arGEN-X N.V.

(*a public company with limited liability (naamloze vennootschap) incorporated under the laws of the Netherlands with its official seat in Rotterdam, the Netherlands*)

This prospectus (the ***Prospectus***) relates to the initial offering (the ***Offering***) for an amount of up to EUR 40,000,000 by subscription in arGEN-X N.V. (the ***Company,*** the ***Issuer*** or ***arGEN-X***) at an offer price (the ***Offer Price***) within a price range between EUR 8.50 and EUR 10.25 per new ordinary share (the ***Offer Price Range***), although it may be set below the lower end of the Offer Price Range. The amount of new ordinary shares may be increased by up to 15%, to an amount of EUR 46,000,000 (the ***Increase Option***, the new ordinary shares initially offered and the ordinary shares offered as a result of the possible exercise of the Increase Option are jointly being referred to as the ***New Shares***). Any decision to exercise the Increase Option will be announced, at the latest, on the date the Offer Price is announced. The Offer Price, the allocation to Retail Investors and the exact number of New Shares to be issued will be set out in a pricing statement (the ***Pricing Statement***) that will be deposited with the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the ***AFM***) and published in a press release on the Company's website, in the Belgian financial press and on the website of Euronext Brussels. Printed copies of the Pricing Statement will be made available at the registered office of the Company.

KBC Securities NV (the ***Stabilization Manager***) acting on behalf of KBC Securities NV and Kempen & Co NV (the ***Joint Global Coordinators***) and Petercam NV (the ***Co-Lead-Manager***) has been granted an Over-Allotment Option by the Company, which allows the Stabilization Manager with the prior consent of the other Joint Global Coordinator to subscribe for additional new Shares at the Offer Price up to maximum 15% of the number of New Shares allocated in the Offering to cover over-allotments or short positions, if any (the ***Over-Allotment Option***). The Over-Allotment Option will be exercisable for a period of 30 calendar days from the listing date (the ***Listing Date***).

The Offering is conducted as a public offering in Belgium to Retail Investors and a private placement (i) in the United States only to a limited number of "qualified institutional buyers" (***QIBs***) (as defined in Rule 144A under the US Securities Act of 1933, as amended (the ***Securities Act***)) in a manner not requiring registration under the Securities Act and (ii) in certain jurisdictions outside the United States in accordance with Regulation S under the Securities Act (***Regulation S***) to certain Institutional Investors (meaning qualified and/or institutional investors under applicable laws of the relevant jurisdiction). Private placements may take place in EEA Member States pursuant to an exemption under the Prospectus Directive (as defined below) as implemented in the relevant EEA Member State. The New Shares and the Shares of the Company covered by the Over-Allotment Option (the ***Offered Shares***) have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. For a description of certain restrictions on transfers of the Offered Shares, see Part 17 ("*Transfer Restrictions*") beginning at page 171. Any Offered Shares offered and sold in the United States will be subject to certain restrictions as set forth under Part 17 ("*Transfer Restrictions*").

This document constitutes an offer and listing prospectus for the purposes of article 3 of directive 2003/71/EC of the European Parliament and of the Council of the European Union (as amended, including by Directive 2010/73/EU, the ***Prospectus Directive***) and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). This Prospectus has been filed with and approved by the AFM. The approved Prospectus will be notified by the AFM to the Belgian Financial Services and Markets Authority (the ***FSMA***) for passporting in accordance with article 18 of the Prospectus Directive.

This Prospectus does not constitute, and neither the Company nor KBC Securities NV, Kempen & Co N.V., Petercam NV or Wedbush Securities Inc. (the ***Managers***) are making, an offer to sell the Offered Shares or soliciting an offer to purchase any of the Offered Shares to any person in any jurisdiction where such an offer or solicitation is not permitted. The Offered Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other Offering related documents may be distributed or sent to any person or into any jurisdiction, except in circumstances that will result in the compliance with all applicable laws and regulations. Persons into whose possession this Prospectus may come are required to inform themselves about, and to observe all, such restrictions. Neither the Company nor the Managers accept any responsibility for any violation by any person, whether or not it is a prospective purchaser of Offered Shares, of any such restriction.

The offering period will begin on 23 June 2014 and is expected to end no later than 4:00 pm (CET) on 8 July 2014, subject to early closing (the ***Offering Period***), provided that the Offering Period will in any event be open for at least six business days from the availability of this Prospectus. Any early closing of the Offering Period will be announced in a press release on the Company's website and in the Belgian financial press, and the dates for each of pricing and allocation, publication of the Pricing Statement, conditional trading and closing of the Offering will in such case be adjusted accordingly.

The Offer Price will be determined during the Offering Period through a book-building process in which only Institutional Investors may participate. The Offer Price will be a single price in euro, exclusive of any tax on stock exchange transactions or other taxes, and of costs, if any, charged by financial intermediaries for the submission of applications to subscribe to the Offered Shares. The Offer Price is expected to be within the Offer Price Range. The Offer Price Range is an indicative price range. The Offer Price may be set within the Offer Price Range or below the lower end of the Offer Price Range, but will not exceed the higher end of the Offer Price Range.

Prior to the Offering, there is currently no public market for the Shares. The Company has applied to have its Shares admitted to trading on the regulated market of Euronext Brussels NV/SA under the trading symbol "ARGX". Trading of the Shares on Euronext Brussels is expected to commence, on an "if-*and-when-issued-or-delivered*" basis, on or about 10 July 2014.

The issued Offered Shares are expected to be delivered in book-entry form on or about 11 July 2014.

Investing in the Offered Shares involves substantial risks and uncertainties. An investor is exposed to the risk to lose all or part of his investment. Before any investment in Shares, an investor must read the entire document and in particular Part 1 "*Risk Factors*" consisting of (i) risks relating to the regulatory environment (on page 7 of the summary and from page 30 to 33 of the Prospectus), (ii) risks relating to the Group's business (from page 7 to 9 of the summary and from page 33 to 41 of the Prospectus), (iii) risks relating to the Group's dependence on third parties and key personnel (on page 9 of the summary and from page 41 to 44 of the Prospectus), (iv) risks relating to the Group's intellectual property (from page 9 to 10 of the summary and from page 44 to 48 of the Prospectus), and (v) risks related to the Offering and the Shares (on page 10 of the summary and from page 48 to 52 of the Prospectus).
The Company's main assets are intellectual property rights concerning technologies that have not led to the commercialisation of any product. The Company has never been profitable and it has never commercialised any products.

Joint Global Coordinators & Joint Bookrunners

KBC Securities Kempen & Co

Co-Lead-Manager

Petercam

Selling Agent

Wedbush PacGrow Life Sciences

Prospectus dated 20 June 2014

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A—Introductions and warnings	
Element	**Disclosure Requirement**
A.1	**Introduction and warnings** This summary must be read as an introduction to this prospectus (the ***Prospectus***) and is provided to aid investors when considering whether to invest in the Offered Shares, but is not a substitute for this Prospectus. Any decision to invest in the Offered Shares should be based on consideration of this Prospectus as a whole, including any documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the persons responsible for this summary in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Offered Shares. Where a claim relating to this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.
A.2	**Content for use of this Prospectus for subsequent resale** Not applicable. The Company does not consent to the use of the Prospectus for the subsequent resale or final placement of securities by financial intermediaries.

Section B—Issuer	
Element	**Disclosure Requirement**
B.1	**Legal and commercial name of the issuer** The legal and commercial name of the issuer is arGEN-X N.V. (the ***Company***)
B.2	**Domicile and legal form** A public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands. The Company's official seat is in Rotterdam, the Netherlands, and its registered office is at Willemstraat 5, 4811 AH, Breda, the Netherlands.
B.3	**Current operations and principal activities of the Group and the principal markets in which it competes** Founded in 2008, the Company is the parent company of a clinical-stage biopharmaceutical group focused on creating and developing differentiated therapeutic antibodies for the treatment of cancer

	and severe autoimmune diseases with unmet medical needs (the ***Group***). The Group generates a portfolio of differentiated product candidates from its suite of innovative and complementary antibody technology platforms. The SIMPLE Antibody™ discovery platform enables targeting complex or novel disease targets, which the Group believes are difficult to address by established technology platforms. The Fc engineering technologies, POTELLIGENT®, NHance® and ABDEG™ are used to further enhance the intrinsic therapeutic functionalities of its antibody product candidates. These technologies are used to enhance antibody cell killing through Antibody-Dependent Cell-mediated Cytotoxicity (ADCC), to prolong product residence time in the human body, and to enhance the clearance of disease targets or pathogenic antibodies. These complementary technology platforms can be applied in combination to yield differentiated therapeutic antibodies having multiple modes of action. Together with its academic and industrial partners, the Group selects novel or intractable disease targets based on the current understanding of their involvement in disease biology. The Group intends to create differentiated therapeutic antibody product candidates against these disease targets by utilizing its SIMPLE Antibody™ platform and one or more of its Fc engineering technologies. Selected antibody product candidates are taken through preclinical and clinical development. The Group's proprietary product portfolio currently consists of two clinical stage antibody products (ARGX-110 and ARGX-111) and two preclinical stage products (ARGX-113 and ARGX-112). The Group believes that those product candidates have the potential to provide new approaches to treat cancer and severe autoimmune diseases, either as monotherapy or in combination therapy.
B.4a	**Significant recent trends affecting the Group and the industry in which it operates** In September 2013, the Company initiated a first Phase 1b clinical trial for ARGX-111 with the objective to characterize the safety profile and biological activity of ARGX-111. The Group will be aiming to characterize the safety profile and biological activity of ARGX-111 by 2H 2015. In January 2014, the Group advanced ARGX-110 into the expansion part of a Phase 1b study, with the objective to further investigate the safety of ARGX-110 and to select the indications for Phase 2 clinical development. In May 2014, arGEN-X has signed a partnership with the Leukemia and Lymphoma Society for the evaluation of ARGX-110 in Waldenström's macroglobulinemia in a US Phase 2 clinical trial which is expected to start in 2H 2014. The Company will prepare a clinical trial authorization (CTA) for ARGX-113 submission in 2H 2015. In May 2014 the Group has signed a research collaboration and exclusive product license option agreement with Bayer AG (***Bayer***) under which it will put its SIMPLE Antibody™ platform to work against complex targets selected by Bayer. On 30 May 2014, the Group has entered into a long-term strategic alliance with Shire International GmbH (***Shire***) in therapeutic bodies by expanding their collaboration. In 2012, Kyowa Hakko Kirin's POTELIGEO® (mogamulizumab) was approved by the Japanese Ministry of Health, Labour and Welfare for the treatment of CCR-4 positive adult T-cell leukemia-lymphoma (ATL). In 2013, Roche's Gazyva® (obinutuzumab) was approved by the US Food and Drug Administration for the treatment of Chronic Lymphocytic Leukemia (CLL). Both products make use of glyco-engineering to enhance the cell killing properties of these therapeutic antibodies. The Group is making use of such technology for both of its programs ARGX-110 and ARGX-111 and regards these approvals as a clinical and market validation of this Fc engineering approach.
B.5	**Description of the Group and the Company's position within the Group** The Company is the top entity in the Group. The Company is the sole shareholder of the following entities (direct subsidiaries): 1. arGEN-X 110 B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its official seat in Rotterdam, the Netherlands. 2. arGEN-X 111 B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its

	official seat in Rotterdam, the Netherlands. 3. arGEN-X BVBA, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of Belgium, having its registered seat in Zwijnaarde, Belgium. The Company has no indirect subsidiaries.
B.6	**Relationship with major Shareholders** The principal direct Shareholders of the Company at the date of this Prospectus are: 1) Erasmus MC Biomedical Fund B.V. (6.7%); 2) Thuja Capital (through Thuja Capital Healthcare Seed Fund B.V. and Thuja Capital Healthcare Fund B.V.) (6.7%); 3) Coöperatief LSP IV U.A. (14.1%); 4) Forbion Capital Fund II Coöperatief U.A. (17.4%); 5) BioGeneration Ventures B.V. (3.6%); 6) Omnes Capital (through FCPI LCL Innovation 2007, FCPI LCL Innovation 2008, FCPI LCL Innovation 2009, FCPI LCL Innovation 2010, FCPI CA Innovation 10, FCPI CA Innovation 11, CA Investissement 2 and Capital Invest PME 2010) (16.7%); 7) Orbimed Private Investments IV LP (14.2%); 8) Seventure (through Banque Populaire Innovation 14, Banque Populaire Innovation 15 and FCPI Bio Santé) (8.0%); and 9) Participatiemaatschappij Vlaanderen (through ParticipatieMaatschappij Vlaanderen NV and Vlaams Innovatiefonds CVA) (8.0%). Immediately prior to the completion of the Offering the different classes of shares will be converted in one common class of Shares. At the same time a stock split will be performed of 10 new Shares for each existing Share. In return for giving up the preferential rights on liquidation preferences, the current Shareholders agreed to amend their respective shareholdings amongst each other in accordance with an allocation key based on the Company's valuation immediately prior to the completion of the Offering. In order to effect such allocation the Shareholders agreed that against the Company's existing freely distributable reserves between 5,488,418 and 6,142,406 Shares will be issued for distribution in accordance with the allocation key (the ***Share Reshuffling***). Hence, immediately prior and following the completion of the Offering, the principal Shareholders will not have voting rights that are different to the voting rights of the other Shareholders. At the date of this Prospectus, the Company is not directly or indirectly owned or controlled by any Shareholder, whether individually or acting in concert.
B.7	**Selected historical key financial information** Set forth below is the summary consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows of the Group as of and for the years ended 31 December 2013, 2012 and 2011, derived from the Group's audited, consolidated financial statements, prepared in accordance with IFRS, as adopted by the EU, which are included elsewhere in this Prospectus. This section also includes the summary consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows of the Group as of and for the three months period ended 31 March 2014 and 2013, derived from the Group's unaudited consolidated financial statements,

prepared in accordance with IFRS, as adopted by the EU, which are included elsewhere in this Prospectus.

Special Purpose Consolidated statement of Comprehensive income (in thousands of euros)	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
Revenue	341	437	2,677	1,651	1,125
Other operating income	496	439	2,577	1,380	1,956
Total operating income	**837**	**875**	**5,254**	**3,032**	**3,081**
Research and development expenses	(2,132)	(2,329)	(9,352)	(11,065)	(4,824)
General and administrative expenses	(601)	(416)	(2,132)	(2,017)	(1,897)
Operating profit/(loss)	**(1,897)**	**(1,870)**	**(6,230)**	**(10,051)**	**(3,640)**
Financial income	35	30	186	349	158
Financial expenses	0	0	(4)	(2)	(1)
Exchange gains/(losses)	0	29	(83)	6	17
Result Profit/(loss) before taxes	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**
Income tax (income/expense)	0	0	0	0	0
PROFIT/LOSS FOR THE PERIOD	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**

Special Purpose Consolidated statement of Financial Position (in thousands of euros)	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
ASSETS					
Non-current assets	**670**	**391**	**586**	**341**	**287**
Intangible assets	0	0	0	0	12
Property, plant and equipment	101	150	120	176	275
Financial assets	1	1	1	1	0
Tax receivables	568	240	466	164	0
Current assets	**21,867**	**14,506**	**24,427**	**16,997**	**24,357**
Trade and other receivables	881	622	1,100	431	761
Other financial assets	500	1,050	500	1,050	0
Prepaid expenses	71	59	106	85	51
Cash and cash equivalents	20,415	12,774	22,720	15,430	23,544
TOTAL ASSETS	**22,537**	**14,897**	**25,013**	**17,338**	**24,644**
EQUITY AND LIABILITIES					
Equity					
Share capital	466	339	466	339	339
Share premium	45,304	30,431	45,304	30,431	30,431
Retained earnings	(27,354)	(21,171)	(25,491)	(19,360)	(9,662)
Other reserves	1,454	1,266	1,426	1,181	417
Total equity	**19,870**	**10,865**	**21,704**	**12,591**	**21,525**
Non-current liabilities	0	0	0	0	0
Current liabilities	2,667	4,031	3,309	4,747	3,119
Financial liabilities	0	1,692	0	1,692	1,692
Trade and other payables	2,259	1,967	2,853	2,624	1,427
Deferred revenue	408	372	456	431	0
Total liabilities	**2,667**	**4,031**	**3,309**	**4,747**	**3,119**
TOTAL EQUITY AND LIABILITIES	**22,537**	**14,897**	**25,013**	**17,338**	**24,644**

	Special Purpose Consolidated statement of Cash flows **(in thousands of euros)**					
		Three months ended March 31,		Year ended December 31,		
		2014	2013	2013	2012	2011
	Net cash flows from Operating activities	(2,339)	(2,715)	(6,056)	(8,383)	(3,074)
	Net cash flows from Investing activities	34	30	121	262	(81)
	Net cash flows from Financing activities	0	0	13,308	0	18,944
	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,306)**	**(2,685)**	**7,373**	**(8,121)**	**15,789**
	Cash and cash equivalents at the beginning of the period	**22,720**	**15,430**	**15,430**	**23,544**	**7,738**
	Cash and cash equivalents at the end of the period	**20,415**	**12,774**	**22,720**	**15,430**	**23,544**
	The main significant changes to the Group's financial condition and operating results during the periods covered by the historical information relate to (i) the refinancing of the Group through a B-round financing for which the Group received net proceeds of EUR 17.3 million from the first tranche in 2011 followed by EUR 15 million in 2013 from the second tranche as an extension of said B-round financing, (ii) the signing of industrial partnerships in 2011, 2012 and 2013 and subsequent activities under said industrial partnerships which have increased the Group's revenue over the period covered and (iii) the setup of clinical trials and product manufacturing in 2012 and the initiation of said clinical trials in 2013, which have significantly increased the Group's research and development expenses in 2012 and 2013. The main significant change to the Group's financial condition and operating results subsequent to the period covered by the historical key financial information relates to the execution of (i) an industrial partnership with Bayer and (ii) the long-term strategic alliance with Shire.					
B.8	**Selected key pro forma financial information** Not applicable. No pro forma information has been included in this Prospectus.					
B.9	**Profit forecast or estimate** Not applicable. No profit forecast has been included in this Prospectus.					
B.10	**Description of the nature of any qualifications in the audit reports on the historical financial information** Not applicable. There are no qualifications to the audit reports on the historical financial information.					
B.11	**Working capital** On the date of this Prospectus, the Company is of the opinion that taking into account its available cash and cash equivalents, it does have sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of this Prospectus.					

Section C—Securities	
Element	**Disclosure Requirement**
C.1	**Type and class of the securities being offered and admitted to trading** The Shares offered to investors (the ***Offered Shares***) in the context of the offering (the ***Offering***) are ordinary shares in registered form, each having a nominal value of EUR 0.10. Immediately prior and following the completion of the Offering, all issued and outstanding Shares will belong to the same class. The following ISIN code has been assigned to the Offered Shares: NL0010832176
C.2	**Currency of the Shares** The Shares will be denominated in Euro.
C.3	**Number of Shares issued** On the date of this Prospectus, the Company's share capital is comprised of 465,597 shares, divided into ordinary shares, preferred shares 2008, cumulative preferred shares A, cumulative preferred shares B1 and cumulative preferred shares B2; each having a nominal value of EUR 1. All of these shares have been fully paid-up. Immediately prior to the completion of the Offering, all shares of the Company will be converted into ordinary shares having the same rights. At the same time, a stock split will become effective as a result of which each then existing Share will be replaced by 10 Shares and a Share Reshuffling will take place. As a result, immediately prior to the completion of the Offering the share capital shall be comprised of between 10,144,388 and 10,798,376 Shares.
C.4	**Description of the rights attaching to the Shares** Each Share shall have the same rights, including in respect of voting and dividend rights. Each holder of Shares (***Shareholder***) may cast one vote for each Share held. There are no restrictions on voting rights. The Shares will be eligible for any dividends which the Company may declare on Shares after the Closing Date. Dutch law and the Company's articles of association give Shareholders pre-emptive rights to subscribe on a *pro rata* basis for any issue of new Shares or, upon a grant of rights, to subscribe for Shares. Shareholders have no pre-emptive rights upon (1) the issue of Shares against a payment in kind (being a contribution other than in cash); (2) the issue of Shares to the Company's employees or the employees of a member of the Group; and (3) the issue of Shares to persons exercising a previously granted right to subscribe for Shares. A resolution of the Company's general meeting of Shareholders (the ***General Meeting***) to restrict or exclude the pre-emptive rights or to designate the Company's board of directors (the ***Board***) as a body of the Company authorized to do so, may only be adopted on the proposal of the Board with the consent of the majority of the Non-Executive Directors. A resolution of the General Meeting to exclude or restrict pre-emptive rights, or to authorize the Board to exclude or restrict pre-emptive rights, requires a majority of at least two-thirds of the votes cast, if less than 50 per cent. of the Company's issued and outstanding share capital is present or represented at the General Meeting.
C.5	**Restrictions on the free transferability of the Shares** There are no restrictions on the free transferability of the Shares under the Articles.
C.6	**Application for admission to trading on a regulated market and identity of all the regulated markets where the Shares are or are to be traded** An application has been made to have the Shares (including the Offered Shares) listed on the

	regulated market of Euronext Brussels NV/SA under the symbol "ARGX". Subject to acceleration or extension of the timetable for the Offering, trading in the Shares on Euronext Brussels is expected to commence on or about 10 July 2014. Trading in the Shares before the closing of the Offering will take place on an "*if-and-when-delivered*" basis.
C.7	**Dividend policy** The Board, with the consent of the majority of the Non-Executive Directors, may determine which part of the Company's profits will be added to the reserves in consideration of the Company's reserves and dividends policy. The remaining part of the profits after the addition to the reserves will be at the disposal of the Shareholders *pro rata* to the respective number of Shares held by each Shareholder. The Company has not made any profits and has not paid any dividends since its inception. The Company expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the Shareholders in the near future.

Section D—Risks	
Element	**Disclosure Requirement**
D.1	**Key risks relating to the regulatory environment** • Nearly all aspects of the Group's activities are subject to substantial regulation. No assurance can be given that any of the Group's product candidates will fulfil regulatory compliance. Failure to comply with such regulations could result in delays, suspension, refusals and withdrawal of approvals as well as fines. • Research programmes and product candidates of the Group must undergo rigorous pre-clinical tests and clinical trials, the start, timing of completion, number and results of which are uncertain and could substantially delay or prevent the products from ever reaching the market. • If serious adverse side effects are identified for any product candidate, the Group may need to abandon or limit its development of that product candidate, which may delay or prevent marketing approval, or, if approval is received for the product candidate, require it to be taken off the market, require it to include safety warnings or otherwise limit its sales. • If the Group obtains regulatory approval for a product candidate, the product will remain subject to on-going regulatory obligations. **Key risks relating to the Group's business** ***Development risks on technologies and products*** • Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. If the Group is unable to complete clinical trials or to obtain regulatory approval for any of its product candidates, or experiences significant delays in doing so, this would have a material adverse effect on its business. • The Group may not be successful in its efforts to use and expand its SIMPLE Antibody™, NHANCE® and ABDEG™ technology platforms, as well as the licensed POTELLIGENT® technology platforms to build a pipeline of product candidates and develop marketable products, due to significant competition and technological change which could limit or eliminate the market opportunity for its product candidates and technology platforms.

	• Failure to successfully identify, develop and commercialize additional products or product candidates could impair the Group's ability to grow. ***Commercialization and market risks*** • Even if the Group eventually gains approval for any of its product candidates, it may be unable to commercialise them. • The future commercial success of the Group's product candidates will depend on the degree of market acceptance of its products among physicians, patients, healthcare payers and the medical community. • The price setting, the availability and level of adequate reimbursement by third parties, such as insurance companies, governmental and other healthcare payers is uncertain and may impede on the Group's ability to generate sufficient operating margins to offset operating expenses. ***Operational risks*** • The Group has obtained significant funding from the Institute for the Promotion of Innovation by Science and Technology in Flanders (***IWT***) and the ParticipatieMaatschappij Vlaanderen (***PMV***). The terms of the agreements signed with the IWT and the PMV (i) may limit the Group's ability to choose the location of its premises and (ii) may lead to a re-evaluation of the IWT funding in case of a fundamental change in the Group's shareholding. • Growth may place significant demands on the Group's management and resources. • If any product liability lawsuits are successfully brought against the Group or any of its collaborators, the Group may incur substantial liabilities and may be required to limit commercialisation of its product candidates. • The Group's high dependency on consumer perception of its products may negatively influence the success of these products. • The Group may not have or be able to obtain adequate insurance cover in particular for product liability risk. • The Group's employees, principal investigators, consultants and collaborative partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards. • The Group may not be able to integrate efficiently or achieve the expected benefits of any acquisitions of complementary businesses, product candidates or technologies. • The Group's business may be adversely affected as a result of computer system failures. • The Group's manufacturing and research and development activities sometimes involve the controlled use and disposal of potentially harmful biological materials, hazardous materials, chemicals and infectious disease agents which creates the risk of contamination or injury from these materials, chemicals, or agents for which the Group could be held liable. ***Financial risks*** • The Group has a history of operating losses and an accumulated deficit and may never become profitable. • The Group's limited operating history may make it difficult for a prospective investor to evaluate the success of the Group's business to date and to assess its future viability.

	• The Group may need substantial additional funding, which may not be available on acceptable terms when needed, if at all. **Key risks relating to the Group's dependence on third parties and key personnel** • The Group relies and will continue to rely on collaborative partners regarding the development of its research programmes and product candidates. • The Group relies upon third-party contractors and service providers for the execution of most aspects of its development programmes. Failure of these third parties to provide services of a suitable quality and within acceptable timeframes may cause the delay or failure of its development programmes. • The Group relies on third parties to supply and manufacture its product candidates, and it expects to rely on third parties to manufacture its products, if approved. The development of such product candidates and the commercialisation of any products, if approved, could be stopped or delayed if any such third party fails to provide the Group with sufficient quantities of product candidates or products or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance. • The Group is dependent on its current management team. • The Group is subject to competition for its skilled personnel and challenges in identifying and retaining key personnel could impair the Group's ability to conduct and grow its operations effectively. **Key risks relating to the Group's intellectual property** • The Group's patents and other intellectual property rights portfolio is relatively young and may not adequately protect its research programmes and product candidates, which may impede the Group's ability to compete effectively. • The Group may not be able to protect and/or enforce its intellectual property rights throughout the world. • Intellectual property rights do not necessarily address all potential threats to the Group's competitive advantage. • The Group may become involved in legal proceedings in relation to intellectual property rights, which may result in costly litigation and could result in the Group having to pay substantial damages or limit the Group's ability to commercialise its product candidates. • If the Group is not able to prevent disclosure of its trade secrets, know-how or other proprietary information, the value of its technology and product candidates could be significantly diminished. • Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and the Group's or its licensors' patent protection could be reduced or eliminated for non-compliance with these requirements. • If the Group fails to comply with its obligations under the agreements pursuant to which it licenses intellectual property rights from third parties, or otherwise experiences disruptions to its business relationships with its licensors, the Group could lose the rights to intellectual property that is important to its business. • The Group may be subject to claims that its employees, consultants or independent contractors

	have wrongfully used or disclosed confidential information of third parties.
D.3	**Key risks relating to the Offering and the Shares** • There has been no public market, and there may not be an active public market for the Shares. • The market price of the Shares may fluctuate widely in response to various factors. • Future sales of substantial amounts of Shares, or the perception that such sales could occur, could adversely affect the market value of the Shares. • Future issuances of Shares may affect the market price of the Shares and could dilute the interests of existing Shareholders. • The Company does not intend to pay dividends for the foreseeable future. • The fact that no minimum amount is set for the Offering may affect the Group's investment plans. • The Company may be a passive foreign investment company, generally resulting in adverse tax consequences to US investors. • Investors resident in countries other than the Netherlands may suffer dilution if they are unable to exercise pre-emptive rights in future offerings. • Investors with a reference currency other than Euros will become subject to foreign exchange rate risk when investing in the Shares. • Certain significant Shareholders of the Company after the Offering may have different interests from the Company and may be able to control the Company, including the outcome of shareholder votes. • Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax. • The Offered Shares will be listed and traded on Euronext Brussels on an "*if-and-when-issued-or-delivered*" basis from the Listing Date until the Closing Date. Euronext Brussels NV/SA may annul all transactions effected in the Offered Shares if they are not issued on the Closing Date. • Investors may not be able to recover damages in civil proceedings for U.S. securities law violations.

Section E—Offer	
Element	**Disclosure Requirement**
E.1	**Net proceeds and expenses of the Offering** The aggregate of the administrative, legal and audit expenses as well as the other costs in connection with the Offering (including but not limited to legal publications, printing and translation of the summary of this Prospectus) and the remuneration of the Dutch Authority for the Financial Markets (***AFM***), the Belgian Financial Services and Markets Authority (***FSMA***) and Euronext Brussels, is expected to amount to approximately EUR 1,670,849. Additionally, fees and commissions payable to the Managers by the Company are expected to be approximately 5.45%

	(not including a discretionary fee of up to 1%). If the Offering is fully subscribed (including the Increase Option), the gross proceeds from the issue of the new Shares are estimated to be approximately EUR 46,000,000, and in case the Over-Allotment Option is exercised in full, approximately EUR 52,900,000. Based on the aforementioned assumptions, the Group estimates to receive net proceeds of approximately EUR 42,274,151 (or approximately EUR 48,976,101 in case the Over-Allotment Option is exercised in full).
E.2a	**Use of proceeds** The principal purposes of this Offering are to obtain additional capital to support the execution of the Group's strategy. A strong cash position may strengthen the Group's negotiation position towards potential partners. In addition, the Offering will also create a public market for the Shares, allowing future access to the public equity markets. The Group currently anticipates that it will use the net proceeds of this Offering in order of importance as follows: • to support the continued clinical development of ARGX-110, thereby aiming to conduct a Phase 2 monotherapy trial in Waldenström's macroglobulinemia in collaboration with LLS, a Phase 2 monotherapy trial in a second orphan lymphoma indication, possibly T-cell lymphoma or Mantle cell lymphoma, a combination Phase 1b trial in a subset of CD70 positive solid tumour patients and a Phase 1b monotherapy trial in an orphan autoimmune disease, currently envisaged to be vasculitis; • to support the continued clinical development of ARGX-111, including expansion and completion of the current Phase 1b clinical trial; • to support the initial clinical development of ARGX-113, including a Phase 1 healthy volunteer trial and a Phase 2 in patients with pathogenic antibody mediated autoimmune disease; • to continue to advance and expand its pipeline of preclinical product candidates; • to facilitate access, through in-licensing or acquisitions, to new targets and technologies to develop its product portfolio and technology suite; and • to apply any remaining funds for general corporate purposes, such as working capital needs, general & administrative expenses and the additional costs associated with being a public company.
E.3	**Terms and conditions of the Offering** The Offering consists of a public offering in Belgium to retail investors (the ***Retail Investors***) and a private placement (i) in the United States to persons who are "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the US Securities Act of 1933 as amended (the ***Securities Act***) in transactions exempt from or not subject to the registration requirements of the Securities Act; and (ii) in certain jurisdictions outside the United States in offshore transactions in accordance with Regulation S under the Securities Act to certain Institutional Investors meaning qualified and/or institutional investors under applicable laws of the relevant jurisdiction). Private placements may take place in EEA Member States pursuant to an exemption under the Prospectus Directive where implemented by the relevant EEA Member State. The Offering is an offering for an amount of up to EUR 40,000,000 by subscription at an Offer Price (the ***Offer Price***), expected to be set within a price range between EUR 8.50 and EUR 10.25 per new ordinary share (the ***Offer Price Range***). As a result, at the lowest end of the Offer Price Range up to a maximum of 4,705,882 new ordinary shares may be issued by the Company (assuming no exercise of the Over-Allotment Option). The Offer Price may, however, be set below the lower end of the Offer Price Range. Pursuant to the Increase Option, the Company can increase

	the amount of the Offering by up to 15%, to an amount of EUR 46,000,000. As a result, at the lowest end of the Offer Price Range up to a maximum of 5,411,764 new ordinary shares may be issued by the Company (assuming no exercise of the Over-Allotment Option). Erasmus MC Biomedical Fund B.V., Thuja Capital Healthcare Seed Fund B.V., Coöperatief LSP IV U.A., Forbion Capital Fund Coöperatief U.A., BioGeneration Ventures B.V., FCPI Capital Invest PME 2013 (an affiliate of Omnes Capital), OrbiMed Private Investment IV LP, Banque Populaire Innovation 14 (an affiliate of Seventure), Banque Innovation 15 (an affiliate of Seventure), FCPI Bio Santé (an affiliate of Seventure) and ParticipatieMaatschappij Vlaanderen NV have committed to directly or indirectly through an affiliate introduce orders to subscribe to Offered Shares in the Offering for an aggregate amount of EUR 10,045,339. FCPI Capital Invest PME 2013, Banque Populaire Innovation 14, Banque Innovation 15 and FCPI Bio Santé are subject to certain regulatory constraints to further invest in the Company which are inter alia depending on the results of the Offering, if these regulatory conditions are not met, the aggregate amount referred to above will be reduced to EUR 7,464,738. A part of these commitments up to an amount of EUR 2,000,000 will lapse or be reduced if sufficient orders for New Shares other than from existing Shareholders are received in the Offering. On 30 May 2014 the Group has entered into a long-term strategic alliance with Shire. Pursuant to this agreement, Shire has committed to subscribe to the Offered Shares at the Offer Price for an aggregate amount of EUR 12 million subject to the condition that the Offering is completed no later than 15 July 2015. There is a preferential allocation for these Offered Shares in the Offering and this order will be fully allocated. The Company has granted to KBC Securities NV (the ***Stabilization Manager***), acting on behalf of KBC Securities and Kempen & Co (the ***Joint Global Coordinators***) and Petercam NV (the ***Co-Lead Manager***) an Over-Allotment Option, which allows the Stabilization Manager with the prior consent of the other Joint Global Coordinator to subscribe for additional new Shares at the Offer Price up to maximum 15% of the number of New Shares allocated in the Offering to cover over-allotments or short positions, if any (the ***Over-Allotment Option***). The Over-Allotment Option will be exercisable for a period of 30 calendar days from the listing date (the ***Listing Date***). The Offer Price will be determined during the Offering Period on the basis of a book-building procedure in which only Institutional Investors can participate. The actual number of Offered Shares allocated to investors in the Offering (including any exercise of the Increase Option) will only be determined after the Offering Period and will be published in the Pricing Statement together with the Offer Price and the allocation between Retail Investors and Institutional Investors on the Company's website, in the Belgian financial press and on the website of Euronext Brussels on or about 8 July 2014 and in any event no later than the first business day after the end of the Offering Period. The Offer Price will be a single price in euro, exclusive of the Belgian tax on stock exchange transactions, and costs charged by financial intermediaries for the submission of applications, if any, that will apply to all investors, whether Retail or Institutional. The applicable Offer Price will in no event exceed the upper end of the Offer Price Range. The offering period will begin on 23 June 2014 and is expected to close no later than 4:00 pm (CET) on 8 July 2014 (the ***Offering Period***), subject to the possibility of an early closing or extension, provided that the Offering Period will in any event be open for at least six business days from the availability of this Prospectus. Any early closing of the Offering Period will be published in a press release on the Company's website and in the Belgian financial press, and the dates for each of pricing, allocation, publication of the Offer Price and the results of the Offering, conditional listing, trading and closing of the Offering will in such case be adjusted accordingly. No less than 10% of the Offered Shares effectively allocated will, subject to sufficient retail demand, be allocated to Retail Investors in Belgium. However, the proportion of Offered Shares allocated to Retail Investors may be increased or decreased if applications received from them exceed or do not reach, respectively, 10% of the Offered Shares effectively allocated. The Offer Price must be paid by investors upon submission of the purchase orders or, alternatively, by authorizing their financial institutions to debit their bank accounts with such amount for value on the Closing Date. The Offered Shares are expected to be delivered in book-entry form on or

	about 11 July 2014. The Offered Shares are subject to restrictions on transfer in certain jurisdictions.
E.4	**Material interests to the Offering** Assuming a full placement of the Offered Shares, the fees, and commissions payable to KBC Securities NV, Kempen & Co N.V., Petercam NV and Wedbush Securities Inc. (the ***Managers***) will be approximately EUR 2,253,050. This does not include any incentive fees which may be paid at the discretion of the Company. The Company has also agreed to reimburse the Joint Global Coordinators for certain expenses incurred by them in connection with the Offering. Certain of the Managers and/or their respective affiliates may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to it, in respect of which they may in the future, receive customary fees and commissions. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors.
E.5	**Entity offering the Offered Shares and Lock-up** The Offered Shares are new Shares offered by the Company. The Company agreed with the Managers that it will not, and will procure that none of its subsidiaries will, for a period of 360 days from the Listing Date, unless otherwise agreed by the Joint Global Coordinators: (i) issue, offer, sell, contract to sell or otherwise transfer, dispose of, lend (or publicly announce such action), directly or indirectly, any Shares or securities of the Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, Shares or any such substantially similar securities, (ii) purchase or sell any option or other guaranty or enter into any swap, hedge or other arrangement that transfers to any other person or entity, in whole or in part the economic consequences of its ownership of Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, or cash or otherwise, or (iii) submit to its shareholders or any other body a proposal to effect any of the foregoing; subject in each case to the following exceptions the issue of the Offered Shares, the issue of Shares or financial instruments in the framework of the existing stock option plan, the issue of Shares or financial instruments in the framework of (x) any incentive plan for employees, directors or consultants of the Company, established following the Listing Date or (y) any merger, demerger, transfer of universality or branch of activity or other corporate restructuring, acquisition or strategic partnership provided that any Shares issued do not represent more than 10% of the Company's share capital. The current Shareholders entered into a lock-up arrangement with the Managers. Pursuant to the lock-up arrangement they will not, except as set forth below, for a period of 180 days from the Listing Date: (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares or securities of the Company that are substantially similar to the Shares, or request or demand that the Company files any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or securities of the Company that are substantially similar to the Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) publicly announce such an intention to effect any such transaction as referred to above. Following this 180 days period, a new period of 180 days starts during which the Shareholders may only transfer the Shares with the prior approval of the Joint Global Coordinators, which may not unreasonably be withheld. Any transfer of Shares for which prior written consent has been given,

	can solely be effected through a co-ordinated sale. None of the restrictions for the Shareholders referred to above apply to (i) Offered Shares subscribed for during the Offering, (ii) Shares being lent to the Stabilization Manager, (iii) transfers to legal successors or other transferees in case of death of a natural person or in case of liquidation, concursus, merger or de-merger (provided, however, that the legal successor or transferee of such person adheres to the lock-up agreement and assumes the relevant transfer restriction obligations for the remaining term thereof), (iv) intra-group transfers, including to and from controlling natural persons (provided, however, that the relevant group company adheres to the lock-up agreement and assumes the relevant transfer restriction obligations for the remaining term thereof), (v) transfers between the Shareholders and their affiliates and between their affiliates, including their shareholders, or to any investment fund or other entity controlled or managed by the Shareholders (provided, however, that the affiliate adheres to the lock-up arrangment and assumes the relevant transfer restriction obligations for the remaining term thereof) (vi) transfers between the shareholders subject to the lock-up agreement (provided, however, that the transferee's lock-up agreement will extend to the shares so acquired), (vii) acceptance of a public bid or statutory squeeze-out, (viii) acceptance of a legal merger or demerger of the Company, or (ix) Shares purchased on or after the Listing Date.
E.6	**Dilution resulting from the Offering** The table below provides an overview of the shareholdings of the existing Shareholders after the completion of the Offering and listing of the Shares assuming (i) an Offer Price at the midpoint of the Offer Price Range; (ii) exercise of the Increase Option in full; (iii) exercise of the Over-Allotment Option in full and (iv) no Shareholders' participation in the Offering. The simulation is for information purposes only. Prospective investors should note that the final number of Offered Shares could be lower than assumed for the table below.

Name	Number of Shares and ESOPs	% of total Shares and ESOPs
Torsten Dreier	107,110 Shares	0.61%
Tim Van Hauwermeiren	107,110 Shares	0.61%
Hans de Haard	107,110 Shares	0.61%
Erasmus MC Biomedical	651,351 Shares	3.73%
Thuja Capital	651,351 Shares	3.73%
LSP	1,505,853 Shares	8.63%
Forbion Capital	1,864,134 Shares	10.69%
BioGeneration Ventures	382,291 Shares	2.19%
Omnes Capital	1,794,151 Shares	10.29%
VIB	52,879 Shares	0.30%
Orbimed	1,540,103 Shares	8.83%
Seventure	867,662 Shares	4.98%
PMV	888,840 Shares	5.10%
New Shares	4,904,051 Shares	28.12%
Shares covered by the Over-Allotment Option	735,607 Shares	4.22%
Total Shares (excluding ESOP)	16,159,603 Shares	**92.66%**
Beneficiaries of ESOPs	1,280,325 ESOPs	7.34%
Total Shares (including ESOP)	17,439,928 Shares and ESOPs	**100%**

E.7	**Estimated expenses charged to the investor by the Company** Not applicable. No fees or expenses in connection with the Offering will be charged to investors by the Company.

DUTCH TRANSLATION OF THE SUMMARY

SAMENVATTING

Samenvattingen bestaan uit verplicht te verstrekken informatie bekend als 'Elementen'. Deze Elementen zijn genummerd in Deel A tot E (A.1 - E.7). Deze samenvatting bevat alle Elementen die moeten worden opgenomen in een samenvatting voor dit type effecten en emittent. Omdat sommige Elementen niet hoeven te worden besproken, kunnen er leemten zijn in de volgorde van de nummering van de Elementen.

Ook al moet een Element in de samenvatting ingevoegd worden vanwege het type effecten en emittent, is het mogelijk dat er over het Element geen relevante informatie kan worden verstrekt. In dit geval wordt er een korte beschrijving van het Element opgenomen in de samenvatting, met de vermelding 'niet van toepassing'.

Deel A – Inleiding en waarschuwingen	
Element	**Verplicht te verstrekken informatie**
A.1	**Inleiding en waarschuwingen** Deze samenvatting moet worden gelezen als een inleiding op dit prospectus (het ***Prospectus***) en wordt verstrekt om beleggers te helpen wanneer zij een belegging in de Aangeboden Aandelen overwegen. Deze samenvatting is echter geen vervanging voor dit Prospectus. Een beslissing om te beleggen in de Aangeboden Aandelen moet gebaseerd zijn op een beschouwing van dit Prospectus als geheel, inclusief de documenten die in dit Prospectus zijn opgenomen door verwijzing. Na de invoering van de relevante bepalingen van de Prospectusrichtlijn (Richtlijn 2003/71/EG) in elke Lidstaat van de Europese Economische Ruimte, zijn de personen die verantwoordelijk zijn voor deze samenvatting niet burgerlijk aansprakelijk in een dergelijke Lidstaat uitsluitend op basis van deze samenvatting, inclusief enige vertaling ervan, behalve als deze misleidend, onjuist of inconsistent is wanneer deze samen met de andere delen van dit Prospectus wordt gelezen, of als deze geen belangrijke informatie verstrekt om beleggers te helpen wanneer zij een belegging in de Aangeboden Aandelen overwegen, wanneer deze samen met de andere delen van dit Prospectus wordt gelezen. Indien er over dit Prospectus een rechtsvordering wordt ingesteld bij een rechtbank in een Lidstaat van de Europese Economische Ruimte, is het mogelijk dat de eisende partij, volgens de nationale wetgeving van de Lidstaat waar de rechtsvordering wordt ingesteld, de kosten voor de vertaling van dit Prospectus dient te dragen alvorens de gerechtelijke procedure wordt gestart.
A.2	**Toestemming voor het gebruik van het Prospectus voor latere wederverkoop** Niet van toepassing. De Vennootschap stemt niet in met het gebruik van het Prospectus voor de latere wederverkoop of definitieve plaatsing van effecten door financiële tussenpersonen.

