

**REGULATED INFORMATION  
FEBRUARY 25, 2011**

NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, CANADA, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION WHERE THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL

## **TiGenix announces proposed combination with Cellerix and capital increase through a public rights offering**

**Combination will create the European cell therapy leader with two marketed products and a promising pipeline**

**Leuven (BELGIUM) / Tres Cantos (SPAIN), February 25, 2011 - TiGenix NV (NYSE Euronext Brussels: TIG) and Cellerix SA, a privately held company based in Spain, announce that the two cell therapy-focused biotechnology companies and Cellerix' shareholders have entered into a contribution agreement to combine the operations of both companies by means of a share for share exchange. The combination of TiGenix' marketed product portfolio and proprietary pre-clinical stem cell platform with a clinical stage allogeneic stem cell platform and pipeline is part of TiGenix' external growth strategy and further strengthens its position as an international leading player in the fast-growing field of regenerative medicine and cell therapy.**

**TiGenix also announces its intention to raise approximately EUR 15 million through a public rights offering, of which EUR 10 million has already been secured via pre-commitments from certain existing shareholders and new investors. Together with a EUR 18 million capital increase by Cellerix investors prior to the transaction, the combined group is expected to have a proforma cash position of at least EUR 33 million at closing.**

### ***Background to Cellerix and Rationale for the Combination***

Cellerix is a Spanish cell therapy company that was founded in 2004 as a spin-off from the Genetrix Group. The company has a clinical stage pipeline of cell-based products for indications of inflammatory and autoimmune origin. The products are based on Cellerix' proprietary fat derived adult stem cell platform and represent a new generation of off-the-shelf cell therapy medicines. Cellerix' stem cell platform and manufacturing capabilities have been fully validated according to EMA requirements. The company recently completed a successful Phase IIa study in complex perianal fistula in Crohn's patients and has received authorization to start a Phase I/II study in rheumatoid arthritis. Further to the Genetrix Group, Cellerix has a solid and outstanding investor base including specialized European healthcare funds (Ysios, LSP and Ventech), pharma corporate investment funds (Roche Venture Fund and Novartis Venture Fund), and Spanish private and institutional investors. Cellerix' investors have committed to a capital increase of approximately EUR 18 million in Cellerix, which is to be completed before the closing of the proposed transaction (subject to approval by the shareholders' meeting of Cellerix), providing the combined group with a solid financial foundation.

The combination of TiGenix and Cellerix will create a new European leader in cell therapy with a proven ability to develop, register, manufacture and commercialize novel cell therapies. The Boards of each company believe that the combination will allow the enlarged group to expedite the further development of the allogeneic stem cell platforms, as well as to exploit synergies between TiGenix' and Cellerix' platforms for the treatment of damaged and arthritic joints, particularly in osteoarthritis and rheumatoid arthritis. The combined group will enjoy the following characteristics:

- two commercial products on the market including ChondroCelect, the first and only centrally approved cell-based product in Europe;
- a unique commercial and manufacturing infrastructure for advanced therapies;
- an advanced clinical stage pipeline of products combining regenerative and immune-modulatory mechanisms of action;
- two proprietary stem cell platforms to enable long term pipeline development;
- an international management team and approximately 80 employees working in four sites in Belgium, the Netherlands, the United Kingdom and Spain;
- a solid cash position secured through an EUR 18 million investment in Cellerix prior to completion of the combination and a public rights offering of approximately EUR 15 million, of which EUR 10 million has already been secured via pre-commitments.

The initial focus of the combined group will remain on damaged and arthritic joints while ensuring long term upside potential through expansion to other inflammatory and autoimmune disorders of high unmet medical need. With headquarters in Leuven and focused operations in Spain, the Netherlands and the United Kingdom, the combined group will be well positioned to become the leading cell therapy company in Europe.

### ***Terms of the Combination***

The combination is to be effected pursuant to the terms of the contribution offer as accepted by the shareholders of Cellerix and resulting in a binding contribution agreement. Under the terms of the contribution agreement, TiGenix will issue approximately 44.8 million new TiGenix shares as consideration for the contribution in kind by Cellerix shareholders, holding all of the outstanding Cellerix shares, into TiGenix at an agreed subscription price of EUR 1.2977 per new TiGenix share, valuing Cellerix at approximately EUR 58 million, including Cellerix' expected cash position of about EUR 18 million.

The transaction is subject to the approval of the contribution by TiGenix shareholders at an extraordinary shareholders' meeting ("ESM") to be convened by the Board of TiGenix. The transaction is also subject to certain other conditions, including the approval by the Belgian Banking, Finance and Insurance Commission ("*Commissie voor het Bank-, Financie- en Assurantiewezen or CBFA*") of the prospectus relating to the subsequent public rights offering and the admission to trading of the new TiGenix shares.

In the aforementioned contribution agreement the Cellerix shareholders have agreed that the TiGenix shares to be issued to them in the contribution or the rights offering referred to below will be subject to an initial lock-up of six months as from the date of the ESM. Furthermore it is anticipated that the Cellerix shareholders will also enter into a separate agreement providing for an additional lock-up undertaking (gradually decreasing over time) for a subsequent period of six months.

