing about 6% of the total balance sheet. The increase in 2015 is mainly driven by the increase in Research and Development expenses.

Other commitments

The Group has off-balance sheet commitments related to rent for leased facilities, vehicles and equipment. At December 31, 2015, these commitments amounted to 1.9 million euros (2014: 1.1 million euros; 2013: 4.0 million euros).

TiGenix Inc. guarantees the operating lease payments of Cognate for the building leased in the United States. Total remaining operating lease commitments at December 31, 2015 for which TiGenix Inc. was a guarantor were 0.3 million euros. Cognate was the party with whom TiGenix had a joint venture, TC CEF LLC, in the past.

Both the contract manufacturing agreement with our former subsidiary now owned by PharmaCell and the distribution agreement with Sobi include commitments for minimum binding quantities of ChondroCelect that are required to be purchased by us and from us under the respective agreements. If Sobi's actual purchases were to be lower than the required minimum, we would nevertheless be entitled to receive payment from Sobi up to a maximum undiscounted amount of 8.8 million euros spread over a period of 3.5 years and would be required to pass on such payment to PharmaCell.

Going concern

For the reasons set out in section 9 of this report below, the Board of Directors decided to maintain the valuation rules in the assumption of the continuity of the Company.

4. Discussion and analysis of the statutory financial statements

The annual accounts cover the accounting period from January 1, 2015 to December 31, 2015.

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 9.5 million euros on December 31, 2015;
- The non-current assets represent an amount of 101.1 million euros, including 99.8 million euros of financial assets, representing mainly the business combination with TiGenix SAU and the acquisition of Coretherapix SLU and long term interest payment (1.1 million euros) of convertible bonds into an escrow account; the remainder consists of the formation expenses of 1.0 million euros, being the costs (after depreciation) associated with the various capital increases, the tangible and intangible assets of 0.3 million euros.
- The current assets, excluding the cash at bank and in hand, amount to 4.1 million euros. They mainly consist of trade and other receivables within one year, deferred charges and accrued income and short term interest payment (2.3 million euros) of convertible bonds in escrow account.

Balance sheet - liabilities

- The issued capital of the Company amounts 17.7 million euros and the share premium account amounts to 121.1 million euros;
- Accumulated losses reached 62.8 million euros at December 31, 2015;
- The amounts payable of 38.6 million euros consist mainly of short and long term financial debts from Kreos, convertible bonds and intra-group loans (32.7 million euros); trade payables

(0.8 million euros); liabilities in respect of remuneration and social security obligations (0.3 million euros); other amounts payable (2.6 million euros); and accrued charges and deferred income (2.2 million euros).

Results of the fiscal year

The operating income amounts to 1.6 million euros and relates to the sales of ChondroCelect of 0.1 million euros, other income of services reinvoiced to Sobi of 0.7 million euros, royalties from Sobi from the licencing of the ChondroCelect of 0.5 million euros, other operating income related to the re-invocing of costs to subsidiaries of 0.2 million euros and the 7th Framework Program of 0.1 million euros.

The operating charges of 9.2 million euros consist of:

- The expenses for services and other goods for an amount of 5.6 million euros, mainly related to clinical, medical and regulatory activities and expenses for protection of intellectual property rights;
- The total personnel costs of 1.2 million euros, reduced as a consequence of the licensing of the sales and marketing activities of ChondroCelect;
- Depreciation costs and impairments of 2.4 million euros. This is an increase of 1.0 million euros compared to 2014, mainly due to the write-off of the exchange rate differences on the loan with TiGenix Inc;
- Other operating charges of 33 thousand euros, includes the costs that are re-invoiced to the subsidiaries.

The financial charges of -3.6 million euros are mainly related to the convertible bonds, Kreos loan and intra-company loan with TiGenix SAU.

The operating losses before taxes in 2015 amount to 9.5 million euros.

The extraordinary charges of 1.3 million euros are related to the written-off of Arcarios financial asset (0.2 million euros) and the impairment of ChondroCelect development costs capitalized in 2010 and 2011, for an amount of 1.1 million euros.

The Company has closed its annual accounts with respect to the financial year 2015 with a loss of 10.8 million euros.

Statutory and non-distributable reserves

The Company has a share capital of 17.7 million euros. 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.

5. Capital increases, decreases and issuance of financial instruments

Capital increases and capital decreases

The following capital increases occurred in 2015:

- Increase of the registered capital of the Company in the framework of the authorised capital with an amount of EUR 771,275.70 and payment of an issuance premium of EUR 4,704,781.77 through the issuance of 7,712,757 shares pursuant to a contribution in kind on July 31, 2015.
- Increase of the registered capital of the Company in the framework of the authorised capital with an amount of EUR 414,928.60 and payment of an issuance premium of EUR 3,526,893.10 through the issuance of 4,149,286 shares pursuant to a capital increase in cash (private placement via an accelerated bookbuilding procedure) on November 27, 2015.

- Increase of the registered capital of the Company in the framework of the authorised capital with an amount of EUR 495,689.40 and payment of an issuance premium of EUR 4,221,290.93 through the issuance of 4,956,894 shares pursuant to a capital increase in cash (private placement) on December 3, 2015.
- Increase of the registered capital of the Company in the framework of the authorised capital with an amount of EUR 903 and payment of an issuance premium of EUR 3,250.80 through the issuance of 9,030 shares pursuant to the exercise of warrants on December 14, 2015.

No capital decreases occurred in 2015.