Deel B – Emittent	
Element	**Verplicht te verstrekken informatie**
B.1	**Wettelijke en commerciële naam van de emittent** De wettelijke en commerciële naam van de emittent is arGEN-X N.V. (de ***Vennootschap***).
B.2	**Domicilie en rechtsvorm** Een naamloze vennootschap opgericht naar Nederlands recht. De statutaire zetel van de Vennootschap is in Rotterdam, Nederland, en zijn kantoor is te Willemstraat 5, 4811 AH, Breda, Nederland.

B.3	**Huidige voornaamste activiteiten van de Groep en de voornaamste markten waar zij concurreert** De Vennootschap is opgericht in 2008 en is de moedervennootschap van een biofarmaceutisch bedrijf dat actief is in klinische studies en zich focust op het creëren en ontwikkelen van gedifferentieerde therapeutische antistoffen voor de behandeling van kanker en ernstige auto-immuunziekten met een onbeantwoorde medische behoefte (de ***Groep***). De Groep genereert een portfolio van gedifferentieerde kandidaat-producten op basis van haar set van innovatieve en complementaire technologieplatformen voor antistoffen. Het SIMPLE Antibody™ ontwikkelingsplatform maakt het mogelijk zich te richten op complexe of nieuwe ziektedoelwitten die volgens de Groep moeilijk kunnen worden aangepakt via de gevestigde technologieplatformen. De Fc-engineeringtechnologieën, POTELLIGENT®, NHance® en ABDEG™, worden vervolgens gebruikt om de intrinsieke therapeutische functionaliteiten van de antilichaam kandidaat-producten verder te versterken. Deze technologieën worden gebruikt om de celdoding door middel van antistoffen te versterken via Antilichaam Afhankelijke Celgemedieerde Cytotoxiciteit (Antibody-Dependent Cell-mediated Cytotoxicity, ADCC), om de productverblijftijd in het menselijke lichaam te verlengen, en om de verwijdering van ziektedoelwitten of pathogene antistoffen te verbeteren. Deze complementaire technologieplatformen kunnen in combinatie worden toegepast met als resultaat gedifferentieerde therapeutische antistoffen met diverse werkingsmechanismen. Samen met haar academische en industriële partners selecteert de Groep nieuwe of moeilijk aan te pakken ziektedoelwitten die onbehandelbaar zijn op basis van de bestaande kennis over hun betrokkenheid in de ziektebiologie. De Groep heeft de intentie om gedifferentieerde therapeutische antilichaam kandidaat-producten tegen deze ziektedoelwitten te creëren door middel van haar SIMPLE Antibody™ platform en een of meer van haar Fc-engineeringtechnologieën. De geselecteerde antilichaam kandidaat-producten worden preklinisch en klinisch ontwikkeld. De productportfolio in eigendom van de Groep bestaat momenteel uit twee antilichaamproducten in klinische fase (ARGX-110 en ARGX-111), en twee producten in preklinische fase (ARGX-113 en ARGX-112). De Groep gelooft dat deze kandidaat-producten over het potentieel beschikken om nieuwe benaderingen voor de behandeling van kanker en ernstige auto-immuunziekten te bieden, ofwel als monotherapie ofwel in combinatietherapie.
B.4a	**Belangrijke recente tendensen die een invloed hebben op de Groep en de sector waarin zij actief is** In september 2013 startte de Vennootschap een eerste Fase 1b klinisch onderzoek voor ARGX-111 om het veiligheidsprofiel en de biologische activiteit van ARGX-111 vast te stellen. De Groep streeft ernaar het veiligheidsprofiel en de biologische activiteit van ARGX-111 te bepalen tegen 2H 2015. In januari 2014 bracht de Groep ARGX-110 in het uitbreidingsdeel van een Fase 1b onderzoek, teneinde de veiligheid van ARGX-110 verder te onderzoeken en de indicaties voor de Fase 2 klinische ontwikkeling te selecteren. In mei 2014 heeft arGEN-X een samenwerkingsovereenkomst ondertekend met de Leukemia and Lymphoma Society voor de evaluatie van ARGX-110 in Waldenström's macroglobulinemie in een Fase 2 klinisch onderzoek in de Verenigde Staten naar verwachting in 2H 2014. De Vennootschap zal een aanvraag voor een klinisch onderzoek (clinical trail autorization, CTA) voor ARGX-113 voorbereiden voor indiening in 2H 2015. In mei 2014 heeft de Groep een onderzoekssamenwerking en exclusieve product licentie optieovereenkomst afgesloten met Bayer AG (***Bayer***). In het kader hiervan zal zij haar SIMPLE Antibody™ platform inzetten tegen complexe ziektedoelwitten die door Bayer worden geselecteerd. Op 30 mei 2014 is de Groep een langdurige strategische alliantie aangegaan met Shire International GmbH (***Shire***) op het gebied van therapeutische stoffen door hun samenwerking uit te breiden. In 2012 werd POTELIGEO® (mogamulizumab) van Kyowa Hakko Kirin door het Japanse ministerie van Gezondheid, Arbeid en Welzijn goedgekeurd voor de behandeling van CCR-4 positieve T-cel leukemie-lymfklierkanker in volwassenen. In 2013 werd Gazyva® (obinutuzumab) van Roche door de Amerikaanse Food and Drug Administration goedgekeurd voor de behandeling van chronisch lymfatische leukemie (C*hronic Lymphocytic Leukemia*, CLL). Beide producten

	maken gebruik van glyco-engineering om de celdodende eigenschappen van deze therapeutische antistoffen te versterken. De Groep gebruikt dergelijke technologie voor haar beide programma's ARGX-110 en ARGX-111 en beschouwt deze goedkeuringen als een klinische en marktvalidatie van deze Fc-engineeringaanpak.
B.5	**Beschrijving van de Groep en de positie van de Vennootschap binnen de Groep** De Vennootschap is de houdstervennootschap binnen de Groep. De Vennootschap is de enige aandeelhouder van de volgende entiteiten (rechtstreekse dochtervennootschappen): 1. arGEN-X 110 B.V., een besloten vennootschap met beperkte aansprakelijkheid opgericht naar Nederlands recht, met statutaire zetel in Rotterdam, Nederland. 2. arGEN-X 111 B.V., een besloten vennootschap met beperkte aansprakelijkheid opgericht naar Nederlands recht, met statutaire zetel in Rotterdam, Nederland. 3. arGEN-X BVBA, een besloten vennootschap met beperkte aansprakelijkheid opgericht naar Belgisch recht, met maatschappelijke zetel in Zwijnaarde, België. De Vennootschap heeft geen onrechtstreekse dochtervennootschappen.
B.6	**Relatie met belangrijke Aandeelhouders** De belangrijkste rechtstreekse Aandeelhouders van de Vennootschap per de datum van dit Prospectus zijn: 1) Erasmus MC Biomedical Fund B.V. (6,7%); 2) Thuja Capital (via Thuja Capital Healthcare Seed Fund B.V. en Thuja Capital Healthcare Fund B.V.) (6,7%); 3) Coöperatief LSP IV U.A. (14,1%); 4) Forbion Capital Fund II Coöperatief U.A. (17,4%); 5) BioGeneration Ventures B.V. (3,6%); 6) Omnes Capital (via FCPI LCL Innovation 2007, FCPI LCL Innovation 2008, FCPI LCL Innovation 2009, FCPI LCL Innovation 2010, FCPI CA Innovation 10, FCPI CA Innovation 11, CA Investissement 2 en Capital Invest PME 2010) (16,7%); 7) Orbimed Private Investments IV LP (14,2%); 8) Seventure (via Banque Populaire Innovation 14, Banque Populaire Innovation 15 en FCPI Bio Santé) (8,0%); en 9) Participatiemaatschappij Vlaanderen (via ParticipatieMaatschappij Vlaanderen NV en Vlaams Innovatiefonds CVA) (8,0%). Onmiddellijk voorafgaand aan de voltooiing van de Aanbieding zullen de verschillende klassen van aandelen omgezet worden in één enkele klasse van Aandelen. Tezelfdertijd zal een aandelensplit plaatsvinden waarbij elk bestaand aandeel wordt gesplitst in 10 nieuwe Aandelen. In ruil voor het opgeven van hun voorkeurrechten op liquidatiepreferenties, zijn de huidige Aandeelhouders overeengekomen hun respectieve participaties onder elkaar te wijzigen overeenkomstig een verdeelsleutel die gebaseerd is op de waardering van de Vennootschap onmiddellijk voorafgaand aan de voltooiing van de Aanbieding. Om dergelijke verdeling door te voeren zijn de Aandeelhouders overeengekomen om tegen de bestaande vrij uitkeerbare reserves van de Vennootschap tussen 5.488.418 en 6.142.406 Aandelen uit te geven voor uitkering overeenkomstig de verdeelsleutel (de ***Aandelenverschuiving***). Bijgevolg zullen onmiddellijk voorafgaand aan en

	volgend op de voltooiing van de Aanbieding de hoofdaandeelhouders niet over stemrechten beschikken die verschillen van de stemrechten van de andere Aandeelhouders. Per de datum van dit Prospectus is de Vennootschap rechtstreeks noch onrechtstreeks in bezit van of wordt zij gecontroleerd door één bepaalde Aandeelhouder, zij het individueel dan wel handelend in onderling overleg.
B.7	**Geselecteerde historische belangrijke financiële informatie** Hieronder wordt een samenvatting weergegeven van het geconsolideerde overzicht van het gerealiseerde resultaat, de geconsolideerde balans en het geconsolideerde kasstroomoverzicht van de Groep per en voor de jaren afgesloten op 31 december 2013, 2012 en 2011, gebaseerd op de geauditeerde, geconsolideerde jaarrekeningen van de Groep, opgesteld in overeenstemming met IFRS zoals toegepast in de EU, en die elders in dit Prospectus zijn opgenomen. Dit deel omvat ook een samenvatting van het geconsolideerde overzicht van het gerealiseerde resultaat, de geconsolideerde balans en het geconsolideerde kasstroomoverzicht van de Groep per en voor de kwartalen afgesloten op 31 maart 2014 en 2013, gebaseerd op de niet-geauditeerde, geconsolideerde jaarrekeningen, opgesteld in overeenstemming met IFRS zoals toegepast in de EU, en die elders in dit Prospectus zijn opgenomen.

	drie maanden afgesloten op 31 maart		Jaareinde 31 december		
Geconsolideerd overzicht van het resultaat (in duizenden euro)	2014	2013	2013	2012	2011
Omzet	341	437	2,677	1,651	1,125
Andere bedrijfsopbrengsten	496	439	2,577	1,380	1,956
Totale bedrijfsopbrengsten	**837**	**875**	**5,254**	**3,032**	**3,081**
Kosten voor onderzoek en ontwikkeling	(2,132)	(2,329)	(9,352)	(11,065)	(4,824)
Algemene en administratieve kosten	(601)	(416)	(2,132)	(2,017)	(1,897)
Bedrijfswinst (bedrijfsverlies)	**(1,897)**	**(1,870)**	**(6,230)**	**(10,051)**	**(3,640)**
Financiële opbrengsten	35	30	186	349	158
Financiële kosten	0	0	(4)	(2)	(1)
Wisselkoersresultaat	0	29	(83)	6	17
Winst (Verlies) van de periode vóór belastingen	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**
Belastingen op het resultaat (inkomst/verlies)	0	0	0	0	0
WINST/VERLIES VAN DE PERIODE	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**
TOTAAL RESULTAAT VAN DE PERIODE	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**

	drie maanden afgesloten op 31 maart		Jaareinde 31 december		
ACTIVA (in duizenden euro)	2014	2013	2013	2012	2011
Vaste Activa	**670**	**391**	**586**	**341**	**287**
Immateriële vaste activa	0	0	0	0	12
Installaties, machines en uitrusting	101	150	120	176	275
Financiële activa	1	1	1	1	0
Belastingvorderingen	568	240	466	164	0
Vlottende activa	**21,867**	**14,506**	**24,427**	**16,997**	**24,357**
Handels en overige vorderingen	881	622	1,100	431	761
Overige financiële activa	500	1,050	500	1,050	0
Over te dragen kosten	71	59	106	85	51
Geldmiddelen en equivalenten	20,415	12,774	22,720	15,430	23,544
TOTALE ACTIVA	**22,537**	**14,897**	**25,013**	**17,338**	**24,644**

	drie maanden afgesloten op 31 maart		Jaareinde 31 december		
PASSIVA (in duizenden euro)	2014	2013	2013	2012	2011
Eigen vermogen					
Kapitaal	466	339	466	339	339
Uitgiftepremies	45,304	30,431	45,304	30,431	30,431
Overgedragen resultaat	(27,354)	(21,171)	(25,491)	(19,360)	(9,662)
Andere reserves	1,454	1,266	1,426	1,181	417
Totaal eigen vermogen	**19,870**	**10,865**	**21,704**	**12,591**	**21,525**
Schulden op meer dan één jaar	0	0	0	0	0
Schulden op minder dan één jaar	2,667	4,031	3,309	4,747	3,119
Financiële schulden	0	1,692	0	1,692	1,692
Handels en overige schulden	2,259	1,967	2,853	2,624	1,427
Over te dragen opbrengsten	408	372	456	431	0
Totale schulden	**2,667**	**4,031**	**3,309**	**4,747**	**3,119**
TOTALE PASSIVA	**22,537**	**14,897**	**25,013**	**17,338**	**24,644**

Geconsolideerd kasstroomoverzicht (in duizenden euro)	drie maanden afgesloten op 31 maart		Jaareinde 31 december		
	2014	2013	2013	2012	2011
NETTOKASSTROOM UIT BEDRIJFSACTIVITEITEN	(2,339)	(2,715)	(6,056)	(8,383)	(3,074)
NETTOKASSTROOM UIT INVESTERINGSACTIVITEITEN	34	30	121	262	(81)
NETTOKASSTROOM UIT FINANCIERINGSACTIVITEITEN	0	0	13,308	0	18,944
NETTO TOENAME (AFNAME) IN GELDMIDDELEN EN EQUIVALENTEN	**(2,306)**	**(2,685)**	**7,373**	**(8,121)**	**15,789**
Geldmiddelen en equivalenten aan het begin van de periode	**22,720**	**15,430**	**15,430**	**23,544**	**7,738**
Geldmiddelen en equivalenten aan het einde van de periode	**20,415**	**12,774**	**22,720**	**15,430**	**23,544**

De belangrijkste significante wijzigingen in de financiële situatie en bedrijfsresultaten van de Groep tijdens de perioden die onder de historische informatie vallen, hebben betrekking op (i) de herfinanciering van de Groep via een B-financieringsronde die voor de Groep een netto-opbrengst van EUR 17,3 miljoen in een eerste tranche opleverde in 2011, gevolgd door EUR 15 miljoen in 2013 uit de tweede tranche als een uitbreiding van de genoemde B-financieringsronde, (ii) de ondertekening van industriële samenwerkingsovereenkomsten in 2011, 2012 en 2013 en de daaropvolgende activiteiten in het kader van de genoemde industriële overeenkomsten die de inkomsten van de Groep tijdens de gedekte periode hebben verhoogd, en (iii) de opstelling van klinische onderzoeken en de vervaardiging van producten in 2012 en de start van de genoemde klinische onderzoeken in 2013, die de onderzoeks- en ontwikkelingskosten van de Groep in 2012 en 2013 aanzienlijk hebben verhoogd.

De voornaamste significante wijziging in de financiële situatie en bedrijfsresultaten van de Groep na de periode die onder de historische financiële kerninformatie valt, heeft betrekking op de uitvoering van (i) een industriële samenwerkingsovereenkomst met Bayer en (ii) de langdurige strategische alliantie met Shire.

B.8	**Geselecteerde belangrijke pro forma financiële informatie** Niet van toepassing. Er is in dit Prospectus geen pro forma informatie opgenomen.
B.9	**Winstprognose of –raming** Niet van toepassing. Er is in dit Prospectus geen winstprognose opgenomen.
B.10	**Beschrijving van de aard van enig voorbehoud in de auditverslagen over de historische financiële informatie** Niet van toepassing. Er is geen voorbehoud opgenomen in de auditverslagen over de historische financiële informatie.
B.11	**Werkkapitaal** Op de datum van dit Prospectus is de Vennootschap van mening dat zij, rekening houdend met de beschikbare geldmiddelen en kasequivalenten, voldoende werkkapitaal heeft om aan haar huidige vereisten te voldoen en om de behoeften aan werkkapitaal te dekken voor een periode van ten minste 12 maanden na de datum van het Prospectus.

Deel C – Effecten	
Element	**Verplicht te verstrekken informatie**
C.1	**Type en klasse van de effecten die worden aangeboden en toegelaten tot de handel** De Aandelen die aan de beleggers worden aangeboden (de ***Aangeboden Aandelen***) in het kader van de aanbieding (de ***Aanbieding***) zijn gewone aandelen op naam, met een nominale waarde van EUR 0,10. Onmiddellijk voorafgaand aan en volgend op de voltooiing van de Aanbieding zullen alle uitgegeven en uitstaande Aandelen tot dezelfde klasse behoren. Aan de Aangeboden Aandelen is de volgende ISIN code toegewezen: NL0010832176
C.2	**Valuta van de Aandelen** De Aandelen worden uitgedrukt in euro.
C.3	**Aantal uitgegeven aandelen** Op de datum van dit Prospectus bestaat het aandelenkapitaal van de Vennootschap uit 465.597 aandelen, verdeeld in gewone aandelen, preferente aandelen 2008, cumulatieve preferente aandelen A, cumulatieve preferente aandelen B1 en cumulatieve preferente aandelen B2; elk met een nominale waarde van EUR 1. Al deze Aandelen zijn volledig volgestort. Onmiddellijk voorafgaand aan de voltooiing van de Aanbieding zullen alle aandelen van de Vennootschap worden omgezet in gewone aandelen met dezelfde rechten. Tegelijk zal een aandelensplitsing van kracht worden, met als gevolg dat elk bestaand Aandeel wordt vervangen door 10 Aandelen en zal ook een Aandelenverschuiving plaatsvinden. Ten gevolge daarvan zal onmiddellijk voor de afsluiting van de Aanbieding het aandelenkapitaal bestaan uit tussen de 10.144.388 en 10.798.376 Aandelen.
C.4	**Beschrijving van de rechten verbonden aan de Aandelen** Elk Aandeel zal dezelfde rechten hebben, met inbegrip van de stem- en dividendrechten. Iedere houder van Aandelen (***Aandeelhouder***) mag één stem uitbrengen voor ieder gehouden Aandeel. Er gelden geen beperkingen voor de stemrechten. De Aandelen zullen in aanmerking komen voor dividenden die de Vennootschap voor de Aandelen kan toekennen na de Afsluitingsdatum. Het Nederlandse recht en de statuten van de Vennootschap verlenen de Aandeelhouders voorkeurrechten om in te schrijven op *pro rata* basis voor elke uitgifte van nieuwe Aandelen of, bij de toekenning van rechten, om in te schrijven op Aandelen. Aandeelhouders hebben geen voorkeurrechten bij (1) de uitgifte van Aandelen tegen een betaling in natura (zijnde een andere inbreng dan contanten); (2) de uitgifte van Aandelen aan de werknemers van de Vennootschap of aan de werknemers van een lid van de Groep; en (3) de uitgifte van Aandelen aan personen die een eerder toegekend recht om in te schrijven op Aandelen uitoefenen. Een besluit van de algemene vergadering van Aandeelhouders van de Vennootschap (de ***Algemene Vergadering***) om de voorkeurrechten te beperken of uit te sluiten of om de raad van bestuur van de Vennootschap (de ***Raad***) aan te wijzen als het daartoe gemachtigde orgaan van de Vennootschap, mag enkel worden aangenomen op voorstel van de Raad met de goedkeuring van de meerderheid van de Niet-Uitvoerende Bestuurders. Een besluit van de Algemene Vergadering om voorkeurrechten uit te sluiten of te beperken of om de Raad te machtigen om voorkeurrechten uit te sluiten of te beperken, vereist een meerderheid van minimaal twee derde van de uitgebrachte stemmen, indien minder dan 50% van het geplaatst kapitaal van de Vennootschap aanwezig of vertegenwoordigd is op de Algemene Vergadering.

C.5	**Beperkingen op de vrije overdraagbaarheid van de Aandelen** Er zijn geen beperkingen op de vrije overdraagbaarheid van de Aandelen krachtens de Statuten.
C.6	**Aanvraag voor de toelating tot de verhandeling op een gereglementeerde markt en identiteit van alle gereglementeerde markten waar de Aandelen worden of zullen worden verhandeld** Er is een aanvraag ingediend voor de notering van de Aandelen (met inbegrip van de Aangeboden Aandelen) op de gereglementeerde markt van Euronext Brussels NV/SA onder het symbool "ARGX". Behoudens versnelling of verlenging van het tijdschema voor de Aanbieding zal de handel in de Aandelen op Euronext Brussels naar verwachting van start gaan op of rond 10 juli 2014. De handel in de Aandelen vóór de afsluiting van de Aanbieding zal plaatsvinden op een "*if-and-when-delivered*" basis.
C.7	**Dividendbeleid** De Raad kan, met toestemming van de meerderheid van de Niet-Uitvoerende Bestuurders, bepalen welk deel van de winst van de Vennootschap zal worden toegevoegd aan de reserves met inachtneming van het beleid van de Vennootschap betreffende reserves en dividenden. Het overblijvende deel van de winst na toevoeging aan de reserves zal ter beschikking van de Aandeelhouders worden gesteld *pro rata* het aantal Aandelen dat iedere Aandeelhouder houdt. De Vennootschap heeft sinds haar oprichting nog geen winst gemaakt of enige dividenden uitbetaald. De Vennootschap verwacht alle eventuele winsten die door de activiteiten van de Vennootschap worden gegenereerd te behouden voor de ontwikkeling en groei van haar activiteiten, en verwacht ook in de nabije toekomst geen dividenden aan de Aandeelhouders uit te keren.

Deel D – Risico's	
Element	**Verplicht te verstrekken informatie**
D.1	**Belangrijkste risico's in verband met de regelgeving** • Vrijwel alle aspecten van de activiteiten van de Groep zijn onderworpen aan een aanzienlijke mate van regelgeving. Er kan geen zekerheid worden verstrekt dat kandidaat-producten van de Groep zullen voldoen aan de regelgeving. Indien kandidaat-producten niet beantwoorden aan de betreffende regelgeving, kan dit leiden tot vertragingen, opschorting, weigeringen en de intrekking van goedkeuringen en tot boetes. • Onderzoeksprogramma's en kandidaat-producten van de Groep moeten strenge preklinische en klinische studies ondergaan, waarvan het begin, het einde, het aantal en de resultaten onzeker zijn en die een aanzienlijke vertraging kunnen veroorzaken of zelfs kunnen verhinderen dat de producten ooit op de markt komen. • Als er ernstige bijwerkingen worden vastgesteld voor kandidaat-producten, kan de Groep verplicht zijn om de ontwikkeling van die kandidaat-producten te staken of te beperken, wat de goedkeuring voor commercialisatie kan vertragen of verhinderen, of, als er goedkeuring is verkregen voor het kandidaat-product, deze van de markt te halen, er veiligheidswaarschuwingen in op te nemen of de verkoop ervan anderszins te beperken. • Als de Groep goedkeuring verkrijgt van de regelgevende overheid voor een kandidaat-product, blijft het product onderworpen aan bestaande reglementaire verplichtingen.

Belangrijkste risico's in verband met de activiteiten van de Groep

Ontwikkelingsrisico's inzake technologieën en producten

- De ontwikkeling van biofarmaceutische producten is een sterk speculatieve activiteit die gepaard gaat met een grote mate van onzekerheid. Als de Groep niet in staat is klinische onderzoeken te voltooien of goedkeuring van de regelgevende overheden te verkrijgen voor enige van haar kandidaat-producten, of daarbij aanzienlijke vertraging oploopt, zou dit wezenlijk nadelige gevolgen hebben voor haar activiteiten.

- De Groep boekt mogelijk geen succes bij haar inspanningen om haar SIMPLE Antibody™, NHANCE® en ABDEG™ technologieplatformen, alsook de in licentie genomen POTELLIGENT® technologieplatformen te gebruiken en uit te breiden met het oog op de ontwikkeling van een pijplijn van kandidaat-producten en commerciële producten, door aanzienlijke concurrentie en technologische veranderingen die de marktkansen voor haar kandidaat-producten en technologieplatformen zouden kunnen beperken of elimineren.

- Als de Groep er niet in slaagt andere producten of kandidaat-producten te identificeren, te ontwikkelen en te commercialiseren, zou dit haar vermogen om te groeien kunnen aantasten.

Commercialisatie- en marktrisico's

- Ook als de Groep uiteindelijk goedkeuring krijgt voor enige van haar kandidaat-producten, is zij mogelijk niet in staat ze op de markt te brengen.

- Het toekomstige commerciële succes van de kandidaat-producten van de Groep zal afhangen van de mate van aanvaarding van haar producten op de markt door artsen, patiënten, gezondheidszorgbetalers en de medische gemeenschap.

- De prijszetting, de beschikbaarheid en het niveau van een voldoende terugbetaling door derde partijen, zoals verzekeringsmaatschappijen, overheidsinstanties en andere gezondheidszorgbetalers, is onzeker en kan het vermogen van de Groep om voldoende bedrijfsmarge te genereren om de bedrijfskosten te dekken, in het gedrang brengen.

Operationele risico's

- De Groep heeft een aanzienlijke financiering verkregen van het Vlaamse Agentschap voor Innovatie door Wetenschap en Technologie (***IWT***) en de ParticipatieMaatschappij Vlaanderen (***PMV***). De voorwaarden van de overeenkomsten afgesloten met het IWT en de PMV (i) kunnen het vermogen van de Groep om de plaats van haar vestigingen te kiezen, beperken, en (ii) kunnen leiden tot een herevaluatie van de financiering door IWT in geval van een wezenlijke wijziging in het aandeelhouderschap van de Groep.

- Groei kan een aanzienlijk beslag leggen op het management en de middelen van de Groep.

- Als er met succes rechtszaken wegens aansprakelijkheid worden aangespannen tegen de Groep of enige van haar medewerkers, kan de Groep een aanzienlijke aansprakelijkheid oplopen en kan zij verplicht zijn de verkoop van haar kandidaat-producten te beperken.

- De hoge afhankelijkheid van de Groep aan de klantenperceptie ten aanzien van zijn producten kan een negatieve invloed hebben op het succes van deze producten.

- De Groep heeft mogelijk onvoldoende verzekeringsdekking of kan mogelijk onvoldoende verzekeringsdekking verkrijgen, in het bijzonder inzake risico's voor productaansprakelijkheid.

- De werknemers, hoofdonderzoekers, consultants en samenwerkingspartners van de Groep kunnen zich inlaten met wangedrag of andere ongepaste activiteiten, daarin begrepen het niet naleven van de regelgevende normen.

	• De Groep is mogelijk niet in staat om eventuele overnames van aanvullende activiteiten, kandidaat-producten of technologieën efficiënt te integreren of de verwachte voordelen ervan te verwezenlijken. • De activiteiten van de Groep kunnen nadelig getroffen worden door verstoringen in de computersystemen. • De productie-, onderzoeks- en ontwikkelingsactiviteiten van de Groep gaan soms gepaard met het gecontroleerde gebruik en verwijderen van mogelijk schadelijke biologische materialen, gevaarlijke materialen, chemische stoffen en besmettelijke ziektekiemen, wat het risico van besmetting of letsel door deze materialen, chemische stoffen of ziektekiemen tot gevolg heeft, waarvoor de Groep aansprakelijk kan worden gesteld. ***Financiële risico's*** • De Groep heeft een verleden van operationele verliezen en een geaccumuleerd verlies en zal misschien nooit winstgevend zijn. • Het beperkte operationele verleden van de Groep kan het moeilijk maken voor een potentiële belegger om het succes van de activiteiten van de Groep tot nu toe en haar toekomstige levensvatbaarheid te evalueren. • De Groep kan aanzienlijke bijkomende financiering nodig hebben, die mogelijk niet beschikbaar is tegen aanvaardbare voorwaarden, of helemaal niet beschikbaar is. **Belangrijkste risico's inzake de afhankelijkheid van de Groep van derden en belangrijk personeel** • De Groep is afhankelijk van en zal afhankelijk blijven van samenwerkende partners voor de ontwikkeling van haar 'onderzoeksprogramma's en kandidaat-producten. • De Groep is afhankelijk van externe onderaannemers en dienstenverleners voor de uitvoering van de meeste aspecten van haar ontwikkelingsprogramma's. Als deze derden hun diensten niet met een gepast kwaliteitsniveau of binnen aanvaardbare termijnen verstrekken, kan dat een vertraging of mislukking van haar ontwikkelingsprogramma's veroorzaken. • De Groep is afhankelijk van derden voor de toelevering en productie van haar kandidaat-producten, en zij verwacht afhankelijk te zijn van derden voor de productie van haar producten, als die worden goedgekeurd. De ontwikkeling van deze kandidaat-producten en de verkoop van enige producten, indien goedgekeurd, kan worden stilgelegd of vertraagd als een dergelijke derde de Groep niet voorziet van een voldoende hoeveelheid van de kandidaat-producten of producten of dat niet doet aan een aanvaardbaar kwaliteits- of prijsniveau of de regelgeving niet naleeft of blijft naleven. • De Groep is afhankelijk van haar huidige managementteam. • De Groep staat bloot aan concurrentie voor haar bekwame personeelsleden en de moeilijkheden bij het identificeren en behouden van belangrijke personeelsleden wat het vermogen van de Groep om haar activiteiten op doelmatige wijze te leiden en uit te breiden kan aantasten. **Belangrijkste risico's inzake de intellectuele eigendom van de Groep** • De octrooien en andere intellectuele eigendomsrechten van de Groep zijn relatief jong en bieden mogelijk onvoldoende bescherming voor haar onderzoeksprogramma's en kandidaat-producten, wat een belemmering kan vormen voor het vermogen van de Groep om efficiënt te concurreren. • De Groep is mogelijk niet in staat om haar intellectuele eigendomsrechten wereldwijd te

	beschermen en/of af te dwingen. • Intellectuele eigendomsrechten dekken niet noodzakelijk alle mogelijke bedreigingen voor het concurrentievoordeel van de Groep. • De Groep kan betrokken raken bij gerechtelijke procedures met betrekking tot intellectuele eigendomsrechten, die kunnen resulteren in dure geschillen en ertoe kunnen leiden dat de Groep een aanzienlijke schadevergoeding moet betalen of dat de Groep de verkoop van haar kandidaat-producten moet beperken. • Als de Groep niet in staat is de openbaarmaking van haar bedrijfsgeheimen, knowhow of andere bedrijfseigen informatie te voorkomen, kan dat de waarde van haar technologie en kandidaat-producten aanzienlijk aantasten. • Het verkrijgen en behouden van octrooibescherming hangt af van de naleving van diverse procedures, het indienen van documenten, de betaling van vergoedingen en andere vereisten die worden opgelegd door de gouvernementele octrooibureaus, en de octrooibescherming van de Groep of haar licentiegevers kan worden verminderd of verdwijnen in geval van niet-naleving van deze vereisten. • Als de Groep haar verplichtingen krachtens de overeenkomsten voor het in licentie nemen van intellectuele eigendomsrechten van derden niet vervult, of als de relaties met haar licentiegevers op een andere wijze worden verstoord, kan de Groep de rechten verliezen op intellectuele eigendom die belangrijk is voor haar activiteiten. • De Groep kan blootgesteld worden aan beschuldigingen dat haar werknemers, consultants of onafhankelijke onderaannemers vertrouwelijke informatie van derden op ongeoorloofde wijze hebben gebruikt of bekendgemaakt.
D.3	**Belangrijkste risico's verbonden aan de Aanbieding en de Aandelen** • Er is geen openbare markt voor de Aandelen, en mogelijk zal er ook in de toekomst geen actieve openbare markt voor de Aandelen zijn. • De koers van de Aandelen kan aanzienlijk schommelen als reactie op verschillende factoren. • Een toekomstige verkoop van aanzienlijke aantallen Aandelen, of de verwachting dat dergelijke verkoop zal plaatsvinden, kan de marktwaarde van de Aandelen ongunstig beïnvloeden. • Toekomstige uitgiftes van Aandelen kunnen de koers van de Aandelen beïnvloeden en zouden de belangen van bestaande Aandeelhouders kunnen verwateren. • De Vennootschap is niet voornemens om in de nabije toekomst dividenden uit te keren. • Het gegeven dat er geen minimumbedrag geldt voor de Aanbieding kan een invloed hebben op de investeringsplannen van de Groep. • De Vennootschap is mogelijk een passieve buitenlandse investeringsvennootschap (*passive foreign investment company - PFIC*), wat doorgaans leidt tot ongunstige belastinggevolgen voor beleggers in de Verenigde Staten. • Beleggers die ingezetene zijn van andere landen dan Nederland kunnen onderhevig zijn aan verwatering als zij niet in staat zijn hun voorkeurrechten bij toekomstige aanbiedingen uit te oefenen. • Beleggers met een andere referentiemunteenheid dan de euro zullen bij een belegging in de Aandelen worden blootgesteld aan het wisselkoersrisico.

	• Bepaalde belangrijke Aandeelhouders van de Vennootschap na de Aanbieding kunnen belangen hebben die verschillen van die van de Vennootschap en zijn mogelijk in staat om controle over de Vennootschap uit te oefenen, met inbegrip van controle over het resultaat van een stemming van de aandeelhouders. • Enige verkoop, aankoop of ruil van Aandelen kan mogelijk worden onderworpen aan de Financiële Transactietaks. • De Aangeboden Aandelen zullen worden genoteerd en verhandeld op Euronext Brussels op "*if-and-when-issued-or-delivered*" basis vanaf de Noteringsdatum tot de Afsluitingsdatum. Euronext Brussels NV/SA kan alle uitgevoerde transacties betreffende de Aangeboden Aandelen annuleren als ze op de Afsluitingsdatum niet zijn uitgegeven. • Beleggers zijn mogelijk niet in staat schadevergoeding te verkrijgen in het kader van een burgerlijke procedure wegens overtreding van effectenwetten in de Verenigde Staten.

Deel E – Aanbieding	
Element	**Verplicht te verstrekken informatie**
E.1	**Netto-opbrengsten en -kosten van de Aanbieding** Het totaal van de administratieve, juridische en auditkosten, samen met andere kosten in connectie met de Aanbieding (inclusief maar niet limitatief de wettelijke publicaties, het drukken en vertalen van de samenvatting van dit Prospectus) en de vergoeding van de Nederlandse Autoriteit Financiële Markten (***AFM***), de Belgische Autoriteit voor Financiële Diensten en Markten (***FSMA***) en Euronext Brussels zal naar verwachting ongeveer EUR 1.670.849 bedragen. Daarnaast zullen de door de Vennootschap aan de Managers betaalbare vergoedingen en provisies ongeveer 5.45% bedragen (exclusief een discretionaire vergoeding van maximaal 1%). Als er volledig op de Aanbieding wordt ingeschreven (inclusief de Uitbreidingsoptie), wordt de bruto-opbrengst van de uitgifte van de nieuwe Aandelen geraamd op ongeveer EUR 46.000.000, en als de Overtoewijzingsoptie volledig is uitgeoefend, ongeveer EUR 52.900.000. Uitgaande van deze veronderstellingen denkt de Groep een netto-opbrengst te ontvangen van ongeveer EUR 42.274.151 (of ongeveer EUR 48.976.101 als de Overtoewijzingsoptie volledig wordt uitgeoefend).
E.2a	**Aanwending van de opbrengst** De hoofddoelstellingen van deze Aanbieding zijn het verkrijgen van bijkomend kapitaal ter ondersteuning van de strategie van de Groep. Een sterke cashpositie versterkt de onderhandelingspositie van de Groep ten aanzien van een potentiële partner. Daarnaast zal de Aanbieding een publieke markt creëren voor de Aandelen en de toegang mogelijk maken tot de publieke markt voor aandelen in de toekomst. De Groep heeft momenteel de intentie om de netto-opbrengst van deze Aanbieding als volgt aan te wenden, in volgorde van belang: • ter ondersteuning van de voortgezette klinische ontwikkeling van ARGX-110, met het oog op een Fase 2 monotherapie-onderzoek in Waldenströms macroglobulinemie in samenwerking met LLS, een Fase 2 monotherapie-onderzoek in een tweede lymfoomweesziekte, mogelijks T-cel lymfklierkanker of Mantel-cel lymfklierkanker, een Fase 1b combinatie-onderzoek in een subgroep van CD70-positieve vastetumorpatiënten en een Fase 1b monotherapie-onderzoek in een auto-immuunweesziekte, waarschijnlijk vasculitis; • ter ondersteuning van de voortgezette klinische ontwikkeling van ARGX-111, met inbegrip van de uitbreiding en voltooiing van het huidige Fase 1b klinisch studie;

	• ter ondersteuning van de initiële klinische ontwikkeling van ARGX-113, met inbegrip van een Fase 1 klinische studie bij gezonde vrijwilligers en een Fase 2 klinische studie bij patiënten met een pathogene antilichaam gemedieerde auto-immuunziekte; • voor de vooruitgang en uitbreiding van haar pijplijn van preklinische kandidaat-producten; • toegang te verkrijgen tot nieuwe ziektedoelwitten en technologieën via de verwerving van licenties of overnames om haar productportfolio en set van technologieën te ontwikkelen; en • de overblijvende fondsen aanwenden voor algemene bedrijfsdoeleinden, zoals behoeften aan werkkapitaal, algemene en administratieve uitgaven en de bijkomende kosten van een beursgenoteerde vennootschap.
E.3	**Algemene voorwaarden van de Aanbieding** De Aanbieding bestaat uit een openbare aanbieding in België aan particuliere beleggers (de ***Particuliere Beleggers***) en een private plaatsing (i) in de Verenigde Staten aan personen die 'gekwalificeerde institutionele beleggers' zijn ('Qualified Institutional Buyers' of 'QIB's') (zoals gedefinieerd in Rule 144A van de U.S. Securities Act van 1933, zoals gewijzigd (de ***Securities Act***) in het kader van transacties die vrijgesteld zijn van of niet onder de registratievereisten van de Securities Act vallen), en (ii) in bepaalde rechtsgebieden buiten de Verenigde Staten in overzeese transacties in overeenstemming met Regulation S onder de Securities Act aan bepaalde Institutionele Beleggers (zijnde gekwalificeerde en/of institutionele beleggers volgens de toepasselijke wetgeving van het desbetreffende rechtsgebied). Er kunnen private plaatsingen gebeuren in Lidstaten van de Europese Economische Ruimte krachtens een vrijstelling onder de Prospectusrichtlijn zoals ingevoerd in de betrokken Lidstaat van de Europese Economische Ruimte. De Aanbieding is een aanbieding voor een bedrag tot EUR 40.000.000 door inschrijving tegen de aanbiedingsprijs (de ***Aanbiedingsprijs***) die naar verwachting binnen de prijsvork van EUR 8,50 en EUR 10,25 per nieuw aandeel zal worden vastgesteld (de ***Aanbiedingsprijsvork***). Als resultaat zullen maximaal 4.705.882 nieuwe gewone aandelen worden uitgegeven aan de onderkant van de Aanbiedingsprijsvork (in de veronderstelling dat de Overtoewijzingsoptie niet wordt uitgeoefend). Met dien verstande dat de Aanbiedingsprijs eventueel kan worden vastgelegd onder de ondergrens van de Aanbiedingsprijsvork. Met de Uitbreidingsoptie, kan de Vennootschap het bedrag van de Aanbieding verhogen met maximaal 15%, tot een bedrag van EUR 46.000.000. Als resultaat zullen maximaal 5.411.764 nieuwe gewone aandelen worden uitgegeven door de Vennootschap aan de onderkant van de Aanbiedingsprijsvork (in de veronderstelling dat Overtoewijzingsoptie). Erasmus MC Biomedical Fund B.V., Thuja Capital Healthcare Seed Fund B.V., Coöperatief LSP IV U.A., Forbion Capital Fund Coöperatief U.A., BioGeneration Ventures B.V., FCPI Capital Invest PME 2013 (een met Omnes Capital verbonden vennootschap), OrbiMed Private Investment IV LP, Banque Populaire Innovation 14 (een met Seventure verbonden vennootschap), Banque Populaire Innovation 15 (een met Seventure verbonden vennootschap) en FCPI Bio Santé (een met Seventure verbonden vennootschap) en ParticipatieMaatschappij Vlaanderen NV hebben zich er toe verbonden om rechtstreeks of onrechtstreeks via een verbonden vennootschap orders in te geven om in te schrijven op de Aangeboden Aandelen in de Aanbieding voor een totaal bedrag van EUR 10.045.339. FCPI Capital Invest PME 2013, Banque Populaire Innovation 14, Banque Populaire 15 en FCPI Bio Santé zijn onderworpen aan wettelijke beperkingen die hen niet toelaten om verder te investeren in de Vennootschap onder bepaalde voorwaarden die afhankelijk zijn van inter alia de resultaten van de Aanbieding, wanneer deze wettelijke beperkingen toepassing vinden zal het totaal bedrag verminderd worden tot EUR 7.464.738. Een deel van deze toezeggingen tot een bedrag van EUR 2.000.000 vervalt of zal worden verminderd indien voldoende orders voor Nieuwe Aandelen worden ontvangen in de Aanbieding, anders dan van de bestaande Aandeelhouders. Op 30 mei 2014 is de Groep een langdurige strategische alliantie aangegaan met Shire. Krachtens deze overeenkomst heeft Shire er zich toe verbonden om de Aangeboden Aandelen aan de Aanbiedingsprijs voor een totaal bedrag van EUR 12 miljoen te onderschrijven op voorwaarde dat de Aanbieding wordt voltooid uiterlijk op 15 juli 2015. Er is een bevoorrechte toewijzing voor deze

