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## **TiGenix launches an offering of EUR 25 million convertible bonds**

**Leuven (BELGIUM) – 26 February 2015, 08:15h (CET)** – TiGenix NV (Euronext Brussels: TIG; the "Company"), an advanced biopharmaceutical company focused on developing and commercialising novel therapeutics from its proprietary platform of allogeneic expanded adipose-derived stem cells in inflammatory and autoimmune diseases, is launching the offering (the "Offering") of senior, unsecured convertible bonds due 2018 (the "Convertible Bonds"), for a principal amount of EUR 25 million and with a nominal value of EUR 100,000 per Convertible Bond. The Convertible Bonds will be convertible into fully paid ordinary shares of the Company (the "Shares"). The Convertible Bonds will be senior, unsecured obligations of TiGenix NV and guaranteed by TiGenix S.A.U.

The major shareholder of the Company has expressed an interest in subscribing for some or all of the Convertible Bonds being offered by the Company. Allocation of the Convertible Bonds will be at the discretion of the Company in consultation with the Sole Bookrunner. Accordingly, such shareholder, or any other investor, may or may not receive any Convertible Bonds in this Offering.

The net proceeds of the Offering will be used by the Company primarily in connection with the clinical development of its products, with part of the proceeds transferred to an escrow account to make coupon payments for the first two years up to (and including) 6 March 2017.

The clinical development of the Company's products is currently expected to include (i) progressing, with a view to finalising, the European Phase 3 clinical trial for Cx601 for the treatment of complex perianal fistulas in Crohn's disease patients and (ii) advancing the clinical development of Cx611 in early rheumatoid arthritis in Phase 2 and severe sepsis in Phase 1 and Phase 2 clinical trials.

The Convertible Bonds are expected to be issued at 100% of the principal amount on 6 March 2015 and redeemed at 100% of the principal amount on 6 March 2018, unless otherwise redeemed, purchased, converted or cancelled. The Company has the right to redeem all outstanding Convertible Bonds on or after the second anniversary plus 21 days after the Closing Date if the volume weighted average price of the Shares on each of at least 20 dealing days within a period of 30 consecutive dealing days shall have been at least 130% of the prevailing conversion price.

The Convertible Bonds are expected to carry a coupon of 8% – 9% per annum, payable semi-annually in arrear in equal instalments on 6 March and 6 September of each year, commencing with the first interest payment date falling on 6 September 2015.

The initial conversion price will be set at a premium of 25% – 30% to the reference share price. The reference share price will be set as the greater of (i) the volume weighted average price of the Company's Shares on Euronext Brussels between launch and pricing of the Convertible Bonds, and (ii) the arithmetic average of the daily closing price of the Company's Shares on each of the dealing days falling within the period of 30 calendar days preceding 26 February 2015. The conversion price will be subject to adjustments for any dividend paid in cash or in Shares as well as customary anti-dilution adjustments, pursuant to the terms and conditions of the Convertible Bonds. In addition, with effect from the first business day in Brussels following the first anniversary of the Closing Date of the Convertible Bonds (the "Conversion Price Reset Date"), the conversion price shall be adjusted so as

to equal the greater of (i) the arithmetic average of the daily volume weighted average price of the Shares 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, provided that no adjustment will be made if such adjustment would result in an increase to the conversion price. The "Reset Period" will be the 20 consecutive dealing days ending on the fifth dealing day prior to the Conversion Price Reset Date.

Pricing of the Convertible Bonds and announcement of the final terms is expected to take place tomorrow, 27 February 2015, with the Company and the Sole Bookrunner reserving the right to accelerate the pricing of the Offering. Upon pricing, a press release will be issued by the Company to announce the final terms. Closing of the Convertible Bonds is expected on or around 6 March 2015 ("Closing Date").

The Convertible Bonds will be offered through an accelerated bookbuilding to institutional investors only, outside the United States in accordance with Regulation S under the Securities Act and outside Australia, Canada and Japan. The preferential subscription rights of existing shareholders of the Company have been cancelled.

Nomura International plc is acting as Sole Bookrunner of the Offering.

The Company will agree (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 the Closing Date of the Offering.