Warrants

In 2015, 2,250,000 warrants were issued by the Board of Directors in the framework of the authorized capital.

At December 31, 2015, a total of 9,673,621 warrants were outstanding at an average weighted exercise price of EUR 1.32.

Under the existing warrant plans, 800,000, 400,000, 500,000, 500,000, 4,000,000, 777,000, 1,806,000, 1,994,302 and 2,250,000 warrants were created in February 2007, March 2008, June 2009, March 2010, July 2012, March 2013, December 2013, April 2014 and December 2015 respectively.

Under the 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, the March 2013 and the December 2015 plans, 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[1]. Under the December 2013 plan, in principle 10% of the warrants granted vests on the date of acceptance of the warrants, 25% of the warrants granted vests on the first anniversary of the granting of the warrants and 1/24th of the remaining 65% of the warrants granted vests, if the Company effectively enters into certain business transactions, on the last day of each of the 24 months following the month of the first anniversary of the granting of the warrants. Under all said 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. Under the April 2014 plan, all warrants have vested upon acceptance of the warrants. The warrants can only be exercised once vested. All warrants were granted for free. The duration of the warrants is 5 years (March 2013 and April 2014 plans) or 10 years (all other plans) as of the respective issue date of the warrants. Warrants that have not been exercised within such periods become null and void.

EBIPs

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 held TiGenix SAU shares, but received 1,905,144 TiGenix NV shares instead. Pursuant to the agreements reached in relation to the

[1] However, the 160,000 warrants granted to Gil Beyen BVBA, represented by Gil Beyen, under the March 20, 2013 warrant plan, vest as follows: (i) 80,000 warrants vested upon the acceptance of the warrants on July 6, 2013, and (ii) 80,000 warrants will vest on 1 June 2014, subject to Gil Beyen BVBA complying until such time with its commitments under the consultancy agreement between Gil Beyen BVBA and the Company, as amended following the resignation of Gil Beyen BVBA (represented by Gil Beyen) from its positions as managing director, Chief Business Officer and member of the executive committee of the Company.

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.

As per December 31, 2015, a total of 190,497 EBIP options, corresponding to 565,103 TiGenix shares, was outstanding.

Convertible bonds

On March 6, 2015, the Company issued senior, unsecured convertible bonds due 2018 for a total principal amount of 25 million euros and with a nominal value of 100,000 euros per convertible bond. The bonds are convertible into fully paid ordinary shares of the Company and are guaranteed by the Company's subsidiary, TiGenix SAU.

Unsecured. The bonds are unsecured, meaning that the holders of the bonds will not benefit from any security interests to secure the performance of the Company's obligations under the bonds, except for the guarantee provided by TiGenix SAU, the coupon escrow and the negative pledge as further described.

Senior. The bonds will constitute senior obligations of the Company, meaning that the obligations of the Company will not be subordinated to the repayment of any other unsecured financial indebtedness of the Company. The bonds will rank at all times pari passu and rateably, without any preference among themselves, and equally with all other existing and future unsecured (subject to the coupon escrow and the negative pledge) and unsubordinated obligations of the Company.

Coupon escrow. An amount sufficient to pay the aggregate amount of interest to be paid on the bonds on the first four interest payment dates up to and including March 6, 2017 has been transferred to an escrow account for the purpose of paying those four interest payments.

Negative pledge. The Company and its subsidiaries cannot issue debt instruments on the capital market.

Issue price / Redemption price / Coupon / Maturity. The bonds are issued and will be redeemed at 100% of their principal amount and have a coupon of 9% per annum, payable semi-annually in arrear in equal instalments on March 6 and September 6 of each year. The first interest payment date was on September 6, 2015. Final maturity date is March 6, 2018.

Initial conversion price. The initial conversion price has been set at 0.9414 euros. At this initial conversion price, the bonds were convertible into 26,556,192 fully paid ordinary shares of the Company. Following the private placement by the Company of 25,000,000 new shares at an issue price of 0.95 euros per new share announced on March 10, 2016, the calculation agent appointed for the bonds has determined that the conversion price had to be adjusted from its previous level of 0.9414 euros to the new level of 0.9263 euros per TiGenix share. At this adjusted conversion price, the bonds will be convertible into 26,989,096 fully paid ordinary shares of the Company. This conversion price adjustment became effective on March 14, 2016.

Conversion period. The bonds are convertible into shares of the Company during the period from April 16, 2015 until approximately 10 dealing days prior to the final maturity date or, in the case of an earlier redemption, the date falling 10 dealing days prior to the relevant redemption date.

Conversion price reset. As from March 7, 2016, the conversion price shall be adjusted so as to equal the greater of (i) the arithmetic average of the daily volume weighted average price ("**VWAP**") of the Company's share on each dealing day in the "reset period", and (ii) 80% of the arithmetic average of the conversion price in effect on each dealing day in the "reset period", whereby "reset period" means the 20 consecutive dealing days ending on the fifth dealing day prior to March 7, 2016, provided that no adjustment will be made if such adjustment would result in an increase to the conversion price. At March 7, 2016 the conversion price was maintained at its original value as an adjustment based on the conversion price reset formula would have resulted in an increase of the conversion price.

Issuer call option. If at any time after March 27, 2017, the share price on each of at least 20 dealing days within a period of 30 consecutive dealing days ending not earlier than 7 dealing days prior to the giving of a notice of redemption shall have been at least 130% of the applicable conversion price in effect on each such dealing day, by giving a notice, the Company may redeem all, but not some only, of the bonds at their principal amount (plus accrued interest) within not less than 30 and not more than 60 days of the date of the notice of redemption.