	Aangeboden Aandelen in de Aanbieding en hun order zal volledig worden toegewezen. De Vennootschap heeft aan KBC Securities NV (de ***Stabilisatiemanager***) die zal handelen namens KBC Securities en Kempen & Co (de ***Joint Global Coordinators***) en Petercam NV (de ***Co-Lead-Manager***) een overtoewijzingsoptie toegekend, die met de voorafgaande toestemming van de andere Joint Global Coordinator, toelaat in te schrijven op bijkomende nieuwe Aandelen tegen de Aanbiedingsprijs voor maximaal 15% van het aantal Nieuwe Aandelen toegewezen in het kader van de Aanbieding, om overtoewijzingen of shortposities te dekken (de ***Overtoewijzingsoptie***). De Overtoewijzingsoptie zal uitoefenbaar zijn gedurende een periode van 30 dagen vanaf de noteringsdatum (de ***Noteringsdatum***). De Aanbiedingsprijs van de Aangeboden Aandelen zal tijdens de Aanbiedingsperiode worden bepaald op basis van een bookbuildingprocedure waaraan uitsluitend Institutionele Beleggers kunnen deelnemen. Het werkelijke aantal Aangeboden Aandelen dat in het kader van de Aanbieding zal worden toegewezen aan beleggers (inclusief eventuele uitoefening van de Uitbreidingsoptie) zal worden vastgelegd na de Aanbiedingsperiode en zal worden gepubliceerd in de Prijsverklaring samen met de Aanbiedingsprijs en de toewijzing tussen de Particuliere Beleggers en de Institutionele Beleggers op de website van de Vennootschap, in de Belgische financiële pers en op de website van Euronext Brussels op of rond 8 juli 2014 maar hoe dan ook niet later dan de eerste werkdag na het einde van de Aanbiedingsperiode. De Aanbiedingsprijs zal één prijs in euro zijn, exclusief de Belgische taks op de beursverrichtingen en de kosten die worden aangerekend door de financiële tussenpersonen voor het indienen van de aanvragen, in voorkomend geval, die zullen gelden voor alle beleggers, zowel Particulieren als Institutionelen. De toepasselijke Aanbiedingsprijs zal in geen geval boven de bovengrens van de Aanbiedingsprijsvork liggen. De aanbiedingsperiode gaat van start op 23 juni 2014 en wordt naar verwachting afgesloten uiterlijk om 16.00 uur (CET) op 8 juli 2014 (de ***Aanbiedingsperiode***), behoudens de mogelijkheid van vervroegde afsluiting of verlenging, met dien verstande dat de Aanbiedingsperiode in elk geval ten minste zes werkdagen zal open zijn vanaf de beschikbaarheid van dit Prospectus. Een eventuele vervroegde afsluiting van de Aanbiedingsperiode zal worden gepubliceerd in een persbericht op de website van de Vennootschap en in de Belgische financiële pers, en in dat geval zullen de datums voor zowel de prijsbepaling, de toewijzing, publicatie van de Aanbiedingsprijs als de resultaten van de Aanbieding, de voorwaardelijke notering en verhandeling en afsluiting van de Aanbieding dienovereenkomstig worden aangepast. Niet minder dan 10% van de Aangeboden Aandelen die daadwerkelijk worden toegewezen, op voorwaarde dat er voldoende vraag is, zullen worden toegewezen aan Particuliere Beleggers in België. Het deel van de Aangeboden Aandelen dat wordt toegewezen aan Particuliere Beleggers kan echter worden verhoogd of verlaagd als de aanvragen van de Particuliere Beleggers respectievelijk meer dan wel minder dan 10% bedragen van de effectief toegewezen Aangeboden Aandelen. De Aanbiedingsprijs moet door de beleggers worden betaald bij de indiening van de aankooporders, of bij wijze van alternatief, door hun financiële instelling te machtigen om hun bankrekening te debiteren voor dat bedrag op de Afsluitingsdatum. De Aangeboden Aandelen worden naar verwachting in girale vorm geleverd op of rond 11 juli 2014. De Aangeboden Aandelen zijn in bepaalde rechtsgebieden onderworpen aan overdrachtsbeperkingen.
E.4	**Materiële belangen in de Aanbieding** Uitgaande van een volledige plaatsing van de Aangeboden Aandelen, zullen de aan KBC Securities NV, Kempen & Co N.V., Petercam NV en Wedbush Securities Inc. (de ***Managers***) betaalbare vergoedingen en provisies ongeveer EUR 2.253.050 bedragen. Dit is exclusief eventuele incentive vergoedingen die naar vrije keuze van de Vennootschap kunnen worden betaald. De Vennootschap heeft er tevens mee ingestemd om de Joint Global Coordinators te vergoeden voor bepaalde kosten die zij oplopen in verband met de Aanbieding. Bepaalde Managers en/of hun respectieve verbonden vennootschappen kunnen in de toekomst van

	tijd tot tijd in het kader van hun normale bedrijfsvoering commercial banking diensten, investment banking diensten, financiële advies of andere diensten verlenen voor de Vennootschap of haar verbonden partijen, waarvoor zij in de toekomst de gebruikelijke vergoedingen en provisies kunnen ontvangen. Als gevolg van deze transacties zijn de belangen van deze partijen mogelijk niet op elkaar afgestemd of zijn zij mogelijk tegenstrijdig met de belangen van de beleggers.
E.5	**Entiteit die de Aangeboden Aandelen aanbiedt en Lock-up** De Aangeboden Aandelen zijn nieuwe Aandelen aangeboden door de Vennootschap. De Vennootschap is met de Managers overeengekomen dat zij en enige van haar verbonden vennootschappen zich gedurende een periode van 360 dagen na de Noteringsdatum zullen onthouden van, tenzij anders overeengekomen met de Joint Global Coordinators: (i) het uitgeven, aanbieden, verkopen, aangaan van een contract voor het verkopen of anderszins overdragen, afstand doen van, uitlenen (of dit publiek aan te kondigen), rechtstreeks of onrechtstreeks, van enige Aandelen of effecten van de Vennootschap die wezenlijk vergelijkbaar zijn met de Aandelen, met inbegrip van maar niet beperkt tot, effecten die kunnen worden omgezet in of geruild worden voor, of die het recht vertegenwoordigen op ontvangst van, Aandelen of dergelijke wezenlijk vergelijkbare effecten, (ii) het aankopen of verkopen van enige optie of andere garantie of enige swap, hedge of andere regeling die aan een andere persoon of entiteit de economische gevolgen van de eigendom van Aandelen geheel of gedeeltelijk overdraagt, ongeacht of dergelijke transactie al dan niet wordt vereffend door levering van Aandelen of dergelijke andere effecten, of contanten of anderszins, of (iii) het doen aan haar Aandeelhouders of een andere entiteit van een voorstel om enige van het voorgaande uit te voeren; in deze verschillende gevallen behoudens volgende uitzonderingen van de uitgifte van de Aangeboden Aandelen, de uitgifte van Aandelen en financiële instrumenten in het kader van het bestaande aandelenoptieplan, de uitgifte van Aandelen of financiële instrumenten in het kader van (x) een incentive plan voor werknemers, bestuurders of consultants van de Vennootschap, gevestigd volgend op de Noteringsdatum of (y) een fusie, splitsing, overdracht van algemeenheid of bedrijfstak of andere vennootschapsrechtelijke herstructurering, overname of strategisch partnerschap op voorwaarde dat de uitgegeven aandelen niet meer dan 10% van het aandelenkapitaal van de Vennootschap bedragen. De huidige Aandeelhouders hebben een lock-upregeling afgesloten met de Managers. Krachtens de lock-upregeling zullen zij niet, tenzij zoals hieronder aangegeven, gedurende een periode van 180 dagen na de Noteringsdatum: (i) rechtstreeks of onrechtstreeks aanbieden, in pand geven, verkopen, of een contract afsluiten om deze te verkopen of een optie, recht, warrant of contract voor verkoop toekennen, een optie uitoefenen om deze te verkopen, een optie of contract kopen om ze te verkopen, of deze uitlenen of anderszins overdragen of vervreemden van Aandelen of effecten die omzetbaar zijn in of uitoefenbaar of omruilbaar voor Aandelen of effecten van de Vennootschap die substantieel gelijk zijn aan Aandelen en niet zullen vragen of eisen dat de Vennootschap een registratieverklaring indient in het kader van de Securities Act of een vergelijkbaar document bij een andere regelgevende instantie voor effecten, effectenbeurs of noteringsinstantie met betrekking tot het voorgaande; (ii) geen swap- of andere overeenkomst afsluiten, noch een andere overeenkomst waarbij de economische gevolgen van de eigendom van Aandelen of effecten die substantieel gelijk zijn aan Aandelen, geheel of gedeeltelijk, rechtstreeks of onrechtstreeks, worden overgedragen, ongeacht of dergelijke transactie wordt afgewikkeld door de levering van Aandelen of andere effecten, in contanten of anderszins; (iii) een dergelijke intentie om een dergelijke transactie zoals hierboven vermeld te verrichten openbaar aankondigen. Volgend op deze 180 dagen periode, start een nieuwe periode van 180 dagen gedurende de welke de Aandeelhouders hun Aandelen enkel mogen overdragen mits voorafgaande goedkeuring door de Joint Global Coordinators, waarbij deze goedkeuring niet op onredelijke wijze mag worden weerhouden. Elke overdracht van Aandelen waarvoor een voorafgaande en schriftelijke goedkeuring werd verleend, kan enkel door middel van een gecoördineerde verkoop plaatsvinden. Geen van de hoger vermelde beperkingen ten aanzien van de Aandeelhouders heeft betrekking op (i) Aangeboden Aandelen waarop wordt ingeschreven tijdens de Aanbieding, (ii) Aandelen die geleend worden aan de Stabilisatiemanager, (iii) overdrachten aan rechtsopvolgers of andere overnemers in geval van overlijden van een natuurlijke persoon of in geval van vereffening, samenloop, fusie of splitsing (op voorwaarde echter dat de rechtsopvolger of overnemer van

	dergelijke persoon zich houdt aan de lock-upregeling en de relevante overdrachtsbeperkingen naleeft gedurende de resterende termijn), (iv) intragroepsoverdrachten, met inbegrip van overdrachten aan en van controlerende natuurlijke personen (op voorwaarde echter dat de relevante groepsvennootschap zich houdt aan de lock-upregeling en de relevante overdrachtsbeperkingen naleeft gedurende de resterende termijn), (v) overdrachten tussen de Aandeelhouders en hun verbonden vennootschappen en tussen hun verbonden vennootschappen, met inbegrip van hun aandeelhouders, of aan beleggingsfondsen of andere entiteiten die gecontroleerd of beheerd worden door de Aandeelhouders (op voorwaarde echter dat de verbonden vennootschap zich houdt aan de lock-upregeling en de relevante overdrachtsbeperkingen naleeft gedurende de resterende termijn), (vi) overdrachten tussen de aandeelhouders behoudens de lock-upregeling (op voorwaarde echter dat de lock-upregeling van de overnemer zich uitstrekt tot de op deze wijze verworven aandelen), (vii) aanvaarding van een openbare aanbieding of verplicht uitkoopbod, (viii) aanvaarding van een wettelijke fusie of splitsing van de Vennootschap, of (ix) wanneer de Aandelen gekocht zijn op of na de Noteringsdatum.
E.6	**Verwatering als gevolg van de Aanbieding** De onderstaande tabel biedt een overzicht van de participaties van de bestaande Aandeelhouders na de voltooiing van de Aanbieding en de notering van de Aandelen in de veronderstelling dat (i) de Aanbiedingsprijs zich in het middenpunt van de Aanbiedingsprijsvork bevindt; (ii) de Uitbreidingsoptie volledig is uitgeoefend; (iii) de Overtoewijzingsoptie volledig is uitgeoefend; en (iv) de Aandeelhouders niet deelnemen aan de Aanbieding. De simulatie wordt uitsluitend ter informatie gegeven. Potentiele beleggers dienen op te merken dat het finale aantal Aangeboden Aandelen minder kan bedragen dan verondersteld voor onderstaande tabel.
E.7	**Geschatte kosten die door de Vennootschap aan de belegger in rekening zullen worden gebracht** Niet van toepassing. Er zullen door de Vennootschap aan beleggers geen vergoedingen of kosten in verband met de Aanbieding in rekening worden gebracht.

Naam	Aantal Aandelen en opties	% van het totaal aantal Aandelen en opties
Torsten Dreier	107.110 Aandelen	0,61%
Tim Van Hauwermeiren	107.110 Aandelen	0,61%
Hans de Haard	107.110 Aandelen	0,61%
Erasmus MC Biomedical	651.351 Aandelen	3,73%
Thuja Capital	651.351 Aandelen	3,73%
LSP	1.505.853 Aandelen	8,63%
Forbion Capital	1.864.134 Aandelen	10,69%
BioGeneration Ventures	382,291 Aandelen	2,19%
Omnes Capital	1.794.151 Aandelen	10,29%
VIB	52.879 Aandelen	0,30%
Orbimed	1.540.103 Aandelen	8,83%
Seventure	867.662 Aandelen	4,98%
PMV	888.840 Aandelen	5,10%
New Shares	4.904.051 Aandelen	28,12%
Aandelen gedekt door de Overtoewijzingsoptie	735.607 Aandelen	4,22%
Totaal aandelen (exclusief opties)	**16.159.603 Aandelen**	**92,66%**
Begunstigden opties	1.280.325 opties	7,34%
Totaal Aandelen (inclusief opties)	**17.439.928 Aandelen en opties**	**100%**

PART 1
RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus, before making an investment decision with respect to investing in the Offered Shares. All of these factors are contingencies which may or may not occur. The Company believes that the risks and uncertainties described below are all material risks and uncertainties relating to the Group, the Offering and the Offered Shares. If additional risks and uncertainties not presently known to the Company or that are currently deemed to be immaterial occur, this may also have a material adverse effect on the Group's business, prospects, results of operation and financial condition. If any of those risks or uncertainties occurs the price of the Offered Shares may decline and investors could lose all or part of their investment.

In addition to considering carefully the risk factors set out below and this entire Prospectus, prospective investors should also consult, before making an investment decision with respect to the Offered Shares, their own financial, legal and tax advisers to carefully review the risks associated with an investment in the Offered Shares and consider such an investment decision in light of their personal circumstances.

1. RISKS RELATING TO THE REGULATORY ENVIRONMENT

1.1. Nearly all aspects of the Group's activities are subject to substantial regulation. No assurance can be given that any of the Group's product candidates will fulfil regulatory compliance. Failure to comply with such regulations could result in delays, suspension, refusals and withdrawal of approvals as well as fines

The international biopharmaceutical and medical technology industry is highly regulated by government bodies (***Competent Authorities***) that impose substantial requirements covering nearly all aspects of the Group's activities notably on research and development, manufacturing, preclinical tests, clinical trials, labelling, marketing, sales, storage, record keeping, promotion and pricing of its research programs and product candidates. Such regulation is further subject to regular review by the Competent Authorities which may result in changes in applicable regulation. If the Group does not comply with one or more of these factors in a timely manner, or at all, it could experience significant delays as a result of the European Medicine Agency (***EMA***) in the European Union, the Food and Drug Administration (***FDA***) in the United States or another Competent Authority recommending non-approval or restrictions on approval of a product candidate, leading to an inability to successfully commercialise any of its product candidates, which would materially harm its business. Any failure of any of the Group's product candidates in clinical studies or to receive regulatory approval could have a material adverse effect on the Group's business, results of operations and/or financial condition. If any of the Group's product candidates fails to obtain approval on the basis of any applicable condensed regulatory approval process, this will prevent such product candidate from obtaining approval in a shortened time frame, or at all, resulting in increased expenses which would materially harm the Group's business.

Compliance with standards laid down by local Competent Authorities is required in each country where the Group, or any of its partners or licensees, conducts said activities in whole or in part. The Competent Authorities notably include the EMA and the FDA. In order to market the Group's future products in regions such as the European Economic Area, United States of America, Asia Pacific, and many other foreign jurisdictions, the Group must obtain separate regulatory approvals. The approval procedures vary among countries and can require additional clinical testing, and the time required to obtain approval may differ from that required to obtain for example FDA or EMA approval. Moreover, clinical studies conducted in one country may not be accepted by regulatory authorities in other countries. Approval by the FDA or EMA does not ensure approval by Competent Authorities in other countries, and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other foreign countries or by the FDA or EMA.

There can be no assurance that product candidates of the Group will fulfil the criteria required to obtain necessary regulatory clearance to access the market. Also, at this time, the Group cannot guarantee or know the exact nature, precise timing and detailed costs of the efforts that will be necessary to complete the remainder of the development of its research programs and products candidates. Each Competent Authority may impose its own requirements, may discontinue an approval, may refuse to grant approval, or may require additional data before granting approval, notwithstanding that approval may have been granted by one or more other Competent Authorities. Competent Authorities may also approve a treatment candidate for fewer or more limited indications or patient sub-segments than requested or may grant approval subject to the performance of post-marketing studies. Competent Authority approval may be delayed, limited or denied for a number of reasons,

most of which are beyond the Group's control. Such reasons could include, amongst others the production process or site not meeting the applicable requirements for the manufacture of regulated products, or the products not meeting applicable requirements for safety or efficacy during the clinical development stage or after marketing. No assurance can be given that clinical trials will be approved by Competent Authorities or that products will be approved for marketing by Competent Authorities in any pre-determined indication or intended use. Competent Authorities may disagree with the Group's interpretation of data submitted for their review.

The Group and its collaborative partners are, or may become subject to, numerous on-going other regulatory obligations, such as data protection, environmental, health and safety laws and restrictions on the experimental use of animals and/or human beings. The costs of compliance with such applicable regulations, requirements or guidelines could be substantial, and failure to comply could result in sanctions, including fines, injunctions, civil penalties, denial of applications for marketing authorisation of its products, delays, suspension or withdrawal of approvals, licence revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly increase the Group's or its collaborative partners' costs or delay the development and commercialisation of its product candidates.

1.2. Research programs and product candidates of the Group must undergo rigorous preclinical tests and clinical trials, the start, timing of completion, number and results of which are uncertain and could substantially delay or prevent the products from ever reaching the market

Preclinical tests and clinical trials are expensive and time-consuming and their results are uncertain. The Group, its collaborative partners or other third parties may not successfully complete the preclinical tests and clinical trials of the research programs and product candidates. Failure to do so may delay or prevent the commercialisation of products. The Group cannot guarantee that its research programs and product candidates will demonstrate sufficient safety or efficacy or performance in its preclinical tests and clinical trials to obtain marketing authorisation in any given territory or at all, and the results from earlier preclinical tests and clinical trials may not accurately predict the results of later-stage preclinical tests and clinical trials. At any stage of development, based on a review of available preclinical and clinical data, the estimated costs of continued development, market assessments and other factors, the development of any of the Group's research programs and product candidates may be suspended or discontinued.

Clinical trials can be delayed for a variety of reasons, including, but not limited to, delays in obtaining regulatory approval to commence a trial, in reaching agreement on acceptable terms with prospective contract research organisations (***CROs***) and contract manufacturing organisations (***CMOs***) and clinical trial sites, in obtaining ethics committee approval, in recruiting suitable patients to participate in a trial, in having patients complete a trial or return for follow-up, in adding new sites or in obtaining sufficient supplies of clinical trial materials or clinical sites dropping out of a trial and in the availability to the Group of appropriate clinical trial insurances. Furthermore, the Group, its collaborative partners, or regulators may require additional preclinical tests and clinical trials. Such delays or additional testing could result in increased costs and delay or jeopardise the Group's ability to obtain regulatory approval and commence product sales as currently contemplated.

Many factors affect patient enrolment, including, but not limited to, the size and nature of the patient population, the severity of the disease under investigation, the patient eligibility criteria for the study in question, the ability to monitor patients adequately during and after the treatment, the Group's payments for conducting clinical trials, the proximity of patients to clinical sites, the design of the clinical trial, clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies, including any new products that may be approved for the indications the Group is investigating and whether the clinical trial design involves comparison to placebo or standard of care. In addition, some of the Group's competitors have on-going clinical trials for product candidates that treat the same indications as the Group's product candidates, and patients who would otherwise be eligible for the Group's clinical trials may instead enrol in clinical trials of the Group's competitors' product candidates. If the Group experiences lower than expected enrolment in the trials, the trials may not be completed as envisaged or may become more expensive to complete which may have a material adverse effect on the Group's business, prospects, financial condition and results of operation.

1.3. If serious adverse side effects are identified for any product candidate, the Group may need to abandon or limit its development of that product candidate, which may delay or prevent marketing approval, or, if approval is received for the product candidate, require it to be taken off the market, require it to include safety warnings or otherwise limit its sales

Not all adverse effects of drugs can be predicted or anticipated. Serious unforeseen side effects from any of the Group's product candidates could arise either during clinical development or, if approved by Competent Authorities, after the approved product has been marketed. All of the Group's product candidates are still in clinical or preclinical development or discovery. While the Group's preclinical and clinical studies for its product candidates to date have demonstrated an acceptable safety profile, the results from future trials may not support this conclusion. The results of future clinical studies may show that the Group's product candidates cause undesirable or unacceptable side effects or even death, which could interrupt, delay or halt clinical studies, and result in delay of, or failure to obtain, marketing approval from the FDA, the EMA and other Competent Authorities, or result in marketing approval from the FDA, the EMA and other Competent Authorities with restrictive label warnings impacting sales and increasing risk of potential product liability claims. Moreover, as larger numbers of subjects are enrolled in advanced clinical studies for the Group's product candidates or if the Group's product candidates receive marketing approval, the risk that uncommon or low frequency but significant side effects are identified may increase. If any of the Group's product candidates receive marketing approval and the Group or others later identify undesirable or unacceptable side effects caused by such products:

- Competent Authorities may require the Group to take its approved product off the market;
- Competent Authorities may require the addition of labelling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- the Group may be required to change the way the product is administered, conduct additional clinical studies or change the labelling of the product;
- the Group may be subject to limitations on how it may promote the product;
- sales of the product may decrease significantly;
- the Group may be subject to litigation or product liability claims; and
- the Group's reputation may suffer.

Any of these events could prevent the Group or any potential future partners from achieving or maintaining market acceptance of the affected product or could substantially increase commercialisation costs and expenses, which in turn could delay or prevent the Group from generating significant revenue from the sale of its products.

1.4. If the Group obtains regulatory approval for a product candidate, the product will remain subject to on-going regulatory obligations

If the Group obtains regulatory approval in a jurisdiction, Competent Authorities may still impose significant restrictions on the indicated uses or marketing of the product, or impose on-going requirements for potentially costly post-approval studies or post-market surveillance. There can be no guarantee that such additional data or studies, if required, will corroborate earlier data. Post-approval manufacturing and marketing of the Group's products may show different safety and efficacy profiles to those demonstrated in the data on which approval to test or market said products was based. If the Group would conduct clinical tests of its products with other therapeutic products (combination therapy), the Group's products would be exposed to any risk identified in relation to such other therapeutic products. Such circumstances could lead to the withdrawal, restriction on use or suspension of approval, which could have a material adverse effect on the Group's business, financial condition, operating results or cash flows. Advertising and promotional materials must comply with Competent Authorities or other applicable rules and are subject to Competent Authorities review, in addition to other potentially applicable federal and state laws and legislation globally. In addition, Competent Authorities may not approve the labelling claims or advertisements that are necessary or desirable for the successful commercialisation of the Group's products.

For example, in the United States, the Group's product candidates are classified as biologics and, therefore, can only be sold if the Group obtains a Biologics License Application (***BLA***) from the FDA. The holder of a BLA is obligated to monitor and report adverse events and any failure of a product to meet the specifications in the BLA. The holder of a BLA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labelling or manufacturing process. Failure to comply with a BLA or any other on-going regulatory obligation may result in suspension of approval to manufacture or distribute the relevant product, as well as fines or imprisonment for violations.

If the Group fails to comply with applicable regulatory requirements following approval of any of the products, a Competent Authority may for example:

- issue a warning letter asserting that the Group is in violation of the law;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any on-going clinical studies;
- seize the product; or
- refuse to allow the Group to enter into supply contracts, including government contracts.

Any government investigation of alleged violations of law could require the Group to expend significant time and resources in response and could generate negative publicity. Competent Authorities have broad enforcement power, and a failure by the Group or its collaboration partners to comply with applicable regulatory requirements can, among other things, result in recalls or seizures of products, operating and production restrictions, withdrawals of previously approved marketing applications, total or partial suspension of regulatory approvals, refusal to approve pending applications, warning letters, injunctions, penalties, fines, civil proceedings, criminal prosecutions and imprisonment. The occurrence of any event or penalty described above may delay commercialisation of the Group's products, increase costs and materially adversely affect the Group's business, prospects, financial condition and results of operation.

2. RISKS RELATING TO THE GROUP'S BUSINESS

2.1. Development risk on technologies and products

2.1.1. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. If the Group is unable to complete clinical trials or to obtain regulatory approval for any of its product candidates, or experiences significant delays in doing so, this would have a material adverse effect on its business

The Group is a clinical stage biopharmaceutical group. The Group has invested a significant portion of its financial and other resources in the development of ARGX-109, ARGX-110, ARGX-111, ARGX-112 and ARGX-113 for the treatment of cancer, inflammation and severe autoimmune diseases. From its inception through the year ended 31 December 2013, the Group has incurred expenses of EUR 12.1 million for preclinical and clinical studies. The Group's prospects for the foreseeable future, including its ability to continue to develop its product candidates and to achieve profitability, will depend heavily on the Group's ability, alone or with partners, to achieve (development) milestones under its partnership agreements, to successfully complete the preclinical and clinical development of, to obtain the necessary regulatory approvals for, and to commercialize product candidates.

2.1.2. The Group may not be successful in its efforts to use and expand the SIMPLE Antibody™, NHance® and ABDEG™ technology platforms, as well as the licensed POTELLIGENT® technology platform to build a pipeline of product candidates and develop marketable products due to significant competition and technological change which could limit or eliminate the market opportunity for its product candidates and technology platforms

The Group is using the SIMPLE Antibody™, NHance® and ABDEG™ technology platforms, as well as the licensed POTELLIGENT® technology platform to develop engineered antibodies, with an initial focus on the treatment of cancer, inflammation and severe autoimmune diseases. These technology platforms have generated the Group's five product candidates ARGX-109, ARGX-110, ARGX-111, ARGX-112 and ARGX-113, as well as the other programs that utilize the Group's technology and that are being developed by the Group's partners and licensees. The Group is at a very early stage of development and its platforms have not yet, and may never lead to, approved or marketable therapeutic antibody products.

The market for pharmaceutical products is highly competitive. The Group's competitors include many established pharmaceutical companies, biotechnology companies, universities and other research or commercial institutions, many of which have substantially greater financial, research and development resources than the Group. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and in manufacturing pharmaceutical products. Smaller and early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with the Group in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, the development of the Group's products. The fields in which the Group operates are characterised by rapid technological change and innovation. There can be no assurance that competitors of the Group are not currently developing, or will not in the future develop technologies and products that are equally or more effective and/or are more economically attractive as any current or future technology or product of the Group. Competing products or technology platforms may gain faster or greater market acceptance than the Group's products or technology platforms and medical advances or rapid technological development by competitors may result in the Group's product candidates or technology platforms becoming non-competitive or obsolete before the Group is able to recover its research and development and commercialisation expenses. If the Group, its product candidates or its technology platforms do not compete effectively, it may have a material adverse effect on the Group's business, prospects, financial condition and results of operation.

2.1.3. Failure to successfully identify, develop and commercialize additional products or product candidates could impair the Group's ability to grow

Although a substantial amount of the Group's efforts will focus on the continued preclinical and clinical testing and potential approval of its product candidates, a key element of the Group's long-term growth strategy is to develop and market additional products and product candidates. Because the Group has limited financial and managerial resources, research programs to identify product candidates require substantial additional technical, financial and human resources, whether or not any product candidates are ultimately identified. The success of this strategy depends partly upon the Group's ability to identify, select and develop promising product candidates and products. The Group's technology platforms may fail to discover and to generate additional product candidates that are suitable for further development. All product candidates are prone to risks of failure typical of pharmaceutical product development, including the possibility that a product candidate may not be suitable for clinical development as a result of its harmful side effects, limited efficacy or other characteristics that indicate that it is unlikely to be a product that will receive approval by Competent Authorities and achieve market acceptance. If the Group does not successfully develop and commercialize product candidates based upon its technological approach, the Group may not be able to obtain product or collaboration revenues in future periods, which would adversely affect its business, prospects, financial condition and results of operations.

The Group's long-term growth strategy to develop and market additional products and product candidates is heavily dependent on precise, accurate and reliable scientific data to identify, select and develop promising pharmaceutical product candidates and products. The Group's business decisions may therefore be adversely influenced by improper or fraudulent scientific data sourced from third parties. Any irregularities in the scientific data used by the Group to determine its focus in research and development of product candidates and products could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

2.2. Commercialization and market risk

2.2.1. Even if the Group eventually gains approval for any of its product candidates, it may be unable to commercialise them

The Group does not have a sales or marketing infrastructure and has no experience in the sale or marketing of pharmaceutical products. To achieve commercial success for any approved product, the Group must develop or acquire a sales and marketing organisation, outsource these functions to third parties or enter into partnerships.

The Group may decide to establish its own sales and marketing capabilities and promote its product candidates if and when regulatory approval has been obtained in the major EU countries and North America. There are risks involved should the Group decide to establish its own sales and marketing capabilities and/or enter into arrangements with third parties to perform these services. Even if the Group establishes sales and marketing capabilities, it may fail to launch its products effectively or to market its products effectively given it has no experience in the sales and marketing of pharmaceutical products. In addition, recruiting and training a sales force is expensive and time consuming and could delay any product launch. In the event that any such launch is delayed or does not occur for any reason, the Group would have prematurely or unnecessarily incurred these commercialisation expenses, and the Group's investment would be lost if it cannot retain or reposition its sales and marketing personnel. Factors that may inhibit the Group's efforts to commercialise its products on its own include:

- the Group's inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to or persuade adequate numbers of allergists and/or physicians to prescribe any future products;
- the lack of complementary products to be offered by sales personnel, which may put the Group at a competitive disadvantage relative to companies with more extensive product lines;
- unforeseen costs and expenses associated with creating an independent sales and marketing organisation; and
- costs of marketing and promotion above those anticipated by the Group.

If the Group would enter into arrangements with third parties to perform sales and marketing services, the Group's product revenues or the profitability of these product revenues to the Group could be lower than if the Group were to market and sell any products that it develops itself. Such collaborative arrangements with partners may place the commercialisation of the Group's products outside of the Group's control and would make the Group subject to a number of risks including that the Group may not be able to control the amount or timing of resources that its collaborative partner devotes to the Group's products or that the Group's collaborator's willingness or ability to complete its obligations under the Group's arrangements may be adversely affected by business combinations or significant changes in such collaborator's business strategy. In addition, the Group may not be successful in entering into arrangements with third parties to sell and market its products or may be unable to do so on terms that are favourable to the Group. Acceptable third parties may fail to devote the necessary resources and attention to sell and market the Group's products effectively.

If the Group does not establish sales and marketing capabilities successfully, either on its own or in collaboration with third parties, it may not be successful in commercialising its products, which in turn would have a material adverse effect on its business, prospects, financial condition and results of operations.

2.2.2. The future commercial success of the Group's product candidates will depend on the degree of market acceptance of its products among physicians, patients, healthcare payers and the medical community

The Group's product candidates are at varying stages of development and the Group may never have a product that is commercially successful. To date, the Group has no product authorised for marketing. Its lead product candidates are in early stages of clinical development. The lead product candidates will require further clinical investigation, regulatory review, significant marketing efforts and substantial investment before it can provide

the Group with any significant revenues. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many other companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain regulatory approval for the marketing of their product. Due to the inherent risk in the development of pharmaceutical products, it is probable that not all or none of the product candidates in the Group's portfolio will successfully complete development and be commercialized. The Group does not expect to be able to commercialize any of its products for a number of years. Furthermore, when available on the market, the Group's products may not achieve an adequate level of acceptance by physicians, patients and the medical community on the benefits of the products, and the Group may not become profitable. In addition, efforts to educate the medical community and third-party payors on the benefits of the Group's products may require significant resources and may never be successful which would prevent the Group from generating significant revenues or becoming profitable. Market acceptance of the Group's future products by physicians, patients and healthcare payers will depend on a number of factors, many of which are beyond the Group's control, including, but not limited to:

- the wording of the product label;
- changes in the standard of care for the targeted indications for any product candidate;
- sales, marketing and distribution support;
- potential product liability claims;
- acceptance by physicians, patients and healthcare payers of each product as safe, effective and cost-effective;
- relative convenience, ease of use, ease of administration and other perceived advantages over alternative products;
- prevalence and severity of adverse events or publicity;
- limitations, precautions or warnings listed in the summary of product characteristics, patient information leaflet, package labelling or instructions for use;
- the cost of treatment with the Group's products in relation to alternative treatments;
- the extent to which products are approved for inclusion and reimbursed on formularies of hospitals and managed care organisations; and
- whether products are designated in the label and/or under physician treatment guidelines and/or under reimbursement guidelines as a first-line therapy, or as a second-line, or third-line or last-line therapy.

2.2.3. The price setting, the availability and level of adequate reimbursement by third parties, such as insurance companies, governmental and other healthcare payers is uncertain and may impede on the Group's ability to generate sufficient operating margins to offset operating expenses

The Group's commercial performance and ability to become profitable will depend in part on the conditions for setting the sales price of its products if and when approved by the relevant public commissions and bodies and the conditions of their reimbursement by the health agencies or insurance companies in the countries where the Group intends to commercialize its products. The current context of healthcare cost control and economic and financial crisis that most countries are currently facing, coupled with the increase in healthcare budgets caused by the on-going long-term trend of the aging population creates extra pressure on healthcare spending in most if not all countries, which is expected to continue for the foreseeable future. Consequently, pressure on sales prices and reimbursement levels is intensifying owing in particular to:

- price controls imposed by many countries;
- the increasing reimbursement limitations of some products under budgetary policies; and

- the heightened difficulty in obtaining and maintaining a satisfactory reimbursement rate for drugs.

Obtaining adequate pricing decisions that would generate a positive return on the investment incurred for the development of product candidates developed by the Group is therefore uncertain. The Group's ability to manage its expenses and cost structure to adapt to increased pricing pressure is untested and uncertain. All of these factors will have a direct impact on the Group's ability to generate profits. The partial or lack of reimbursement policy of drugs could have a material adverse effect on the business, prospects, financial condition and results of operations of the Group.

2.3. Operational risk

2.3.1. The Group has obtained significant funding from the Institute for the Promotion of Innovation by Science and Technology in Flanders (IWT) and the ParticipatieMaatschappij Vlaanderen (PMV). The terms of the agreements signed with the IWT and the PMV (i) may limit the Group's ability to choose the location of its premises and (ii) may lead to a re-evaluation of the IWT funding in case of a fundamental change in the Group's shareholding

As described in Part 8 ("*Business Description*"), under Section 13 ("*Grants and subsidies*"), the Group contracted over the past year numerous funding agreements with the IWT to partially finance its research and development programs. These funding agreements are subject to various criteria linked to employment and investment in the Flemish region of Belgium. The Group has committed to establish its operational site in the Flemish region of Belgium which must become the Group's major effective operational site and to maintain its site and all existing activities of the Group including, but not limited to, research and development in the Flemish region. As described in Part 12 ("*Shareholder structure, principal shareholders and related party transactions*"), on 4 November 2013 PMV has subscribed to class B shares in the Company. One of the conditions of the transaction includes that the Group undertakes to maintain substantial R&D activities in the Flemish region of Belgium. Such undertakings restricts the Company's ability to choose the most convenient or cost-effective location of its premises.

The above commitments are binding contractual undertakings of the Group. If the Group would not respect its contractual undertakings, the Group may be held liable by the IWT or PMV for any damage incurred by the IWT or PMV resulting from the breach of contract, including reimbursement in full of the subsidies granted by the IWT. Such liability could have a material adverse effect on the business, prospects, financial condition and results of operations of the Group.

Further, pursuant to the general terms of each IWT grant, IWT is entitled to re-evaluate the subsidies granted to the Group in case of a fundamental change in the Group's shareholding which would have a negative impact on project valorization. If and when such re-evaluation takes place, it could have a material adverse effect on the business, prospects, financial condition and results of operations of the Group.

2.3.2. Growth may place significant demands on the Group's management and resources

The Group expects to experience future growth in the number of its employees and the scope of its operations in connection with the continued development and commercialisation of its current and potential new product candidates. If the Group is unable to integrate successfully such additional employees or operations, or to hire the necessary additional qualified employees in a sufficient number and in a timely manner, this may have a material adverse effect on the Group's business, results of operations or financial condition and could negatively affect the value of the Offered Shares.

2.3.3. If any product liability lawsuits are successfully brought against the Group or any of its collaborators, the Group may incur substantial liabilities and may be required to limit commercialisation of its product candidates

The Group could face the risk of substantial liability for damages if its product candidates were to cause adverse side effects in clinical trials or once they are on the market. The Group may not be able to accurately predict the possible side effects that may result from the use of its product candidates. Product liability claims may be brought against the Group or its collaborators by participants enrolled in clinical trials, practitioners, researchers and other health/research professionals or others using, administering or selling any of the Group's future

approved products. If the Group cannot successfully defend itself against any such claims, it may incur substantial liabilities. Regardless of their merit or eventual outcome, liability claims may result in:

- decreased demand for the Group's future approved products;
- injury to the Group's reputation;
- withdrawal of clinical trial participants;
- termination of clinical trial sites or entire trial programs;
- increased regulatory scrutiny;
- significant litigation costs;
- substantial monetary awards to or costly settlement with patients or other claimants;
- product recalls or a change in the indications for which they may be used;
- loss of revenue;
- diversion of management and scientific resources from the Group's business operations; and
- the inability to commercialise product candidates.

To date, no such claims or legal actions have been filed against the Group.

2.3.4. The Group's high dependency on consumer perception of its products may negatively influence the success of these products

If any of the Group's product candidates are approved for commercial sale, the Group will be highly dependent upon consumer perceptions of the safety and quality of its products. The Group could be adversely affected if it were subject to negative publicity. The Group could also be adversely affected if any of its products or any similar products distributed by other companies prove to be, or are asserted to be, harmful to patients. Because of the Group's dependence upon consumer perceptions, any adverse publicity associated with illness or other adverse effects resulting from patients' use or misuse of the Group's products or any similar products distributed by other companies could have a material adverse impact on the Group's business, prospects, financial condition and results of operations.

2.3.5. The Group may not have or be able to obtain adequate insurance cover in particular for potential product liability risk

The Group currently maintains product liability insurance for its on-going clinical trials. In the future, the Group will seek additional product liability insurance (*i.e.* for commercially marketed products) if it is economical to do so, given the level of premiums and the risk and magnitude of potential liability. If, on this basis, it is determined that product liability insurance is necessary in respect of one or more of the Group's products, the Group may have difficulties obtaining full liability coverage, as insurance coverage in the pharmaceutical and medical devices industry is becoming more expensive. Hence, the Group might have to face liabilities for a claim that may not be covered by its insurance or its liabilities could exceed the limits of its insurance, which may materially harm the Group's financial position.

2.3.6. The Group's employees, principal investigators, consultants and collaborative partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards

The Group is exposed to the risk of employees, independent contractors, principal investigators, consultants, collaborative partners or vendors engaging in fraud or other misconduct. Misconduct by employees, independent contractors, principal investigators, consultants, collaborative partners and vendors could include intentional failures to comply with FDA, EMA or other relevant Competent Authorities' regulations, to provide

accurate information to the FDA, EMA or other relevant Competent Authorities or to comply with manufacturing standards the Group has established.

In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements.

Misconduct could also involve scientific data fraud or the improper use of information obtained in the course of clinical studies, which could result in regulatory sanctions and serious harm to the Group's reputation. It is not always possible to identify and deter misconduct, and the precautions the Group takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Group from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Group, and the Group is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of significant fines or other sanctions, and its reputation.

2.3.7. The Group may not be able to integrate efficiently or achieve the expected benefits of any acquisitions of complementary businesses, product candidates or technologies

Since its inception in 2008, the Group has grown organically without any acquisitions (except for the in-licensing of NHance® and ABDEG™). Should the Group in the future contemplate to acquire any complementary business, product candidates or technologies, the Group's ability to integrate and manage acquired businesses, product candidates or technologies effectively will depend upon a number of factors including the size of the acquired business, the complexity of any product candidate or technology and the resulting difficulty of integrating the acquired business's operations, if any. The Group's relationship with current employees or employees of any acquired business may become impaired. The Group may also be subject to unexpected claims and liabilities arising from such acquisitions. These claims and liabilities could be costly to defend, could be material to the Group's financial position and might exceed either the limitations of any applicable indemnification provisions or the financial resources of the indemnifying parties. There can also be no assurance that the Group will be able to assess on-going profitability and identify all actual or potential liabilities of a business, product candidate or technology prior to its acquisition. If the Group acquires businesses, product candidates or technologies which result in assuming unforeseen liabilities in respect of which it has not obtained contractual protections or for which protection is not available, this could materially adversely affect the Group's business, prospects, financial condition and results of operations.

2.3.8. The Group's business may be adversely affected as a result of computer system failures

Any of the internal computer systems belonging to the Group or its third-party service providers are vulnerable to damage from computer viruses, unauthorised access, natural disasters, terrorism, war and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruptions in its own or in third-party service vendors' operations could result in a material disruption of its product development programs. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in its or its partners' regulatory approval efforts and significantly increase its costs in order to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss or damage to its data or applications, or inappropriate disclosure of confidential or proprietary information, the Group may incur liability, its product development programs and competitive position may be adversely affected and the further development of its product candidates may be delayed. Furthermore, the Group may incur additional costs to remedy the damage caused by these disruptions or security breaches.

2.3.9. The Group's manufacturing and research and development activities sometimes involve the controlled use and disposal of potentially harmful biological materials, hazardous materials, chemicals and infectious disease agents which creates the risk of contamination or injury from these materials, chemicals, or agents for which the Group could be held liable

Although the Group believes that its safety procedures for handling, storing and disposing of potentially harmful biological materials, hazardous materials, chemicals and infectious disease agents comply with the standards prescribed by applicable regulations, it cannot completely eliminate the risk of contamination or injury from these materials. The Group contracts with third parties for the disposal of some of these materials. In addition, the Group's collaborators and service providers may be working with these types of materials in connection

with their collaborations. In the event of an accident or contamination, the Group could be held responsible for any injury caused to persons or property by exposure to, or release of, these materials and could be held liable for significant damages, civil penalties or fines, which may not be covered by or may exceed its insurance coverage. Additionally, the Group is subject on an on-going basis to a variety of laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. The cost of continued compliance with current or new laws and regulations might be significant and could negatively affect the Group's profitability, and current or future environmental regulation may impair its on-going research, development or manufacturing efforts.

2.4. Financial risk

2.4.1. The Group has a history of operating losses and an accumulated deficit and may never become profitable

The Group is still in the early stages of developing its product candidates and has not completed development of any product. The Group's revenue to date has been primarily revenue from licensing its SIMPLE Antibody™ and NHance® platform technologies for the discovery and development of product candidates by others or collaboration revenue from its partners. The Group does not anticipate generating revenue from sales of products for the foreseeable future.

The Group has incurred significant operating losses since inception. Under IFRS, net loss for the period ending 31 December 2013 was EUR 7.4 million. On 31 March 2014, the Group had an accumulated deficit of EUR 30.4 million. These losses resulted principally from costs incurred in research and development, preclinical testing, clinical development of its product candidates as well as costs incurred for research programs and from general and administrative costs associated with the Group's operations. In the future, the Group intends to continue to conduct research and development, preclinical testing, clinical trials and regulatory compliance activities that, together with anticipated general and administrative expenses, may likely result in the Group incurring further significant losses for the next several years. These losses, among other things, will continue to cause the Group's working capital and shareholders' equity to decrease.