Application will be made for the Convertible Bonds to be admitted to trading on the Open Market (*Freiverkehr*) segment of the Frankfurt Stock Exchange no later than three months following the closing date of the transaction.

For more information, please revert to the special board report prepared by the board of directors in accordance with Articles 583, 596 and 598 of the Belgian Companies Code, which is available on the Company's website.

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#### **About TiGenix**

*TiGenix NV (Euronext Brussels: TIG) is an advanced biopharmaceutical company focused on developing and commercialising novel therapeutics from its proprietary platform of allogeneic, or donor-derived, expanded adipose-derived stem cells, known as eASCs, in inflammatory and autoimmune diseases. Two products from this technology platform are currently in clinical development. Cx601 is in Phase 3 for the treatment of complex perianal fistulas in Crohn's disease patients. Cx611 is in Phase 2b for early rheumatoid arthritis, and in Phase 1b for severe sepsis. TiGenix also developed ChondroCelect, an autologous cell therapy product for cartilage repair of the knee, which was the first Advanced Therapy Medicinal Product (ATMP) to be approved by the European Medicines Agency (EMA). From June 2014, the marketing and distribution rights of ChondroCelect have been exclusively licensed to Sobi for the European Union (except for Finland, where it is distributed by the Finnish Red Cross Blood Service), Norway, Russia, Switzerland and Turkey, and the countries of the Middle East and North Africa. TiGenix is headquartered in Leuven (Belgium) and has operations in Madrid (Spain). For more information, please visit [www.tigenix.com](http://www.tigenix.com).*

## **Forward-looking information**

*This document may contain forward-looking statements and estimates with respect to the anticipated future performance of TiGenix and the market in which it operates. Certain of these statements, forecasts and estimates can be recognised by the use of words such as, without limitation, "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will" and "continue" and similar expressions. They include all matters that are not historical facts. Such statements, forecasts and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Actual events are difficult to predict and may depend upon factors that are beyond the Company's control. Therefore, actual results, the financial condition, performance or achievements of TiGenix, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements, forecasts and estimates. Given these uncertainties, no representations are made as to the accuracy or fairness of such forward-looking statements, forecasts and estimates. Furthermore, forward-looking statements, forecasts and estimates only speak as of the date of the publication of this document. TiGenix disclaims any obligation to update any such forward-looking statement, forecast or estimates to reflect any change in the Company's expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement, forecast or estimate is based, except to the extent required by Belgian law.*

## **IMPORTANT INFORMATION**

This press release is for information purposes only and does not constitute, and should not be construed as, an offer to sell or the solicitation of an offer to buy or subscribe to any securities of the Company, nor shall there be any offer, solicitation or sale of securities in any jurisdiction in which such offer, solicitation or sale is not permitted or to any person or entity to whom it is unlawful to make such offer, solicitation or sale. There will be no public offering of the Convertible Bonds or any other securities for sale in or into Belgium, the United States, Canada, Australia or Japan or in any jurisdiction in which such offer, solicitation or sale is unlawful. This announcement has been issued by and is the sole responsibility of the Company.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

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In Member States of the European Economic Area, the Convertible Bonds are being offered only to qualified investors within the meaning of Directive 2003/71/EC, as amended, in accordance with the respective regulations of each Member State in which the Convertible Bonds are being offered.

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom to whom it may be lawfully communicated or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, including persons falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Convertible Bonds are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Convertible Bonds will

be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Nomura International plc (the "Sole Bookrunner"), which is authorised and regulated by the Financial Conduct Authority and also regulated by the Prudential Regulation Authority, is acting exclusively for the Company and no one else in connection with the Offering and will not be responsible to any other person for providing the protections afforded to clients of the Sole Bookrunner or for providing advice in relation to the Offering, the Convertible Bonds or any other transaction, matter or arrangement referred to in this announcement.

Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Convertible Bonds.

In connection with the Offering, the Sole Bookrunner and any of its affiliates, acting as investors for their own accounts, may subscribe for or purchase securities and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such securities and any other securities of the Company or related investments in connection with the Convertible Bonds, the Company or otherwise. The Sole Bookrunner does not intend to disclose the extent of any such investment or transactions except where required by law.

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