Clean-up call. The Company may redeem all, but not some only, of the outstanding bonds at their principal amount (plus accrued interest) at any time if less than 15% of the aggregate principal amount of the bonds originally issued remains outstanding, by giving not less than 30 and not more than 60 days' notice.

Anti-dilution protection. The bonds are issued subject to standard anti-dilution protection dealing with, inter alia, share consolidations, share splits, rights issues, capital distributions and bonus issues.

Dividend protection. The bonds benefit from full dividend protection through adjustment of the conversion price for any distribution in cash or shares.

Change of control protection. Upon the occurrence of a change of control (i.e. when one or several individuals or legal entities acting alone or in concert acquire, directly or indirectly, more than 30% of the share capital or voting shares of the Company), bondholders may require the Company to redeem their bonds at the principal amount, plus accrued interest. In addition, the conversion price of the bonds shall be temporarily adjusted downwards in accordance with a market standard formula for a period of 60 days.

Transferability. The bonds are freely transferable.

Lock-up. The Company agreed, subject to certain customary exceptions, not to issue or dispose of ordinary shares, convertible bonds, warrants or related securities during a period of 90 days after March 6, 2015.

Governing law. The bonds are governed by English law, except for the provisions relating to meetings of bondholders and any matter relating to the dematerialized form of the bonds which are governed by Belgian law.

6. Discussion of the main risks and uncertainties

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

Risks and uncertainties related to the clinical development and regulatory approval of the Company's product candidates

- The Company may experience delays or failure in the preclinical and clinical development of its product candidates.
- Regulatory approval of the Company's product candidates may be delayed, not obtained or not maintained.
- Any delay or denial of regulatory approval of the Company's product candidates or any failure to comply with post approval regulatory policies is likely to have a significant impact on its operations and prospects, in particular on its expected revenues.
- The Company works in a strict regulatory environment, and future changes in any pharmaceutical legislation or guidelines, or unexpected events or new scientific insights occurring within the field of cell therapy, could affect its business.
- Fast track designation for Cx601, if obtained, may not lead to a faster development or review process.

Risks and uncertainties related to the Company's financial condition and capital requirements

- If TiGenix fails to obtain additional financing, it may be unable to complete the development and commercialization of its product candidates.
- The Company has a history of operating losses and an accumulated deficit and may never become profitable.
- The Company's net losses and significant cash used in operating activities have raised substantial doubt regarding its ability to continue as a going concern.
- The Company's revenues and operating results may fluctuate and may not be sufficient to cover its fixed costs.
- The Company's ability to borrow and maintain outstanding borrowings is subject to certain restrictions under its convertible bonds.
- The allocation of available resources could affect the Company's ability to carry out its business plan.
- The Company's international operations pose currency risks, which may adversely affect its operating results and net income.

Risks and uncertainties related to the Company's business

- The manufacturing facilities where the Company's product candidates are made are subject to regulatory requirements that may affect the development of its product candidates and the successful commercialization of its product candidates.
- There may be uncertainty over reimbursement from third parties for newly approved healthcare products or such reimbursement may be refused, which could affect the Company's ability to commercialize its product candidates.
- The Company's cell therapy product candidates may not be accepted by patients or medical practitioners.
- The Company faces competition and technological change, which could limit or eliminate the market opportunity for its product candidates.
- The Company's employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.
- The Company could face product liability claims, resulting in damages against which it is uninsured or underinsured.

Risks Related to the Company's Acquisition of Coretherapix

- The Company's inability to manage its expansion, both internally and externally, could have a material adverse effect on its business.
- The Company has made certain assumptions relating to the Coretherapix acquisition in its forecasts that may prove to be materially inaccurate.
- The Coretherapix acquisition could cause disruptions in the Company's business or the business of Coretherapix, which could have a material adverse effect on the business prospects and financial results of the combined company.
- The Company may incur higher than expected integration, transaction and acquisition related costs.

Risks and uncertainties related to the Company's intellectual property

- The Company may not be able to protect adequately its proprietary technology or enforce any rights related thereto.
- Third-party claims of intellectual property infringement may prevent or delay the Company's product discovery and development efforts.

- The Company's future development may depend on its ability to obtain and maintain licenses to certain technologies.
- The Company may be involved in lawsuits to protect or enforce its patents, which could be expensive, time-consuming and unsuccessful.
- The Company is currently engaged in proceedings challenging a patent owned by the University of Pittsburgh, and may choose to delay the launch of its eASC-based products in the United States until the expiration of the patent on March 10, 2020 due to the risk of patent infringement or further litigation.

Risks and uncertainties related to the Company's dependence on third parties

- The Company relies on third parties to manufacture its product ChondroCelect, and, in the future, it may rely on third parties to manufacture its product candidates; a failure of service by such parties could adversely affect its business and reputation.
- The Company may need to rely on distributors and other third parties to commercialize its product candidates, and such distributors may not succeed in commercializing its product candidates effectively or at all or maintain favorable reimbursement decisions by private and public insurers.
- The Company relies on third parties to conduct its clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, the Company may not be able to obtain regulatory approval for, or commercialize, its product candidates.
- The Company may form or seek strategic alliances in the future, and it might not realize the benefits of such alliances.

Please also refer to the "Risk Factors" of the Company's registration document.