There can be no assurance that the Group will earn revenues or achieve profitability, which could impair the Group's ability to sustain operations or obtain any required additional funding. If the Group achieves profitability in the future, it may not be able to sustain profitability in subsequent periods. It is likely that the Group may experience fluctuating revenues, operating results and cash flows. As a result, period-to-period comparisons of financial results are not necessarily meaningful and results of operations in prior periods should not be relied upon as an indication of future performance.

2.4.2. The Group's limited operating history may make it difficult for a prospective investor to evaluate the success of the Group's business to date and to assess its future viability

The Group commenced operations in 2008. To date, its activities have been limited to staffing, business planning, raising capital, developing its technology, identifying potential product candidates and undertaking preclinical studies and clinical studies. All of the Group's product candidates are still in research, preclinical and clinical development. The Group has not yet demonstrated its ability to obtain regulatory approvals or conduct sales and marketing activities necessary for successful product commercialisation. In addition, given its limited operating history, the Group may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If the Group would be successful at completing the approval process for one of its product candidates, the Group may consider transitioning from, the Group's current research and development focus to a group also capable of commercializing its products. The Group may not be successful in such a transition or may incur greater costs than expected, which would materially adversely affect the Group's business, prospects, financial condition and results of operation.

2.4.3. The Group may need substantial additional funding, which may not be available on acceptable terms when needed, if at all

In addition to non-dilutive financing from partnerships, grants and tax credits, the Group currently only relies on equity financing for additional funding. The Group may require additional funding in the future to sufficiently finance its operations and to take advantage of new business opportunities. The Group's future financing needs will depend on many factors, including the progress, costs and timing of its research and development activities, the preclinical and clinical trials, the costs and timing of obtaining regulatory approval, the costs of obtaining,

maintaining and enforcing its patents and other intellectual property rights, the costs and timing of maintaining or obtaining manufacturing for its products and product candidates, the costs and timing of establishing any sales and marketing capabilities and the terms and timing of establishing collaborations, licence agreements and other partnerships. The Group assumes that the net proceeds of the Offering will allow it to proceed with the clinical development of its lead product candidates ARGX-110, ARGX-111 and ARGX-113. However, the existing capital resources and the net proceeds from this Offering may not be sufficient to enable the Group to fund the completion of such clinical development programs until the next envisioned milestone or commercialisation. Accordingly, the Group expects it may need to raise additional funds.

The Group's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which it may have no or limited control, and the Group cannot guarantee that additional funds will be available to it when necessary on commercially acceptable terms, if at all. If the necessary funds are not available, the Group may need to seek funds through collaborations and licensing arrangements, at an earlier stage than originally planned or at terms which may require it to reduce or relinquish significant rights to its research programs and product candidates, to grant licences on its technologies to partners or third parties or enter into new collaboration agreements. Moreover the terms could be less favourable to the Group than those it might have obtained before. If adequate funds are not available on commercially acceptable terms when needed, the Group may be forced to delay, reduce or terminate the development or commercialisation of all or part of its research programs or product candidates or it may be unable to take advantage of future business opportunities.

In addition to non-dilutive financing from partnerships, grants and tax credits, the Group expects to finance its operations with equity financing only for the foreseeable future, which includes for the avoidance of doubt, the net proceeds of this Offering. If additional equity issuances may be necessary to fund the Group's future operations, such additional equity issuances may affect the market price of the Shares and could dilute the interests of existing shareholders as mentioned in Risk Factor 5.4.

3. RISKS RELATING TO THE GROUP'S DEPENDENCE ON THIRD PARTIES AND KEY PERSONNEL

3.1. The Group relies and will continue to rely on collaborative partners regarding the development of its research programs and product candidates

The Group is, and expects to continue to be, dependent on collaborations with partners relating to the development and commercialisation of its existing and future research programs and product candidates. The Group currently has collaborative research relationships with various academic and research institutions worldwide (such as de Duve Institute of the Université Catholique de Louvain), with RuiYi for the development and commercialization of ARGX-109 and with various pharmaceutical companies such as Shire and Bayer, for the development of product candidates resulting from such collaboration. The Group had, has and will continue to have discussions on potential partnering opportunities with various pharmaceutical companies. If the Group fails to enter into or maintain collaborative agreements on reasonable terms or at all, the Group's ability to develop its existing or future research programs and product candidates could be delayed, the commercial potential of its products could change and its costs of development and commercialisation could increase. The Group's dependence on collaborative partners subjects it to a number of risks, including, but not limited to, the following:

- the Group may not be able to control the amount or timing of resources that collaborative partners devote to the Group's research programs and product candidates;

- the Group may be required to relinquish significant rights, including intellectual property, marketing and distribution rights;

- the Group's anticipated payments under any collaboration agreement (*e.g.*, royalty payments for licensed products) may not materialize;

- the Group relies on the information and data received from third parties regarding its research programs and product candidates and will not have control of the process conducted by the third party in gathering and composing such data and information. The Group may not have formal or appropriate guarantees from its contract parties with respect to the quality and the completeness of such data;

- a collaborative partner may develop a competing product either by itself or in collaboration with others, including one or more of the Group's competitors;

- the Group's collaborative partners' willingness or ability to complete their obligations under the Group's collaboration arrangements may be adversely affected by business combinations or significant changes in a collaborative partner's business strategy;

- the Group may experience delays in, or increases in the costs of, the development of the Group's research programs and product candidates due to the termination or expiration of collaborative research and development arrangements;

- the Group may have disagreements with collaborative partners, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialisation of product candidates, might lead to additional responsibilities for the Group with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;

- collaborative partners may not properly maintain or defend the Group's intellectual property rights or may use proprietary information in such a way as to invite litigation that could jeopardise or invalidate the Group's intellectual property or proprietary information or expose the Group to potential litigation; and/or

- collaborative partners may infringe the intellectual property rights of third parties, which may expose the Group to litigation and potential liability.

The Group faces significant competition in seeking appropriate collaborative partners. The Group's ability to reach a definitive agreement for a collaboration will depend, among other things, upon an assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. These factors may include the design or results of clinical trials, the likelihood of regulatory approval, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to the Group's ownership of technology, which can exist if there is a challenge to such ownership regardless of the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with the Group.

3.2. The Group relies upon third-party contractors and service providers for the execution of most aspects of its development programs. Failure of these third parties to provide services of a suitable quality and within acceptable timeframes may cause the delay or failure of its development programs

The Group outsources and expects to outsource certain functions, tests and services to CROs, medical institutions and other specialist providers (in relation to, among others, assays, animal models, toxicology studies, and pharmacokinetic/pharmacodynamic studies). The Group furthermore relies on these third parties for quality assurance, clinical monitoring, clinical data management and regulatory expertise. The Group has engaged, and may in the future engage, a CRO to run all aspects of a clinical study on its behalf. There is no assurance that such individuals or organisations will be able to provide the functions, tests or services as agreed upon or in a quality fashion and the Group could suffer significant delays in the development of its product candidates or processes. Currently, the Group relies on one single CRO.

There is also no assurance that these third parties will not make errors in the design, management or retention of its data or data systems. The failure of such third parties could lead to loss of data, which in turn could lead to delays in product commercialisation. These third parties may not pass FDA, EMA or other regulatory audits, which could delay or prohibit regulatory approval. In addition, the cost of such services could significantly increase over time. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, obtaining regulatory approval for manufacturing and commercialisation of its product candidates may be delayed or prevented, which would have a material adverse effect on the Group's business, results of

operations and/or financial condition. The Group's business decisions may therefore be adversely influenced by improper or fraudulent scientific data sourced from third parties.

3.3. The Group relies on third parties to supply and manufacture its product candidates, and it expects to rely on third parties to manufacture its products, if approved. The development of such product candidates and the commercialisation of any products, if approved, could be stopped or delayed if any such third party fails to provide the Group with sufficient quantities of product candidates or products or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance

The Group does not currently have nor does it plan to acquire the infrastructure or capability internally to manufacture its product candidates for use in the conduct of its clinical studies or for commercial supply, if its products are approved. Instead, the Group relies on, and expects to continue to rely on CMOs. The Group currently relies mainly on Lonza, Slough, UK for manufacturing but is not exclusively committed to them and also relies on the BioWa/Lonza jointly owned production cell line POTELLIGENT® CHOK1SV for clinical and commercial scale production of ADCC enhanced antibody products. The Group does not control the manufacturing processes of the CMOs it contracts with and is dependent on those third parties for the production of its product candidates in accordance with relevant regulations (such as good manufacturing practises cGMP), which includes, among other things, quality control, quality assurance and the maintenance of records and documentation.

If the Group were to experience an unexpected loss of supply of or if any supplier were unable to meet its demand for any of its product candidates, it could experience delays in its research or planned clinical studies or commercialisation. The Group could be unable to find alternative suppliers of acceptable quality, in the appropriate volumes and at an acceptable cost. Moreover, the Group's suppliers are often subject to strict manufacturing requirements and rigorous testing requirements, which could limit or delay production. The long transition periods necessary to switch manufacturers and suppliers, if necessary, would significantly delay the Group's clinical studies and the commercialisation of its products, if approved, which would materially adversely affect the Group's business, prospects, financial condition and results of operation.

In complying with the manufacturing regulations of Competent Authorities, the Group and its third-party suppliers must spend significant time, money and effort in the areas of design and development, testing, production, record-keeping and quality control to assure that the products meet applicable specifications and other regulatory requirements. The failure to comply with these requirements could result in an enforcement action against the Group, including the seizure of products and shutting down of production. Any of these third-party suppliers and the Group also may be subject to audits by the Competent Authorities. If any of the Group's third-party suppliers fails to comply with (current) good manufacturing practices or other applicable manufacturing regulations, the Group's ability to develop and commercialise the products could suffer significant interruptions. The Group faces risks inherent in relying on a single CMO, as any disruption, such as a fire, natural hazards or vandalism at the CMO could significantly interrupt the Group's manufacturing capability. The Group currently does not have alternative production plans in place or disaster-recovery facilities available. In case of a disruption, the Group will have to establish alternative manufacturing sources. This would require substantial capital on the part of the Group, which it may not be able to obtain on commercially acceptable terms or at all. Additionally, the Group would likely experience months or years of manufacturing delays as it builds or locates replacement facilities and seek and obtain necessary regulatory approvals. If this occurs, the Group will be unable to satisfy manufacturing needs on a timely basis, if at all. Also, operating any new facilities may be more expensive than operating the Group's current facility. Further, business interruption insurance may not adequately compensate the Group for any losses that may occur and the Group would have to bear the additional cost of any disruption. For these reasons, a significant disruptive event of the manufacturing facility could have drastic consequences, including placing the financial stability of the Group at risk.

The manufacturing of all of the Group's product candidates requires using cells which are stored in a cell bank. The Group has one master cell bank for each product manufactured in accordance with (current) good manufacturing practises. Working cell banks have not yet been manufactured. Half of each master cell bank is stored at a separate site so that in case of a catastrophic event at one site the Group believes sufficient vials of the master cell banks are left at the alternative storage site to continue manufacturing. The Group believes sufficient working cell banks could be produced from the vials of the master cell bank stored at a given site to assure product supply for the future. However, it is possible that the Group could lose multiple cell banks and

have its manufacturing significantly impacted by the need to replace these cell banks, which could materially adversely affect the Group's business, prospects, financial condition and results of operations.

3.4. The Group is dependent on its current management team

The Group is highly dependent on its current management team. The services of the Group's management team are critical to the successful implementation of its business, research, product development and regulatory strategies. Members of the Group's management team may terminate their employment or services with the Group at any time. The loss of the services of any of the Group's management team and its inability to find suitable replacements could harm its business, financial condition, prospects and ability to achieve the successful development or commercialisation of its product candidates.

3.5. The Group is subject to competition for its skilled personnel and challenges in identifying and retaining key personnel could impair the Group's ability to conduct and grow its operations effectively

The Group's ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon its ability to attract and retain highly qualified management, scientific and medical personnel. Many of the other biotechnology and pharmaceutical companies and academic institutions that it competes against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than the Group does. Therefore, the Group might not be able to attract or retain these key persons on conditions that are economically acceptable. In order to induce valuable employees to continue their employment with the Group, it has provided share options that vest over time. The value to employees of share options that vest over time is significantly affected by movements in its share price that are beyond the Group's control, and may at any time be insufficient to counteract more lucrative offers from other companies. Furthermore, the Group will need to recruit new managers and qualified scientific personnel to develop its business if the Group expands into fields that will require additional skills. The inability of the Group to attract and retain these key persons could prevent it from achieving its objectives overall and thus could have a material adverse effect on its business, prospects, financial condition and results of operations.

4. RISK RELATING TO THE GROUP'S INTELLECTUAL PROPERTY

4.1. The Group's patents and other intellectual property rights portfolio is relatively young and may not adequately protect its research programs and product candidates, which may impede the Group's ability to compete effectively

The Group's success will depend in part on the ability of the Group to obtain, maintain and enforce its patents and other intellectual property rights. The Group's research programs and product candidates are covered by several patent application families, which are either licensed to the Group or owned by the Group. The Group cannot guarantee that it will be in a position in the future to develop new patentable inventions or that the Group or its licensors will be able to obtain or maintain these patent rights against patent offices and other third-party challenges to their validity, scope and/or enforceability. The Group cannot guarantee that it is or has been the first to conceive an invention and to file a patent or a patent application, notably given the fact that patent applications are not published in most countries before an 18-months period from the date of the filing. There also can be no guarantee that the Group will successfully commercialise a technology before a given patents' expiration date. Moreover, the Group may have no or limited control over the effectiveness of its licensors in preventing the misappropriation of their patents and intellectual property. Because patent law in the biopharmaceutical industry is highly uncertain, there can be no assurance that the technologies used in the Group's research programs and product candidates are patentable, that patents will be granted to the Group or its licensors under pending or future applications, or that patents will be of sufficient breadth to provide adequate and commercially meaningful protection against competitors with similar technologies or products, or that patents granted to the Group or its licensors will not be successfully challenged, circumvented, invalidated or rendered unenforceable by third parties, hence enabling competitors to circumvent or use them and depriving the Group from the protection it may expect against competitors. If the Group or its licensors do not obtain patents in respect of their technologies or if the patents of the Group or its licensors are invalidated (for example, as a result of the discovery of prior art), third parties may use the technologies without payment to the Group. A third party's ability to use unpatented technologies is enhanced by the fact that the published patent application contains a detailed description of the relevant technology. The Group cannot guarantee that third parties, contract parties or employees will not claim ownership rights over the patents or other intellectual property rights owned or held by the Group.

The Group also relies on proprietary know-how to protect its research programs and product candidates. Know-how is difficult to maintain and protect. The Group uses reasonable efforts to maintain its know-how, but it cannot assure that its partners, employees, consultants, advisors or other third parties will not wilfully or unintentionally disclose proprietary information to competitors. Furthermore, the Group's competitors may independently develop equivalent knowledge and know-how, which could diminish or eliminate the Group's competitive advantage. The enforcement of patents, know-how and other intellectual property is costly, time consuming and highly uncertain. The Group cannot guarantee that it will be successful in preventing the misappropriation of its patented inventions, know-how and other intellectual property rights and those of its licensors, and failure to do so could significantly impair the ability of the Group to effectively compete. As of the date of this Prospectus and as far as the Group is aware, its intellectual property has not been misappropriated or challenged otherwise than by patent offices in the normal course of examination of its patent applications or as mentioned in Sections 14.3 and 14.4 of Part 8 ("*Business Overview*").

4.2. The Group may not be able to protect and/or enforce its intellectual property rights throughout the world

Filing, prosecuting and defending patents on all of the Group's product candidates throughout the world would be prohibitively expensive to the Group and to its licensors. Competitors may use the Group's technologies in jurisdictions where the Group or its licensors have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where the Group has patent protection but where enforcement is not as well developed as in the United States or the European Union. These products may compete with the Group's products in jurisdictions where the Group or its licensors do not have any issued patents and the Group's patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for the Group to stop the infringement of its patents or marketing of competing products in violation of its proprietary rights generally. Proceedings to enforce the Group's patent rights in foreign jurisdictions could result in substantial cost and divert the Group's efforts and attention from other aspects of its business. The inability of the Group to protect and/or enforce its intellectual property rights throughout the world could have a material adverse effect on its business, prospects, financial condition and results of operations.

4.3. Intellectual property rights do not necessarily address all potential threats to the Group's competitive advantage

The degree of future protection afforded by the Group's intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect the Group's business or permit us to maintain its competitive advantage. The following examples are illustrative:

- others may be able to make products that are similar to the Group's product candidates but that are not covered by the claims of the patents that the Group licenses;
- the Group's licensors or collaborators might not have been the first to make the inventions covered by an issued patent or pending patent application;
- the Group's licensors or collaborators might not have been the first to file patent applications covering an invention;
- others may independently develop similar or alternative technologies or duplicate any of the Group's or its licensors' technologies without infringing the Group's intellectual property rights;
- pending patent applications may not lead to issued patents;
- issued patents may not provide the Group with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by the Group's competitors;

- the Group's competitors might conduct research and development activities in countries where the Group does not have patent rights and then use the information learned from such activities to develop competitive products for sale in its major commercial markets;

- the Group may not develop or in-license additional proprietary technologies that are patentable; and

- the patents of others may have an adverse effect on the Group's business. In particular, the Group's product candidates are currently not tested focussing on a specific indication. If one of the Group's product candidates would prove to be effective against a specific indication, the Group may be confronted with existing patents covering such indication.

Should any of these events occur, they could significantly harm the Group's business, prospects, financial condition and results of operation.

4.4. The Group may become involved in legal proceedings in relation to intellectual property rights, which may result in costly litigation and could result in the Group having to pay substantial damages or limit the Group's ability to commercialise its product candidates

The Group's commercial success depends upon its ability, and the ability of any third party with which it may partner, to develop, manufacture, market and sell its product candidates and use its patent-protected technologies without infringing the patents of third parties. There is considerable patent litigation in the biotechnology and pharmaceutical industries. As the biopharmaceutical industry expands and more patents are issued, the Group faces greater risk that there may be patents issued to third parties that relate to its product candidates and technology of which the Group is not aware or that it must challenge to continue its operations as currently contemplated. The Group or its licensors may become involved in proceedings, including oppositions, interferences, derivation proceedings, *inter partes* reviews, patent nullification proceedings, or re -examinations, challenging the Group's patent rights or the patent rights of others, and the outcome of any such proceedings are uncertain. An adverse determination in any such proceeding could reduce the scope of, or invalidate, important patent rights, allow third parties to commercialize the Group's technology or products and compete directly with the Group, without payment to the Group, or result in the Group's inability to manufacture or commercialize products without infringing third-party patent rights. Litigation or other proceedings may fail and, even if successful, may result in substantial costs and distract the Group's management and other employees.

The Group's product candidates may infringe or may be alleged to infringe existing patents or patents that may be granted in the future. Because patent applications in Europe, the United States and many foreign jurisdictions are typically not published until 18 months after filing, and publications in the scientific literature often lag behind actual discoveries, the Group cannot be certain that others have not filed patents that may cover its technologies, its product candidates or the use of its product candidates. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover the Group's technologies, its product candidates or the use of its product candidates. As a result, the Group may become party to, or threatened with, future adversarial proceedings or litigation regarding patents with respect to its product candidates and technology.

If the Group is sued for patent infringement, the Group would need to demonstrate that its product candidates or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and the Group may not be able to do this. If the Group is found to infringe a third party's patent, the Group could be required to obtain a licence from such third party to continue developing and marketing its product candidates and technology or the Group may elect to enter into such a licence in order to settle litigation or in order to resolve disputes prior to litigation. However, the Group may not be able to obtain any required licence on commercially reasonable terms or at all. Even if the Group is able to obtain a licence, it could be non-exclusive, thereby giving its competitors access to the same technologies licensed to the Group, and could require the Group to make substantial royalty payments. The Group could also be forced, including by court order, to cease commercialising the infringing technology or product candidate. A finding of infringement could prevent the Group from commercialising its product candidates or force the Group to cease some of its business operations, which could materially harm its business. Claims that the Group has misappropriated the confidential information or trade secrets of third parties could have a similarly negative impact on its business. Any such claims are likely to be expensive to defend, and some of its competitors may be able to sustain the costs of complex patent litigation more effectively than the Group can because they have substantially greater resources. Moreover, even if the Group is successful in defending any infringement proceedings, it may incur substantial

costs and divert management's time and attention in doing so, which could materially adversely affect the Group's business, prospects, financial condition and results of operation.

4.5. If the Group is not able to prevent disclosure of its trade secrets, know-how or other proprietary information, the value of its technology and product candidates could be significantly diminished

The Group relies on trade secret protection to protect its interests in its trade secrets, know-how or other proprietary information and processes for which patents are difficult to obtain or enforce, all of which constitute confidential information. The Group may not be able to protect its confidential information adequately. The Group has a policy of requiring its consultants, contract personnel, advisers and third-party partners to enter into confidentiality agreements and its employees to enter into invention, non-disclosure and non-compete agreements. However, no assurance can be given that the Group has entered into appropriate agreements with all of its consultants, contract personnel, advisers, third-party partners or other parties that have had access to its confidential information. There is also no assurance that such agreements will provide for a meaningful protection of confidential information in the event of any unauthorised use or disclosure of information. Furthermore, the Group cannot provide assurance that any of its employees, consultants, contract personnel or third-party partners, either accidentally or through wilful misconduct, will not cause serious damage to its programs and/or its strategy, by, for example, disclosing confidential information to its competitors. It is also possible that confidential information could be obtained by third parties as a result of breaches of physical or electronic security systems of the Group, its consultants, advisers, third-party partners or other parties that have had access to its confidential information. Any disclosure of confidential data into the public domain or to third parties could allow the Group's competitors to learn confidential information and use it in competition against the Group. In addition, others may independently discover the Group's confidential information. Any action to enforce the Group's rights against any misappropriation or unauthorised use and/or disclosure of confidential information is likely to be time-consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable.

4.6. Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and the Group's or its licensors' patent protection could be reduced or eliminated for non-compliance with these requirements

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid by the Group and/or its licensors to the relevant patent agencies in several stages over the lifetime of the licensed patents and/or applications. The relevant patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, the Group's competitors might be able to use its technologies and those technologies licensed to the Group and this circumstance would have a material adverse effect on the Group's business.

4.7. If the Group fails to comply with its obligations under the agreements pursuant to which it licenses intellectual property rights from third parties, or otherwise experiences disruptions to its business relationships with its licensors, the Group could lose the rights to intellectual property that is important to its business

The Group is a party to licence agreements under which it is granted rights to intellectual property that are important to the business and the Group expects that it may need to enter into additional licence agreements in the future. Existing licence agreements impose, and the Group expects that future licence agreements will impose on it, various development obligations, payment of royalties and fees based on achieving certain milestones, as well as other obligations. If the Group fails to comply with its obligations under these agreements, the licensor may have the right to terminate the licence. In addition, if the licensor fails to enforce its intellectual property, the licensed rights may not be adequately maintained. The termination of any licence agreements or failure to adequately protect such licence agreements could prevent the Group from commercialising product candidates covered by the licensed intellectual property. Several of the Group's existing licence agreements are sublicenses from third parties which are not the original licensor of the intellectual property at issue. Under these agreements, the Group must rely on its licensor to comply with its

obligations under the primary licence agreements under which such third party obtained rights in the applicable intellectual property, where the Group may have no relationship with the original licensor of such rights. If the licensors fail to comply with their obligations under these upstream licence agreements, the original third-party licensor may have the right to terminate the original licence, which may terminate the sublicense. If this were to occur, the Group would no longer have rights to the applicable intellectual property and, in the case of a sublicense, if the Group was not able to secure its own direct licence with the owner of the relevant rights, which it may not be able to do at a reasonable cost or on reasonable terms, it may adversely affect the Group's ability to continue to develop and commercialise the product candidates incorporating the relevant intellectual property.

4.8. The Group may be subject to claims that its employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties

The Group employs individuals who were previously employed at other biotechnology or pharmaceutical companies. The Group may be subject to claims that it or its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of its employees' former employers or other third parties. For instance, the former employer of certain of the Group's researchers has opined that some of the Group's patents derive from research undertaken by such researchers while employed by their former employer alleging that the Group was as a result thereof acting in breach of the former employer's patent in the field of camelid derived antigen binding polypeptides. In the framework of a mutually agreed process, the former employer's external legal counsel has conducted an investigation in respect of the dispute based on information provided by the Group. Although, following such investigation, the external counsel confirmed on behalf of the former employer that the latter has acknowledged that the research was undertaken after the researchers' employment with the former employer had ended and that the results of the investigation supported the Group's view that the Group has based itself on the results of its own findings or on information derived from the public domain, the former employer has not yet dropped its assertion.

Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and if the Group does not prevail, the Group could be required to pay substantial damages and could lose rights to important intellectual property. Even if the Group is successful, litigation could result in substantial cost and be a distraction to its management and other employees.

5. RISKS RELATING TO THE OFFER AND THE SHARES

5.1. There has been no public market, and there may not be an active public market for the Shares

Prior to the Offering, there has been no public trading market for the Shares. No assurance can be given that an active market for the Shares will develop or, if developed, can be sustained. Furthermore, the Offer Price is not necessarily indicative of the prices at which the Shares will subsequently trade. If an active market does not develop or is not maintained, the liquidity and trading price of the Shares could be adversely affected.

5.2. The market price of the Shares may fluctuate widely in response to various factors

The Offer Price will be determined by the Company in common agreement with the Joint Global Coordinators on the basis of a book-building procedure in which only institutional investors can participate. There can be no assurance that the Offer Price will correspond to the market price of the Shares following the Offering. A number of factors may significantly affect the market price of the Shares amongst others, but not limited to, changes in the operating results of the Group and its competitors, divergence in financial results from stock market expectations, changes in earnings estimates by analysts, speculative trading, changes in the general conditions in the biotechnology and pharmaceutical industries and general economic, financial market and business conditions in the countries in which the Group operates. Other factors which could cause the market price of the Shares to fluctuate or could influence the reputation of the Group include, amongst other things:

- announcements of technological innovations, (pre-)clinical developments of existing or new products or collaborations by the Group's competitors or the Group itself;
- additions or departures of key personnel;
- litigation;

- developments concerning intellectual property rights, including patents;

- public information regarding actual or potential results relating to products and product candidates under development by the Group's competitors or the Group itself;

- regulatory and medicine pricing and reimbursement developments in Europe, the US and other jurisdictions; or

- any publicity derived from any business affairs, contingencies, litigation or other proceedings, the Group's assets (including the imposition of any lien), its management, or its significant shareholders or collaborative partners.

In addition, stock markets have from time to time experienced extreme price and volume volatility which, in addition to general economic, financial and political conditions, could affect the market price for the Shares regardless of the operating results or financial condition of the Group.

5.3. Future sales of substantial amounts of Shares, or the perception that such sales could occur, could adversely affect the market of the Shares

Sales by the Shareholders of a substantial number of Shares in the public markets following the Offering, or the perception that such sales might occur, could cause the market price of the Shares to decline. Furthermore, there is no commitment on the part of any of the existing Shareholders to remain a shareholder or to retain a minimum interest in the Company after the expiry of the respective lock-up periods to be provided for by law or in the respective Lock-up agreements. For more information regarding these lock-up arrangements, see Part 16 ("*Plan of Distribution*"), under Section 2 ("*Lock-up arrangements*"). As a result, no investment decision should be made on the basis that any of the existing Shareholders will retain any interest in the Company following the expiration of the lock-up period.

Moreover, a number of the existing Shareholders are venture capital funds. These funds typically have a limited duration after which they aim to sell their participations. An exit, over time, by these Shareholders could therefore be expected. If such a sale of Shares by any of these existing Shareholders would take place in a market with lower liquidity, the market price of the Shares could be substantially influenced.

5.4. Future issuances of Shares may affect the market price of the Shares and could dilute the interests of existing Shareholders

The Company may decide to raise capital in the future through public or private issuance of equity or equity-linked securities, or rights to acquire these securities, and exclude or limit the preferential subscription rights pertaining to the then outstanding securities. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the holders of its securities and could have a negative impact on the share price, earnings per share and net asset value per share.

5.5. The Company does not intend to pay dividends for the foreseeable future

The Company does not anticipate paying dividends for the foreseeable future. Payment of future dividends to Shareholders will be subject to a decision of the shareholders meeting of the Company and subject to legal restrictions contained in Dutch corporate law and the Company's Articles. Under Dutch law and the Articles, the Company may make distributions to its Shareholders and other persons entitled to distributable profits only up to the amount of the part of the Company's equity which exceeds the nominal value of the issued share capital of the Company, plus the reserves that are required to be maintained by Dutch law. See Part 4 ("*Dividends and Dividend Policy")*. Furthermore, financial restrictions and other limitations may be contained in future credit agreements.

5.6. The fact that no minimum amount is set for the Offering may affect the Group's investment plans

The Company has the right to proceed with a capital increase in a reduced amount. There is no minimum amount set for the Offering. The actual number of Offered Shares subscribed for or sold will be confirmed on the Company's website and by press release together with the Offer Price. Therefore, (i) only a reduced number of Offered Shares could be available for trading on the market which could limit the liquidity of the Shares, and (ii) the Company's financial means in view of the uses of proceeds as described in Part 3 ("*Use of Proceeds*") might be reduced. The Company might therefore have to reduce its level of investment or look for further external funding.

5.7. The Company may be a passive foreign investment company, generally resulting in adverse tax consequences to US investors

The Company believes that it may be or become a passive foreign investment company (a ***PFIC***) for US federal income tax purposes. In general, a non-US corporation will be considered a PFIC if, in any taxable year, either (1) at least 75% of its gross income is passive income or (2) at least 50% of the quarterly average value of its assets is attributable to assets that produce or are held for the production of passive income, in each case taking into account such corporation's proportionate share of the income and assets of any 25% or more owned subsidiaries. Without taking into account the value of its goodwill, more than half the Company's assets will be passive so that the Company would be a PFIC. However, depending on the price for which the Offered Shares are sold, the Company's goodwill, which the Company believes should be treated as an active asset and should be valued based on the Company's market capitalization as indicated by the price of the Offered Shares, may have a sufficiently high value so that the Company would not be a PFIC, even taking into account treatment of the additional cash raised in the Offering as a passive asset for this purpose. Accordingly, whether the Company will be a PFIC for its current taxable year will depend on the results of the Offering, including the number of Offered Shares sold, the price at which they are sold and the use of the proceeds of the Offering. Thus, whether the Company will be a PFIC for its current taxable year cannot be determined at this time. Whether an entity is a PFIC is determined annually. Therefore, even if the Company is not a PFIC for its current taxable year, the Company could become a PFIC based on changes in its assets or value thereof, including the value of its goodwill as indicated by its market capitalization, or on changes in its activities. Treatment of the Company as a PFIC generally will result in adverse US tax consequences to US investors. See Part 14 ("*Taxation — Certain U.S. Federal Income Tax Considerations — Passive Foreign Investment Company Rules*").

5.8. Investors resident in countries other than the Netherlands may suffer dilution if they are unable to exercise pre-emptive rights in future offerings

In the event of an increase of the Company's share capital, Shareholders are generally entitled to full pre-emptive rights unless these rights are restricted or excluded either by a resolution of the General Meeting at the proposal of the Board, or by a resolution of the Board (if the Board has been designated by a General Meeting or the Articles for this purpose). However, certain Shareholders outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with. In particular, there can be no assurance that the Company will be able to establish an exemption from registration under the Securities Act, and it is under no obligation to file a registration statement with respect to any such pre-emptive rights or underlying securities or to endeavour to have a registration statement declared effective under the Securities Act. Shareholders in jurisdictions outside the Netherlands who are not able or not permitted to exercise their pre-emptive rights in the event of a future pre-emptive rights offering may suffer dilution of their shareholdings.

5.9. Investors with a reference currency other than Euros will become subject to foreign exchange rate risk when investing in the Shares

The Shares are, and any dividends to be announced in respect of the Shares will be, denominated in Euro. An investment in the Shares by an investor whose principal currency is not the Euro exposes the investor to currency exchange rate risk that may impact the value of the investment in the Shares or any dividends.

5.10. Certain significant Shareholders after the Offering may have different interests from the Company and may be able to control the Company, including the outcome of shareholder votes

Following the closing of the Offering and listing of its Shares, the Company will have a number of significant Shareholders. For an overview of the Company's current significant Shareholders before and after the Offering, reference is made to Part 6 ("*Dilution*").

Currently, the Company is not aware that any of its existing shareholders have entered or will enter into a shareholders' agreement with respect to the exercise of their voting rights in the Company after the closing of the Offering. Nevertheless, they could, alone or together, have the ability to adopt or block resolutions of the General Meeting that require, or require more than, an absolute majority of the votes of the Shareholders that are present or represented at General Meetings where such items are submitted to voting by the Shareholders. Any such voting by these Shareholders may not be in accordance with the interests of the Company or the other Shareholders of the Company.

5.11. Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the ***Draft Directive***) on a common financial transaction tax (the ***Financial Transaction Tax***). The intention is for the Financial Transaction Tax to be implemented via an enhanced cooperation procedure in 11 EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia, together, the ***Participating Member States***).

Pursuant to the Draft Directive, the Financial Transaction Tax will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The Financial Transaction Tax shall, however, not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the Financial Transaction Tax shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The Financial Transaction Tax shall be payable by each financial institution established or deemed established in a Participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the Financial Transaction Tax due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the Financial Transaction Tax due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Shares will be subject to the Financial Transaction Tax at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Shares. The issuance of new Shares should not be subject to the Financial Transaction Tax.

The Draft Directive is still subject to negotiation among the Participating Member States and therefore may be changed at any time. A committee of the EU Parliament published a draft report on March 19, 2013, suggesting amendments to the Draft Directive. If the amendments were included in the eventual Directive, the Financial Transaction Tax would have an even broader reach. Moreover, once the Draft Directive has been adopted (the ***Directive***), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself.

Investors should consult their own tax advisors in relation to the consequences of the Financial Transaction Tax associated with subscribing for, purchasing, holding and disposal of the Shares.

5.12. The Offered Shares will be listed and traded on Euronext Brussels on an "*if-and-when-issued-or-delivered*" basis from the Listing Date until the Closing Date. Euronext Brussels NV/SA may annul all transactions effected in the Offered Shares if they are not issued on the Closing Date

From the Listing Date until the Closing Date, the Offered Shares will be listed and traded on Euronext Brussels on an "*if-and-when-issued-or-delivered*" basis, meaning that trading of the Offered Shares will begin prior to the closing of the Offering. The Closing Date is expected to occur on the first Euronext Brussels trading day following the Listing Date. Investors that wish to enter into transactions in the Offered Shares prior to the Closing Date, whether such transactions are effected on Euronext Brussels or otherwise, should be aware that the closing may not take place on the expected date, or at all, if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or do not occur on or prior to such date. Euronext Brussels NV/SA may annul all transactions effected in the Offered Shares if they are not issued and delivered on the Closing Date. Euronext Brussels cannot be held liable for any damage arising from the listing and trading on an "*if-and-when-issued-or-delivered*" basis as of the Listing Date until the Closing Date.

5.13. Investors may not be able to recover damages in civil proceedings for U.S. securities law violations

The directors and officers of the Company named herein are non-residents of the United States. All or a substantial proportion of the assets of these individuals are located outside the United States. The Company's assets are predominantly located outside of the United States. As a result, it may be impossible or difficult for investors to effect service of process upon such persons or the Company or to enforce against them in U.S. courts a judgement obtained in such courts. In addition, there is doubt as to the enforceability, in the Netherlands, of original actions or actions for enforcement based on the federal or state securities laws of the United States or judgements of U.S. courts, including judgements based on the civil liability provisions of the U.S. federal or state securities laws. As a result, it may not be possible for you to serve process on such persons in the United States or to enforce judgements obtained in U.S. courts against them based on the civil liability provisions of the securities laws of the United States or the securities laws of any state within the United States. See Part 2 ("*Important Information*") under ("S*ervice of process and enforcement of civil liabilities*").

PART 2
IMPORTANT INFORMATION

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. Each prospective investor should consult his own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offered Shares, to consider such investment decision in light of the prospective investor's personal circumstances, and in order to determine whether or not such prospective investor is eligible to subscribe for or purchase the Offered Shares.

1. GENERAL AND RESPONSIBILITY STATEMENT

This Prospectus is made available by the Company. The Company, represented by its Board of Directors, assumes responsibility for the information given in the Prospectus. Having taken all reasonable care to ensure that such is the case, the Company attests that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

None of KBC Securities NV, Kempen & Co N.V., Petercam NV or Wedbush Securities Inc. (the ***Managers***) or any of their affiliates or respective directors, officers or employees or any other person makes any representation or warranty, express or implied, as to, or assumes any responsibility for, the accuracy or completeness or verification of the information in this Prospectus, and nothing in this Prospectus or incorporated herein by reference is, or shall be relied upon as, a promise or representation by the Managers or any of their affiliates or respective directors, officers or employees or any other person, whether as to the past or the future. Accordingly, the Managers disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Prospectus.

In making an investment decision, investors must rely on their own assessment of the Company and the terms of this Prospectus and any supplement to this Prospectus within the meaning of Section 5:23 of the Dutch Financial Supervision Act, including the merits and risks involved. Any purchase of the Offered Shares should be based on the assessments that the investor in question may deem necessary, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply, before deciding whether or not to invest in the Offered Shares. In addition to their own assessment of the Company and the terms of the Offering, investors should rely only on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Section 5:23 of the Dutch Financial Supervision Act, including the risk factors described herein, and any notices that are published by the Company under current legislation or the rules of Euronext Brussels applying to issuers of shares.

No person has been authorised to give any information or to make any representation in connection with the Offering other than those contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorised. Without prejudice to the Company's obligation to publish supplements to the Prospectus when legally required (as described below), the delivery of this Prospectus at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The Managers are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

Certain of the Managers and/or their respective affiliates may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to it, in respect of which they may in the future, receive customary fees and commissions. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors.

Although the Managers are party to various agreements pertaining to the Offering and each of the Managers has or might enter into a financing arrangement with the Company, this should not be considered as a recommendation by any of them to invest in the Offered Shares.

This Prospectus has been approved by the AFM on 20 June 2014 and passported to the FSMA. This Prospectus has been prepared in English and its summary has been translated into Dutch. The Company is responsible for the consistency between the English version of the summary and the translation thereof in Dutch. In the case of discrepancies between the English version of the summary and the translation thereof in Dutch, the English version will prevail.

The information in this Prospectus is as of the date printed on the front of the cover, unless expressly stated otherwise. The delivery of this Prospectus at any time does not imply that there has been no change in the Company's business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus, which is capable of affecting the assessment of the Offered Shares, arises or is noted prior to the Listing Date, a supplement to this Prospectus will be published. The Prospectus and any supplement thereto will be subject to approval by the AFM and will be made public in accordance with the relevant rules under the Dutch Financial Supervision Act. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

If a supplement to the Prospectus is published, investors shall have the right to withdraw their application for the Offered Shares made prior to the publication of the supplement. Such withdrawal must be done within the time limits set forth in the supplement (which shall not be shorter than two business days after publication of the supplement).

The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of, or an invitation to, purchase any Offered Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company and the Managers require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. None of the Company or the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Offered Shares, of any such restrictions. The Company and the Managers reserve the right in their own absolute discretion to reject any offer to purchase Offered Shares that the Company, the Managers or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

2. STABILISATION

In connection with the Offering, KBC Securities NV or its affiliates will act as Stabilization Manager on behalf of itself and KBC Securities NV and Kempen & Co N.V. (the ***Joint Global Coordinators***) and may engage in transactions that stabilize, maintain or otherwise affect the price of the Offered Shares for a period of 30 days from the Listing Date (the ***Stabilization Period***). These activities may support the market price of the Offered Shares at a level higher than that which might otherwise prevail. Stabilization will not be executed above the Offer Price. Such transactions may be effected on Euronext Brussels, in the over-the-counter markets or otherwise. The Stabilization Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilization Manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above.

Within five business days of the end of the Stabilisation Period, the following information will be published on the website of the Company: (i) whether or not stabilisation was undertaken; (ii) the date at which stabilisation started; (iii) the date on which stabilisation last occurred; (iv) the price range within which stabilisation was carried out, for each of the dates on which stabilisation transactions were carried out; and (v) the final size of the Offering, including the result of the stabilisation and the exercise of the Over-Allotment Option, if any.

3. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Prospectus includes the consolidated audited financial statements of the Company as per 31 December 2011, 31 December 2012 and 31 December 2013 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (***IFRS***). The annual financial statements (under IFRS) were audited by the Company's Statutory Auditor.

Their reports thereon are set out under Part 21 ("*Historical Financial Information*") of this Prospectus.

The interim condensed consolidated financial statements as of and for the 3-month period ended 31 March 2014 in accordance with IFRS included herein have been reviewed by the Company's statutory auditor as described in its review report included in this Prospectus.

In this Prospectus, references to "EUR" are to the currency of the member states of the European Union participating in the European Monetary Union and references to "$" or are to the currency of the United States.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

4. NOTICE TO INVESTORS

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offered Shares.

In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Offering, including the merits and risks involved. Any decision to purchase the Offered Shares should be based solely on this Prospectus.

The distribution of this Prospectus and the offer and sale of the Offered Shares to which it relates may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus comes are required by the Company and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on the offering of shares to QIBs in the United States in reliance on Rule 144A, see "*Notice to Investors in the United States*". This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offered Shares in any jurisdiction in which such offer or invitation would be unlawful. Neither the Company nor any of the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any of the foregoing restrictions.

No action has been or will be taken in any jurisdiction other than Belgium that would permit a public offering of the Offered Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offered Shares in any jurisdiction where action for that purpose is required.

The Managers are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

4.1. NOTICE TO THE NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

4.2. NOTICE TO INVESTORS IN THE UNITED STATES

THE OFFERED SHARES HAVE NOT BEEN RECOMMENDED, APPROVED OR DISAPPROVED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NEITHER PASSED UPON THE MERITS OF

THE OFFERING, NOR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE OFFERED SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OR ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE OFFERED SHARES WILL NOT BE OFFERED OR SOLD IN THIS OFFERING WITHIN THE UNITED STATES, EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN RELIANCE ON, RULE 144A UNDER THE SECURITIES ACT OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE OFFERING OF THE OFFERED SHARES IS BEING MADE IN THE UNITED STATES THROUGH U.S. BROKER-DEALER AFFILIATES OF THE MANAGERS. FOR THE RESTRICTIONS ON TRANSFER OF THE OFFERED SHARES IN THE UNITED STATES, SEE PART 17 ("*TRANSFER RESTRICTIONS*").