## **Board Changes**

At the ESM, TiGenix shareholders will also be asked to approve the appointment, with effect as of the completion of the contribution, of a new board of directors of TiGenix consisting of a total of up to nine members, including the current CEOs of the two companies. Other proposed board members will be former Cellerix directors Joël Jean-Mairet, representing Ysios Capital Partners, Eduard Enrico Holdener, independent director and Mounia Chaoui-Roulleau, representing Ventech; former TiGenix directors Willy Duron, independent director and Koenraad Debackere, representing KULeuven and Gemma Frisius Fund; and new director Nico Vandervelpen, representing LRM. One additional independent director remains to be proposed. Prof. Dr. Frank Luyten will continue to serve as chairman of the scientific advisory board of the combined group.

In view of the post-merger board composition, ING België NV, represented by Mr. Luc Van de Steen has resigned.

Following the completion of the contribution, it is anticipated that the executive leadership team consists of Eduardo Bravo as managing director and Chief Executive Officer, Gil Beyen as managing director and Chief Business Officer, Claudia D'Augusta as Chief Financial Officer and Wilfried Dalemans as Chief Technical Officer.

## **Rights offering with preferential subscription right for TiGenix shareholders**

To support its growth strategy and allow it to reach key commercial and product development milestones, following the contribution, TiGenix intends to increase its capital in cash for an amount of approximately EUR 15 million in a financing round with preferential subscription rights for TiGenix' shareholders. The proposed rights offering is subject to approval by TiGenix' shareholders at the ESM. The final terms of the offering, including the final size of the offering, the issue price, the number of shares to be issued, and the subscription ratio, shall be announced prior to the actual launch of the rights offering. TiGenix received already commitments for EUR 10 million from certain existing and new institutional investors to subscribe to new TiGenix shares at a subscription price of EUR 1.00 per share.

Certain existing TiGenix shareholders that have provided pre-commitments have also agreed to certain lock-up undertakings for a period of six months as from the date of the ESM.

Gil Beyen, CEO of TiGenix, said:

“This consolidation between the two leading European stem cell companies represents an important step in our strategy of becoming a powerhouse in the field of regenerative medicine and cell therapy. Cellerix' stem cells technology is one of the very few allogeneic stem cell platforms that have been approved for and used in human clinical trials. We believe that Cellerix' stem cell platform is a great fit for TiGenix allowing us to accelerate our path to off-the-shelf allogeneic cell based products and to rapidly broaden our therapeutic scope to other area's of high unmet medical need.

TiGenix has decided to pursue the capital raising by way of a rights offering as it was important for us to provide all our shareholders with the opportunity to fully participate. We look forward to their continuing support. If approved, the proposed capital increase will

provide us with additional financial resources and strength to continue to deliver our strategy.”

Eduardo Bravo, CEO of Cellerix, said:

“We are very satisfied to have reached this important agreement with TiGenix, which stands out for its leadership in the area of regenerative medicine, having achieved the first and so far only registration of an advanced therapy medicinal product. Joining forces with TiGenix will position the new group at the top of the European biotechnology industry by creating a solid European cell therapy leader.

The combination will allow cross fertilization of the companies’ expertise in manufacturing, CMC, regulatory, pricing and reimbursement that will enable the acceleration of key value driving programs while speeding up further development of the allogeneic stem cell platforms, with the aim of widening the indications being pursued.

Cellerix’ current investors will become shareholders of the combined group with very promising plans for the near and long term future”.

Kempen & Co Corporate Finance is acting as TiGenix’ sole financial advisor on the combination, and as joint bookrunner, together with KBC Securities, on the public rights offering. Linklaters is acting as TiGenix’ legal counsel. Piper Jaffray is acting as financial advisor to Cellerix. Garrigues and Stibbe are acting as Cellerix’ legal counsels.

## **CONFERENCE CALL**

Today at 11:00 Central European Time (10:00 am GMT), the management of TiGenix and Cellerix will conduct a conference call to give details on the planned combination of the two companies and the capital increase.

To participate in the conference call, please dial-in at:

+32 2 400 6006 (Belgium)  
+44 203 365 3207 (UK)  
+34 911141806 (Spain)

The online live webcast can be followed via the link:

[http://pulse.companywebcast.nl/Playerv1\\_0/default.aspx?id=11180](http://pulse.companywebcast.nl/Playerv1_0/default.aspx?id=11180)

Following the management presentation, the participants will be able to ask questions.

This press release and the presentation will be made available in the News section on our website.

The conference call will be recorded.

A replay of the webcast will be available shortly after the conference call.