7. Use of financial instruments

Besides investments in term deposits and the issue of convertible bonds described in section 5 of this board report, the Company did not use any financial instruments during 2015.

8. Corporate governance statement

8.1 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.

8.2 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 is only one executive director (the Chief Executive Officer or "CEO") 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.
- 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 of warrants (which were effectively issued by the shareholders' meeting on March 20, 2013) to the independent directors.

8.3 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 Group's policy with respect to managing capital is to safeguard the Group's ability to continue as a going concern and to obtain over time an optimal capital structure;
- Credit risk: the Company's exposure to credit risk is limited, as its main debtor is its distributor of ChondroCelect, Swedish Orphan Biovitrum AB (publ), which is a solid company listed on NASDAQ OMX Stockholm;
- Interest risk: the Group is exposed to very limited interest rate risk, because the vast majority of the Group's borrowings is at fixed interest rates and only a very limited part is at floating interest rates. Therefore, the Group's exposure to interest risk is not material;
- Currency risk: the Group may be subject to limited currency risk. The Group's reporting currency is Euro, in addition to which the Group is exposed to the U.S. dollar and pound sterling. The Company tries 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 Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

8.4 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 March 31, 2016[2]
Gri-Cel SA[3]	34,188,034	19.84%	16.90%
BNP Paribas Investments Partners SA[4]	6,650,503	3.75%	3.29%
Subtotal[5]	**40,838,537**		**20.19%**
Other shareholders	161,466,050		79.81%
TOTAL	**202,304,587**		**100.00%**

(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 March 31, 2016.

(3) Gri-Cel SA is controlled by Instituto Grifols, S.A., which is controlled by Grifols, S.A.

(4) BNP Paribas Investments Partners SA holds its participation through its subsidiaries investment companies BNP Paribas Investments Partners UK Ltd and BNP Paribas Investments Partners Belgium SA, and is controlled by BNP Paribas SA which benefits from an exemption to aggregate its participations with the participations of its subsidiaries investment companies pursuant to article 21 of the Royal Decree of February 14, 2008 regarding the publication of major holdings.

(5) The above shareholders are acting independently.

8.5 Board of Directors and Board committees

Composition of the Board of Directors

On the date of publication of this registriation document, the Board of Directors consists of the following five (5) members.

Name	Age (as per December 31, 2015)	Position	Term[1]	Professional Address
Innosté SA, represented by Jean Stéphenne[2]	66	Chairman / Independent director	2016	Avenue Alexandre 8, 1330 Rixensart, Belgium
Eduardo Bravo Fernández de Araoz[3]	50	Managing Director (executive) / CEO	2019	Romeinse straat 12, 3001 Leuven, Belgium
Willy Duron[4]	70	Independent director	2019	Oude Pastoriestraat 2, 3050 Oud-Heverlee, Belgium
Greig Biotechnology Global Consulting, Inc., represented by Russell Greig[2]	63	Independent director	2016	1241 Karen Lane, Wayne, PA 19087, USA

Name	Age (as per December 31, 2015)	Position	Term[1]	Professional Address
R&S Consulting BVBA[3], represented by Dirk Reyn	54	Independent director	2019	Populierstraat 4, 1000 Brussels, 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 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.

(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 Stéphenne.

Functioning of the Board of Directors in 2015

In 2015, the Board of Directors met 23 times.

Individual presence of the members of the Board of Directors in 2015

Name	Number of meetings attended
Eduardo Bravo	16
Dirk Büscher	9
Willy Duron	21
Greig Biotechnology Global Consulting, Inc., represented by Russell Greig	14
Eduard Enrico Holdener	2
R&S Consulting BVBA, represented by Dirk Reyn	12
Innosté SA, represented by Jean Stéphenne	20
José Terencio	9

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 Stéphenne	Member of the audit committee; Chairman of the Board of Directors; Independent Director
Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig[1]	Member of the audit committee; Independent Director

(1) Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig, has been a member of the audit committee since September 23, 2015, replacing Dirk Büscher who resigned from the Board of Directors effective as of July 31, 2015.

The audit committee met three times in 2015. At all three meetings, all members of the audit committee (who were a member at the time of the relevant meeting) were present.

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 Agfa-Gevaert NV and Ethias NV. In addition, he serves as chairman of the board of Van Lanschot Bankiers NV and Windvision BV. 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, Amonis, Universitair Centrum St Jozef Kortenberg, Vanbreda Risk & Benefits NV, Ravago NV, Universitaire Ziekenhuizen Leuven and Z.org KU Leuven.

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

Jean Stéphenne was, until April 2012, a 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, Vesalius Biocapital, Nanocyl and Bepharbel, as board member of NSide, Curevac, Vaxxilon, Merieux Development, OncoDNA, Theravectys, Ronveaux and the Belgian Foundation against Cancer; and as president of Welbio and Foundation University Louvain. Previously, Mr. Stéphenne served as Chairman of BioWin and as a board member of Auguria Residential Real Estate Fund, which is currently in liquidation, BNP Paribas Fortis, Groupe Bruxelles Lambert (GBL) and VBO/FEB.