4.3. NOTICE TO INVESTORS IN JAPAN

THE OFFERED SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW, AS AMENDED (THE ***FIEL***). THIS PROSPECTUS IS NOT AN OFFER OF SECURITIES FOR SALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR ENTITY ORGANIZED UNDER THE LAWS OF JAPAN) OR TO OTHERS FOR REOFFER OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE FIEL AND OTHERWISE IN COMPLIANCE WITH SUCH LAW AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

4.4. NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

THIS PROSPECTUS HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF OFFERED SHARES OTHER THAN THE OFFERS CONTEMPLATED IN BELGIUM, ONCE THE PROSPECTUS HAS BEEN APPROVED BY THE COMPETENT AUTHORITY IN SUCH MEMBER STATE AND PUBLISHED IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE (2003/71/EC) AS IMPLEMENTED IN BELGIUM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS DIRECTIVE, AS IMPLEMENTED IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (***EEA***), FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF OFFERED SHARES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER WITHIN THE EEA OF OFFERED SHARES WHICH ARE THE SUBJECT OF THE PLACEMENT CONTEMPLATED IN THIS PROSPECTUS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE COMPANY, OR ANY OF THE JOINT GLOBAL COORDINATORS TO PRODUCE A PROSPECTUS FOR SUCH OFFER. NEITHER THE COMPANY, NOR THE JOINT GLOBAL COORDINATORS HAVE AUTHORISED, NOR DO THE COMPANY OR THE JOINT GLOBAL COORDINATORS AUTHORISE, THE MAKING OF ANY OFFER OF OFFERED SHARES THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE JOINT GLOBAL COORDINATORS WHICH CONSTITUTE THE FINAL PLACEMENT OF OFFERED SHARES CONTEMPLATED IN THIS PROSPECTUS.

THE OFFERED SHARES HAVE NOT BEEN, AND WILL NOT BE, OFFERED TO THE PUBLIC IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA THAT HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE, EXCEPT FOR BELGIUM (A ***RELEVANT MEMBER STATE***). NOTWITHSTANDING THE FOREGOING, AN OFFERING OF THE OFFERED SHARES MAY BE MADE IN A RELEVANT MEMBER STATE:

- TO ANY LEGAL ENTITY THAT IS A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE;

- TO FEWER THAN 100 OR, IF THE RELEVANT MEMBER STATE HAS IMPLEMENTED THE RELEVANT PROVISION OF THE 2010 PD AMENDING DIRECTIVE, 150 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE) SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE JOINT GLOBAL COORDINATORS FOR ANY SUCH OFFER; OR

- IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE,

PROVIDED THAT NO SUCH OFFER OF OFFERED SHARES SHALL RESULT IN A REQUIREMENT FOR THE PUBLICATION BY THE COMPANY OR ANY JOINT GLOBAL COORDINATOR OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN ***OFFER TO THE PUBLIC*** IN RELATION TO ANY OFFERED SHARES IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFERING AND THE OFFERED SHARES SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OFFERED SHARES, AS THAT DEFINITION MAY BE VARIED IN THAT RELEVANT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT RELEVANT MEMBER STATE, THE EXPRESSION ***PROSPECTUS DIRECTIVE*** MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION ***2010 PD AMENDING DIRECTIVE*** MEANS DIRECTIVE 2010/73/EU.

4.5. NOTICE TO INVESTORS IN THE UNITED KINGDOM

THIS PROSPECTUS IS DIRECTED AT AND FOR DISTRIBUTION IN THE UNITED KINGDOM ONLY TO (I) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE ***ORDER***), OR (II) HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER (ALL SUCH PERSONS BEING TOGETHER REFERRED TO AS "RELEVANT PERSONS"). THIS PROSPECTUS IS DIRECTED ONLY AT RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS PROSPECTUS OR ANY OF THEIR CONTENTS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

FURTHERMORE, THE MANAGERS HAVE WARRANTED THAT THEY (I) HAVE ONLY INVITED OR WILL ONLY INVITE PARTICIPATION IN INVESTMENT ACTIVITIES IN CONNECTION WITH THE OFFERING OR THE SALE OF THE OFFER SHARES WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AND HAVE ONLY INITIATED OR WILL ONLY INITIATE SUCH INVESTMENT ACTIVITIES TO THE EXTENT THAT SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 DOES NOT APPLY TO THE COMPANY; AND (II) HAVE COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF FSMA WITH RESPECT TO ALL ACTIVITIES ALREADY UNDERTAKEN BY EACH OF THEM OR WILL UNDERTAKE IN THE FUTURE IN RELATION TO THE OFFER SHARES IN, FROM, OR OTHERWISE INVOLVING THE UNITED KINGDOM.

4.6. NOTICE TO INVESTORS IN SWITZERLAND

THIS PROSPECTUS AS WELL AS ANY OTHER MATERIAL RELATING TO THE OFFER SHARES DOES NOT CONSTITUTE AN ISSUE OFFERING MEMORANDUM PURSUANT TO ARTICLES 652A AND/OR 1156 OF THE SWISS CODE OF OBLIGATIONS. THE OFFERED SHARES WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE AND, THEREFORE, THE DOCUMENTS RELATING TO THE OFFERED SHARES INCLUDING, BUT NOT LIMITED TO, THIS DOCUMENT, DO NOT CLAIM TO COMPLY WITH THE DISCLOSURE STANDARDS OF THE LISTING RULES OF THE SIX SWISS EXCHANGE AND CORRESPONDING PROSPECTUS SCHEMES ANNEXED TO THE LISTING RULES OF THE SIX SWISS EXCHANGE.

THE OFFERED SHARES ARE BEING OFFERED IN SWITZERLAND BY WAY OF A PRIVATE PLACEMENT, *I.E.* TO A SMALL NUMBER OF SELECTED INVESTORS ONLY, WITHOUT ANY PUBLIC OFFER AND ONLY TO INVESTORS WHO DO NOT PURCHASE THE OFFERED SHARES WITH THE INTENTION TO DISTRIBUTE THEM TO THE PUBLIC. THE INVESTORS WILL BE INDIVIDUALLY APPROACHED BY THE COMPANY FROM TIME TO TIME.

THIS DOCUMENT AS WELL AS ANY OTHER MATERIAL RELATING TO THE OFFERED SHARES IS PERSONAL AND CONFIDENTIAL AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON. THIS DOCUMENT MAY ONLY BE USED BY THOSE INVESTORS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE OFFERING DESCRIBED HEREIN AND MAY NEITHER DIRECTLY NOR INDIRECTLY BE DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS WITHOUT THE EXPRESS CONSENT OF THE COMPANY. IT MAY NOT BE USED IN CONNECTION WITH ANY OTHER OFFER AND SHALL IN PARTICULAR NOT BE COPIED AND/OR DISTRIBUTED TO THE PUBLIC IN (OR FROM) SWITZERLAND.

5. SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The ability of shareholders in certain countries other than the Netherlands to bring an action against the Company may be limited under law. The Company is a public company with limited liability (*naamloze vennootschap*) incorporated in the Netherlands and has its official seat (*statutaire zetel*) in Rotterdam, the Netherlands. The directors and officers of the Company named herein are non-residents of the United States. All or a substantial proportion of the assets of these individuals are located outside the United States. The Company's assets are predominantly located outside of the United States. As a result, it may be impossible or difficult for investors to effect service of process upon such persons or the Company or to enforce against them in U.S. courts a judgment obtained in such courts. In addition, there is doubt as to the enforceability, in the Netherlands, of original actions or actions for enforcement based on the federal or state securities laws of the United States or judgments of U.S. courts, including judgments based on the civil liability provisions of the U.S. federal or state securities laws.

The United States and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a judgment rendered by a court in the United States will not be recognised and enforced by the Dutch courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States which is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgment insofar as it finds that the jurisdiction of the foreign court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and except to the extent that the foreign judgment contravenes Dutch public policy.

6. EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Euro and the U.S. dollar will affect the U.S. dollar amounts received by owners of Shares on conversion of dividends, if any, paid in Euro on the Shares.

The table below sets forth period end, average, high and low exchange rates of U.S. dollars per Euro for each year indicated. Yearly averages are computed using the noon buying rate for the Euro in New York City for cable transfers in foreign currencies as certified for customs purposed by the Federal reserve Bank of New York on the last business day of each month during the period indicated.

	U.S. dollars per EUR1.00			
Year	Period End	Average[(1)]	High	Low
2009	1.4332	1.3955	1.5100	1.2547
2010	1.3269	1.3216	1.4536	1.1959
2011	1.2973	1.4002	1.4875	1.2926
2012	1.3186	1.2909	1.3463	1.2062
2013	1.3779	1.3303	1.3816	1.2774

(1) The average of the noon buying rates on the last business day of each month during the relevant year.

The table below sets forth period end, average, high and low exchange rates of U.S. dollars per Euro for the period from March 2014 through 13 June 2014

	U.S. dollars per EUR1.00			
Month	Period End	Average[(1)]	High	Low
February 2014	1.3806	1.3665	1.3806	1.3507
March 2014	1.3777	1.3828	1.3927	1.3731
April 2014	1.387	1.3810	1.3898	1.3704
May 2014	1.364	1.3739	1.3924	1.3596
June 2014 (through 13 June 2014)	1.3522	1.3568	1.639	1.522

(1) The average of the noon buying rates on the last business day of each month during the relevant year.

7. AVAILABLE INFORMATION

7.1. Prospectus

This Prospectus is available in English, with a translation of the summary in Dutch. The Prospectus will be made available to investors at no cost at the Company's registered seat, located at Willemstraat 5, 4811 AH, Breda, the Netherlands and can be obtained by Retail Investors on request from the KBC Telecenter at +32 (0) 3 283 29 70 or from Petercam at +32 (0) 2 229 64 46..

Subject to selling and transfer restrictions, the Prospectus is also available to investors in Belgium in English, with a translation of the summary in Dutch on the following websites: (www.argen-x.com), (www.kbc.be/argenx), (www.kbcsecurities.be) and (www.petercam.be).

The posting of the Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Information on the Company's website (www.argen-x.com) or any other website does not form part of the Prospectus.

7.2. Company documents and other information

Copies of the Articles are available and can be obtained free of charge after the completion of the Offering from the Company's website at (www.argen-x.com).

The Company has agreed that, for so long as any of the Offered Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the ***U.S. Exchange Act***) nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, on the request of such holder, beneficial owner or prospective purchaser, the information required to be provided to such persons pursuant to Rule 144A(d)(4) under the Securities Act. The Company is not currently subject to the periodic reporting requirements of the U.S. Exchange Act.

8. MARKET AND INDUSTRY INFORMATION AND INFORMATION DERIVED FROM THIRD PARTIES

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. To the extent available, such information has been extracted from reliable third-party sources such as professional organizations, consultants and analysts and information otherwise obtained from third party sources, including Nature Publishing Group, mAbs (journal), the Journal of Clinical Oncology and La Merie Publishing Group. Such information has been accurately reproduced, and, as far as the Company is aware from such information, no facts have been omitted which would render the information provided inaccurate or misleading.

Certain other statistical or market-related data has been estimated by management based on reliable third-party sources, where possible, including those referred to above or based on data generated in-house by the Group. Although management believes its estimates regarding markets, market sizes, market shares, market positions and other industry data to be reasonable, these estimates have not been verified by any independent sources (except where explicitly cited to such sources), and the Company cannot assure prospective investors as to the accuracy of these estimates or that a third party using different methods to assemble, analyse or compute market data would obtain the same results. Management's estimates are subject to risks and uncertainties and are

subject to change based on various factors. The Company does not intend, and does not assume any obligation, to update the industry or market data set forth herein, other than as required by article 16 of the Prospectus Directive.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurance as to the accuracy of market data contained in this Prospectus that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and estimates and assumptions based on that information are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Part 1 "*Risk Factors*" and elsewhere in this Prospectus.

9. FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus, such as statements that include the words or phrases "aims", "would", "could", "is expected to", "will continue", "anticipates", estimate", "intend", "plan", "project", "objective", "goal", "intention", "forecast", "strategy" or similar expressions, may constitute forward-looking statements. Other forward-looking statements can be identified by the context in which the statements are made. Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, under Part 8 ("*Business Description*") and Part 10 ("*Operating and Financial Review and Prospects*").

Although management believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements are based on management's current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and are difficult to predict, that may cause actual results or developments to differ materially from any future results or developments expressed or implied from the forward-looking statements. Some of the factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to those discussed in Part 1 ("*Risk Factors*").

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition, cash flows or results of operations could differ materially from what is described herein as anticipated, believed, estimated or expected. Investors are urged to read the sections of this Prospectus entitled Part 1 ("*Risk Factors*"), Part 8 ("*Business Description*") and Part 10 ("*Operating and Financial Review and Prospects*") for a more complete discussion of the factors that could affect the Company's future performance and the industry in which it operates.

The forward-looking statements included in this Prospectus speak only at the date of this Prospectus and are expressly qualified in their entirety by the cautionary statements included in this Prospectus. Without prejudice to its obligations under Dutch law in relation to disclosure and on-going information, the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART 3
USE OF PROCEEDS

1. EXPENSES OF THE OFFERING

The aggregate of the administrative, legal and audit expenses as well as the other costs in connection with the Offering (including but not limited to legal publications, printing and translation of the summary of this Prospectus) and the remuneration of the AFM, the FSMA and Euronext Brussels, is expected to amount to approximately EUR 1,670,849.

Additionally, fees and commissions payable to the Managers by the Company are expected to be approximately 5.45% (not including a discretionary fee of up to 1%).

2. USE OF PROCEEDS

If the Offering is fully subscribed (including the Increase Option), the gross proceeds from the issue of New Shares are estimated to be approximately EUR 46,000,000, or if the Over-Allotment Option is exercised in full, approximately EUR 52,900,000.

Based on the aforementioned assumptions, the Group estimates to receive net proceeds of approximately EUR 42,274,151 (or approximately EUR 48,976,101 if the Over-Allotment Option is exercised in full). The principal purposes of this Offering are to obtain additional capital to support the execution of the Group's strategy (as described in Part 8 ("*Business description*"), Section 2 ("*Strategy*"). A strong cash position may strenghten the Group's negotiation position towards potential partners. In addition, the Offering will also create a public market for the Shares, allowing future access to the public equity markets. The Group currently anticipates that it will use the net proceeds of this Offering in order of importance as follows:

- to support the continued clinical development of ARGX-110, thereby aiming to conduct a Phase 2 monotherapy trial in Waldenström's macroglobulinemia in collaboration with LLS, a Phase 2 monotherapy trial in a second orphan lymphoma indication, possibly T-cell lymphoma or Mantle cell lymphoma, a combination Phase 1b trial in a subset of CD70 positive solid tumour patients and a Phase 1b monotherapy trial in an orphan autoimmune disease, currently envisaged to be vasculitis;
- to support the continued clinical development of ARGX-111, including expansion and completion of the current Phase 1b clinical trial;
- to support the initial clinical development of ARGX-113, including a Phase 1 healthy volunteer trial and a Phase 2 in patients with pathogenic antibody mediated autoimmune disease;
- to continue to advance and expand its pipeline of preclinical product candidates;
- to facilitate access, through in-licensing or acquisitions, to new targets and technologies to develop its product portfolio and technology suite; and
- to apply any remaining funds for general corporate purposes, such as working capital needs, general & administrative expenses and the additional costs associated with being a public company.

It is anticipated that the proceeds of the Offering, amongst others, will support the possibility for the Group to submit a data package for registration of ARGX-110 with the FDA in one hematological malignancies indication.

As of the date of this Prospectus, the Group cannot predict with certainty all of the specific uses for the net proceeds from this Offering, or the amounts to be actually spend on the uses set forth above. The amounts and timing of its actual use of the net proceeds will vary depending on numerous factors, amongst others the progress of its research, cost and results of its preclinical and clinical development programs, and whether the Group is able to maintain its existing collaboration agreements and to enter into additional collaboration arrangements. As a result, the Group assumes broad discretion in the use of the net proceeds of this Offering.

Pending the use of the proceeds from this Offering, the Group intends to invest the net proceeds in interest-bearing, cash and cash equivalents instruments or short term certificates of deposit.

PART 4
DIVIDENDS AND DIVIDEND POLICY

1. GENERAL

Pursuant to Dutch law and the Articles, the distribution of profits will take place following the adoption of the Company's annual accounts, from which the Company will determine whether such distribution is permitted. The Company may only make distributions to the Shareholders, whether from profits or from its freely distributable reserves, only insofar as its Shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law.

The Board, with the consent of the majority of the Non-Executive Directors, may determine which part of the Company's profits will be added to the reserves in consideration of the Company's reserves and dividends policy. The remaining part of the profits after the addition to the reserves will be at the disposal of the General Meeting. Distributions of dividends will be made *pro rata* to the nominal value of each Share.

Subject to Dutch law and the Articles, the Board, with the consent of the majority of the Non-Executive Directors, may resolve to distribute an interim dividend if it determines such interim dividend to be justified by the Company's profits. For this purpose, the Board must prepare an interim statement of assets and liabilities. Such interim statement shall show the financial position of the Company not earlier than on the first day of the third month before the month in which the resolution to make the interim distribution is announced. An interim dividend can only be paid if (a) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (b) the Company's shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves required to be maintained by Dutch law.

The Board, with the consent of the majority of the Non-Executive Directors, may resolve that the Company makes distributions to Shareholders from one or more of its freely distributable reserves, other than by way of profit distribution, subject to the due observance of the Company's policy on reserves and dividends. Any such distributions will be made *pro rata* to the nominal value of each Share.

2. ENTITLEMENT TO DIVIDENDS

The Offered Shares are entitled to dividends, if and when declared, for the financial year ending on 31 December 2014 and the following financial years.

3. DIVIDEND HISTORY AND POLICY

The Company has never declared or paid any dividends on its Shares.

The Company expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate paying any dividends to the Shareholders in the near future.

The Company's reserves and dividends policy will be reviewed from time to time and distribution of any dividends will be upon a proposal thereto by the Board after taking into account the Company's earnings, cash flow, financial condition, capital investment requirements and other factors, considered important by the Board.

4. DIVIDEND RANKING OF SHARES

All Shares (including the Offered Shares) rank equally in all respects and will be eligible for any dividend distribution that may be declared on the Shares in the future.

5. MANNER AND TIME OF DIVIDEND PAYMENTS

Payment of any dividend on the Offered Shares in cash will be made in Euro. Dividends on the Offered Shares will be paid to the Shareholders through Euroclear Nederland, the Dutch centralized securities custody and administration system, and credited automatically to the Shareholders' accounts. In relation to dividend distributions, there are no restrictions under Dutch law in respect of holders of Offered Shares who are non-residents of the Netherlands. However, see Part 14 ("*Taxation*") for a discussion of certain aspects of taxation of dividends and refund procedures for non-residents of the Netherlands.

Dividends and other distributions will be made payable pursuant to a resolution of the General Meeting.

6. UNCOLLECTED DIVIDENDS

An entitlement to any dividend distribution shall be barred five years after the date on which those dividends were released for payment. Any dividend that is not collected within this period reverts to the Company and is allocated to its general reserves.

7. TAXATION OF DIVIDENDS

Dividends are generally subject to Dutch withholding tax in the Netherlands. See Part 14 ("*Taxation*") for a discussion of certain aspects of taxation of dividends and refund procedures.

PART 5
CAPITALISATION, INDEBTEDNESS AND WORKING CAPITAL

1. CAPITALISATION AND INDEBTEDNESS

The table below sets out the Company's capitalisation and indebtedness as at 31 March 2014.

The capitalisation information has been extracted without material adjustment from the Group's financial information included in Part 21 ("*Historical Financial Information*") as at 31 March 2014. The indebtedness information has been sourced from the Group's unaudited accounting records as at 31 March 2014, which is the latest practicable date prior to the publication of this Prospectus.

Investors should read this section together with the information contained in the Part 10 ("*Operating and Financial Review and Prospects*"), the non-statutory financial statements of the Group prepared in accordance with IFRS, as adopted by the EU and the related notes thereto included elsewhere in this Prospectus.

	31 March 2014
	EUR'000
Total current debt	0
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Total non-current debt (excluding current portion of long-term debt)	**0**
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Shareholder's equity	**19,870**
Share capital	466
Share premium	45,304
Retained earnings	(27,354)
Other reserves	1,454
Total	**19,870**
Cash	20,415
Cash equivalent	0
Trading securities	0
Liquity	**20,415**
Current Financial Receivable	**500**
Current bank debt	0
Current portion of non-current debt	0
Other current financial debt	0
Net Current financial Indebtedness	**0**
Non current bank loans	0
Bonds issued	0
Other non current loan	0
Non Current Financial Indebtedness	**0**
Net Financial Indebtedness (cash)	**(20,915)**

The Group has no indirect and contingent indebtedness.

2. WORKING CAPITAL STATEMENT

On the date of this Prospectus, the Company is of the opinion that taking into account its available cash and cash equivalents, it does have sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of this Prospectus.

Reference is also made to Part 3 ("*Use of Proceeds*").

PART 6
DILUTION

1. SHAREHOLDINGS PRIOR TO THE COMPLETION OF THE OFFERING AND LISTING OF THE SHARES

As at the date of this Prospectus, different classes of shares in the Company are outstanding. Each share has the same nominal value of EUR 1. Immediately prior to the completion of the Offering these different classes of shares will all be converted into a common class of Shares. At the same time a stock split will be performed of 10 new Shares for each existing Share. Certain of the current classes of shares consist of preference shares with different preferential rights on liquidation distributions. Shareholders holding preference shares will give up their preferential rights attached to the shares of such preferred classes immediately prior to the completion of the Offering. In consideration for giving up these rights, the Shareholders agreed to amend their respective shareholdings amongst each other in accordance with an allocation key based on the Company's valuation immediately prior to the completion of the Offering (the ***Share Reshuffling***). Such valuation shall be based on the Offer Price as determined during the book building process and announced in the Pricing Statement. Pursuant to the Share Reshuffling, the Shareholders agreed to issue between 5,488,418 and 6,142,406 new Shares with a nominal value of EUR 0.10 each, against the Company's existing freely distributable reserves. These new Shares will be issued for distribution amongst the Shareholders in accordance with the allocation key.

Given that the beneficiaries under the Employee Stock Option Plan are currently entitled to only depository receipts for ordinary Shares upon exercise of their stock options (the ***ESOPs***), their ESOPs will also be adjusted to reflect a similar treatment as for the current Shareholders owning ordinary Shares as contemplated by the Share Reshuffling.

Importantly, the Share Reshuffling will be effected between a pre-money valuation of the Company (*i.e.* before receipt of the proceeds of the Offering) of EUR 100 million and EUR 125 million on a fully-diluted basis (*i.e.* assuming full exercise of the outstanding ESOPs), respectively. The total number of fully-diluted Shares after the Share Reshuffling and the stock split shall be 11,800,270 Shares. The mechanism according to which the Share Reshuffling takes place follows a straight-line adjustment with regards to the Employee Stock Option Plan, representing a minimum of 8.49% of the total fully-diluted Shares at a pre-money valuation of EUR 100 million, 11.26% of total fully-diluted Shares at a valuation of EUR 112.5 million as the middle point of this line and a maximum of 14.03% of the total fully-diluted Shares at or above a pre-money valuation of EUR 125 million.

The tables below set out the number of Shares (including full exercise of the ESOPs) immediately prior to the completion of the Offering at the minimum and maximum end, respectively, of the pre-money valuation range as set out under the Share Reshuffling.

1.1. Shareholdings immediately prior to the completion of the Offering if the Offer Price results in a pre-money valuation of the Company equal to EUR 100m on a fully-diluted basis

Name	Number of Shares and ESOPs	% of total Shares and ESOPs
Torsten Dreier	85,300 Shares	0.72%
Tim Van Hauwermeiren	85,300 Shares	0.72%
Hans de Haard	85,300 Shares	0.72%
Erasmus MC Biomedical Fund	629,279 Shares	5.33%
Thuja Capital	629,279 Shares	5.33%
LSP	1,561,910 Shares	13.24%
Forbion Capital	1,937,055 Shares	16.42%
BioGeneration Ventures	397,804 Shares	3.37%
Omnes Capital	1,864,283 Shares	15.80%
VIB	54,927 Shares	0.47%
Orbimed	1,612,567 Shares	13.67%
Seventure	908,469 Shares	7.70%
PMV	946,903 Shares	8.02%
Total Shares (excluding ESOP)	**10,798,376 Shares**	**91.51%**
Beneficiaries of ESOPs	1,001,894 ESOPs	8.49%
Total Shares (including ESOP)	**11,800,270 Shares and ESOPs**	**100%**

1.2. Shareholdings immediately prior to the completion of the Offering if the Offer Price results in a pre-money valuation of the Company equal to or higher than EUR 125m on a fully-diluted basis

Name	Number of Shares and ESOPs	% of total Shares and ESOPs
Torsten Dreier	136,523 Shares	1.16%
Tim Van Hauwermeiren	136,523 Shares	1.16%
Hans de Haard	136,523 Shares	1.16%
Erasmus MC Biomedical Fund	681,112 Shares	5.77%
Thuja Capital	681,112 Shares	5.77%
LSP	1,430,224 Shares	12.12%
Forbion Capital	1,765,780 Shares	14.96%
BioGeneration Ventures	361,353 Shares	3.06%
Omnes Capital	1,699,566 Shares	14.40%
VIB	50,134 Shares	0.42%
Orbimed	1,442,382 Shares	12.22%
Seventure	812,602 Shares	6.89%
PMV	810,554 Shares	6.87%
Total Shares (excluding ESOP)	**10,144,388 Shares**	**85.96%**
Beneficiaries ESOPs	1,655,882 ESOPs	14.03%
Total Shares (including ESOP)	**11,800,270 Shares and ESOPs**	**100%**

2. SHAREHOLDINGS UPON THE COMPLETION OF THE OFFERING AND LISTING OF THE SHARES, ASSUMING THAT THE OFFER PRICE IS AT THE MIDPOINT OF THE OFFER PRICE RANGE

After the completion of the Offering and assuming (i) an Offer Price at the midpoint of the Offer Price Range; (ii) exercise of the Increase Option in full; (iii) exercise of the Over-Allotment Option in full and (iv) no Shareholders' participation in the Offering, the shareholdings will be as follows:

Name	Number of Shares and ESOPs	% of total Shares and ESOPs
Torsten Dreier	107,110 Shares	0.61%
Tim Van Hauwermeiren	107,110 Shares	0.61%
Hans de Haard	107,110 Shares	0.61%
Erasmus MC Biomedical	651,351 Shares	3.73%
Thuja Capital	651,351 Shares	3.73%
LSP	1,505,853 Shares	8.63%
Forbion Capital	1,864,134 Shares	10.69%
BioGeneration Ventures	382,291 Shares	2.19%
Omnes Capital	1,794,151 Shares	10.29%
VIB	52,879 Shares	0.30%
Orbimed	1,540,103 Shares	8.83%
Seventure	867,662 Shares	4.98%
PMV	888,840 Shares	5.10%
New Shares	4,904,051 Shares	28.12%
Shares covered by the Over-Allotment Option	735,607 Shares	4.22%
Total Shares (excluding ESOP)	**16,159,603 Shares**	**92.66%**
Beneficiaries of ESOPs	1,280,325 ESOPs	7.34%
Total Shares (including ESOP)	**17,439,928 Shares and ESOPs**	**100%**

The above table will be updated based on the Offer Price and the exact number of Offered Shares and included in the Pricing Statement.

PART 7
INDUSTRY OVERVIEW

1. THE THERAPEUTIC ANTIBODY MARKET

1.1. Introduction

The majority of approved drugs in the pharmaceutical industry consists of small chemical molecules, which are created and produced by synthetic chemistry. During the past few decades biologics, another class of drugs, have emerged and have rapidly grown in importance. Biologics are created and manufactured through biological systems and include vaccines and therapeutic proteins, including therapeutic antibodies.

Antibodies are Y-shaped proteins that are part of the human immune system to protect against pathogens like bacteria and viruses. Two so-called Fab arms in the upper part of the antibody recognize proteins or other molecules on the surface of pathogens via the so-called V (variable) regions. The lower part of the antibody is called Fc and attracts cells from the immune system, which subsequently eliminate antibody-bound pathogens from the body.

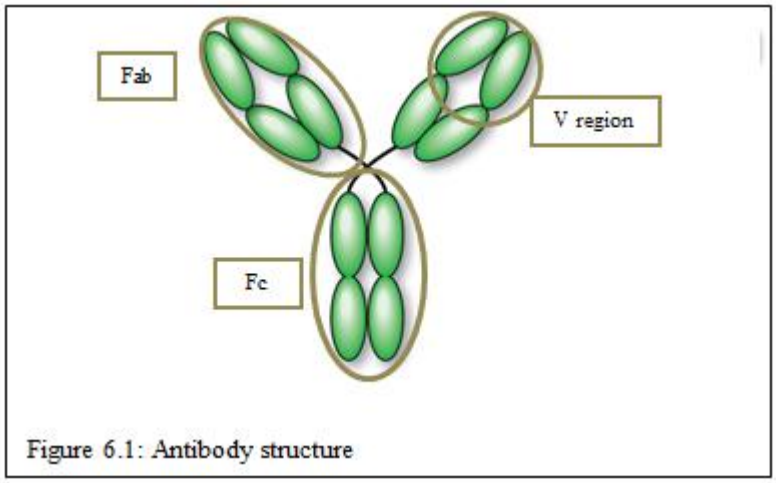


Figure 6.1: Antibody structure

Therapeutic antibodies are designed to prevent or treat diseases in humans. They can exert their therapeutic effect for a given disease target through binding and modulating it through their V regions, and by subsequently activating the patient's own immune system through their Fc region.

1.2. Therapeutic antibodies have revolutionized the pharmaceutical industry

Therapeutic antibodies have a number of intrinsic properties which make them suitable drug candidates. They are highly specific for their targets, which is relevant for controlling potential side effects. They are able to modulate their target function and can activate potent cell killing mechanisms, which are part of the patient's own immune system. Finally, they can act as a highly specific carrier of other therapeutic molecules to a specific target. Therapeutic antibodies typically have a longer residence time in the human body as compared to small molecule drugs, allowing for longer lasting efficacy and less frequent dosing (*source:* Imai, 2006). Therapeutic antibodies have a higher than average clinical success and regulatory approval rate in the range of 18% to 29% versus 11% for small molecule drugs (*sources*: Reichert, 2005; Kola, 2004). Because of their relative size and complexity as compared to small molecule drugs, the manufacturing and development of antibodies pose a high hurdle to generic competition upon patent expiry. The attractiveness of therapeutic antibodies is exemplified by their current contribution to the pharmaceutical industry.

1.3. Therapeutic antibodies account today for more than $60 billion in global annual sales

Therapeutic antibodies span most therapeutic areas, including oncology, inflammation, ophthalmology, infectious disease, cardiovascular and metabolic disease. Five of the top ten selling drugs in 2013 were therapeutic antibodies: Humira®, Remicade®, Rituxan®, Avastin® and Herceptin® (*source*: FiercePharma, 2013). A cumulative annual growth rate of 9.2% until 2015 is predicted, which is the highest of all therapeutics

(*source*: Elvin, 2013). As a result, therapeutic antibodies are recorded to account for more than $60 billion in global annual sales today (*source*: La Merie Publishing, Top 30 Biologics 2012, May 7, 2013). A list of therapeutic antibody products with annual sales of $1 billion or more in 2012 is shown below.

Product Name	Company	Indication	2012 sales ($ million)	Sales growth vs 2011 (%)
adalimumab Humira®	Abbott & Eisai	Rheumatoid arthritis	**9,534**	20.2
infliximab Remicade®	Centocor (J&J) & Merck & Mitsubishi Tanabe Pharma	Rheumatoid arthritis	**7,468**	4.3
rituximab Rituxan® / MabThera®	Roche (Genentech/ Chugai) & Biogen-IDEC	Non-Hodgkin's lymphoma (NHL)	**7,143**	8.3
trastuzumab Herceptin®	Roche (Genentech/ Chugai)	Her2 positive met. breast cancer	**6,272**	8.7
bevacizumab Avastin®	Roche (Genentech/ Chugai)	Metastatic colorectal cancer; NSCLC	**6,139**	5.6
ranibizumab Lucentis®	Roche (Genentech) & Novartis	Wet age-related macular degeneration (AMD)	**3,975**	6.8
cetuximab Erbitux®	Eli Lilly & BMS & Merck Serono	Metastatic colorectal carcinoma	**1,874**	2.9
nataluzimab Tysabri®	Biogen Idec & Elan	RR multiple sclerosis	**1,600**	6.7
omaluzimab Xolair®	Roche (Genentech) & Novartis	Severe allergic asthma in adults and adolescents	**1,255**	10.1
eculizumab Soliris®	Alexion Pharmaceuticals	Paroxysmal nocturnal hemoglobinuria	**1,134**	45.0
palivizumab Synagis®	AstraZeneca (MedImmune)	Prophylaxis of RSV infection	**1,038**	6.0
ustekinumab Stelara®	J&J (Centocor)	Moderate to severe psoriasis	**1,025**	38.9

Table 6.1 – Antibody drugs selling in excess of $1 billion annually (*source*: La Merie Publishing, Top 30 Biologics 2012, May 7, 2013)

1.4. The therapeutic antibody market is dynamic and continues to innovate

The first antibodies approved for human therapy in the 1980's were mouse-derived. These non-human antibodies had an unfavorable side effect profile because they elicited a strong, anti-drug immune response in patients. Subsequent innovation resulted in humanized and fully human antibody technologies that minimized side effects due to the immunogenicity of the antibody itself. Today, innovation focuses on maximizing the therapeutic utility of antibodies by improving their efficacy via variable region engineering and Fc engineering. Examples include the enhancement of antibody mediated cell killing, toxic payload technologies, or bi-specific antibodies. Antibodies engineered to have these properties have started to emerge in the clinical and commercial landscape (*source*: Chan, 2010).

In 2012, Kyowa Hakko Kirin's POTELIGEO® (mogamulizumab) was approved by the Japanese Ministry of Health, Labour and Welfare for the treatment of CCR-4 positive adult T-cell leukemia-lymphoma (ATL). In 2013, Roche's Gazyva® (obinutuzumab) was approved by the US Food and Drug Administration for the treatment of chronic lymphocytic leukemia (CLL). Both products make use of glyco-engineering to enhance the cell killing properties of these therapeutic antibodies. The Group is making use of such technology for both of its programs ARGX-110 and ARGX-111 and regards these approvals as a clinical and market validation of this Fc engineering approach.

2. THE GROUP'S POSITION WITHIN THE THERAPEUTIC ANTIBODY MARKET

2.1. The Group believes that the therapeutic antibody market has untapped potential and that its suite of antibody technology platforms is well placed to unlock a part thereof

Established therapeutic antibody technologies, such as inbred mice or synthetic antibody library systems, yield human-like antibodies. Antibodies discovered from phage libraries show limited diversity and the first transgenic mice had incomplete antibody repertoires (*source:* Lee, 2014). The Group believes that its SIMPLE Antibody™ platform, based on DNA immunization and the immune system of llamas, is capable of generating antibodies against a broader range of disease targets, including complex, highly conserved and poorly immunogenic targets, due to its higher variable (V) region diversity.

The SIMPLE Antibody™ platform utilizes the immune system of the llama. This immune system has a number of characteristics which make it particularly suited for therapeutic antibody discovery: i) V regions of llama and human antibodies are highly similar. ii) Other relevant biology, such as disease targets, differs substantially between human and llama (*source*: Odbileg, 2005). Based on these characteristics llamas elicit a strong and diverse antibody response against human disease targets, and these high affinity antibodies are very suitable for human therapeutic use (*source*: Hultberg, 2014). The SIMPLE Antibody™ platform makes use of outbred llamas, further enhancing the diversity of generated antibody V-regions as each outbred llama generates a unique, individual immune response.

To the Group's knowledge, llamas (and by extension all other camelids) are the only species with these features in their antibody repertoire, and the Group believes it is well-placed to exploit such antibodies for therapeutic use. The Group believes there is a sub-set of disease targets which have a strong biological rationale, but which prove to be intractable using established antibody platform technologies. In addition, the Group believes there is an unmet need for antibody discovery platforms with the ability to address novel disease targets. Antibody discovery for novel disease targets often faces issues including lack of proper immunization tools, lack of lead choice or lack of antibody cross-reactivity with the rodent version of the target, required to access preclinical animal models studying safety and efficacy. The Group believes its SIMPLE Antibody™ platform can tackle these issues. Therefore, the Group focusses on intractable and novel targets.

Fc engineering offers additional potential to improve the efficacy and efficiency of therapeutic antibodies. Modulating the interaction of therapeutic antibodies with the immune system has proven potential in boosting their therapeutic effects. In addition, Fc engineering can modulate the antibody's residence time and distribution in the human body, resulting in more favorable product dosing schedules and treatment costs (*source*: Chan, 2010).

By combining the V region diversity of the SIMPLE Antibody™ platform with its Fc engineering technologies, the Group believes it is well positioned to create differentiated, next generation therapeutic antibodies combining different modes of action in one and the same drug candidate.

2.2. The Group's proprietary therapeutic antibody programs focus on oncology and severe autoimmune diseases

Oncology and severe autoimmune diseases are highly amenable to antibody therapy and represent a large and growing market opportunity (see Table 6.1 above).

Cancer is a broad group of diseases in which cells divide and grow in an uncontrolled fashion, forming malignancies that can invade other parts of the body. In normal tissues, the rates of new cell growth and cell death are tightly regulated and kept in balance. In cancerous tissues, this balance is disrupted as a result of mutations, causing unregulated cell growth that leads to tumor formation and growth. While tumors can grow slowly or rapidly, the dividing cells will nevertheless accumulate and the normal organization of the tissue will become disrupted. Cancers subsequently can spread throughout the body by processes known as invasion and metastasis. Once cancer spreads to sites beyond the primary tumor, it may be incurable. Cancer cells that arise in the lymphatic system and bone marrow are referred to as hematological malignancies. Cancer cells that arise in other tissues or organs are referred to as solid tumors. Cancer can arise in virtually any part of the body, with the most common types arising in the prostate gland, breast, lung, colon and skin. Cancer is the leading cause of death in economically developed countries and the second leading cause of death in developing countries. (*source*: Jemal, 2011). As a result of scientific advances, oncology is a therapeutic area where targeted therapies, such as antibodies, are being pioneered. Several of the top selling therapeutic antibodies target cancer, including Rituxan® ($7.1 billion sales in 2012), Herceptin® ($6.2 billion sales in 2012) and Avastin® ($6.1 billion sales in 2012) (*source*: Table 6.1). Recently, immunomodulation of cancer using therapeutic antibodies against immune checkpoint targets such as Yervoy® (targeting CTLA-4), Nivolumab (targeting PD-1) has shown strong clinical promise. As a result, immunotherapy is believed to become the treatment backbone in up to 60% of cancers over the next 10 years (*source:* Immunotherapy – The Beginning of the End for Cancer. Citi Research, Andrew S. Baum, 22 May 2013). The Group believes that several of its proprietary programs including ARGX-110, which targets CD70, and the GARP discovery program, have development potential in this area, since these are pursuing novel immunomodulation targets. The Group believes that ARGX-111 represents a distinct and differentiated approach to targeting c-Met, a complex target involved in several of the major solid tumors.

Autoimmune diseases involve self-tissue destruction by T-cells and antibodies due to a lack of self-tolerance. The incidence of autoimmune diseases is increasing. Antibody therapy is used in several of these diseases, including rheumatoid arthritis, multiple sclerosis, and systemic lupus erythematosus. Yet many more severe autoimmune conditions, including Sjögren's syndrome, chronic inflammatory demyelinating polyradiculoneuropathy, multifocal motor neuropathy, Guillain-Barré Syndrome, myasthenia gravis, and pemphigus, remain underserved and the number of affected patients is steadily rising. Collectively, autoimmune diseases afflict an estimated 7.6 to 9.4 percent of the population (*source*: Cooper, 2009). Established antibody therapies in the autoimmune space include Humira® ($9.5 billion sales in 2012), Remicade®, ($7.4 billion sales in 2012) and Tysabri® ($1.6 billion sales in 2012) (*source*: La Merie Publishing, Top 30 Biologics 2012, May 7, 2013). The Group believes that its proprietary programs ARGX-110 and ARGX-113 offer distinct and differentiated modes of action in the management of severe autoimmune disease.

Next to the large clinical indications, oncology and severe autoimmune diseases also comprise multiple orphan indications. The Group believes those to be particularly attractive owing to manageable clinical trial sizes and required financial investments, potentially shorter product development timelines and sustained product pricing potential following approval.

While the Group focuses on oncology and severe autoimmune diseases for its proprietary therapeutic programs, its collaborative and partnered antibody discovery efforts span diverse therapeutic areas, including diseases of the central nervous system and metabolic diseases, underscoring the broad applicability of its technologies.

PART 8
BUSINESS DESCRIPTION

Investors should read this Part 8 ("Business Description") in conjunction with the more detailed information contained in this document including the financial and other information appearing in Part 10 ("Operating and Financial Review and Prospectus"). Where stated, financial information in this section has been extracted from Part 21 ("Historical Financial Information").

1. BUSINESS OVERVIEW

Founded in 2008, the Company is the parent company of a clinical-stage biopharmaceutical group focused on creating and developing differentiated therapeutic antibodies for the treatment of cancer and severe autoimmune diseases with unmet medical needs (the ***Group***).

The Group generates a portfolio of differentiated product candidates from its suite of innovative and complementary antibody technology platforms. The SIMPLE Antibody™ discovery platform enables targeting complex or novel disease targets, which the Group believes are difficult to address by established technology platforms. The Fc engineering technologies, POTELLIGENT®, NHance® and ABDEG™ are used to further enhance the intrinsic therapeutic functionalities of its antibody product candidates. These technologies are used to enhance antibody cell killing through Antibody-Dependent Cell-mediated Cytotoxicity (ADCC), to prolong product residence time in the human body, and to enhance the clearance of disease targets or pathogenic antibodies. These complementary technology platforms can be applied in combination to yield differentiated therapeutic antibodies having multiple modes of action.

Together with its academic and industrial partners, the Group selects novel or intractable disease targets based on the current understanding of their involvement in disease biology. The Group intends to create differentiated therapeutic antibody product candidates against these disease targets by utilizing its SIMPLE Antibody™ platform and one or more of its Fc engineering technologies. Selected antibody product candidates are taken through preclinical and clinical development. The Group's proprietary product portfolio currently consists of two clinical stage antibody products (ARGX-110, ARGX-111) and two preclinical stage products (ARGX-113, ARGX-112). The Group believes that those product candidates have the potential to provide new approaches to treat cancer and severe autoimmune diseases, either as monotherapy or in combination therapy.

The Group's revenue model consists of partnering its in-house, proprietary products at a certain point; forging industrial partnerships with pharmaceutical and biotechnology companies; and technology licensing.

- ***Partnering of products***: The Group currently aims to progress its therapeutic programs ARGX-110 and ARGX-113 up to Phase 2 clinical proof of concept, or beyond, before partnering. The Group currently intends to partner ARGX-111 after Phase 1b (a Phase 1 trial including utilization of translational biomarkers) proof of mechanism, prior to initiation of randomized Phase 2 clinical trials. ARGX-109 has been partnered at the preclinical stage, and the Group also intends to partner ARGX-112 at the preclinical stage. The decision of the Group to develop a program beyond Phase 2 clinical proof of concept will be driven amongst others by the ability to identify (an) orphan indication(s) for which the clinical and regulatory path forward is, in the opinion of the Group, sufficiently attractive. The Group believes that taking one or some of its program(s) all the way to market approval in a selected orphan indication will enhance their value by establishing a more complete safety and efficacy data package enabling partnering for a larger indication. Partnering of preclinical and clinical stage products typically generates revenue in the form of upfront payments, clinical development milestone payments, sales based milestone payments and royalties on net product sales. In the future, the Group may decide to reserve the possibility to retain certain marketing rights for individual products on a territory-by-territory basis.