**For more information, please contact:**

Gil Beyen  
Chief Executive Officer TiGenix

Eduardo Bravo  
Chief Executive Office Cellerix

T: +32 16 39 60 60  
[Investor@tigenix.com](mailto:Investor@tigenix.com)

T: +34 91 806 0946  
[info@cellerix.com](mailto:info@cellerix.com)

**About TiGenix**

*Based in Leuven, Belgium, TiGenix NV (NYSE Euronext Brussels: TIG) is a public biomedical company that focuses on 'Regenerating Motion'. The company is exploiting the power of Regenerative Medicine to develop durable treatments for damaged and diseased skeletal tissues. TiGenix now has two products approved for marketing and sales in Europe:*

*ChondroCelect<sup>®</sup>, the company's lead product for cartilage regeneration in the knee, is the first cell-based product that successfully completed the entire development track from research, over clinical development to central European registration as a medicinal product. ChondroCelect consists of characterized cultured chondrocytes derived from the patient's own cartilage and is used for autologous chondrocyte implantation (ACI), a surgical procedure to treat cartilage defects. ChondroCelect received European Marketing Authorization as the first Advanced Therapy Medicinal Product.*

*ChondroMimetic<sup>™</sup> is an off-the-shelf, collagen based implant for the treatment of small osteochondral (cartilage and underlying bone) defects. ChondroMimetic received CE-mark approval for the treatment of small chondral and subchondral lesions. It will be marketed as a procedure pack with the collagen implant preloaded in an accurate, easy to use delivery device.*

*TiGenix exploits a proprietary (stem) cell and biomaterials platform, which will continue to generate candidate products that address specific musculoskeletal problems.*

*With a fully operational sales team in place, TiGenix is ready for commercial expansion and reinforcement of its leading position in Europe in the regenerative medicine field.*

**About Cellerix**

*Cellerix SA is a Spanish private biopharmaceutical company dedicated to the development, production and commercialization of innovative stem cell based medicinal products.*

*The Company is leading the development of a new generation of off-the-shelf products using expanded adult stem cells from adipose tissue (eASCs). Cellerix has shown that eASCs have strong anti-inflammatory and immunomodulatory properties and, as such, could represent a revolution in the treatment of autoimmune and inflammatory diseases which to date represent an area of high medical unmet need. Development is at a clinically advanced stage with promising results having been obtained in phase I and II clinical trials.*

*Cellerix' platform is based on an extensive preclinical and regulatory package that has been fully validated according to EMA requirements. The products are manufactured in Cellerix' GMP facility in Madrid. The current pipeline includes Cx601 (orphan drug,) which received positive Phase IIa data for the treatment of complex perianal fistula in Crohn's disease patients in 2010, Cx611, which has received authorization to start a Phase I/II trial in rheumatoid arthritis and several other programs in earlier development.*

## **DISCLAIMERS**

### **No offer to sell or solicitation of an offer to purchase or acquire any securities**

*This document does not constitute an offer to sell or the solicitation of an offer to purchase or acquire any preferential rights, scrips, shares or other securities of TiGenix NV under Belgian law or the law of any other jurisdiction. This document does not constitute a document of offer or prospectus regarding an offering of securities by TiGenix NV and cannot be the basis for any agreement or decision to invest. Investors may not subscribe to any of the securities referred to in this document on the basis of the information contained in this document. A prospectus with detailed information about TiGenix NV will, after the approval of it by the Belgian Banking, Finance, and Insurance Commission (“Commissie voor het Bank-, Financie- en Assurantiewezen” / “Commission Bancaire, Financière et des Assurances”), become available free of charge on the website of TiGenix NV and on the website of Euronext. An investment decision with respect to the securities of TiGenix NV must only be made on the basis of the prospectus published in accordance with Belgian securities laws.*

*This document and the information contained herein is not intended to be accessed, published or distributed outside of Belgium, and in particular may not be, directly or indirectly, accessed by, or distributed or disseminated to, persons resident or physically present in the United States of America (including its territories, the “US”), Canada, Japan, Australia, or any other jurisdiction where doing so would be unlawful or where prior registration or approval is required for such purpose.*

*There shall be no offering or sale of any preferential rights, scrips, shares or other securities of TiGenix NV in the US, Canada, Japan, Australia or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to its registration or qualification under the laws of such jurisdiction or to or for the benefit of any person to whom it is unlawful to make such offer, solicitation or sale. No steps have been taken or will be taken regarding the offering of preferential rights, scrips, shares or other securities of TiGenix NV outside Belgium in any jurisdiction where such steps would be required. The issuance, exercise, or sale of preferential rights, scrips or other securities and subscription to or purchase of preferential rights, scrips, shares or other securities are subject to specific legal or regulatory restrictions in certain jurisdictions. TiGenix NV is not liable in case these restrictions are infringed by any person.*

*The preferential rights, scrips, shares or other securities of TiGenix NV referred to in this document have not been and will not be registered under the US Securities Act of 1933, as amended (the “US Securities Act”), and may not be offered or sold in the US or to the benefit of US persons absent registration or an exemption from registration under the US Securities Act. The preferential rights, scrips, shares and other securities of TiGenix NV are not publicly offered outside of Belgium and no offering of preferential rights, scrips, shares or other securities of TiGenix NV is being made in the US. The preferential rights, scrips, shares and other securities of TiGenix NV will not be the subject of an offer of securities to the public in the UK within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended). This information set forth in this document is communicated in the United Kingdom only to (i) investment professionals, as such term is defined in Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), or (ii) high net worth entities and other persons falling within Article 49(2)(A) to (D) of the Order.*

### **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 TiGenix’ 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 TiGenix' 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.*