Russell Greig, permanent representative of Greig Biotechnology Global Consulting, Inc.: Independent Director

Dr. Russell Greig worked at GlaxoSmithKline for three decades, most recently as President of SR One, GSK's Corporate Venture Group. Prior to joining SR One, he served as President of GSK's Pharmaceuticals International from 2003 to 2008 as well as on the GSK Corporate Executive Team. Dr. Greig currently serves as Chairman of AM Pharma and Mint Solutions in the Netherlands, Bionor in Norway, and Sanifit in Spain. He also serves as a board member of Ablynx in Belgium, and Onxeo Pharma (previously BioAlliance Pharma) in France. He also serves as a venture partner at Kurma Life Sciences (Paris, France). Dr. Russell Greig used to be Chairman of Isconova AB in Sweden (acquired by Novavax, USA), Novagali in France (acquired by Santen, Japan), and Syntaxin in the UK (acquired by Ipsen, France), as well as board member of Oryzon in Spain.

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	Chairman of the nomination and remuneration committee; Independent Director
Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig	Member of the nomination and remuneration committee; Independent Director
Willy Duron[(1)]	Member of the nomination and remuneration committee; Independent Director

(1) Willy Duron has been a member of the nomination and remuneration committee since September 23, 2015, replacing José Terencio who resigned from the Board of Directors effective as of July 31, 2015 and who himself had replaced Eduard Enrico Holdener as a member of the nomination and remuneration committee effective as of May 6, 2015.

The nomination and remuneration committee met six times in 2015. At all six meetings, all members of the nomination and remuneration committee (who were a member at the time of the relevant meeting) were present.

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.

8.6 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 has drawn 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. A list of candidates is being pursued.

8.7. Remuneration report

8.7.1 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.

8.7.2 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 April 20, 2015. 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 for each additional meeting, provided that the board of directors determines that such additional meetings qualify for this additional fee. 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. The February 26, 2013 shareholders' meeting further approved the grant of 54,600 warrants (which were effectively issued by the shareholders' meeting on March 20, 2013) to each of the independent directors.

The warrants were granted to the independent directors free of charge. Each warrant entitles its holder to subscribe to one share in the Company at a fixed exercise price of EUR 1.00. The warrants have a duration of five (5) years as from the date of their issuance. 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.

In addition, the Board of Directors will propose to the June 2, 2016 shareholders' meeting to approve the grant of 193,863 additional warrants to the independent directors (48,000 warrants for each of Willy Duron, Greig Biotechnology Global Consulting, Inc. (represented by Russell Greig) and R&S Consulting BVBA (represented by Dirk Reyn), and 49,863 warrants for the Company's chairman Innosté SA (represented by Jean Stéphenne).

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, 2016 and 2017, the remuneration of the members of the Board of Directors will be on the same basis as approved by the shareholders' meeting of April 20, 2015.

Remuneration of the members of the Board of Directors in 2015

In 2015, the following amounts were recognized 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 2015:

Name	Fee (Euro)
Eduardo Bravo	-
Dirk Büscher	-
Willy Duron	33,000
Greig Biotechnology Global Consulting, Inc., represented by Russell Greig	25,000
Eduard Enrico Holdener	8,333
R&S Consulting BVBA, represented by Dirk Reyn	27,000
Innosté SA, represented by Jean Stéphenne	46,000
José Terencio	-
TOTAL	139,333

Remuneration of the audit committee in 2015

In 2015, the following amounts were recognized for fees of the independent directors as member of the audit committee for the performance of their mandate during the financial year 2015:

Name	Position	Fee (Euro)
Willy Duron	Chairman of the audit committee; Independent Director	7,500
Innosté SA, represented by Jean Stéphenne	Member of the audit committee; Chairman of the Board of Directors; Independent Director	5,000
Dirk Büscher	Member of the audit committee; Director (non-executive)	-
Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig	Member of the audit committee; Independent Director	1,250
TOTAL		13,750

Remuneration of the nomination and remuneration committee in 2015

In 2015, the following amounts were recognized for fees of the independent directors as member of the nomination and remuneration committee for the performance of their mandate during the financial year 2015:

Name	Position	Fee (Euro)
R&S Consulting BVBA, represented by Dirk Reyn	Chairman of the nomination and remuneration committee; Independent Director	9,500
Greig Biotechnology Global Consulting, Inc., represented by Russell G. Greig	Member of the nomination and remuneration committee; Independent Director	7,000
Eduard Enrico Holdener	Member of the nomination and remuneration committee; Independent Director	1,667
Willy Duron	Member of the nomination and remuneration committee; Independent Director	1,250
TOTAL		19,417

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

The table below provides an overview (as at December 31, 2015) 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	0.0034%	0	0%	54,600	0.5644%	60,600	0.0324%
Greig Biotechnology Global Consulting, Inc., represented by Russell Greig	0	0%	0	0%	54,600	0.5644%	54,600	0.0292%
R&S Consulting BVBA, represented by Dirk Reyn[5]	2,500	0.0014%	0	0%	54,600	0.5644%	57,100	0.0305%
Innosté SA, represented by Jean Stéphenne	0	0%	0	0%	54,600	0.5644%	54,600	0.0292%
Total	**8,500**	**0.0048%**	**0**	**0%**	**218,400**	**2.2577%**	**226,900**	**0.1214%**

Notes:

(1) Calculated on the basis of the total number of issued voting financial instruments on December 31, 2015.

(2) Calculated on the basis of the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2015.

(3) Calculated on the basis of the sum of (i) the total number of issued voting financial instruments on December 31, 2015 and (ii) the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2015.