- ***Industrial partnerships***: The Group leverages its suite of antibody technology platforms and know-how in industrial partnerships with pharmaceutical companies, such as Shire and Bayer, where the focus is on antibody drug discovery targeting novel and complex targets. Discovery activities under these alliances focus on multiple therapeutic areas. The Group aims to build long-term strategic relationships with its partners, on the back of past achievements. Revenue under these industrial partnerships consists of one or more of the following: technology access fees, research and development funding, discovery milestone payments, option exercise fees, clinical development and sales based milestone payments and royalties on net product sales.

- ***Technology licensing:*** The Group is providing technology licenses for its NHance® and ABDEG™ platforms on a non-exclusive basis to companies with diverse needs. To date the Group has already provided two non-exclusive licenses to its NHance® technology platform. Revenue under these licenses may comprise licensing fees, diverse milestone payments and royalties on net product sales.

To date, the Group has received EUR 12.9 million in cumulative revenue from its industrial partnerships, grants and tax incentives and could receive up to EUR 1.3 billion in cumulative future revenue from its existing industrial partnerships, subject to meeting specific development and sales milestone events and developing products against the total possible number of targets, excluding potential revenue from royalties.

The Group's technology platforms and proprietary products are covered by pending and granted patent claims in the major, commercially relevant territories and countries, with a particular focus on the US and EU.

2. STRATEGY

The Group's goal is to become a leading biopharmaceutical company focused on creating and developing differentiated therapeutic antibodies for the treatment of cancer and severe autoimmune diseases with unmet medical needs. Therefore, the Group's key strategies are:

- ***To advance the pre-clinical and clinical development of its lead products ARGX-110, ARGX-111 and ARGX-113.*** The Group's clinical development plan for these products aims to follow an adaptive strategy, meaning the gradual enrichment of the Phase 1b trial patient population for those indications where the product candidate is showing early signs of biological activity, and the use of such results for Phase 2 indication selection. Whilst all three of these product candidates have the potential to target larger indications, potentially in partnership, the Group has identified for ARGX-110 and ARGX-113 at least one potential orphan indication, for which the Group believes it can pursue development of these products independently. The Group intends to seek a partner for the development of ARGX-111 once Phase 1b proof of mechanism has been achieved, prior to initiation of randomized Phase 2 clinical trials.

- ***To create a portfolio of novel therapeutic programs based on its suite of antibody technology platforms.*** Working in close collaboration with leading academic institutions, such as Université Catholique de Louvain (UCL)/de Duve Institute (BE), the Group is identifying novel or complex disease targets involved in cancer and autoimmune disease biology for which it aims to create differentiated antibody product candidates based on its SIMPLE Antibody™ and Fc engineering platforms.

- ***To build industrial partnerships with pharmaceutical and biotechnology companies.*** The Group's alliance with Shire and Bayer are examples of how the Group puts its technology platforms to work in tackling complex and novel disease targets across multiple therapeutic areas, aiming to build strategic relationships on the back of past achievements.

- ***To expand its suite of complementary antibody technology platforms.*** The Group is conducting in-house research into the function and application of therapeutic antibodies in order to expand the scope of its technology platforms. The Group continues to search the market for additional, complementary technologies it could in-license or acquire, consistent with its practices to-date.

- ***To expand and defend the Group's patent portfolio protecting its proprietary suite of antibody technology platforms and therapeutic product programs.*** The Group seeks to expand and protect its technologies and product candidates by filing and prosecuting patent applications in major commercially relevant territories and countries, with a particular focus on the US and EU.

3. COMPETITIVE STRENGTHS

The Group believes the following are its key strengths based on which it competes in the therapeutic antibody market:

- ***The Group's suite of complementary antibody technologies***, including SIMPLE Antibody™, enabling it to pursue a broad range of promising targets by leveraging the power of the llama immune system, including novel and complex disease targets which the Group believes may be difficult to address by established technology platforms. The Group's Fc engineering technologies, POTELLIGENT®,

NHance® and ABDEG™ have the potential to further enhance the intrinsic therapeutic functionalities of its SIMPLE Antibody™ leads. These complementary technology platforms can be applied in combination to yield differentiated therapeutic antibodies having multiple modes of action.

- ***The Group's core competences*** include (i) target selection, (ii) therapeutic antibody discovery and (iii) translational preclinical and clinical development, including the development and use of biomarkers and adaptive clinical trial designs. The Group has a particular competence in building and managing productive partnerships with a large number of external experts, such as UCL/de Duve Institute for accessing novel disease targets like GARP, and service providers. A rigorous portfolio management that includes stopping discovery projects early allows the Group to focus on investing in those programs with the highest value creation potential. The Group believes these competences allow it to create first-in-class or best-in-class therapeutic product candidates.

- ***The Group's pending and granted patent claims protecting its technologies***. The Group believes it is in a strong position to effectively exploit the SIMPLE Antibody™ platform, and its Fc engineering licensing agreements, as they contain all necessary rights to pursue its strategies. In addition, the Group has pending and granted claims covering each of its lead products. The Group seeks to protect its products by various layers of patent claims which are being pursued in major, commercially relevant territories and countries, with a particular focus on the US and EU. The Group's patents and patent applications (provided that they will be granted) are currently expected to only expire in the 2028-2033 time window.

- ***The Group's productivity and capital efficiency***, which are the result of the output of its technology platforms combined with a management focus on its core activities of antibody discovery and development. The Group's productivity to date is illustrated by its ability to progress two of its products to Phase 1b clinical trial within 4 years since its inception. The Group aims to be disciplined in minimizing fixed costs and optimizing its use of outsourcing. The Group believes that this model provides for a high operational flexibility and capital efficiency.

- ***The Group's senior leadership team*** consists of experienced, industry professionals of different nationalities. These individuals have highly complementary skills and backgrounds, and they have a long-standing track record antibody drug discovery and development in both biotechnology and large pharmaceutical companies.

4. HISTORY

Year	Key Milestones of the Group
2008	• Incorporation in Rotterdam (NL) under the name arGEN-X B.V. • EUR 1 million seed financing from Erasmus MC and Thuja Capital.
2009	• EUR 12.5 million series A financing round, co-led by LSP and Forbion Capital Partners. Other investors joining were Omnes Capital (F), BioGeneration Ventures (NL), KBC-PE (BE), and VIB (BE). • Opening of an R&D center of excellence, arGEN-X BVBA, in Ghent (BE) which conducts all R&D activities of the Group. • Receipt of a EUR 1.3 million IWT R&D subsidy to develop and validate the Group's proprietary SIMPLE Antibody™ platform (see Section 13 ("*Grants and subsidies*") below).
2010	• Receipt of a EUR 1.56 million IWT R&D subsidy to accelerate the preclinical development of two SIMPLE Antibody™ products towards clinical development (see Section 13 ("*Grants and subsidies*") below).
2011	• Receipt of a EUR 1.33 million IWT R&D subsidy to develop the SIMPLE Antibody™ platform in the field of complex, intractable targets (see Section 13 ("*Grants and subsidies*") below).

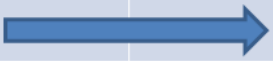
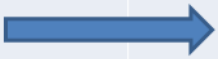
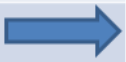
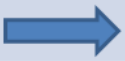
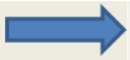
Year	Key Milestones of the Group
	• Signing of a SIMPLE Antibody™ discovery and development partnership with Eli Lilly & Co (see Section 10 ("*Collaborations*") below). • EUR 27.5 million series B financing round, led by OrbiMed Advisors (US). A second new investor, Seventure Partners (F), joined at the same time. • Non-exclusive licensing deal with BioWa (US) for accessing the POTELLIGENT® technology (see Section 14.2 ("*Licenses*") below).
2012	• Signing of a SIMPLE Antibody™ discovery collaboration with Shire (CH), which was expanded in 2013 (see Section 10 ("*Collaborations*") below). • Signing of an exclusive licensing deal on the NHance® and ABDEG™ technologies with UT Southwestern (US). • Signing of a global out-licensing deal with RuiYi on ARGX-109, an anti-IL-6 SIMPLE Antibody™ (see Section 14.2 ("*Licenses*") below). • Receipt of a EUR 2.7 million IWT translational research grant in support of the Phase Ib clinical development of ARGX-110 (see Section 13 ("*Grants and subsidies*") below). • Filing for the initiation of the Phase 1b clinical trial for ARGX-110
2013	• Signing of two non-exclusive out-licensing deals on the Group's proprietary NHance®technology. • Filing for the initiation of the Phase 1b clinical trial for ARGX-111. • EUR 5 million series B extension round, adding *Participatiemaatschappij Vlaanderen* (PMV) (BE) as new investor. • Expansion of the therapeutic antibody alliance with Shire. • Signing of a research collaboration and option deal with UCL/de Duve Institute (BE) for a novel immune-modulatory target (see Section 10 ("*Collaborations*") below). • Signed a pilot research services agreement with Boehringer Ingelheim (see Section 10 ("*Collaborations*") below).
2014	• ARGX-110 meets goals in dose escalation part of Phase 1b cancer study. • Signing of a partnership with the Leukemia & Lymphoma Society (US) for the development of ARGX-110 in Waldenström's macroglobulinemia, a rare, life threatening lymphoma. • Signing of a SIMPLE Antibody™ discovery collaboration with Bayer. • Signing of a long-term strategic alliance with Shire.

5. PRODUCTS AND BUSINESS ACTIVITIES

5.1. Product pipeline overview

The Group's product pipeline contains programs which range from discovery stage to the clinical stage. The product candidates being advanced by the Group include ARGX-110, ARGX-111 and ARGX-113, targeting oncology, inflammation and severe autoimmune diseases. ARGX-109 is being advanced by the Group's licensee, RuiYi, (see section 14.2 "*Licenses*" below) and ARGX-112 is currently available for partnering. The Group also intends to seek a partner for the development of ARGX-111 once Phase 1b proof of mechanism has been achieved.

The Group's proprietary and partnered product discovery and development programs are summarized below.

Drug Candidate	Indication	Pre-clinical	Phase 1	Phase 2	Phase 3	Proposition
ARGX-110	Heme malignancies			LEUKEMIA & LYMPHOMA SOCIETY		Immune checkpoint (CD70) inhibitor Enhanced cell kill
ARGX-110	Solid tumors					
ARGX-110	Auto-immunity					
ARGX-111	Solid tumors Heme malignancies					Complete c-Met blocking Enhanced cell kill
ARGX-113	Auto-immunity					Potent FcRn blocking
ARGX-112	Atopic dermatitis					Complete IL22R blocking
Discovery	Auto-immunity Cancer	*multiple*				Novel, complex targets e.g. GARP
ARGX-109	Auto-immunity Cancer					Potent IL-6 blocking Partnered with RuiYi
Shire alliance	Undisclosed					Novel, complex targets
Bayer alliance	Undisclosed					Novel, complex targets
Boehringer alliance	Undisclosed					Novel, complex targets

ARGX-110 (proprietary, clinical stage): antibody targeting CD70, an immune modulation target frequently overexpressed in hematological malignancies and solid tumors as well as lymphoid cells associated with autoimmune diseases (*source*: Boursalian, 2009). ARGX-110 makes use of the SIMPLE Antibody™ technology to block CD70 with high potency and the POTELLIGENT® technology is used to enhance its cell killing function mediated by ADCC (*source*: Silence, 2014). The Group believes ARGX-110 has the potential to address unmet medical need in CD70 positive lymphomas, leukemia's, and solid tumors as well as autoimmune diseases driven by CD70 positive B- and T-cells.

ARGX-111 (proprietary, clinical stage): antibody targeting c-Met, a receptor involved in cancer spread in hematological and solid tumors (*source*: Hultberg, 2014). ARGX-111 makes use of the SIMPLE Antibody™, POTELLIGENT® and NHance® technologies to block a unique target epitope that allows, contrary to competitor molecules, for complete blockade of c-Met without measurable activation of the receptor, enhanced cell killing function mediated by ADCC, and improved tissue distribution (*source*: Hultberg, 2014). The Group believes that ARGX-111 has the potential to address unmet medical need in early-stage c-Met positive solid tumors and in c-Met positive lymphomas and leukemia's.

ARGX-113 (proprietary, preclinical stage): antibody fragment targeting FcRn, a receptor involved in antibody recycling and half-life prolongation (*source*: Roopenian, 2007). ARGX-113 makes use of the ABDEG™ technology to increase the binding affinity of ARGX-113 to FcRn, turning it into an antagonist of this target. This results in a significant drop in circulating, pathogenic antibodies (*source*: Vaccaro, 2005). The Group believes ARGX-113 has the potential to address unmet medical need in autoimmune diseases, including both large and orphan severe autoimmune diseases, driven by pathogenic autoantibodies and characterized by acute flares or crises.

ARGX-112 (proprietary, preclinical stage): antibody targeting IL-22R, the shared receptor for IL-20 and IL-22, which play a role in skin inflammation (*source*: Sabat, 2014). ARGX-112 makes use of the SIMPLE Antibody™ technology to block a unique epitope on the IL-22 receptor that allows for potent blocking of both IL20 and IL-22 binding and signaling (*source*: Blanchetot, 2013). The Group believes that ARGX-112 has the potential to address unmet medical need in inflammatory diseases of the skin, such as atopic dermatitis.

ARGX-109 (partnered, preclinical stage): antibody targeting IL-6 in autoimmune and oncology indications. ARGX-109 makes use of the SIMPLE Antibody™ technology to target a unique epitope which enables high blocking potency. The product is currently being developed by the Group's partner RuiYi under a global licensing agreement.

The Group currently has a number of discovery programs applying the SIMPLE Antibody™ technology to address targets in various therapeutic areas which it believes to be inaccessible to current antibody technologies. The Group develops its discovery pipeline in collaboration with academic (de Duve Institute; GARP program) and pharmaceutical partners (Shire, Bayer and Boehringer Ingelheim).

5.2. Product background

5.2.1. ARGX-110, a CD70 inhibitor for the treatment of cancer and severe autoimmune diseases

5.2.1.1. Target rationale

CD70 is a cell surface molecule involved in the activation of the immune system. In the cancer setting, it helps tumor cells to proliferate and survive, and escape immune surveillance by recruiting regulatory T-cells (T_{regs}) (*source*: Boursalian, 2009; Claus, 2012). In normal cells, CD70 expression is very low, but it is frequently increased in hematological malignancies, especially lymphomas (*source*: Grewal, 2008). In solid tumors, frequency of CD70 expression is increased in cancer types that often respond to immunotherapy, such as non-small cell lung cancer (58%, *source*: in house data), clear renal cell carcinoma (100%, *source*: Grewal 2008), and melanoma (42%, *source*: in house data) and possibly mesothelioma (57%, *source*: in house data), but also cancers currently beyond the reach of immunotherapy such as ovarian cancer (17%, *source*: Liu, 2013), head and neck cancer (50%, *source*: in house data), and cancer of the esophagus (67%, *source*: in house data) and pancreatic cancer (27%, *source*: in house data).

Based on an in-house developed immunohistochemistry assay, the Group has detected a high frequency of CD70 positivity in non-Hodgkin's lymphomas (NHL), including CTCL (83%, *source*: in house data), Mantle cell lymphoma (MCL) (100%, *source*: in house data) and confirmed published high frequency of CD 70 positivity in other indications such as Waldenström's macroglobulinemia (WM) (100%, *source*: Ho, 2008), diffuse large B-cell lymphoma (DLBCL) (71%, *source*: Grewal, 2008), as well as Hodgkin's lymphoma (HL) (96%, *source*: Grewal, 2008).

Overall, CD70 was found to be expressed in approximately 35% of a general oncology population screened for participation in the Group's on-going Phase 1b clinical trial (*source*: in house data), where the majority of patient had solid tumors such as lung, head and neck, cervical, colorectal, breast and ovarian cancers.

The scientific literature (*source*: Boursalian, 2009) and in house data suggest that CD70 may also play a role in autoimmune diseases, such as rheumatoid arthritis, systemic lupus erythematosus or multiple sclerosis. Targeting CD70 may therefore play a role in the treatment of the inflammatory conditions for which the unmet medical need is high.

5.2.1.2. ARGX-110

ARGX-110 is a SIMPLE Antibody™, which potently blocks CD70 activity. It is equipped with POTELLIGENT® technology to increase antibody-dependent cell-mediated cytotoxicity (ADCC). The Group has shown in laboratory experiments that ARGX-110 has 3 potential mechanisms of action: blocking the CD70 cancer survival signal, killing cancer cells that express CD70, and restoring immune surveillance against tumors (*source*: Silence, 2014). Because they are complementary to standard therapy, these mechanisms open the door to combining ARGX-110 in multi-drug regimens.

5.2.1.3. Medical need

The oncology therapeutic area has witnessed intense pharmaceutical activity in a large number of indications. Despite incremental gains in patient overall survival, advanced cancer remains largely incurable. For example, the recent advance of immunotherapy in patients with melanoma increases median survival by approximately 3 months (*source*: Hodi, 2010). Therefore in most cases, advanced cancer represents a significant opportunity for innovative drug development.

In the field of B-cell lymphomas, for example MCL, standard treatment relies on cytotoxic chemotherapy combined with rituximab, an antibody causing B-cell depletion. Most patients relapse, despite recently introduced molecules which induce high response rates. T-cell lymphomas are a rare and heterogeneous group of diseases and clinical syndromes for which treatment remains a challenge (*source*: Foss, 2013).

Waldenström's macroglobulinemia is a rare type of B-cell lymphoma with a low cure rate and in which CD70 signaling is overactive and antibody-mediated CD70 blockade leads to growth arrest (*source*: Ho, 2008). While most patients respond to combinations of cytotoxic and/or targeted therapy (small molecules or biologics), the activity of some targeted agents is hampered by genetic mutations (*source*: Treon, 2014), and recurrence is the rule.

In the US only, Waldenström's macroglobulinemia affects an average of 4 per million, approximately 1,400 in 1980 (*source*: Herrinton, 1993). According to the LLS MCL, affects approximately 4,000 new patients per year in the US (6% of all new NHL cases). T-cell lymphomas affect approximately 7,800 new patients per year in the US (*source*: Wang, 2013). The Group believes that each of these orphan indications represents an attractive development opportunity in terms of development timelines and sustained product pricing. Salvage therapy for relapsed, refractory patients may be an intial entry point in each of these indications with Adcetris® being an example of such a development strategy. Adcetris® is an antibody-drug conjugate (ADC) approved for the treatment of relapsed, refractory Hodgkin's lymphoma and systemic large cell lymphoma, patients typically need seven to nine doses per course of treatment, a cost ranging from $94,5000 to $121,000 per treatment cycle.

The medical need in solid tumors is specific for each indication, and depends on the availability and efficacy of the particular drugs approved for each indication. Platinum-refractory ovarian cancer develops in approximately 80% of all patients (for an incidence of approximately 16,000 new patients per year) and is an example of an indication with high unmet medical need, where the efficacy of standard of care such as liposomal doxorubicin or topotecan is limited to disease palliation, without a significant impact on patient survival (*source*: Gordon, 2001). No biologics is currently approved for this setting in the US, although bevacizumab (Avastin) is approved in the first line setting in Europe.

The scientific literature and in house data suggest that CD70 may also play a role in autoimmune diseases, including systemic vasculitis, an orphan condition with an estimated annual incidence in the Western world ranging from 10 to 20 per million and a prevalence of between 24 to 157 cases per million worldwide (*source:* Cartin-Ceba, 2012). Systemic vasculitis is characterized by inflammation of blood vessels linked to the presence of anti-neutrophil cytoplasm antibodies (ANCA) (*source*: Lepse, 2011) and increased numbers of B- and T-cells expressing CD70 (in house data). The Group takes the view that there is an on-going unmet need in a significant proportion of patients with auto-immune diseases who are refractory to current therapies: steroids, immunosuppressants, B-cell depletion (rituximab), or even pan-lymphocyte depletion (alemtuzumab). In these patients, mortality from vasculitis or treatment side-effects remains high (*source*: Walsh, 2012). Specifically depleting the small subset of CD70 positive B-and T-cells with minimal impact on the overall B- and T-cell compartments constitutes a rational therapeutic goal, potentially associated with a safety advantage.

5.2.1.4. Competition

Competition in the CD70 area is limited but active. The Group is aware that Seattle Genetics has announced the development of two antibody-drug conjugates (ADCs) targeting CD70 in solid tumors: SGN-75 (currently in Phase 1 development) and SGN-70A (currently at the pre-clinical stage). Amgen is also developing an ADC (AMG-172), currently in Phase 1 development for solid tumors. Celldex Therapeutics is developing CDX-1127 (varlilumab, currently in Phase 1 development), an antibody targeting CD27, the receptor of CD70.

5.2.1.5. Status

The Group is currently conducting a Phase 1b clinical trial in patients with advanced lymphomas, leukemias and solid tumors (end-stage disease) expressing CD70. The Group has established 5 mg/kg IV given every 3 weeks as the dosing schedule to be tested in the safety expansion cohorts of the trial. The main safety observation has been infusion-related reactions, a class effect of glyco-engineered antibodies (*source*: Yamamoto, 2010) effectively managed using standard pre-medication. Out of 26 patients treated in the dose escalation part of the study, no dose-limiting toxicity has been identified. One hematological complete response (CR) has been documented in a patient with Sézary syndrome, a form of cutaneous T-cell lymphoma. In a second T-cell lymphoma patient biological activity in the hematological compartment (elimination of CD70 positive cells, including Sézary clone as measured by qPCR), has been observed. Prolonged stabilization of disease (> 6

months), a validated clinical benefit endpoint in several solid tumors, has been observed in five individual patients with renal cell carcinoma, platinum-refractory ovarian cancer, head and neck cancer, myoepithelial and mesothelioma.

The recruitment of a total of 60 patients in two 30 patient safety cohorts (one for hematological malignancies and one for solid tumors) is on-going. The selection of indications is adapted based on the on-going analysis of efficacy signals. Preliminary efficacy results are expected in 2H 2015. However, based on peer-reviewed scientific literature and support from the Leukemia & Lymphoma Society a Phase 2 in WM is expected to start in 2H 2014 (see Section 5.2.1.6 below). There are an additional up to 15 patients which will be included in an investigator driven clinical trial in NPC.

5.2.1.6. Clinical Development Plans

Once the Phase 1b study has established the safety and tolerability of ARGX-110, the Group will focus further development on one or more orphan lymphoma indication(s) with high unmet medical need, in which non-comparative Phase 2 data may be used to support accelerated regulatory approval. Preliminary efficacy data from the Phase 1b expansion cohorts, available in 2H 2015, will guide the choice of indication. The Group expects to select T-cell lymphoma or MCL.

Separate from the on-going Phase 1b expansion cohorts, the Group has secured a collaboration with the Leukemia & Lymphoma Society (US) for the clinical evaluation of ARGX-110 in a Phase 2 trial in Waldenström's macroglobulinemia patients. Based on peer-reviewed scientific literature describing the role of CD70 in Waldenström's macroglobulinemia (*source*: Ho, 2008), the Group will start a Phase 2 study in this indication in 2H2014, before completion of the Phase 1b study.

In parallel to the above monotherapy program, the Group intends to initiate a Phase 1 combination study to enable further development in solid tumors such as non-small cell lung cancer (NSCLC), ovarian cancer, or head and neck cancer. Taken together these trials will provide essential safety, efficacy, and pharmacological data to be included in eventual regulatory submission packages.

Once efficacy data from the Phase 2 trials becomes available, the Group intends to actively seek a partner to undertake indication expansion studies in larger hematological and solid tumors indications, for which regulatory approval typically requires larger Phase 3 programs.

(a) Planned POC study in Waldenström's macroglobulinemia (WM)

Starting in the 2H 2014 the Group is planning a Phase 2 trial of ARGX-110 monotherapy in 30 patients with relapsed/refractory WM, to be conducted under a US IND, at the Dana-Farber Cancer Institute (US). Recruitment is expected to be completed by 1H 2016 with efficacy results expected in 2H 2017.

(b) Efficacy POC study in second orphan lymphoma indication

A second Phase 2 efficacy study in 30 patients with relapsed/refractory T-cell lymphoma or MCL is planned for the 2H 2015. The Group will confirm its plans based on an ongoing analysis of the data generated from the expansion cohorts of the Phase 1b study.

The Company considers expanding either the WM Phase 2 or the T-cell lymphoma or MCL Phase 2 trial (ramping up to 150 patients) to meet regulatory requirements for accelerated approval. The selection of the indication which will be expanded will be based on the preliminary results of the studies.

(c) Phase 1 combination study in patients with solid tumors

Recruitment of 30 patients to Phase 1 safety study of ARGX-110 in combination with chemotherapy such as cisplatin, potentially applicable to indications such as lung, ovarian or head and neck cancer is planned for 2H 2015.

(d) POC study for autoimmune indications

The Group expects to initiate recruitment for an exploratory Phase 1 trial involving 15 auto-immune patients, in 2H 2015.

5.2.2. ARGX-111, a c-Met inhibitor for the treatment of cancer

5.2.2.1. Target rationale

c-Met is a tyrosine kinase receptor involved in the normal maintenance of body organs. It is normally activated by a growth factor called HGF (*source*: Trusolino, 2010) and can be detected by simple immunohistochemistry methods. In the cancer setting, c-Met is often overexpressed and may become spontaneously active, independently of HGF. c-Met overexpression activitated by HGF is reported in patients with cancer of the breast, lung, and colon, as well as various types of leukemias and lymphomas (*source*: Mathouk, 2010).

c-Met after being activitated by HGF plays an important role with cancer spread (metastasis) (*source*: Mizuno, 2013). The origins of metastases are cells called circulating tumor cells (CTCs). CTCs leave the primary cancer to establish themselves and grow in other organs of the body. Recently published literature suggests that c-Met is expressed on CTCs that cause metastases (*source*: Bacelli, 2013). Killing c-Met positive CTCs may therefore decrease the likelihood of metastases, a major cause of cancer mortality.

c-Met may be considered a validated oncology target, as evidenced by reports of clinical benefit in patients with lung, prostate or gastric cancer treated with experimental molecules that block either c-Met or HGF (*source*: Blumenschein, 2012).

5.2.2.2. ARGX-111

The medical literature indicates that blocking the activation of c-Met by HGF results in modest clinical effects (*source*: Spigel, 2013). To overcome this limitation, the Group has applied its SIMPLE Antibody™ technology to develop a monoclonal antibody that blocks both HGF-dependent and independent c-Met activation. The Group has also applied POTELLIGENT® technology to enhance ADCC, which plays an important role in killing cancer cell that circulate in the blood. Since FcRn plays an important role in transcytosis of IgGs into tissues (*source*: Roopenian 2007) the Group applied NHance® technology to increase the penetration of cancer tissue by ARGX-111.

In the pre-clinical evaluation of ARGX-111, the Group has shown that ARGX-111 blocks both HGF-dependent and -independent activation of c-Met and is more effective than its non-defucosylated parent in killing cancer cells that over-express c-Met. Specifically, ARGX-111 reduced the formation of metastases in breast cancer and colon cancer models (*source*: Hultberg, 2014). In monkey toxicology studies, ARGX-111 was well tolerated at the doses planned for clinical studies.

5.2.2.3. Medical need

Standard cancer care includes three major modalities: surgery to remove the primary tumor, radiation therapy to prevent local recurrence, and systemic therapy to kill metastases. The timing of these modalities varies according to the type and extent of disease. For example, oncologists routinely use combination chemotherapy to shrink breast cancer before surgery in patients with locally advanced disease, who are at risk of developing metastases (*source*: Bafaloukos, 2005). The period of time between diagnosis and surgical removal of the tumors is called the neo-adjuvant setting.

The Group believes that eliminating CTCs responsible for metastases early in the process will likely play an important role in the personalized therapy of diseases like locally advanced breast cancer. In this respect, the FDA has issued a regulatory guidance outlining an approval path for new agents using complete remission (CR) confirmed by pathological analysis as an acceptable surrogate endpoint of clinical benefit in patients with locally advanced breast cancer who receive neo-adjuvant therapy (*source*: FDA guidance for industry, 2012). Neo-adjuvant therapy is the standard treatment in patients with regionally advanced, inflammatory, or inoperable primary breast cancer. These patients make up approximately 77,000 new cases annually in the US, or one third of the total number of new cases of breast cancer diagnosed in the USA (*source*: SEER database 2012). The preferred neo-adjuvant approach is a sequential anthracycline-taxane-based chemotherapy. In patients with HER-2 positive breast cancer, the chemotherapy is given in combination with trastuzumab (Herceptin®) and pertuzumab (Perjeta®).

Preliminary in house data indicate that blocking c-Met with ARGX-111 may increase the efficacy of chemotherapy against tumors. This may translate in higher rates of CR in the clinic. In addition, depleting the

CTCs expressing c-Met via enhanced ADCC may also contribute to prolonged disease-free survival, the ultimate endpoint of confirmatory neo-adjuvant trials.

This approach may ultimately find a role in other indications, such as colon cancer, where adjuvant treatment (after surgery, but before metastases are diagnosed) has shown clinical benefit (*source*: NIH Consensus conference, 1990), gastric cancer or NSCLC. Colon cancer for example, has an annual incidence of 155,000 cases, making it the third most common malignancy in the US. The majority of these patients may be candidates for adjuvant therapy (*source*: August, 1984, Saltz, 1996). Current regimens are based on the standard chemotherapy drugs 5-fluorouracil and oxaliplatin, and lead to a 5 year disease free survival of approximately 70% of the treated patients (*source*: André, 2009). Contrary to the metastatic setting, where the anti-EGFR and anti-VEGF antibodies are approved (for example, cetuximab and bevacizumab), no biologic agent has shown benefit in the adjuvant (*source*: Nelson, 2013) or neo-adjuvant setting. Overall, the Group believes ARGX-111 has the potential to address high unmet medical needs in neo-adjuvant breast cancer, the adjuvant setting of colorectal cancer and non-small cell lung cancer, as well as hematological malignancies such as multiple myeloma and acute myeloid leukemia.

5.2.2.4. Competition

For ARGX-111 the main competing products consist of antibodies targeting c-Met: MetMab, (onartuzumab) from Genentech, LY-2875358 from Eli Lilly and ABT-700 from AbbVie, as well as antibodies targeting HGF: AMG102 (rilotumumab) from Amgen and ficlatuzumab from Aveo Pharmaceuticals. Onartuzumab and rilotumumab are undergoing Phase 3 testing in lung and gastric cancer. The other antibodies are in the Phase 1/2 stage.

Compared to the competition which has focused on combination therapy in late stage cancer, ARGX-111 appears to be well positioned in the early clinical (neo-adjuvant) setting of solid tumors like breast cancer, as well as in hematological indications. Indeed, the Group believes that ARGX-111 is the only clinical-stage antibody combining blockade of HGF-dependent and -independent c-Met activity along with enhanced cell kill of c-Met positive CTCs via POTELLIGENT® technology.

5.2.2.5. Status

The clinical development for this program has begun with a Phase 1b trial in 34 patients, aiming to characterize the safety profile and biological activity of ARGX 111 by 2H 2015. The trial is intended to identify the recommended dosing schedule to be used in future efficacy trials.The Group envisions to complete the dose escalation part of the trial and select a safe dose during 2H 2014. The safety expansion part of the trial is envisioned to start 1H 2015. The Phase 1b is recruiting patients with advanced solid tumors or hematological malignancies expressing c-Met at 2+ or 3+ level, to date approximately 50% of these patients had CTCs (*source*: in house data). The Group has observed an early sign of biological activity in one gastric cancer patient with bone metastases who showed a mixed response vs base line after receiving two doses of study drug.

5.2.2.6. Clinical Development Plans

The Group's current clinical strategy for ARGX-111 is to document eradication of c-Met positive CTCs in Phase 1b and to seek a partnership for the full development stage of the molecule at the conclusion of pilot studies conducted in the neo-adjuvant/adjuvant setting of a major cancer indication, such as breast cancer, expected in the 2H 2015.

5.2.3. ARGX-113, an FcRn antagonist for the treatment of antibody-mediated autoimmune diseases

5.2.3.1. Target rationale

The neonatal Fc receptor (FcRn) recycles antibodies of the IgG type which have been taken up by cells back to circulation. This results in a long half-life for these antibodies. Blocking FcRn abrogates this recycling and leads to fast IgG degradation and lower IgG levels in circulation. Therefore blocking of FcRn may be a potential treatment for auto-immune diseases which are caused by immunoglobulins of the IgG type (*source*: Roopenian, 2007).

5.2.3.2. ARGX-113

ARGX-113 is the Fc-portion of an antibody that has been modified by ABDEG™ technology to increase its affinity to FcRn beyond that of normal IgG antibodies. As a result, ARGX-113 blocks antibody recycling and leads to faster clearance of IgG autoantibodies.

5.2.3.3. Medical need

Collectively, autoimmune diseases afflict an estimated 7.6 to 9.4 percent of the population (*source*: Cooper, 2009). According to the NIH, epidemiology data suggest that the incidence of autoimmune disease is increasing. Therapeutic antibodies are already used to manage several auto-immune diseases such as rheumatoid arthritis, systemic lupus erythematosus, multiple sclerosis, and Crohn's disease. Many more remain where targeted antibody therapy could play a role, including myasthenia gravis, and skin blistering diseases such as pemphigus and epidermolysis bullosa acquisita.

Patients with severe manifestation of auto-immune disease are often subject to prolonged use of systemic corticosteroids administered at high doses, which have significant short and long term side effects. Refractory disease is typically treated with immunosuppressive agents. Rapidly worsening auto-immune diseases (so-called disease flares or crises) are treated with intravenous immunoglobulins (IVIg) or by filtering out autoantibodies from a patient's blood using a procedure called plasmapheresis. IVIg is typically infused for 5 days and plasmapheresis is repeated every day or every other day for several cycles. The Group believes that efficacy of these treatments is often relatively slow in onset resulting in sufficient medical need and offers a commercial opportunity for a faster or more effective treatment. ARGX-113 demonstrated a rapid onset of action in a pre-clinical setting and aims to address the medical need of managing auto-immune disease flares. At a later stage ARGX-113 may also be used in a sub-chronic or chronic setting. The Group believes this is of particularly interest in a number of large indications, including lupus, as well as a series of orphan indications including but not limited to myasthenia gravis (MG) (estimated prevalence in US 20-50/100,000, *source*: Liu, 2009), blistering skin diseases such as pemphigus vulgaris (estimated prevalence in US 18/100,000, *source*: List of rare disease and synonyms – Orphanet Report Series 2013), and immune thrombocytopenic purpura (estimated prevalence in US 9.5/100,000) (*source*: Segal, 2006).

MG is a neuro-muscular autoimmune disease, driven by IgG autoantibodies. Despite modern therapy myasthenic crises are often associated with breathing difficulties that may be life-threatening and require urgent treatment. This is especially relevant to a subset of MG (approximately 5-8% of the total MG population, or 10-16 per million) linked to so-called anti-MuSK autoantibodies (*source*: El-Salem, 2014) and for which disease severity correlates with anti-MuSK autoantibodies levels in the blood (*source*: Yeh, 2007). Patients with this rare form of MG respond poorly to current therapy. The per-treatment costs of A MG crisis range from approximately $79,000 for IVIg to approximately $101,000 for plasmapheresis (*source*: Heatwole, 2011).

Epidermolysis bullosa acquisita (EBA) is a chronic autoimmune subepidermal blistering disease of the skin and mucus membranes with a subset of patients also having a generalized inflammatory skin blister phenotype. EBA is an ultra-orphan disease with a prevalence of 0.2 per million people (*source*: Gupta, 2012). Immunologically, EBA is characterized by the presence of IgG autoantibodies against type VII collagen. Due to the rarity of EBA, data regarding the benefits of treatment are lacking. Treatments that have been tried, include systemic steroids, either alone or along with azathioprine, methotrexate, and cyclophosphamide, as well as intravenous immunoglobulin, rituximab and immunoadsorption.

5.2.3.4. Competition

The Group believes that the market for autoimmune diseases represents commercial opportunities with currently marketed antibody products such as Roche's MabThera® (rituximab) with 2012 worldwide sales for the treatment of autoimmune indications of approximately $ 1.1 billion, GlaxoSmithKline's Benlysta® (belimumab) with 2012 worldwide sales of over $200 million for the treatment of lupus, and Biogen Idec/Elan's Tysabri® (natalizumab) with 2012 worldwide sales of $1.6 billion for the treatment of multiple sclerosis and Crohn's disease (*source*: La Merie Publishing, Top 30 Biologics 2012, May 7, 2013).

5.2.3.5. Status

POC efficacy data for the ABDEG™ technology have been obtained in mouse models of rheumatoid arthritis (*source*: Patel, 2005) and multiple sclerosis (*source*: Challa, 2013). The Group has shown that ARGX-113 binds

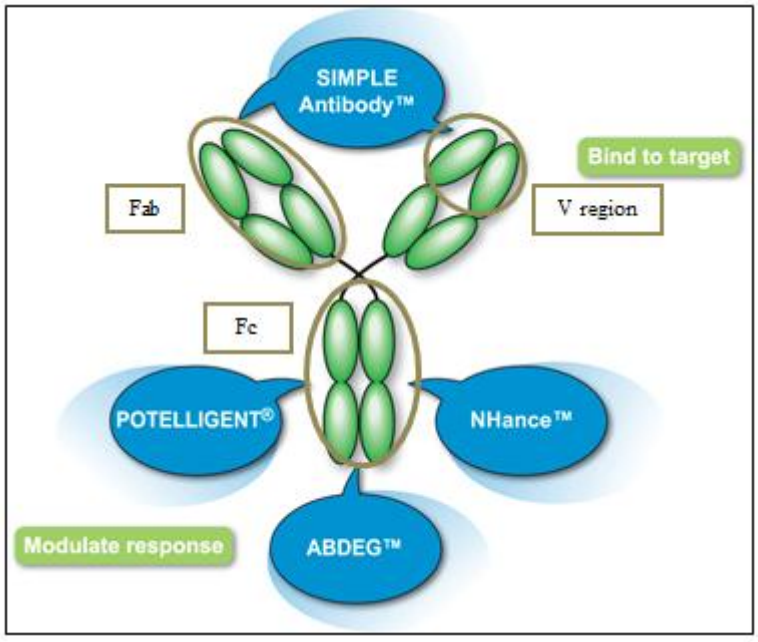
to FcRn and induces dose-dependent reduction of IgG antibody levels in a more efficient manner than IVIg in cynomolgus monkeys following a single injection (*sources*: Ulrichts, 2014 and in house data). Further preclinical characterization of ARGX-113 is on-going.

5.2.3.6. Clinical Development Plans

The correlation between levels of MuSK autoantibodies and disease severity makes this subset of MG patients a plausible population on which to base the initial clinical development of ARGX-113. The Group expects to submit a clinical trial authorization (CTA) in 2H 2015 and to establish safety in a Phase 1, first-in human trial in 30 healthy volunteers. According to the current plans, this would be followed by a Phase 2 study of ARGX-113 in the treatment of patients with MuSK-MG (30 patients). The potential utility of ARGX-113 in other autoimmune diseases may be explored in a companion Phase 2 pharmacodynamic study (40 patients).

5.3. Antibody Discovery Engine and Fc engineering technologies

5.3.1. Introduction



Antibodies are Y-shaped proteins that are part of the human immune system to protect against pathogens like bacteria and viruses. Two so-called Fab arms in the upper part of the antibody recognize proteins or other molecules on the surface of pathogens via the so-called V (variable) regions. The immune system is able to generate antibodies against a vast array of foreign molecules, *i.e.* antigens, by varying the sequences within the V regions.

The lower part of the antibody is called Fc and does not come in contact with the antigen. It attracts cells from the immune system, which subsequently eliminate antibody-bound pathogens from the body (*source*: Weiner, 2010).

Because of their ability to recognize antigens in a very specific way and to recruit immune effector cells, antibodies are applied for therapy in different disease areas. Initially antibodies against human disease targets have been generated in mice, but their efficacy in humans was limited because the patients' immune system recognized the murine antibody as foreign and cleared it rapidly by raising an immune response. This immunogenicity problem was initially addressed by generating chimeric antibodies in which the murine constant regions were replaced by the human ones and secondly by humanization approaches, where parts of the mouse variable regions were substituted by human (*source*: Weiner, 2006).

During the last two decades fully human antibody technologies became available using mice in which the murine antibody genes were replaced by the human genes and by display technologies, where large human non-

immune or synthetic antibody repertoires were cloned in bacteria for display on bacteriophage (*source*: Weiner, 2006). In addition engineering of the Fc portion to achieve enhanced interaction with immune effector cells has evolved over the last years thereby making the therapeutic antibodies more efficacious (*source*: Chan, 2010). Apart from its role in effector function the Fc is responsible for the long-term antibody persistence (or the antibody's serum half- life) in blood. Blood proteins including antibodies are constantly taken up by cells lining up the veins and are degraded within these cells. Antibodies are rescued from degradation by interacting with neonatal Fc receptor (FcRn), which recycles the antibodies back to the surface of the cells where they are released in the blood. Fc engineering enables to modulate the interaction with FcRn leading to longer serum half-life of the antibodies, potentially resulting in improved therapeutic efficacies. FcRn is also responsible for the distribution of antibodies into various tissues of the body (*source*: Roopenian, 2007).

5.3.2. The Group's technologies

The Group's technology suite consists of four complementary platforms. The proprietary SIMPLE Antibody™ discovery platform enables targeting complex or novel disease targets, which the Group believes are difficult to address by established technology platforms. The Fc engineering technologies, POTELLIGENT®, NHance® and ABDEG™ have the potential to further enhance the intrinsic therapeutic functionalities of its antibody leads by enhancing antibody cell killing through ADCC, prolonging product residence time in the human body, and enhancing the clearance of disease targets or pathogenic antibodies. These complementary technology platforms can be applied in combination to yield differentiated therapeutic antibodies having multiple modes of action.

- **SIMPLE Antibody™**: The Group was founded on this original invention which is based on active immunization of llamas with human disease targets. The Group observed the surprisingly high human sequence and structural homology in the variable regions of the 4-chain antibodies of this species, which makes this class of antibodies attractive for therapeutic applications. Typically arGEN-X's SIMPLE antibodies are germlined, a procedure in which the variable regions are compared with and converted as close as possible to specific human germline variable regions, based on the idea that the germline configuration is less likely to induce immunogenicity. In contrast to these variable antibody regions, the sequences of human proteins comprising therapeutic targets differ from their llama counterparts, explaining the high antibody titers obtained when human targets are used to immunize llamas. The high serum titers reflect large panels of different antibodies that bind to many possible epitopes on the target, giving the possibility to identify antibody candidates with differentiated characteristics, such as novel ways of modulating target activity or high binding affinities (*source*: Silence, 2014). Since the llama target sequences differ from both human and mouse, human-mouse cross-reactive antibodies can often be found, allowing early efficacy and safety testing in preclinical mouse models, of particular value in de-risking novel disease targets. The potent immune system of the animals also enables the generation of antibodies against complex targets that are difficult for drug discovery, such as ion channels and G protein coupled receptors.

- **NHance®.** The Group exclusively in-licensed the patents covering this serum half-life extension technology from Prof. Sally Ward of the University of Texas Southwestern Medical Center. The technology encompasses two mutations in the Fc that enhance the binding affinity of Fc to FcRn under acidic pH conditions in endosomes, but which do not affect the affinity at neutral pH (*source*: Vaccaro, 2006). As a consequence an antibody containing the NHance® mutations is rescued more effectively from degradation in the endosome and recycled to the surface of the cell, where it is released into the blood compartment and potentially resulting in a longer serum half-life for the antibody. The NHance® mutations do not affect binding to Fc gamma receptor IIIa which is responsible for cell killing by Antibody Dependent Cell-mediated Cytotoxicity (ADCC), nor do they influence the antibody's capability to fix complement, which mediates cell killing via Complement Dependent Cytotoxicity (CDC). The extended serum half-life may provide longer exposure of the antibody to the disease target, whereas the unaffected cell killing properties may contribute to a better therapeutic efficacy. Also, NHance® results in lower antibody dosing requirements, thereby enabling subcutaneous administration, which provides greater convenience for the patient. Finally, it has been described that FcRn is responsible for tissue distribution of antibodies (*source*: Roopenian, 2007), so NHance® has the potential to enhance tissue penetration of antibodies (See section 14.2 "*Licenses*" below)

- **ABDEG™**: A related technology to NHance® is ABDEG™, covered by the same patents which the Group exclusively in-licensed from the University of Texas Southwestern Medical Center, where in addition to the two NHance® mutations, three further mutations are introduced into the Fc (*source*: Vaccaro, 2005). As a result, binding affinity of Fc to FcRn is improved at both acidic and neutral pH. As

a consequence, ABDEG™ modified Fc regions occupy FcRn and block the recycling of pathogenic autoimmune antibodies, which potentially leads to their enhanced clearance. By mining the immune repertoires via dedicated methods SIMPLE antibodies with pH dependent target binding can be identified, thereby avoiding *in vitro* mutagenesis of Complementarity Determining Regions (CDRs, *i.e.* loops in V regions interacting with target) for introducing pH dependent binding. Complexes of such antibody with target will dissociate at acidic conditions of the endosome enabling recycling of the antibody, whereas the target will be degraded. This "sweeping concept" allows removal of circulating disease targets or receptor targets and renewed target binding of the recycled antibody. The combination of pH dependent target binding and enhanced recycling via FcRn of antibodies with NHance® or ABDEG™ mutations is of relevance for efficient sweeping of disease targets.

- **POTELLIGENT®**: This technology has been in-licensed from BioWa (US) on a non-exclusive basis and has the potential to boost antibody mediated cell killing (ADCC). By using a dedicated production cell line, antibodies with a non-fucosylated Fc region can be obtained with increased binding affinity for Fc gamma receptor IIIa (*source:*Yamane-Ohnuki, 2004). This receptor is present on immune effector cells and is responsible for cell killing of antibody decorated target cells. Increased binding affinity of the antibody Fc to Fc gamma receptor IIIa has the potential to enhance ADCC. Non-fucosylated antibodies occur naturally in humans in low amounts and are therefore supposed to be safe. This technology has been validated clinically by Kyowa Hakko Kirin's antibody against CCR4 (mogamulizumab), which in Japan was approved for treatment of adult T-cell lymphoma and recently for peripheral T-cell lymphoma and cutaneous T-cell lymphoma. (See Section 14.2 "*Licenses*" below).

6. REVENUE MODEL

The Group's revenue model consists of partnering its in-house, proprietary products at a certain point; forging industrial partnerships with pharmaceutical and biotechnology companies; and technology licensing.

- ***Partnering of products***: Partnering of preclinical and clinical stage products typically generates revenue in the form of upfront payments, clinical development milestone payments, sales based milestone payments and royalties on net product sales. In the future, the Group may decide to reserve the possibility to retain certain marketing rights for individual products on a territory-by-territory basis.

  ARGX-109 has been partnered at the preclinical stage (see Section 14.2 "*Licenses*" below), and the Group also intends to partner ARGX-112 at the preclinical stage. The Group currently intends to partner ARGX-111 after Phase1b proof of mechanism, prior to initiation of randomized Phase 2 clinical trials. The Group currently aims to progress its therapeutic programs ARGX-110 and ARGX-113 up to Phase 2 clinical proof of concept, or beyond, before partnering. The decision of the Group to develop its programs beyond Phase 2 clinical proof of concept will be driven amongst others by the ability to identify promising orphan indications for which the clinical and regulatory path forward is, in the opinion of the Group, sufficiently attractive.

- ***Industrial partnerships***: Revenue from industrial partnerships typically consists of one or more of the following: technology access fees, research and development funding, discovery milestone payments, option exercise fees, clinical development and sales based milestone payments and royalties on net product sales.

  The Group leverages its suite of antibody technology platforms and know-how in industrial partnerships with pharmaceutical companies, such as Shire and Bayer, where the focus is on antibody drug discovery targeting novel and complex targets. Discovery activities under these alliances focus on multiple therapeutic areas. The Group intends to maximize its ability to partner freely by not granting exclusivity for disease targets under its research licenses. The Group aims to build long-term strategic relationships with its partners, on the back of past achievements.

- ***Technology licensing:*** Revenue under these licenses may comprise licensing fees, diverse milestone payments and royalties on net product sales.

  The Group is providing technology licenses for its NHance® platform on a non-exclusive basis to companies with diverse needs, such as optimizing an antibody-based product for subcutaneous administration or pursuing life cycle management strategies across their biotherapeutic pipelines. To date the Group has already provided two non-exclusive licenses to its Nhance® technology platform. The

Group is taking a similar approach with licensing ABDEG™, given its broad applicability from clearance of pathogenic agents to management of autoimmunity. The Group's only conditional area of technology licensing relates to POTELLIGENT®, where under the terms of the Group's BioWa license it may only grant sublicenses within the context of a SIMPLE Antibody™ collaboration, to companies who are not already BioWa licensees (see Section 14.2 ("*Licenses*") below.

The Group believes it has a balanced revenue model based on its mix of industrial partnerships and technology licensing on the one hand and its product partnering revenues on the other hand.

7. MANUFACTURING

The Group has adopted a manufacturing strategy of utilizing third party contract manufacturers who act in accordance with (current) good manufacturing practices (*cGMP*) for the manufacture of drug substance and product. Additional contract manufacturers are used to fill, label, package and distribute investigational drug products.

ARGX-110, ARGX-111 and ARGX-113 are each produced by mammalian cell culture of a Chinese hamster ovary (*CHO*) cell line that expresses the product, followed by multiple purification and filtration steps typical of those used for monoclonal antibodies. Currently drug substance of all of the Group's products is manufactured by Lonza, Slough, UK. Other Lonza facilities as well as other contract manufacturers are also potential sources for drug substance manufacturing.

All of the Group's antibodies as well as ARGX-113 are manufactured by starting with cells, which are stored in a cell bank. The Group has one Master Cell Bank for each product manufactured in accordance with cGMP. Working Cell banks have not yet been manufactured. Half of each Master Cell Bank is stored at a separate site so that in case of a catastrophic event at one site the Group believes sufficient vials of the Master Cell Bank are left at the alternative storage site to continue manufacturing.

8. COMPETITION

The Group competes with its suite of technology platforms in the fully human antibody space and the antibody Fc engineering space. The Group's competitors are numerous, but it most notably competes with the following companies.

8.1. SIMPLE Antibody™ - competing human antibody platforms

The current technology standard regarding human antibody platforms consist of transgenic mouse platforms on the one hand and phage display platforms on the other hand. The best-known transgenic mouse systems include Regeneron's VelocImmune®, Amgen's XenoMouse®, BMS'/GenMab's UltiMab®, Kymab's Kymouse and Ablexis'AlivaMab systems. Phage display platforms include the Dyax non-immune Fab library, the Morphosys HuCAL synthetic Fab library, and the MedImmune non-immune scFv library.

The SIMPLE Antibody™ discovery platform enables targeting complex or novel disease targets, which the Group believes are more difficult to address by established antibody technology platforms.

8.2. NHance® - competing serum half-life extension platforms

The earliest described mutations leading to increased half-life of antibodies in the blood are from Genentech and MedImmune. Genentech performed an extensive mutagenesis study addressing most of the residues structurally involved in interaction with Fc receptors including FcRn and determined the binding affinity of these variants. MedImmune applied phage display of a library of mutants of the human Fc fragment and identified the YTE variant, which has increased binding affinity to FcRn under acidic conditions, but not at neutral pH. This YTE variant however has an impaired binding to Fc gamma receptorIIIa, resulting in a decrease in antibody mediated cell killing via ADCC.

Xencor also performed mutagenesis studies to find Fc variants with improved binding characteristic for Fc receptors. For FcRn the Xtend® mutant was identified giving a longer half-life in human FcRn transgenic mice. Xencor has Xtend® versions of an anti-TNF and an anti-CTLA4 antibody in clinical development.

The Group believes the NHance® platform is well positioned based on the high degree of half-life extension it can deliver without impairing ADCC.

8.3. ABDEG ™ - competing FcRn antagonists and sweeping antibodies

Syntonix pioneered the field of FcRn antagonists by generating peptides and later on antibodies in collaboration with Dyax aiming at their application in autoimmune diseases. After acquisition by Biogen IDEC no further development of the compounds was reported.

The concept of sweeping was introduced by Chugai. It engineered pH dependent antigen binding by introducing histidine residues into the CDRs of its IL6R antibody Actemra®. Combining pH dependent antigen binding with enhanced recycling via FcRn yielded an increased serum half-life in cynomolgus monkeys.

The Group believes it is well positioned to compete in the FcRn antagonism space based on the performance profile of ABDEG™. The combination of the SIMPLE Antibody™ platform, which has an ability to yield naturally occurring antibodies with pH dependent antigen binding, with NHance® or ABDEG™ puts the Group in a competitive position to create sweeping antibodies.

8.4. POTELLIGENT® - competing ADCC enhancing technologies competitors

Genentech identified single mutations in the antibody Fc region enhancing the binding affinity of Fc for the Fc gamma receptorIIIa and as a consequence giving increased ADCC mediated cell killing. Xencor generated three mutations with increased affinity for Fcgamma receptorIIIa, but also for Fc gamma receptorIIb leading to an inhibitory effect on ADCC. Macrogenics solved this issue by introducing five Fc mutations leading to an improved affinity for Fc gamma receptorIIIa, but which did not affect the affinity for the inhibitory receptor. Likewise Chugai generated asymmetric antibodies with two different heavy chains, which together contain eleven mutations that improve the binding to Fc gamma receptorIIIa only (*source*: Choudary 2013).

An alternative approach for boosting the ADCC potency is glyco-engineering. BioWa knocked out an enzyme responsible for addition of fucose in Chinese Hamster Ovary (CHO) cells leading to the expression of a-fucosylated antibodies with higher binding affinity to Fc gamma receptorIIIa. This POTELLIGENT® technology has been validated clinically by Kirin's anti-CCR4 antibody mogamulizumab. Glycart used a similar type of cell line to generate a-fucosylated antibodies. After the company was acquired by Roche, its anti-CD20 antibody GA101, which was ADCC optimized by this glycosylation technology, was approved for treatment of chronic lymphocytic leukemia patients. In ProBiogen's GlymaxX® technology a bacterial enzyme with reductase activity was cloned in CHO, which is capable of expressing antibodies lacking the core fucose and as the result with strongly enhanced ADCC potencies.

The Group believes that through its POTELLIGENT® license, it has accessed a clinically validated technology for enhancing ADCC.

9. INVESTMENTS

Through 31 March 2014, the Group has funded its operations through:

- EUR 46 million from private placements;
- EUR 6.9 million from non-dilutive subsidies; and
- EUR 6.0 million from industrial partnerships.

Since inception through 31 March 2014, the Group spent approximately:

- EUR 31.2 million on research and development; and
- EUR 8.3 million on general and administrative costs.

On 31 March 2014 the Group held EUR 20.4 million in cash, cash equivalents and short term deposits.

To date, the Group has not made any acquisitions of other companies, platforms or products, however it has exclusively in-licensed ABDEG™ and NHANCE® as described in Section 14.2 ("*Licenses*").

10. COLLABORATIONS

10.1. Industrial partnerships

The Group leverages its suite of antibody technology platforms and know-how in strategic alliances with pharmaceutical companies, such as Shire and Bayer, where the focus is on antibody drug discovery targeting complex and novel targets across multiple therapeutic areas. In addition the Group has partnered its preclinical program ARGX-109 with RuiYi under a global licensing agreement. The table below is providing an overview of the current industrial partnerships.

Partner	Year	Scope	Milestones	Royalties	Stage of Progress
Shire	2012	Discovery deal - rare diseases	Yes	Yes	Discovery
Shire	2014	Strategic alliance	Yes	Yes	Discovery
Bayer	2014	Discovery deal various therapeutic areas	Yes	No	Discovery
RuiYi	2012	Global out-licensing of ARGX-109	Yes	Yes	Preclinical
Boehringer Ingelheim	2013	Undisclosed	Undisclosed	Undisclosed	Discovery

Table 10.1: Current Industrial Partnerships

*10.1.1. **Shire International GmbH (CH):** SIMPLE Antibody™ discovery deal targeting complex rare diseases targets*

In February 2012 the Group entered into a research collaboration and exclusive product license option agreement with Shire International GmbH (formerly Shire AG) (***Shire***). Pursuant to the agreement the Group is using its SIMPLE Antibody™ Technology to create novel human therapeutic antibodies addressing diverse rare and unmet diseases being pursued by Shire. Shire has the option to license the most promising antibody leads from each collaborative program for further developments and commercialization worldwide, in return for milestone and royalty payments. Under the terms of the license, the Group has already received technology access fees and research funding and is eligible to receive discovery milestone payments. In September 2013, the Group received a first technical success milestone payment from Shire, and in January 2014, the Group received two extra discovery milestone payments from Shire. In January 2013 the scope of the agreement was expanded by the parties with no change to the agreement structure.

On 30 May 2014 the collaboration between Shire and the Group was expanded to include in addition to the use of the Group's entire suite of human antibody discovery technologies. Pursuant to the amended agreement (which is in addition to the existing collaboration), the Group shall apply during multiple years these technologies for the generation and development of human mAbs against multiple targets selected by Shire in line with its therapeutic focus. Shire has the option to license the most promising antibody leads for further developments and commercialization worldwide, in return for fees, clinical, regulatory and sales milestones, as well as single digit royalties on therapeutic product sales. Shire will be responsible for clinical development and commercialization of products, with the Group having the right to license any programs not pursued by Shire into its own development pipeline. Under the amended agreement, Shire made an upfront cash payment of EUR 3 million. At the same time as expanding the collaboration, Shire made a commitment to participate in the Offering subject to the condition that the Offering is completed no later than 15 July 2015 (see Part 15 ("*The Offering*") under Section 9 ("*Intention of the shareholders*")).

*10.1.2. **Bayer AG (G):** SIMPLE Antibody™ discovery deal targeting complex diseases targets*

In May 2014 the Group entered into a research collaboration and exclusive product license option agreement with Bayer AG (***Bayer***). Pursuant to the agreement the Group is using its SIMPLE Antibody™ Technology to create novel human therapeutic antibodies addressing complex targets from various therapeutic areas. Bayer has the option to license the most promising antibody leads from each collaborative program for further developments and commercialization worldwide, in return for milestone payments. Under the terms of the license, the Group has already received technology access fees and research funding and is eligible to receive preclinical success payments.

10.1.3. RuiYi

In October 2012 the Group granted a worldwide exclusive license to RuiYi, Inc. (formerly Anaphore, Inc.) (***RuiYi***) to develop and commercialize ARGX-109, a novel anti-IL-6 monoclonal antibody discovered and developed by the Group. Under the agreement, RuiYi made an upfront payment to the Group consisting of cash and equity. The Group is also eligible to receive additional payments based on the achievement of certain clinical, regulatory and commercialization milestones and royalties based on worldwide net sales of therapeutic products.

The Company holds a small minority stake in RuiYi, Inc.

*10.1.4. **Boehringer Ingelheim (G)**: SIMPLE Antibody™ pilot research agreement*

In December 2013 the Group entered into a pilot services and material transfer agreement with Boehringer Ingelheim Pharmaceuticals, Inc. (***Boehringer Ingelheim***) whereby Boehringer Ingelheim will evaluate and consider the usefulness of the Group's SIMPLE Antibody™ Technology for generating and screening antibodies for Boehringer Ingelheim's drug discovery research and development programs. The Group believes it will deliver the pilot data to Boehringer Ingelheim in 2H 2014.

*10.1.5. **Eli Lilly & Co (US): SIMPLE** Antibody™ discovery deal targeting complex targets*

In December 2010 the Group entered into a research and exclusive product license option agreement with Eli Lilly and Company (***Lilly***) pursuant to which the Group and Lilly engage in a collaborative research program to discover and develop novel therapeutic antibodies against targets submitted by Lilly. Under the agreement, the Group received license fees and research funding. The agreement has ended in December 2011.

In addition to these agreements, the Group has already signed two non-exclusive license agreements with respect to its NHance® technology.

*10.1.6. **The Leukemia & Lymphoma Society (US):** development of ARGX-110 in Waldenström's macroglobulinemia*

In May 2014, the Group entered into a research, development and commercialization agreement with The Leukemia & Lymphoma Society (***LLS***), a US voluntary health agency which encourages and sponsors research relating to leukemia, lymphoma, Hodgkin's disease and myeloma. This agreement is part of LLS 'Therapy Acceleration Program' (***TAP***), which is designed to speed the development of blood cancer treatments and supportive diagnostics. LLS funds projects related to therapies that have the potential to change the standard of care for patients with blood cancer, especially in areas of high unmet medical need. Pursuant to the agreement, LLS has committed to fund the Group's preclinical and clinical product development activities for ARGX-110 in Waldenström's macroglobulinemia for 50% of the trial costs with a maximum amount of $2,230,000 under certain terms and conditions set out in the agreement. All the inventions made relating to the research program shall be owned by the Group. In return, the Group shall pay certain compensation upon occurrence of transfer events, which include amongst others a change of control and the licensing or commercialisation of products or inventions relating to the research program.

10.2. Academic partnerships

The Group actively pursues collaborations and partnerships, which complement its in-house competences and capabilities. The Group works collaboratively with leading academic groups to gain access to their specialist expertise regarding target biology expertise and preclinical disease assays and models.

The Group also aims to enter into antibody discovery-based collaborations with leading academic groups to access novel disease targets of potential interest. The Group's partnership with UCL/de Duve (BE) is an example of an antibody discovery-based collaboration and option agreement, exploring a novel, immunomodulatory target called GARP to potentially develop antibody-based products for the treatment of cancer and auto-immune disease. Under the terms of the agreement of November 2013, the parties will closely collaborate to use the Group's SIMPLE Antibody™ Technology in validating the biology of a novel cancer immunomodulation target and creating functional leads with therapeutic potential. The Group has an option to develop and commercialize resulting antibody drug candidates on an exclusive basis, from which both parties will share the rewards.

11. MATERIAL CONTRACTS

Please refer to Section 10 ("*Collaborations*") above, Section 14.2 ("*Licenses*") below and Part 12 ("*Shareholder Structure, Principal Shareholders and Related Party Transactions*"), under Section 5 ("*Related party transactions*").

12. BANKING FACILITIES

As of the date of this Prospectus, the Group holds no credit facilities. The Group holds current and short term deposit accounts spread over a number of banks in the Netherlands and Belgium.

13. GRANTS AND SUBSIDIES

The Group has obtained four non-dilutive grants from the Flemish Government's Institute for the Promotion of Innovation by Science and Technology in Flanders (IWT), for a total funding of EUR 6.9 million. These grants are subject to specific valorization criteria linked to employment and investment in the Flanders region of Belgium. To date the Group has received EUR 5.2 million and the Group expects the outstanding amount of EUR 1.7 million to be received in instalments by end of 2017.

The most recent IWT grant, TGO120821, was initiated on 1 January 2013. It provides EUR 2.7 million funding in support of translational Phase 1b clinical work for ARGX-110, including biomarker research that will enable future patient enrichment strategies in ARGX-110 clinical trials. The project will end on 31 December 2016. In 2011, IWT grant 110484 for an amount of EUR 1.33 million was awarded for addressing highly challenging targets with the SIMPLE Antibody™ platform. The aim of this work was to test the potential of the SIMPLE Antibody™ platform in raising functionally relevant antibodies against complex multi-transmembrane pass proteins such as G-protein-coupled receptors (GPCRs), and ion channels. The Group expects to complete this project by end of Q2 2014.

Completed IWT grants supported the development of the SIMPLE Antibody™ platform and the preclinical development of ARGX-110 and ARGX-111.

IWT Grant	Award Year	Term (Mos)	Subsidy amount	Title	Scope	Status
IWT090297	2009	26	EUR 1.3m	The SIMPLE Antibody™ platform	Development of the SIMPLE Antibody™ platform	Completed
IWT100440	2010	24	EUR 1.56m	Characterization of SIMPLE Antibodies™	Preclinical development of ARGX-110 and ARG-X111	Completed
IWT110484	2011	36	EUR 1.33m	Addressing Highly Challenging Targets with the SIMPLE Antibody™ platform	Identification of SIMPLE Antibodies™ against ion channels and GPCRs	Completion end Q2 2014

IWTTGO120821	2013	48	EUR 2.7m	ARGX-110 Adaptive Phase I Clinical Trial & Companion kit Development	Support translational Phase Ib clinical development of ARGX-110	Ongoing

In addition to the IWT grants, the company benefits from a monthly salary tax reduction for R&D personnel. This type of subsidy is for qualified R&D staff and comes as a reduction of the taxes to be transferred to the government on a monthly basis. Since inception of the company until 31 March 2014 this amount totals EUR 1.7 million.

14. INTELLECTUAL PROPERTY

14.1. Patents and patent applications

Patents, patent applications and other intellectual property rights are important in the sector in which the Group operates. The Group considers on a case-by-case basis filing patent applications with a view to protect certain proprietary technologies, technical processes and product candidates, processes used to prepare these product candidates, proprietary molecules contained in these product candidates, and medical treatment methods. The Group may also in-license or acquire ownership rights to patents, patent applications or other intellectual property owned by third parties, for example by academic partners or commercial companies.

From inception the Group has implemented an intellectual property protection policy with the objective of broadly protecting its SIMPLE Antibody™ generation platform and certain proprietary antibody molecules. The Group pursues a strategy of protecting its core technologies and product candidates by broadly filing patent applications and by securing its key processes used in discovering and improving conventional Camelid antibodies (including but not limited to llama) as proprietary know-how. The Group's portfolio of patents, patent applications and other intellectual property are managed in-house in close collaboration with external European patent counsel Boult Wade Tennant (London, UK) and external US patent counsel Lathrop & Gage (Boston, US). Trademark matters are handled through Brantsandpatents (BE).

On the date of this Prospectus the Group's patent portfolio consists of thirteen families of patents/patent applications. In addition the Group owns licenses to two antibody optimization technologies (see Section 14.2 ("*Licenses"*) below.

The Group's patent portfolio of granted patents and pending applications is summarized in the following table:

Patent Family	**Publication No.**	**Title**	**International Filing date**	**Pending patent Applications**	**Granted patents**
A	WO2010/001251	Antigen binding polypeptides	2 Jul. 2009	AU, CA, CN, EP, IL, IN, JP, US	GB2,461,546 US8,444,976 US8,524,231 IL210002
B	WO2011/080350	Humanized antibodies	4 Jan. 2011	AU, CA, CN, EP, IL, IN, JP, US	GB2,476,681
C1	WO2012/059561	Anti c-Met antibodies	3 Nov. 2011	AU, BR, CA, CN, EP, ID, IN, IL, JP, RU, US	US8,637,027

C2	WO2012/059562	c-Met antibody combinations	3 Nov. 2011	AU, BR, CA, CN, EP, ID, IN, IL, JP, RU and US	
D	WO2012/123586	Antibodies to CD70	16 Mar. 2012	AU, BR, CA, CN, EP, ID, IN, IL, JP, RU and US	
E	WO2013/064700	Chimeric polypeptides and methods of their use	5 Nov. 2012	EP and US	
F	WO2013/175427	IL-6 binding molecules	23 May 2013	CN and PCT[1]	
G	WO2014/013075	Antibodies to highly conserved targets	19 Jul. 2013	PCT, UK	
H	WO2014/033304	Highly diverse combinatorial antibody libraries	2 Sep. 2013	PCT	
I	WO2014/033252	Method for producing antibody molecules having inter-species, intra-target cross reactivity	30 Aug 2013	PCT	
J	GB1315851.4[2]	Antibodies to complex targets	5 Sep. 2013[3]	UK[4]	
K	US61/920,547[2]	FcRn antagonists and methods of use	24 Dec. 2013[3]	US	
L[5]	WO 2006/130834	Immunoglobulin molecules with improved characteristics	31 May 2006	US, EP	US 8,163,881
M	EP1455839.5[2]	Mutant Immunoglobulins	19 Feb 2014	EP	

1 *A Patent Cooperation Treaty (**PCT**) patent application preserves a right to pursue patent rights in any of the PCT signatory states*

2 *Application number*

3 *Priority date*

4 *A priority filing in the UK preserves a right to pursue worldwide patent rights*

5. *Assigned to Board of Regents, the University of Texas System, and exclusively licensed to the Group*

Patent Family A relates to the Group's SIMPLE Antibody™ Platform for antibody discovery. Patent families B, E, G, H, I and J relate to specific aspects of the SIMPLE Antibody™ Platform. Patent Families C1, C2, D and F relate to antibody molecules that have been developed with the SIMPLE Antibody™ platform. Patent Family J claims the Group's antibody molecules to ion channels. Patent Family K relates to the Group's technology relating to clearing undesired antibody molecules from the body of a patient.

14.2. Licenses

14.2.1. BioWa

In October 2010 the Group entered into a non-exclusive license agreement on POTELLIGENT® Technology with BioWa, Inc. (***BioWa***). The POTELLIGENT® Technology is designed to improve the potency and efficacy of therapeutic antibodies by enhancing ADCC, one of the major mechanisms of therapeutic antibodies. BioWa, a wholly owned subsidiary of Kyowa Hakko Kirin Co. Ltd., is the exclusive worldwide licensor of the POTELLIGENT® Technology. This license was granted to the Group for an initial three-year research period (i.e. until October 2013), which has been extended for an additional two-year research period (*i.e.* until October 2015). The Group may also use the technology to research, develop and commercialize the antibodies it has discovered. The Group believes commercial terms for this license agreement are in line with industry standards.

ARGX-110 and ARGX-111 were originally developed under the research license granted in the 2010 agreement.

Under the terms of a commercial license agreement entered into between the Group, BioWa and Lonza Group Ltd. (***Lonza***) in December 2013, the Group can use the POTELLIGENT® CHOK1SV Technology, consisting of a cell line jointly developed and owned by BioWa and Lonza, to develop and commercialize ARGX-110 and ARGX-111, both of which are being manufactured in the POTELLIGENT® CHOK1SV cell line for clinical and commercial supply.

BioWa has retained certain rights under both the 2010 license agreement and the 2013 agreement in case the Group wishes to grant sublicenses on any product using the POTELLIGENT® Technology and/or POTELLIGENT® CHOK1SV Technology. The BioWa rights include rights to have the first evaluation and exclusive negotiation for the exclusive right to research, develop, manufacture and commercialize any antibody products developed by the Group which use the POTELLIGENT® Technology and/or POTELLIGENT® CHOK1SV Technology, in Japan and other Asian countries (the ***BioWa Territory***). The BioWa first evaluation and exclusive negotiation rights are triggered at any time BioWa wishes to enter into such first evaluation and exclusive negotiation. The right to exclusive negotiation of BioWa does not oblige the Group in all cases to enter into a license agreement with BioWa in respect of the BioWa Territory mentioned above. In case the Group proposes to enter into a worldwide license with a third party (*i.e.* covering at least the USA, or a certain group of European countries, and also covering the BioWa Territory or part thereof, also with certain determined conditions), BioWa has the right to propose its license terms to the Group but the Group may choose to pursue the license with the third party.

14.2.2. NHance®

In February 2012 the Group entered into an exclusive patent license agreement with the University of Texas Southwestern Medical Center relating to mutations that modulate the interaction between Fc and FcRn. A first set of mutations modifies the half-life of antibody molecules and potentially enhance their tissue penetration. This technology has been incorporated in ARGX-111. A second set of mutations potentiate the clearance of pathogenic antibodies and disease targets. This technology has been incorporated in ARGX-113. Pursuant to the license, the Group is entitled to use, develop and commercialize the NHance® Technology, as well as to sublicense it to third parties under certain conditions. The license agreement contains provisions for the Group to pay patent expenses, milestone fees, license fees, sublicense fees and to share revenues.

The Group markets the technology under the NHance® and ABDEG™ trademarks. To date, the Group has twice out-licensed its NHance® Technology whereby the licensees can use the NHance® Technology for research purposes, for which they pay an annual license fee, with the option to take out a commercial license, for which they will pay certain milestone payments and royalties. The Group believes commercial terms for the license agreement are in line with industry standards.

14.2.3. Cornell University

In December 2008 the Group entered into a non-exclusive license agreement with Cornell University in relation to monoclonal antibodies specific for llama and alpaca IgG1, IgG2 and IgG3. Pursuant to the agreement, the Group obtained a license for internal research in relation to hybridomas that produce monoclonal antibodies. The Group must pay license fees to Cornell University.

14.2.4. U-Protein Express

In May 2010, the Group entered into a non-exclusive license agreement with U-Protein Express B.V. in relation to its r-PEx technology for internal research. The license is free of licensing costs if the Group commits to the agreed volume of research services with U-Protein Express B.V.

14.3. Freedom to operate assessments

The Group has conducted Freedom to Operate assessments to determine whether its antibody development platform based on conventional *Camelidae* antibodies as disclosed in its patent families could be held to infringe any third party patent rights. To the best of its knowledge no other entity (academic or commercial) holds any such patent rights. To the best of its knowledge, the Group is not using third party proprietary information in its antibody development activities. To date no patent infringement claims have been asserted

against the Group. The former employer of certain of the Group's researchers has opined that some of the Group's patents derive from research undertaken by such researchers while employed by their former employer alleging that the Group was as a result thereof acting in breach of the former employer's patent in the field of camelid derived antigen binding polypeptides. In the framework of a mutually agreed process, the former employer's external legal counsel has conducted an investigation in respect of the dispute based on information provided by the Group. Although, following such investigation, the external counsel confirmed on behalf of the former employer that the latter has acknowledged that the research was undertaken after the researchers' employment with the former employer had ended and that the results of the investigation supported the Group's view that the Group has based itself on the results of its own findings or on information derived from the public domain, the former employer has not yet dropped its assertion.

The Group's policy is to conduct Freedom to Operate assessments of its product development candidates. Such assessments have been conducted for all its pipeline products. The Group's product candidates are currently not tested focussing on a specific indication. If one of the Group's product candidates would prove to be effective against one or more specific indications that are already subject to a valid patent protection, the Group will not be able to develop that product further in respect of the relevant indication(s). Third party patents exist or may exist in the future in respect of specific indications that could interfere with the further development of the product for such indications. To its knowledge, the Group believes however that such existing third party patents are either invalid or would not interfere with the Group's activities.

Where appropriate, the Group intends to take action against any third party products or processes that could be considered to infringe the Group's Intellectual Property, whether or not protected by patents.

14.4. Trademarks and designs

The Group uses its corporate name arGEN-X in creating awareness of its expertise and in marketing its platform technology. The Group has filed for a Community trade mark (application opposed) and has a US registration for the arGEN-X name. The name is also subject of a number of domain name registrations. The Group is involved in opposition proceedings regarding the registration of the arGEN-X name as a trademark but is currently negotiating an amicable solution with the claimant. Although the outcome of these proceedings is still uncertain, the Group does not expect the potential loss of the trademark registration to have an adverse impact on the Group's business as the Group does not intend to use its corporate name to identify pharmaceutical products. The potential loss of the trademark registration does, however, also mean that the Group will no longer be able to claim any exclusive rights over the use of the arGEN-X sign for the relevant services offered by the Group in the relevant territories.

The Group uses the trademark SIMPLE Antibody™ to identify its antibody development technology platform. The trademark SIMPLE Antibody™ has been registered as a Community trademark.

The Group uses the trademark NHance® to identify the half-life enhancing technology licensed in from the University of Texas. The trademark NHance® has been registered as a Community trademark and as a US trademark.

The Group intends to use the trademark ABDEG™ to identify the proprietary antibody and target clearing technology that is the subject of Patent Family L (see 14.1). The trademark ABDEG™ has been registered as a Community trademark and the application for the US is pending.

The Group is authorized to use the registered trademark POTELLIGENT® owned by Kyowa Hakko Kirin in identifying the technology licensed in from BioWa. The POTELLIGENT® sign has not been registered as a Community (or Benelux) trademark.

15. INFORMATION TECHNOLOGY

The Group has adopted a policy of capturing all of its key research results in a physical lab journal system. Electronic data and research results are stored on a central server system within its own secured office infrastructure. This system is backed up daily and those backup tapes are physically kept in a separate location. The Group has engaged a third party provider to manage all of its IT systems.

16. ENVIRONMENT & HEALTH AND SAFETY

The Group's research and development (R&D) activities take place in its facilities in Zwijnaarde, Belgium. For these activities the Group has obtained the necessary environmental and biohazard permits from the responsible governments. The biohazard permit Class 2 with number SBB219 2011/0921 was obtained on 5 March 2011 and is valid for 5 years (expiring 4 March 2016). The environmental permit Class 1 with number M03/44021/1529/2/A/1/LDR/MR was obtained on 9 February 2012 and is valid for a period of 20 years (expiring 8 February 2032).

The Group has an agreement with van Ganswinkel in relation to waste disposal. The Group also has a permit for the use of antibiotics (obtained from FAGG), ethyl alcohol and alcoholic drinks (obtained from ADA) and animal by-products for research purposes (obtained from FPS Health, Food Chain Safety and Environment).

17. PROPERTIES / FACILITIES

The Group rents about 800 square meter office and laboratory space from Syngenta, located at Technologiepark 30 in Zwijnaarde, Belgium, pursuant to a lease agreement dated 28 August 2009 (including several amendments), which expires in August 2016 (unless extended).

The Dutch administrative office of the Group is rented at Willemstraat 5 Breda, the Netherlands with Built to Build Real Estate. This agreement can be terminated on an annual basis.

18. INSURANCE

The Group has taken out the below mentioned insurance policies, which it believes are appropriate for a group with activities and risks similar to the Group.

List of current insurances of the Group:

Type of insurance	**Insurance company**
D&O The Directors and Officers liability insurance	HCC Europe
Civil Liability insurance	Generali Belgium
Travel Insurance	Chartis
Accident insurance	Ethias
Fire insurance	KBC
Professional Liability	HDI Gerling
Hospitalization	Allianz
Group Insurance	Allianz
Clinical Trials Insurance	HDI Gerling

19. LEGAL PROCEEDINGS

Neither the Group nor the Company are involved in any litigation or arbitration proceedings which have had or which, to the best of the Group's or Company's knowledge, may have a material effect on the financial position or profitability of the Group and/or the Company, nor is the Group or the Company aware that any such proceedings are pending or threatened.

The Group is currently involved in opposition proceedings regarding the registration of the arGEN-X name as a trademark and is currently negotiating an amicable solution with the claimant under the opposition proceedings.

Although the outcome of these proceedings is still uncertain, the Group does not expect the potential loss of the trademark registration to have an adverse impact on the Group's business as the Group is not planning to use arGEN-X as a product brand. The potential loss of the trademark registration does, however, also mean that the Group will no longer be able to claim any exclusive rights over the use of the arGEN-X sign for the relevant services offered by the Group in the relevant territories.

20. EMPLOYEES

The following table details the numbers of the Group's employees by function as at 31/12/2013, 31/12/2012 and 31/12/2011:

Categories	**31/12/2013**	**31/12/2012**	**31/12/2011**
Research and Development	**18**	**15**	**15**
Full time	**17**	**14**	**14**
Part time	**1**	**1**	**1**
Selling, General and Administrative	**2**	**2**	**2**
Full time	**2**	**2**	**2**
Total	**20**	**17**	**17**

The following table details the numbers of the Group's employees by location as at 31/12/2013, 31/12/2012 and 31/12/2011:

Location	**31/12/2013**	**31/12/2012**	**31/12/2011**
Belgium	**19**	**16**	**16**
the Netherlands	**1**	**1**	**1**
Total	**20**	**17**	**17**

None of the Group's employees is covered by a collective bargaining agreement or represented by a labour organisation. To date, the Group has not experienced a labour-related work stoppage. The Group considers its relations with its employees to be good.

The Company is dependent on a number of members of its R&D personnel, more specifically its R&D managers and senior scientists, which embody essential scientific and technical skills and know-how. 48% of the Group's staff is qualified to Ph.D. and/or M.D. level. The key areas of scientific expertise covered by the Group's R&D personnel include molecular biology, cell biology, bio-engineering, immunology, pharmacology and medicines. The Group currently employs staff of eight different nationalities.

21. REGULATORY FRAMEWORK

21.1. Overview

In each country where it conducts its research and intends to market its products, the Group has to comply with regulatory laws and regulations (hereinafter, collectively the ***Regulatory Regulations***), including regulations laid down by regulatory agencies and by other national or supra-national regulatory authorities (hereinafter, collectively the ***Competent Authorities***), as well as industry standards incorporated by such Regulatory Regulations, that regulate nearly all aspects of the Group's activities. The Competent Authorities notably include the European Medicines Agency (EMA) in the EU and the Food and Drug Administration (FDA) in the US.

The Group's pharmaceutical product candidates are subject to substantial requirements that govern their testing, manufacturing, quality control, safety, efficacy, labeling, storage, record keeping, marketing approval,

advertising, promotion and pricing. The process of maintaining continued compliance with the regulatory regulations requires the expenditure of substantial amounts of time and money.

21.2. Preclinical and clinical development plans

Competent Authorities are aware of the specificities of biological product candidates, and give much attention to their upfront characterization, including the development of assays to measure their biological activity. The preclinical and clinical development paths are broadly similar in the EU and in the US. Initially, preclinical studies are conducted to evaluate the mode of action (pharmacology) and safety (toxicology) either *in vitro* or *in vivo*. Upon successful completion of non-clinical studies, a request for a Clinical Trial Authorization (***CTA***, in the EU) or an Investigational New Drug application (***IND*** in US) must be approved by the relevant Competent Authorities for trials to be allowed to start. Clinical trials are typically conducted sequentially from Phase 1 (lasting typically 1 year), Phase 2 (2 to 3 years) and Phase 3 (2 to 5 years), to Phase 4 studies conducted after marketing approval. These phases may be compressed, may overlap or may be omitted in some circumstances.

Competent Authorities typically have between one and six months from the date of receipt of the CTA or IND application to raise any objections to the proposed trial and they often have the right to extend this review period at their discretion. Competent Authorities may also require additional data before allowing studies to commence and could demand that studies be discontinued at any time, for example if there are significant safety issues. In addition to obtaining Competent Authority approval, clinical trials must receive Ethics Committee (in the EU) or Institutional Review Board, "***IRB***" (in the US) approval in every hospital where the clinical trials are conducted.

21.2.1 Phase 1 clinical studies

After a Clinical Trial Authorization (CTA) in Europe or an Investigational New Drug (IND) application in the US, becomes effective, Phase 1 human clinical studies may start.

Phase 1 clinical studies are initially conducted in a limited population to evaluate a drug candidate's safety profile, and the range of doses that can be administered, including the maximum tolerated dose that can be given to patients. Phase 1 studies of monoclonal antibodies also determine how the drug candidate is distributed and cleared from the body (pharmacokinetics). In the case of products for life-threatening diseases such as many cancers, the initial human testing is often conducted in patients with the target disease rather than in healthy volunteers. These studies may provide preliminary evidence of efficacy. The Group has started clinical Phase 1 trials for ARGX-110 and ARGX-111 in compliance with internationally recognized standards of Good Manufacturing Practices (***GMP***) and Good Clinical Practices (***GCP***), as well as related implementing measures and applicable guidelines.

21.2.2. Phase 2 clinical studies

As in Phase 1 studies, relevant ethics committee and Competent Authority approvals are required before initiating Phase 2 clinical studies. These studies are conducted in a limited patient population to evaluate the efficacy of a drug candidate in specific indications, determine its optimal dosage and further describe the safety profile. The initial Phase 2 studies of a development program, which are sometimes referred to as Phase 2a, may be conducted in few patients to demonstrate preliminary safety and efficacy. Additional Phase 2 studies, which may be termed Phase 2b, may be conducted in a larger number of patients to confirm the safety and efficacy data generated in the Phase 2a studies and to refine optimal dosing. In some instances, a Phase 2 study may be declared acceptable by regulatory agencies to obtain marketing authorization for the drug.

21.2.3. Phase 3 clinical studies

As in Phase 1 and Phase 2 studies, relevant ethics committee and regulatory authority approvals are required before initiating Phase 3 clinical studies. These studies, which are sometimes referred to as registration or pivotal studies, are usually undertaken once Phase 2 clinical trials suggest that the drug candidate is effective and has an acceptable safety profile and an effective dosage has been identified. The goal of Phase 3 studies is to demonstrate evidence of clinical benefit, usually expressed as a positive benefit-risk assessment, of the investigational new drug in a patient population with a given disease and stage of illness.

In Phase 3 clinical studies, the drug is usually tested in randomized trials comparing the investigational new drug to an approved form of therapy in an expanded and well-defined patient population, usually recruited from

a large number of hospitals and medical practices. When no alternative is available, investigational drugs may be tested against placebo. Stringent criteria of statistical significance apply to Phase 3 trials.

21.3. Marketing approval

Although different terminology is used, the data requirements, overall compliance to GMP, GCP and other regulatory requirements and the assessment and decision making process for marketing approval are similar in the EU and in the US. Upon availability of initial efficacy data from Phase 2 clinical trials and confirmatory Phase 3 clinical trial data, the Group may submit a request for marketing authorization to the Competent Authorities (a Marketing Authorization Application (MAA) to EMA in the EU; a Biologics License Application (***BLA***) to FDA in the US). FDA and/or EMA may grant approval, deny the approval or request additional studies or data. Following favorable assessment and/or decision, the products may be commercially launched in the relevant territory. There can be no guarantee that such approval will be obtained or maintained. In practice, effective market launch is often further conditioned upon completion of pricing and reimbursement negotiations with Competent Authorities involved in healthcare and pharmaceutical expenditure at the national or regional level.

When granting marketing authorization, Competent Authorities may impose upon the Group an obligation to conduct additional clinical testing, sometimes referred to as Phase 4 clinical trials or other post-approval commitments, to monitor the product after commercialization. Additionally, marketing authorization may be subjected to limitations on the indicated uses for the product. Also, after marketing authorization has been obtained, the marketed product and its manufacturer will continue to be subject to Regulatory Regulations and monitoring by Competent Authorities. The conditions for marketing authorization include requirements that the manufacturer of the product complies with applicable legislation including GMP, related implementing measures and applicable guidelines that involve, amongst others, ongoing inspections of manufacturing and storage facilities.