(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) R&S Consulting BVBA is controlled by Dirk Reyn, who also controls Horizon Pharmaventures BVBA. Horizon Pharmaventures BVBA holds 7,000 shares (0.0039% of the issued and outstanding shares, calculated on the basis of the total number of issued voting financial instruments on December 31, 2015). Therefore Dirk Reyn controls through R&S Consulting BVBA and Horizon Pharmaventures BVBA in aggregate 9,500 shares and 54,600 warrants (0.0343% 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, 2015 and (ii) the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2015)

8.7.3 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 amounts to 104% of his yearly fixed remuneration. The maximum bonus of the CFO and the CMO amounts to 52% of their yearly fixed remuneration. The maximum bonus of the CTO amounts to 45.5% of his 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, 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 principle in the month of January or February, 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 520*ter*, 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 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, 2016 and 2017, it is expected that the remuneration of the members of the executive management will be broadly on the same basis as in 2015. Adjustments to the salaries are possible in view of Company events.

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 months. An additional severance payment of maximum one year is payable in certain cases, including unfair or collective dismissal by TiGenix SAU.

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.

Marie Paule Richard (CMO) 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 either a three month notice period, or a compensation equal to three months fixed salary, or a combination of both.

Remuneration of the CEO in 2015

	2015
Fix remuneration (gross)	333,000
Variable remuneration (short term)	193,200
Pension/Life	23,848
Other benefits	21,629
	571,677

In addition, in 2015, Eduardo Bravo (in his capacity as CEO) was granted and accepted 308,421 warrants with an exercise price of 0.97 euros under the December 7, 2015 warrant plan. No other warrants, shares, options on shares or rights to acquire shares were granted to Eduardo Bravo in 2015. Eduardo Bravo did not exercise any warrants, options on shares or rights to acquire shares in 2015, and none of his warrants expired in 2015. Options on 408,225 existing shares under the 2008 EBIP plan previously granted to and accepted by Eduardo Bravo expired in 2015.

Remuneration of the other members of the executive management in 2015

	2015
Fix remuneration (gross)	637,044
Variable remuneration (short term)	157,398
Pension/Life	48,992
Other benefits	60,849
	904,283

In addition, in 2015, the other members of the executive management were granted a total of 699,087 warrants with an exercise price of 0.95 euros under the December 7, 2015 warrant plan (Claudia D'Augusta was granted and accepted 267,298 warrants; Marie Paule Richard was granted and accepted 226,175 warrants; Wilfried Dalemans was granted and accepted 205,614 warrants). No other warrants, shares, options on shares or rights to acquire shares were granted to the other members of the executive management in 2015. The other members of the executive management did not exercise any warrants, options on shares or rights to acquire shares in 2015, and none of their warrants expired in 2015. Options on 81,643 existing shares under the 2008 EBIP plan previously granted to and accepted by Claudia D'Augusta expired in 2015.

Shares and warrants held by executive management

The table below provides an overview (as at December 31, 2015) 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	160,547	0.09%	374,546	0.21%	2,192,161	22.66%	2,727,254	1.46%
Claudia D'Augusta, CFO	127,682	0.07%	124,849	0.07%	1,072,378	11.09%	1,324,909	0.71%
Wilfried Dalemans, CTO	0	0%	0	0%	1,021,514	10.56%	1,021,514	0.55%
Marie Paule Richard, CMO	0	0%	0	0%	226,175	2.34%	226,175	0.12%
Total	**288,229**	**0.16%**	**499,395**	**0.28%**	**4,512,228**	**46.64%**	**5,299,852**	**2.83%**

Notes:

(1) Calculated on the basis of the total number of issued voting financial instruments on December 31, 2015.

(2) Calculated on the basis of the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2015.

(3) Calculated on the basis of the sum of (i) the total number of issued voting financial instruments on December 31, 2015 and (ii) the total number of outstanding warrants that can be converted into voting financial instruments on December 31, 2015.

(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.

9. Continuity of the Company

On December 31, 2015, the Company had a cash position of EUR 18.0 million. Taking into account this cash position, as well as the proceeds of the capital increase dated March 14, 2016 in which the Company raised 23.8 million euros in gross proceeds through a private placement of 25,000,000 new shares, the Board of Directors is of the opinion that the cash position is sufficient to continue the Company's current operations during at least the next twelve months (until mid-April 2017).

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.

10. Conflicts of interest

In 2015, during three (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 March 11, 2015

"**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 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 his evaluation and bonus relating to 2014 and his remuneration for 2015.

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 relating to 2014 and his remuneration for 2015 will be included in the annual report of the board of directors in relation to the financial year ending 31 December 2015.

Eduardo Bravo is not present at the meeting.

Deliberations and resolutions

Dirk Reyn, representative of R&S Consulting, 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 2014 Company objectives, (ii) the evaluation of the members of the executive management and their bonuses for 2014, and (iii) the remuneration of the members of the executive management for 2015.

Evaluation of the 2014 Company objectives

In particular, it is proposed that the evaluation of the 2014 Company objectives is set at 100% of the target Company objectives.

The board of directors RESOLVED to approve the evaluation of the 2014 Company objectives as proposed by the nomination and remuneration committee.

Evaluation of the members of the executive management and their bonuses for 2014

It is further proposed that the members of executive management will each receive a bonus as follows: (i) CEO: actual bonus equal to 100% of target bonus, (ii) CFO: actual bonus equal to 112% of target bonus, (iii) CTO: actual bonus equal to 93.75% of target bonus, and (iv) CMO: actual bonus equal to 102% of target bonus.As regards the proposed bonus for Eduardo Bravo, the board of directors is of the opinion that this bonus is justified in view of Eduardo Bravo's role and the efforts that are requested from him.

The board of directors RESOLVED to approve the evaluation of and the bonuses granted to the members of executive management for 2014 as proposed by the nomination and remuneration committee.

Remuneration of the members of the executive management for 2015

The proposal of the nomination and remuneration committee on the remuneration of the members of the executive management for 2015 is as follows:

Eduardo Bravo, CEO:

- Fixed remuneration for 2015: equal to the fixed remuneration for 2014;
- Variable remuneration: a target bonus of 60% of the fixed remuneration (whereby the actual bonus can vary from 0% to 150% of the target bonus in proportion to the relevant objectives reached);
- Company car: in accordance with applicable Company policy;
- Pension, life and medical insurances: in accordance with applicable Company policy.

Claudia D'Augusta, CFO:

- Fixed remuneration for 2015: equal to 102% of the fixed remuneration for 2014 (i.e. an increase of 2% compared to 2014), as the case may be indexed for 2015 in accordance with applicable provisions;
- Variable remuneration: a target bonus of 30% of the fixed remuneration (whereby the actual bonus can vary from 0% to 150% of the target bonus in proportion to the relevant objectives reached);
- Company car: in accordance with applicable Company policy;
- Meal vouchers, pension, life and medical insurances: in accordance with applicable Company policy.

Wilfried Dalemans, CTO:

- Fixed remuneration for 2015: equal to 102% of the fixed remuneration for 2014 (i.e. an increase of 2% compared to 2014), as the case may be indexed for 2015 in accordance with applicable provisions;
- Variable remuneration: a target bonus of 30% of the fixed remuneration (whereby the actual bonus can vary from 0% to 150% of the target bonus in proportion to the relevant objectives reached);
- Company car: in accordance with applicable Company policy;
- Meal vouchers, expense reimbursement, group insurance and hospitalization insurance: in accordance with applicable Company policy.

Marie Paule Richard, CMO:

- Fixed remuneration for 2015: equal to 102% of the fixed remuneration for 2014 (i.e. an increase of 2% compared to 2014), as the case may be indexed for 2015 in accordance with applicable provisions;
- Variable remuneration: a target bonus of 30% of the fixed remuneration (whereby the actual bonus can vary from 0% to 150% of the target bonus in proportion to the relevant objectives reached);
- Company car: in accordance with applicable Company policy;
- Meal vouchers, pension, life and medical insurances: in accordance with applicable Company policy.

As regards the proposed remuneration package for Eduardo Bravo, the board of directors is of the opinion that this remuneration package is justified in view of Eduardo Bravo's role and the efforts that are requested from him.

The board of directors RESOLVED to approve the remuneration of the members of the executive management for 2015 as proposed by the nomination and remuneration committee.

Furthermore, in line with almost identical agreements entered into for 2011, 2012, 2013 and 2014, the board of directors CONFIRMED to approve the entering into of an agreement between the Company and Eduardo Bravo for 2015 in respect of the reimbursement by Eduardo Bravo of Belgian salary taxes that are pre-paid by the Company to avoid that Eduardo Bravo has to bear a double withholding on the Belgian part of his remuneration (as both Spanish and the Belgian tax authorities withhold taxes on such Belgian part of his remuneration)."

Meeting of the Board of Directors of November 6, 2015

"**Preliminary statement**

Prior to discussing this item on the agenda, the board of directors acknowledged that, in accordance with Article 523 of the Companies Code, Eduardo Bravo 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 his remuneration for 2015.

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 remuneration of Eduardo Bravo for 2015 will be included in the annual report of the board of directors in relation to the financial year ending 31 December 2015.

Eduardo Bravo is not present at the discussion of this item on the agenda.

Deliberations and resolutions

Dirk Reyn, representative of R&S Consulting, chairman of the nomination and remuneration committee, presented to the board of directors the proposal of the nomination and remuneration committee on (i) a change of the fixed remuneration of Eduardo Bravo effective as of 1 October 2015, and (ii) a change to the variable remuneration of the members of the executive management effective as of 1 October 2015.

In particular, it is proposed that:

(i) The fixed remuneration of Eduardo Bravo is increased to EUR 350,000 per year, effective as of 1 October 2015; and

(ii) The variable remuneration of the members of the executive management is changed as follows:

(a) For Eduardo Bravo, CEO: a target bonus of 80% of the fixed remuneration (whereby the actual bonus can vary from 0% to 130% of the target bonus in proportion to the relevant objectives reached);

(b) For Claudia D'Augusta, CFO, and Marie Paule Richard, CMO: a target bonus of 40% of the fixed remuneration (whereby the actual bonus can vary from 0% to 130% of the target bonus in proportion to the relevant objectives reached);

(c) For Wilfried Dalemans, CTO: a target bonus of 35% of the fixed remuneration (whereby the actual bonus can vary from 0% to 130% of the target bonus in proportion to the relevant objectives reached).

The board of directors RESOLVED to approve the proposed changes as set out above as proposed by the nomination and remuneration committee.

As regards the proposed changes to the remuneration package for Eduardo Bravo, the board of directors is of the opinion that this remuneration package is justified in view of Eduardo Bravo's role and the efforts that are requested from him."

Meeting of the Board of Directors of December 7, 2015

"**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 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 decision to be taken regarding the (potential) grant of warrants under the 2015 warrants plan.

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 will be included in the annual report of the board of directors in relation to the financial year ending 31 December 2015.

Eduardo Bravo is not present at the meeting.

Deliberation and resolutions

The chairman explained that (i) on 7 December 2015, the board of directors approved a warrants plan regarding the issue of maximum 2,250,000 warrants (the "2015 warrants plan") and that (ii) also on 7 December 2015, immediately following the meeting of the board of directors referred to under item (i) and immediately prior to the current meeting of the board of directors, the board of directors issued 2,250,000 warrants in the framework of the authorized capital.

Innosté SA, represented by Jean Stéphenne, presented to the board of directors the proposal of the nomination and remuneration committee with respect to the grant of warrants from the 2015 warrants plan to the members of the executive management:

- Eduardo Bravo, CEO: 308,421 warrants,
- Claudia D'Augusta, CFO: 267,298 warrants,
- Marie Paule Richard, CMO: 226,175 warrants, and
- Wilfried Dalemans, CTO: 205,614 warrants.

The remainder of the warrants issued pursuant to the 2015 warrants plan is proposed to be offered to (i) current and future employees of the Company and its subsidiaries, as set out in the attached overview, and (ii) current and future independent directors of the Company (it being understood that warrants can only be granted to independent directors after approval by the shareholders' meeting and that a proposal regarding the exact allocation among the independent directors still needs to be drawn up).

The nomination and remuneration committee further proposes that the exercise price of the warrants that are offered today is determined at:

- EUR 0.97 per warrant (i.e. 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) for Eduardo Bravo and the current/future independent directors of the Company (not being employees of the Company or its subsidiaries), and
- EUR 0.95 per warrant (i.e. the last closing price of the TiGenix share on the stock exchange prior to the date of offer of the warrants) for the other beneficiaries of the 2015 warrants plan.

As regards the grant of 308,421 warrants to Eduardo Bravo at an exercise price of EUR 0.95 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 maximize 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 1,007,508 warrants, issued in accordance with the 2015 warrants plan, to the members of the executive management and to grant the remainder of the warrants to (i) current and future employees of the Company and its subsidiaries, as set out in the attached overview, and (ii) current and future independent directors of the Company (it being understood that warrants can only be granted to independent directors after approval by the shareholders' meeting and that a proposal regarding the exact allocation among the independent directors still needs to be drawn up).

The board of directors DECIDED unanimously to determine the exercise price of the warrants that are offered today at EUR 0.97 per warrant for Eduardo Bravo and the independent directors of the Company (not being employees of the Company or its subsidiaries) and EUR 0.95 for the other beneficiaries of the 2015 warrants plan.

Finally, as regards the beneficiaries of the 2015 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 2019."

11. Related party transactions

During its meeting of February 26, 2015, the Board of Directors applied the procedure provided for in Article 524 of the Companies Code for related party transactions in connection with the issue and offering by the Company of convertible bonds for a total principal amount of 25 million euros, as an affiliate of the Grifols group, which could be considered an affiliate of the Company at the time of the bond issue, could participate in the offering.

In connection with this transaction, a committee of independent directors composed of Innosté SA, represented by Jean Stephenne, Greig Biotechnology Global Consulting, Inc., represented by Russell Greig and R&S Consulting BVBA, represented by Dirk Reyn, assisted by an independent expert Finvision BVBA represented by Mr Sam Verfaillie (as representative of Sam Verfaillie BVBA), issued an advice pursuant to article 524 of the Companies Code on 20 February 2015.

The conclusion of the committee of independent directors, as mentioned in the minutes of the meeting of the Board of Directors of February 26, 2015, is as follows:

"Assisted by the independent expert in the meaning of article 524 §2 of the Companies Code, and based on the documents submitted to it, the committee of independent directors established that the envisaged Transaction will not cause any prejudice to the Company which, in view of the Company's strategy, would be manifestly illegitimate."

The minutes of the meeting of the Board of Directors of February 26, 2015 further mention:

“The board discussed the advice prepared by the committee of independent directors, assisted by the independent expert, in accordance with Article 524 of the Companies Code. After having considered the advice of the committee of independent directors, the board of directors stated its agreement with the conclusions of the committee of independent experts.

(...)

After having discussed the items on the agenda, the board of directors unanimously:

RESOLVED that the advice by the independent directors assisted by the independent expert and the conclusions set out in the advice be approved.

RESOLVED that the Transaction be approved in principle.”

The opinion by the statutory auditor is as follows:

“Based on our work performed nothing came to our attention that would cause us to conclude that the information included in the advice of the committee of independent directors or in the minutes of the board of directors would not give a fair view.

The underlying report has been drawn up for the use of the board of directors of the Company in relation to the application of Article 524§3 of the Belgian Companies Code and therefore cannot be used for any other purpose.”

12. Branches

The Company does not have any branches.

13. Subsequent events

After December 31, 2015 the following significant event took place.

On March 14, 2016, the Company raised 23.8 million euros in gross proceeds through a private placement of 25,000,000 new shares at a subscription price of 0.95 euros per share.

As a consequence, in accordance with Condition 6.2 (f) of the terms and conditions of the convertible bonds issued by the Company on March 6, 2015, the conversion price for the bonds has been adjusted downwards, from its previous level of 0.9414 euro to the new level of 0.9263 euro per share, effective as of March 14, 2016.

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, 2015.

Done on April 11, 2016
On behalf of the Board of Directors

Eduardo Bravo
CEO