21.4. Pricing and reimbursement

In Europe, pricing and reimbursement for pharmaceuticals are not harmonized and fall within the exclusive competence of the national authorities, provided that basic transparency requirements defined at the European level are met as set forth in the EU Transparency Directive 89/105/EEC, which is currently under revision. As a consequence, reimbursement mechanisms by private and public health insurers vary from country to country. In public health insurance systems, reimbursement is determined by guidelines established by the legislator or a competent national authority. In general, inclusion of a product in reimbursement schemes is dependent upon proof of the product efficacy, medical need, and economic benefits of the product to patients and the healthcare system in general. Acceptance for reimbursement comes with cost, use and often volume restrictions, which again vary from country to country.

In the United States and markets in other countries, sales of any products for which the Group receives regulatory approval for commercial sale will depend in part on the availability of coverage and adequate reimbursement from third party payors. Third party payors include government payor programs at the federal and state levels, including Medicare and Medicaid, managed care providers, private health insurers and other organizations. The process for determining whether a payor will provide coverage for a drug product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the drug product. Third-party payors may limit coverage to specific drug products on an approved list or formulary, which might not include all of the FDA-approved drug products for a particular indication. Third party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. The Group may need to conduct expensive pharmaco-economic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain the FDA approvals. Our product candidates may not be considered medically necessary or cost-effective. A payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

The price and reimbursement level for the Group's products will depend on the strength of the clinical data set and, as for most novel therapies, restrictions may apply. In most countries, national Competent Authorities ensure that the prices of registered medicinal products sold in their territory are not excessive. In making this judgment, they usually compare the proposed national price either to prices of existing treatments and/or prices in other countries also taking into account the type of treatment (preventive, curative or symptomatic), the degree of

innovation, the therapeutic breakthrough, volume of sales, sales forecast, size of the target population and/or the improvement (including cost savings) over comparable treatments. Given the growing burden of medical treatments on national health budgets, reimbursement and insurance coverage is an important determinant of the accessibility of medicines. The various public and private plans, formulary restrictions, reimbursement policies, patient advocacy groups, and cost-sharing requirements may play a role in determining access to products marketed by the Group. The national Competent Authorities may also use a range of policies and other initiatives intended to influence pharmaceutical consumption. To address the above, the Group integrates as part of its clinical development programs the collection of data aimed at facilitating the evaluation of therapeutic benefit, in terms of efficacy and/or reduction in side effect profile, and of its cost. Concomitantly with marketing authorization applications, the Group will engage in a dialogue with key decision makers at different payers in order to identify unique preferences and concerns by payer type and to obtain insight in the perceived value drivers, reimbursement barriers and price elasticity for its products.

PART 9
SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The selected financial information set out below has been extracted without material amendment from Part 21 ("*Historical Financial Information*") of this document, where it is shown with the important notes describing some of the line items.

Investors should read this section together with the information contained in Part 10 ("*Operating and Financial Review and Prospects*"), the non-statutory financial statements of the Group prepared in accordance with IFRS, as adopted by the EU and the related notes thereto included elsewhere in this Prospectus.

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Special Purpose Consolidated statement of Comprehensive income (in thousands of euros)	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
Revenue	341	437	2,677	1,651	1,125
Other operating income	496	439	2,577	1,380	1,956
Total operating income	**837**	**875**	**5,254**	**3,032**	**3,081**
Research and development expenses	(2,132)	(2,329)	(9,352)	(11,065)	(4,824)
General and administrative expenses	(601)	(416)	(2,132)	(2,017)	(1,897)
Operating profit/(loss)	**(1,897)**	**(1,870)**	**(6,230)**	**(10,051)**	**(3,640)**
Financial income	35	30	186	349	158
Financial expenses	0	0	(4)	(2)	(1)
Exchange gains/(losses)	0	29	(83)	6	17
Result Profit/(loss) before taxes	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**
Income tax (income/expense)	0	0	0	0	0
PROFIT/LOSS FOR THE PERIOD	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

Special Purpose Consolidated statement of Financial Position (in thousands of euros)	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
ASSETS					
Non-current assets	**670**	**391**	**586**	**341**	**287**
Intangible assets	0	0	0	0	12
Property, plant and equipment	101	150	120	176	275
Financial assets	1	1	1	1	0
Tax receivables	568	240	466	164	0
Current assets	**21,867**	**14,506**	**24,427**	**16,997**	**24,357**
Trade and other receivables	881	622	1,100	431	761
Other financial assets	500	1,050	500	1,050	0
Prepaid expenses	71	59	106	85	51
Cash and cash equivalents	20,415	12,774	22,720	15,430	23,544
TOTAL ASSETS	**22,537**	**14,897**	**25,013**	**17,338**	**24,644**
EQUITY AND LIABILITIES					
Equity					
Share capital	466	339	466	339	339
Share premium	45,304	30,431	45,304	30,431	30,431
Retained earnings	(27,354)	(21,171)	(25,491)	(19,360)	(9,662)
Other reserves	1,454	1,266	1,426	1,181	417
Total equity	**19,870**	**10,865**	**21,704**	**12,591**	**21,525**

Non-current liabilities	0	0	0	0	0
Current liabilities	2,667	4,031	3,309	4,747	3,119
Financial liabilities	0	1,692	0	1,692	1,692
Trade and other payables	2,259	1,967	2,853	2,624	1,427
Deferred revenue	408	372	456	431	0
Total liabilities	**2,667**	**4,031**	**3,309**	**4,747**	**3,119**
TOTAL EQUITY AND LIABILITIES	**22,537**	**14,897**	**25,013**	**17,338**	**24,644**

3. CONSOLIDATED CASH FLOW STATEMENT DATA

Special Purpose Consolidated statement of Cash flows
(in thousands of euros)

	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
Net cash flows from Operating activities	(2,339)	(2,715)	(6,056)	(8,383)	(3,074)
Net cash flows from Investing activities	34	30	121	262	(81)
Net cash flows from Financing activities	0	0	13,308	0	18,944
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,306)**	**(2,685)**	**7,373**	**(8,121)**	**15,789**
Cash and cash equivalents at the beginning of the period	**22,720**	**15,430**	**15,430**	**23,544**	**7,738**
Cash and cash equivalents at the end of the period	**20,415**	**12,774**	**22,720**	**15,430**	**23,544**

PART 10
OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following operating and financial review should be read in conjunction with the industry overview, the business description, the selected financial information and operating data and the Company's consolidated financial statements and the accompanying notes thereto included elsewhere in this Prospectus. Prospective investors should read the entire document and not just rely on the summary set out below.

Some of the information contained in the following discussion contains forward-looking statements that are based on assumptions and estimates and are subject to risks and uncertainties. Investors should read the section entitled "Forward-Looking Statements" for a discussion of the risks and uncertainties related to these statements. Investors should also read Part 1 ("Risk Factors") for a discussion of certain factors that may affect the Company's business, financial condition or results of operations.

1. OVERVIEW

arGEN-X N.V. is the parent company of a clinical-stage biopharmaceutical group focused on creating and developing differentiated antibody therapeutics for the treatment of cancer and severe autoimmune diseases with unmet medical needs (the ***Group***). The Group has internally generated a preclinical and clinical product pipeline that it is developing for oncology and severe autoimmune diseases. The Group has also entered into selective antibody discovery collaborations using its proprietary technology platform with pharmaceutical and biotechnology companies on a non-exclusive basis, providing multiple sources of potential revenue. The Group has no products with market approval and has not generated any revenues from product sales.

The Group was incorporated in 2008. From inception through 31 March 2014, the Group's operations have been primarily funded through:

- EUR 46.0 million in equity investments from venture capital investors;
- EUR 6.0 million in upfront payments, milestone payments, and research and development funding from industrial partnerships; and
- EUR 6.9 million of grants and tax incentives received.

The Group has never been profitable and has incurred net losses each year since incorporation. The Group's net losses were EUR 7.4 million, EUR 10.8 million and EUR 3.6 million for the years ended 31 December 2013, 2012, and 2011 respectively, and EUR 2.2 million and EUR 2.1 million for the three months period ended 31 March 2014 and 2013, respectively. On 31 March 2014 the Group had an accumulated deficit of EUR 30.4 million. Its losses resulted principally from operating expenses incurred in connection with the development of its product portfolio, its research activities and general and administrative costs associated with its operations.

2. KEY FACTORS AFFECTING RESULTS OF OPERATIONS

The Group believes that the factors set out in sections 2.1, 2.2 and 2.3 below are the ones which could materially impact its financial results in the future periods.

2.1 Operating income

2.1.1. Revenue

To date the Group's revenue, which includes license and milestone revenues and research and development funding, has been partially generated through industrial partnerships for the discovery of antibody therapeutics. Research and development funding represents amounts reimbursed by the Group's collaboration partners for expenses incurred by the Group for research and development activities under its collaboration agreements. Through 31 March 2014, the Group has received EUR 6.0 million of revenue from its research collaborations.

The Group's existing industrial partnerships provide the Group with the opportunity to earn potential future research and development funding, option exercise payments, milestone payments, and royalties on product sales. However, in the near term receipt of revenue from industrial partnerships will likely fluctuate.

The Group continues to seek new research and development collaborations.

2.1.2. Other operating income

The Group's other operating income reflects the government grants, and tax incentive credits the Group receives from the Flemish and Belgian governments. Through 31 March 2014, the Group has been awarded four government grants from IWT, the agency for Innovation by Science and Technology of the Flemish government, in an aggregated amount of EUR 6.9 million of which the Group has recognized EUR 5.7 million as other operating income of which 5.2 million has been received in cash as of 31 March 2014. An additional EUR 1.7 million has been granted by IWT and could be received by the end of 2017 should the relevant project meet all its objectives. In addition the Group receives a tax incentive credit on a monthly basis from the Belgian government for employing qualified R&D personnel. Such a tax credit is off-set every month from the actual total salary taxes payable. Through 31 March 2014, the Group has received a total of EUR 1.7 million under this tax incentive scheme. Furthermore, through 31 March 2014, the Group has accounted for a tax receivable of EUR 0.6 million related to a research and development incentive scheme in Belgium. The Group expects to continue to receive tax incentive credits from the Belgian government.

2.2. Costs and expenses

2.2.1. Research and development expenses

Research and development costs are expensed as incurred and consist primarily of costs directly incurred by the Group for the development of its product portfolio, which include:

- Internal expenses associated with direct employee-related expenses, including salaries, benefits, travel and share-based compensation expense of the Group's research and development personnel, other laboratory materials and consumables and depreciation; and
- External expenses incurred under agreements with clinical research organizations, or CROs, and investigative sites that conduct the Group's clinical trials, costs of manufacturing preclinical and clinical study materials and developing manufacturing processes, costs associated with discovery and preclinical activities and regulatory compliance, and license fees payable to third parties.

From inception through 31 March 2014, the Group has incurred EUR 31.2 million in cumulative research and development expenses. The Group expects that its research and development expenses will increase substantially in the near future in connection with its ongoing activities, as the Group advances the clinical development of its lead products ARGX-110, ARGX-111 and ARGX-113, applies the productivity of its technology platforms to create a portfolio of novel therapeutic programs, expands its suite of complementary antibody technology platforms, expands and defends the Group's patent portfolio protecting its proprietary suite of technology platforms and therapeutic product programs

Contract manufacturing expenses, which are included in research and development expenses, consist primarily of costs incurred for the process development and manufacturing and storage of drug product with the Group's Contract Manufacturing Organizations. The Group expects these costs to significantly increase in the future as the Group advances in the clinical development of its product pipeline. From inception through 31 March 2014, the Group has incurred EUR 6.7 million in contract manufacturing expenses (amount included in the research and development expenses above).

2.2.2. General and administrative expenses

General and administrative expenses consist primarily of salaries and related costs for personnel, including share-based compensation and travel expenses of the Group's employees in executive, finance, business development and support functions together with intellectual property (IP) expenses and other general and administrative expenses including rent, directors' fees and professional fees for accounting, audit and legal services. From inception through 31 March 2014, the Group has incurred EUR 8.3 million in general and administrative expenses.

The Group anticipates that its general and administrative expenses will increase in the future as the Group increases its headcount to support its continued research and development of its product pipeline and the management of its IP portfolio. After the completion of this Offering, the Group also anticipates increased expenses related to audit, legal, and regulatory services associated with maintaining compliance with exchange listing and AFM and FSMA requirements, director and officer insurance premiums, and investor relations costs associated with being a public company.

2.3 Tax losses carry-forwards

Since its inception, the Group has not made profits and, as a result, has not paid corporate taxes. As of 31 December 2013, the Group had cumulative tax losses carry-forwards for income tax purposes of approximately EUR 29.6 million which can be carried forward to offset future taxable income, if any. However, no deferred tax assets have been recorded to date because of the early stage of development of the Group and the current lack of certainty that the Group will generate profits in the future.

3. ORGANISATION AND OPERATING SEGMENTS

The Group employs a business model which relies heavily on outsourcing of its research and development studies through external collaborations. The Group believes that this business model allows a minimal infrastructure and an efficient and flexible control of spending that is closely linked to the progress of development projects.

The Group manages its activities and operates as one business unit which is reflected in its organizational structure and internal reporting. The Group does not distinguish in its internal reporting different segments, neither business nor geographical segments.

4. RESULTS OF OPERATIONS

The following table includes information relating to the Group's results for the years ended 31 December 2011, 2012 and 2013 and for the first three months ended 31 March 2013 and 2014.

Special Purpose Consolidated statement of comprehensive income (in € thousands)	**Three months ended March 31,**		**Year ended December 31,**		
	2014	**2013**	**2013**	**2012**	**2011**
Revenue	341	437	2,677	1,651	1,125
Other operating income	496	439	2,577	1,380	1,956
Total operating income	837	875	5,254	3,032	3,081
Research and development expense	(2,132)	(2,329)	(9,352)	(11,065)	(4,824)
General and administrative expense	(601)	(416)	(2,132)	(2,017)	(1,897)
Total expenses	(2,734)	(2,745)	(11,484)	(13,083)	(6,720)
Operating result	(1,897)	(1,870)	(6,230)	(10,051)	(3,640)
Financial income (expense), net	35	58	99	353	175
Result of the period	**(1,863)**	**(1,811)**	**(6,131)**	**(9,698)**	**(3,465)**

4.1. Operating income

Operating income was EUR 0.8 million for the three months period ended 31 March 2014 compared to EUR 0.9 million for the same period in 2013. The Group's operating income during the first three months of 2014 and 2013 includes a mix of research and development funding, technical success milestones received from the Group's industrial partnerships and government grants. In the first quarter of 2014, the Group received undisclosed payments from Shire following the attainment of two milestones under its SIMPLE Antibody™ collaboration and option agreement.

Operating income reached EUR 5.3 million in 2013 compared to EUR 3.0 million in 2012, an increase of EUR 2.3 million. The increase in operating income is explained by (i) an increase of EUR 1.0 million in revenue from the Group's industrial partnerships resulting from the expansion of its therapeutic antibody alliance with Shire, the initiation of a new pilot research agreement with Boehringer Ingelheim and the recognition of a milestone payment from Shire following the attainment of a key milestone under the SIMPLE Antibody™ research and option agreement; (ii) an increase of EUR 1.3 million of the Group's other operating income corresponding to the recognition of a new grant received from IWT in 2013 for its ARGX-110 program.

Operating income amounted to EUR 3.0 million in 2012 compared to EUR 3.1 million in 2011. In 2012, revenues have increased with the signing in February 2012 of a new alliance with Shire to create novel therapeutic antibody products against multiple targets selected by Shire, whilst other operating income have decreased during the same period with the end of a grant received from IWT.

4.2. Research and development expenses

Research and development expenses were EUR 2.4 million for the three months period ended 31 March 2014, compared to EUR 2.5 million in the same period in 2013. The decrease of EUR 0.1 million in research expenses in the first three months of 2014 is explained by non-recurrent contractor-related expenses incurred in the first quarter of 2013 in connection with the setup of clinical trials and product manufacturing.

Research and development expenses were EUR 10.2 million in 2013, compared to EUR 11.8 million in 2012, a decrease of EUR 1.6 million. This decrease is explained by an increase of expenses incurred in 2012 relating to clinical supply manufacturing and process development activities in preparation for the clinical studies planned for 2013.

Research and development expenses were EUR 11.8 million in 2012, compared to EUR 4.9 million in 2011, an increase of EUR 6.9 million. The increase was primarily due to:

- EUR 6.4 million increase of expenses relating to clinical supply manufacturing and drug product process development activities in preparation for the clinical studies planned for 2012 and 2013;
- EUR 0.3 million increase of expenses due to the recruitment of additional headcount in the Group's research and development functions to support the increased development activities of 2012 and to anticipate the clinical development activities planned in 2013; and
- EUR 0.1 million increase of expenses in material and consumables for the Group's laboratory activities.

4.3. General and administrative expenses

General and administrative expenses were EUR 0.7 million and EUR 0.5 million for the three months period ended 31 March 2014 and 2013 respectively. The EUR 0.2 million increase for the first quarter of 2014 is primarily explained by increased travel expenses related to investor relation activities, notably in the US, and consulting fees related to the transition of the Group's financial statements into IFRS principles.

General and administrative expenses amounted to EUR 2.6 million in 2013, compared to EUR 2.4 million for the year ended 31 December 2012. The increase of EUR 0.2 million in 2013 results primarily from an increase in patent expenses and from an increase in legal fees relating to the Group's business development activities.

General and administrative expenses totalled EUR 2.4 million in 2012, compared to EUR 2.0 million in 2011. The increase of EUR 0.4 million in 2012 was primarily due to the impact of the IFRS2 calculation of share-based payments.

4.4. Operating profit/(loss)

As a result of the foregoing, the Group's loss from continuing operations before net finance income and tax was EUR 2.2 million for the three months periods ended 31 March 2014 and 2013.

As a result of the foregoing, the Group's loss from continuing operations before net finance income and tax was EUR 7.5 million in 2013 compared to EUR 11.1 million in 2012.

The Group generated an operating loss before net finance income and tax of EUR 11.1 million in 2012 compared to EUR 3.8 million in 2011.

4.5. Finance income (expense), net

Net finance income amounted to EUR 0.04 million in the three months period ended 31 March 2014 compared to EUR 0.06 million for the same period in 2013. Other income (expense), net represents principally interest

income on the financial investments of the Group's cash and cash equivalents and short term deposits, and exchange gains and losses. The variance between 2014 and 2013 was mainly due to exchange rate differences.

Net finance income, was EUR 0.1 million in 2013, compared to EUR 0.4 million in 2012, a decrease of EUR 0.3 million, explained by the decrease of interest rates received on the Group's cash and cash equivalents and short term investments.

Net finance income was EUR 0.4 million in 2012, compared to EUR 0.2 million in 2011, an increase of approximately EUR 0.2 million. This increase was primarily due to interest income generated in 2012 on the Group's cash and cash equivalents and short term deposit which have increased significantly due to the net proceeds received at the end of 2011 from the closing of a EUR 17.5 million Series B fundraising round.

4.6. Income tax

As the Group has incurred losses in all the relevant periods it had no taxable income and therefore it paid no income taxes in said periods.

4.7. Profit/(loss) for the period

In the three months period ended 31 March 2014, the Group generated a loss for the period of EUR 2.2 million compared to EUR 2.1million during the first quarter of 2013.

The loss for the period totalled EUR 7.4 million in 2013 compared to EUR 10.8 million in 2012. This decrease of EUR 3.4 million of the loss in 2013 is explained by the strong increase in revenue recognized in 2013 and also by the decrease of research and development expenses during this period as set out above.

In 2012, the Group's loss for the period amounted to EUR 10.8 million compared to EUR 3.6 million in 2012, an increase of EUR 7.2 million. This significant increase of the loss in 2012 results mostly from the increase of research and development expenses during this period as indicated above.

5. STATEMENT OF FINANCIAL POSITION

Special Purpose Consolidated statement of Financial Position (in € thousands)	Three months ended March		Year ended December 31,		
	2014	2013	2013	2012	2011
Non-current assets	670	391	586	341	287
Current assets	21,867	14,506	24,427	16,997	24,357
Total assets	**22,537**	**14,897**	**25,013**	**17,338**	**24,644**
Equity	19,870	10,865	21,704	12,591	21,525
Non-current liabilities	0	0	0	0	0
Current liabilities	2,667	4,031	3,309	4,747	3,119
Total equity and liabilities	**22,537**	**14,897**	**25,013**	**17,338**	**24,644**

5.1. Assets

The Group's non-current assets include its laboratory and office equipment and tax receivables. The increase in non-current assets during the past three years essentially results from the increase in tax receivables. The tax receivables relate to a research and development incentive scheme in Belgium under which the amounts can be refunded after five years if not offset against future income tax expense. On 31 March 2014 the non-current assets amounted to EUR 0.7 million and included EUR 0.1 million of laboratory and office equipment and EUR 0.6 million of tax receivables.

The Group's main current assets consist principally of its cash and cash equivalents, other financial assets and its trade receivables. The movements in current assets in the past three years primarily relate to (i) increases in cash and cash equivalents and short term deposits following the Company's B-round financing in November 2011 and July 2013 and to (ii) increase in trade receivables in relation to the Group's industrial partnerships. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly

liquid investments with original maturities of three months or less. On 31 March 2014 the Group's cash and cash equivalents amounted to EUR 20.4 million. The Group uses its liquid assets principally to cover its research and development expenditures and its general and administrative expenses. Other financial assets correspond to short term deposit with a maturity of maximum one year. On 31 March 2014, other financial assets amounted to EUR 0.5 million. The trade receivables correspond to the payments received under the Group's industrial partnerships and amounted to EUR 1.0 million on 31 March 2014.

5.2. Equity

The Group's equity includes its share capital, share premium, retained earnings and the equity-settled share-based payment reserve. The decrease in equity in 2012 is the result of total comprehensive income of EUR 10.8 million (loss) on the one hand and the increase in the equity-settled share-based payment reserve of EUR 1.9 million on the other hand. In 2013 the equity increased by EUR 9.1 million which was the result of the total comprehensive income of EUR 7.4 million (loss), the increase in the equity-settled share based payment reserve of EUR 1.5 million and the issue of new share-capital for an amount of EUR 15 million.

The equity per 31 March 2014 amounts to EUR 19.9 million and consists out of share capital of EUR 0.5 million, share premium of EUR 45.3 million, retained earnings of – EUR 30.4 million and the equity-settled share-based payment reserve of EUR 4.5 million.

For additional discussion of the Group's equity see also the consolidated financial statements (Part 21 "*Historical Financial Information*").

5.3. Liabilities

The Group's current liabilities relate primarily to trade payables and deferred income from its research industrial agreements with pharmaceutical and biotechnology companies. The increase in 2012 results from (i) the increase in trade payables due to clinical supply manufacturing and process development activities in preparation for the clinical studies planned in 2012 and 2013 and (ii) from the increase of deferred income as a consequence of the industrial partnership entered into at the beginning of 2012. The decrease in 2013 corresponds to the conversion of loan into equity in the frame of the Company's B-round financing. On 31 March 2014 the Group's current liabilities amounted to EUR 2.7 million including notably EUR 1.5 million in accounts payable to suppliers and external collaborators, EUR 0.5 million in accrued compensation for employees, and EUR 0.4 million of deferred revenue.

The Group has no loan outstanding or any long term financial lease commitments at the end of March 2014.

6. LIQUIDITY AND CAPITAL RESOURCES

The Group's liquidity requirements primarily relate to the funding of research and development expenses, general and administrative expenses, capital expenditure and working capital requirement. Historically the Group was funded through private placements of equity securities, various payments received under the Group's industrial partnerships as well as government grants.

Following the Offering and the application of the proceeds as described in Part 3 ("*Use of Proceeds*"), the Group's principal sources of funds are expected to be cash on hand and cash from operations.

6.1. Cash flows

The following table sets forth the Group's cash flow statements data for the years ended 31 December 2013, 2012 and 2011, as well as the three months period ended 31 March 2014 and 2013:

Special Purpose Consolidated statement of Cash Flows (in € thousands)	Three months ended March 31,		Year ended December 31,		
	2014	2013	2013	2012	2011
Net cash from operating activities	(2,339)	(2,715)	(6,056)	(8,383)	(3,074)
Net cash from investing activities	34	30	121	262	(81)
Net cash from financing activities	0	0	13,308	0	18,944
Net (decrease) increase in cash and cash equivalents	(2,306)	(2,685)	7,373	(8,121)	15,789

6.2. Net cash from operating activities

Cash used for operating activities for the three months period ended 31 March 2014 was a net outflow of EUR 2.3 million, compared to EUR 2.7 million for the three months ended 31 March 2013. Cash flow from operating activities represented a net outflow of EUR 6.1 million, EUR 8.4 million and EUR 3.1 million in 2013, 2012 and 2011 respectively. The decrease of EUR 2.3 million in operating activities between 2013 and 2012 is explained by the reduction of drug product manufacturing activities in 2013. The increase of EUR 5.3 million in cash used in operating activities for 2012, compared to 2011, is primarily due to higher expenses for clinical supply manufacturing and drug product process development in preparation for clinical studies.

6.3. Net cash from investing activities

Investing activities consist primarily of purchase of laboratory equipment and interest received from the placements of the Group's cash and cash equivalents and short term deposits. Cash flow from investing activities represented a net inflow of approximately EUR 0.03 million for the three months periods ended 31 March 2014 and 2013. Investing activities provided cash of EUR 0.1 million in 2013 and EUR 0.3 million in 2012 and used cash of EUR 0.1 million in 2011. The capital expenditure investments were limited and amounted to EUR 0.1 million in 2013, EUR 0.2 million in 2012 and EUR 0.3 million in 2011. The interests received amounted to EUR 0.2 million in 2013, EUR 0.3 million in 2012 and EUR 0.2 million in 2011.

6.4. Net cash from financing activities

Financing activities consist of net proceeds from the Group's capital increase and proceeds from borrowings. There was no cash flow from financing activities in the three months ended 31 March 2014 and 2013 and in the year ended 31 December 2012. Cash flow from financing activities represented a net inflow of EUR 13.3 million in 2013 and of EUR 18.9 million in 2011. In 2013, the Group received a total of EUR 15 million from the second tranche and extension of the Company's B-round financing and the conversion of a loan of EUR 1.7 million. In 2011, the Group received net proceeds of EUR 17.3 million from the first tranche of the Company's B-round financing and EUR 1.7 million from a convertible loan.

6.5. Capital expenditure

The following table sets forth the Group's capital expenditures for the years ended 31 December 2013, 2012 and 2011, as well as the three months period ended 31 March 2014 and 2013:

Capital Expenditure (in € thousands)	Three months ended March		Year ended December 31,		
	2014	2013	2013	2012	2011
Intangible assets	0	0	0	0	12
Tangible assets	101	150	120	176	275

The Company expects that its future capital expenditures will be substantially in line with its past expenditures. Future capital expenditures are expected primarily to relate to further investment in laboratory and office equipment.

7. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 28 May 2014 the Group announced it has entered into a research collaboration and exclusive product license option agreement with Bayer, leveraging the Group's SIMPLE Antibody™ technology for the discovery and development of therapeutic antibodies. With this collaboration the company will apply its SIMPLE Antibody™ technology to multiple targets submitted by Bayer. The parties will work together to validate human antibody leads in disease-relevant models, with Bayer being responsible for further preclinical and clinical development and commercialization of therapeutic antibody products. Under the terms of the agreement, Bayer will pay the Group an upfront technology access fee, research support and technical success-based milestones. Bayer will also pay clinical, regulatory and product sales-based milestones as antibody programs progress through clinical development and registration.

On 4 June 2014 the Group announced it has entered into a long-term strategic alliance with Shire. Under the agreement, the Group will bring its entire suite of human antibody discovery technologies to a partnership focused on multiple targets aligned with Shire's therapeutic focus. The multi-year initiative aimed at helping augment the Shire development pipeline follows an initial research and development collaboration undertaken in March 2012. Shire will make a total investment of EUR 15 million in the Group, consisting of EUR 3 million upfront in cash and provided that the Offering or a private investment round is completed no later than 15 July 2015, EUR 12 million in equity. In addition, it will fund the collaborative research programs at the Group and pay fees, clinical, regulatory and sales milestones, as well as single digit royalties on therapeutic product sales. Shire will be responsible for clinical development and commercialization of products, with the Group having the right to license any programs not pursued by Shire into its own development pipeline.

On 10 June 2014 the Group announced it has entered into a partnership with LLS in which both parties will contribute to the funding of a Phase 2 clinical study of the Group's lead candidate, ARGX-110, in patients with refractory WM. Under the agreement, both parties will contribute funding, of up to $2.2 million and totalling $4.5 million. The Group plans to submit an Investigational New Drug (IND) application with the FDA in 2H 2014. The study is expected to begin in the 2H 2014.

On 10 June 2014 the Group announced its intention to raise new funds through an IPO on Euronext Brussels. The IPO will be an Offering of new Shares only.

8. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The Group may be subject to currency risk as it incurs certain of its expenses and income in foreign currencies, mostly $. Increases or decreases in the exchange rate of foreign currencies against the Group's functional currency (euro), can affect the Group's results and cash position negatively or positively. The effects of translation are recorded as financial items on the Group's statement of operations. During the year, transactions in foreign currencies are translated at the applicable exchange rates on the date of the transaction.

The Group maintains an investment portfolio in cash and cash equivalents and short term deposit and the Group is therefore also subject to interest rate risks. Due to the short-term duration of its cash and cash equivalents placements and the low risk profile of its investments, the Group would not expect its operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on its investment portfolio. The Group does not believe that its cash, cash equivalents have significant risk of default or illiquidity. While the Group believes that its cash and cash equivalents do not contain excessive risk, it cannot provide absolute assurance that in the future its investments will not be subject to adverse changes in market value.

The Group has no derivative financial instruments, in all material respect, to hedge interest rate and foreign currency risk.

9. OPERATING LEASES

The Group's current operating leases are as follows:

- a lease plan for company-cars with maturity dates up to 4 years;
- a rent agreement in Zwijnaarde Belgium for the Group's laboratory and office space in Ghent, with a maturity date in 2016; and

- a rent agreement for the Group's offices in the Netherlands which is renewable on an annual base.

At the end of 2013 the commitments under the Group's operating leases as set above amounted to a total of EUR 0.6 million.

10. OFF-BALANCE SHEET TRANSACTIONS

During the years ended 31 December 2013, 2012 and 2011, as well as for the three months periods ended 31 March 2014 and 2013, the Group did not have any off-balance sheet arrangements. As of the date of this Prospectus, the Group does neither have any off-balance sheet arrangements.

11. SIGNIFICANT ACCOUNTING POLICIES

The Group has been preparing its financial statements in accordance with IFRS, as adopted by the European Union, for the first time for the period ended 31 December 2013. The IFRS accounting framework replaces the previous accounting framework in accordance with Dutch GAAP. These first annual financial statements include comparative information for the period ended 31 December 2012 and 31 December 2011. Therefore, an opening statement of financial position as per 1 January 2011 has been prepared in accordance with IFRS.

For additional discussion of the Group's accounting policies see *Notes to the Consolidated Financial Statements* in Part 21 ("*Historical Financial Information*").

12. SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING POSITION

There has been no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information have been published (*i.e.* 31 December 2013) and since the preparation of the quarterly financial statements af of 31 March 2014).

PART 11
MANAGEMENT AND CORPORATE GOVERNANCE

1. GENERAL

Immediately prior to the completion of the Offering, the Company will install a one-tier board (the ***Board***) consisting of two executive directors (the ***Executive Directors***) and eight non-executive directors (the ***Non-Executive Directors***, and together with the Executive Directors, the ***Directors***). Set out below is a summary of certain provisions of Dutch corporate law as at the date of this Prospectus, as well as relevant information concerning the Board and certain provisions of the Articles and Board By-Laws concerning the Board, in each case as it will be constituted and in force immediately prior to and following the completion of the Offering.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of Dutch law as in force on the date of this Prospectus and the Articles and the Board By-Laws. The Articles are available in the governing Dutch language and an unofficial English translation thereof, and the Board By-laws are available in English, on the Company's website.

2. THE BOARD

2.1. Powers, responsibilities and function

Under Dutch law, the Board is collectively responsible for the Company's general affairs. Pursuant to the Articles, the Board shall divide its duties among its members, with the Company's day-to-day management entrusted to the Executive Directors. The Non-Executive Directors supervise the management of the Executive Directors and the general affairs in the Company and the business connected with it and provide the Executive Directors with advice. In addition, both Executive Directors and Non-Executive Directors must perform such duties as are assigned to them pursuant to the Articles. The division of tasks within the Board is determined (and amended, if necessary) by the Board. Each Director has a duty to properly perform the duties assigned to him or her and to act in the corporate interest of the Company. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, and other stakeholders.

An Executive Director may not be allocated the tasks of: (i) serving as chairman of the Board; (ii) determining the remuneration of the Executive Directors; or (iii) nominating Directors for appointment. An Executive Director may not participate in the adoption of resolutions (including any deliberations in respect of such resolutions) relating to the remuneration of Executive Directors. Certain resolutions of the Board can only be adopted with the consent of a majority of the Non-Executive Directors. Please see Section 2.4 ("*Board resolutions requiring a special majority*") below.

Tasks that have not been specifically allocated fall within the power of the Board as a whole. All Directors remain collectively responsible for proper management regardless of the allocation of tasks.

The Executive Directors and the Non-Executive Directors respectively may adopt legally valid resolutions with regard to matters that fall within the scope of their respective duties. The Board may only adopt resolutions when the majority of the relevant Directors in office shall be present or represented, with a simple voting majority of the votes cast, which is 50 per cent. plus one.

The Board as a whole is entitled to represent the Company. In addition, two Executive Directors acting jointly are also authorized to represent the Company.

2.2. Composition, appointment, term of appointment and dismissal

The Articles provide that the Board shall consist of both Executive Directors and Non-Executive Directors. The number of Executive Directors must at all times be less than the number of Non-Executive directors. The number of Directors, as well as the number of Executive Directors and Non-Executive Directors, is determined by the Board. The Company's general meeting of Shareholders (the ***General Meeting***) appoints the members of the Board. For each seat on the Board to be filled, the Board shall make one or more proposals.

A resolution to appoint a member of the Board nominated by the Board may be adopted by a simple majority of the votes cast. A nomination for appointment of an Executive Director must state the candidate's age and the

positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of a member of the Board. The nomination must state the reasons for the nomination of the relevant person. A nomination for appointment of an Non-Executive Director must state the candidate's age, his or her profession, the number of shares he or she holds and the positions he or she holds, or has held, insofar as these are relevant for the performance of the duties of a member of the Board. Furthermore, the names of the legal entities of which he or she is already a supervisory board member or a non-executive member of the board shall be indicated; if those include legal entities which belong to the same group, a reference of that group will be sufficient. The nomination must state the reasons for the nomination of the relevant person.

A resolution of the General Meeting to appoint a member of the Board other than in accordance with a nomination of the Board shall require a majority of at least two-thirds of the votes cast if less than one-half of the Company's issued capital is represented at the meeting.

The General Meeting will appoint a Director either as an Executive Director or as a Non-Executive Director. The Board designates one of the Executive Directors as chief executive officer and one of the Executive Directors as chief financial officer. In addition, the Board may grant other titles to Executive Directors. The Board designates a Non-Executive Director as chairman of the Board. The legal relationship between a member of the Board and the Company will not be considered an employment agreement. In the absence of an employment agreement, members of the Board generally do not enjoy the same protection as employees under Dutch labour law.

Pursuant to the Articles, a member of the Board shall retire not later than on the day on which the first General Meeting is held following lapse of four years since his appointment. A retiring member of the Board may be re-appointed. Non-Executive Directors may be appointed for no more than three four-year terms.

The General Meeting has the authority to suspend or remove members of the Board at any time, with or without cause, by means of a resolution passed by a simple majority of the votes cast. Executive Directors may also be suspended by the Board. A suspension by the Board may be discontinued by the General Meeting at any time. Any suspension may be extended one or more times but may not last longer than three months in the aggregate.

2.3. Decision-making and approvals

The Board has adopted rules (the ***Board By-Laws***) that describe, inter alia, the procedure for holding meetings of the Board, for the decision-making by the Board, and the Board's operating procedures.

Under the Board By-Laws, the members of the Board must endeavour, insofar as is possible, to ensure that resolutions are adopted unanimously. Where unanimity cannot be achieved and Dutch law, the Articles or the Board By-Laws do not prescribe a larger majority, all resolutions of the Board must be adopted by a simple majority of the votes cast in a meeting at which at least a majority of the members of the Board then in office are present or represented.

Resolutions of the Board can also be adopted without holding a meeting, provided that the relevant proposal has been submitted to all Board members then in office and none of them has objected to the manner of adopting resolutions.

2.4. Board resolutions requiring a special majority

Under the Articles and the Board By-Laws, the following Board resolutions can only be taken with the consent of the majority of the Non-Executive Directors:

- Any proposal of the Board to the General Meeting with respect to the matters set-out in article 17 paragraph 1 of the Articles;

- Any proposal of the Board to the General Meeting with respect to the dissolution, liquidation or winding up of the Company;

- Any proposal of the Board to the General Meeting with respect to an amendment of the Articles;

- Any proposal of the Board to the General Meeting with respect to an issue of Shares in the Company or to grant rights to subscribe for Shares in the Company or to designate the Board as the corporate body authorised to do so as well as a resolution of the board of directors to issue Shares or to grant rights to subscribe for Shares;

- Any proposal of the Board to the General Meeting with respect to the exclusion or restrictions of pre-emptive rights to subscribe for Shares or to rights to subscribe for Shares or to designate the board of directors as the corporate body authorised to do so as well as a resolution of the Board to restrict or exclude pre-emptive rights;

- Acquisition of own Shares;

- Any proposal of the Board to the General Meeting with respect to a reduction of share capital;

- Changing the accounting policies;

- Adoption of as well as any changes to the Company's reserves and dividends policy, the determination of the amount of profit to be reserved in any financial year as referred to in the first sentence of article 26, paragraph 2 of the Articles, as well as any proposal of the Board to the General Meeting for the payment of any dividends, including an interim distribution as referred to in the first sentence of article 26, paragraph 7 of the Articles, or any distribution out of the reserves of the Company;

- Adoption of the annual budget for the Company and the Group, which shall include an investment plan and a financing plan, as well as any update or other change to the adopted annual budget;

- Otherwise than in accordance with the adopted annual budget, subscribe or otherwise acquire, or dispose of securities in the capital of other companies, or establish any new branch or subsidiary of the Company as well as dissolve, liquidate, wind-up any such branch or subsidiary of the Company;

- Otherwise than in accordance with the adopted annual budget, incur any debt, issue any guarantees, make any loan or advances or give any credit;

- Otherwise than in accordance with the adopted annual budget, the assignment or other sale of patents or other intellectual property of the Company other than the grant of non-exclusive licenses in the ordinary course of business;

- Expenses, investments and divestments other than in accordance with the adopted annual budget;

- Dispose of or acquire any asset (including intellectual property rights) other than in accordance with the approved annual budget;

- Adoption and amendment of an employee stock option plan as well as the increase of the number of Shares, or to whom stock options can be granted and the conditions of the stock options under any existing employee stock incentive plan;

- Establishing pension plans and granting pension rights in excess of those arising from existing arrangements;

- Hiring and determining terms of employment, or changing any existing terms of employment, of key personnel, senior company officers or any other personnel with a gross salary (including bonus but excluding options) in excess of EUR 150,000 (in words: one hundred and fifty thousand euro) per year;

- Conduct any litigation on behalf of the Company other than in relation to the collection of debts, and taking measures which cannot be delayed, and making settlements;

- Directly or indirectly enter into any agreements, contracts or arrangements which are not of an at arm's length nature and the entering into an arrangement or agreement with (including, without limitation, an individual related to) a Shareholder, Executive Director or Non-Executive Director; and

- Changing the business location of the Company.

The Board may designate further resolutions which also require the consenting vote of a majority of the Non-Executive Directors. These further resolutions must be clearly specified and laid down in writing.

Board resolutions entailing a significant change in the identity or character of the Company or its business require the approval of the General Meeting. This includes in any case: (i) the transfer to a third party of the business of the Company or practically the entire business of the Company; (ii) the entry into or breaking off of any long-term cooperation of the Company or a subsidiary with another legal entity or company or as a fully liable partner of a general partnership or limited partnership, where such entry or breaking off is of far-reaching importance to the Company; or (iii) the acquisition or disposal by the Company or a subsidiary of an interest in the capital of a company with a value of at least one/third of the Company's assets according to the consolidated balance sheet with explanatory notes included in the last adopted annual accounts of the Company. Failure to obtain the approval of the General Meeting for these Board resolutions does not affect the power of representation of the Board.

2.5. Current composition of the management board and the supervisory board

At the date of this Prospectus, the Company applies a two-tier board structure comprising a management board and a supervisory board. The management board is currently composed of the following members:

Name	Age	Position	Date of Appointment	Term expiration
Tim Van Hauwermeiren	42	Director	15 July 2008	indefinite
Hans de Haard	54	Director	1 July 2008	indefinite
Torsten Dreier	50	Director	1 May 2008	indefinite

The supervisory board is currently composed of the following members:

Name	Age	Position	Date of Appointment	Term expiration
Peter Verhaeghe	55	Supervisory Director and Chairman	15 October 2008	indefinite
Christina Takke	44	Supervisory Director	13 August 2009	indefinite
John de Koning	45	Supervisory Director	13 August 2009	indefinite
Bruno Montanari	40	Supervisory Director	25 May 2012	indefinite
Harrold van Barlingen	48	Supervisory Director	25 April 2008	indefinite
Michael B. Sheffery	63	Supervisory Director	16 November 2011	indefinite
David L. Lacey	61	Supervisory Director	1 August 2012	indefinite
Werner Lanthaler	45	Supervisory Director	8 April 2014	indefinite

The business address of each member of the management board and the supervisory board is the registered office of the Company, being Willemstraat 5, 4811 AH, Breda.

2.6. Composition of the Board immediately prior to the completion of the Offering

Immediately prior to the completion of the Offering, the Company will install a one-tier board structure, comprising of two Executive Directors and eight Non-Executive Directors. Immediately prior to the completion of the Offering, Tim Van Hauwermeiren as the chief executive officer will be re-appointed as Executive Director, Torsten Dreier and Hans de Haard will each resign as member of the management board and Eric Castaldi will be appointed to the Board as Executive Director and chief financial officer, whereas the members of the supervisory board will all be appointed as Non-Executive Directors. Peter Verhaeghe shall be designated as the chairman of the Board.

The Board will comprise of the following members:

Name	Age	Position	Date of Appointment	Term
Tim Van Hauwermeiren	42	Executive Director and CEO	First day following Pricing	4 years
Eric Castaldi	50	Executive Director and CFO	First day following Pricing	4 years

Peter Verhaeghe	55	Non-Executive Director and chairman	First day following Pricing	4 years
Christina Takke	44	Non-Executive Director	First day following Pricing	4 years
John de Koning	45	Non-Executive Director	First day following Pricing	4 years
Bruno Montanari	40	Non-Executive Director	First day following Pricing	4 years
Harrold van Barlingen	48	Non-Executive Director	First day following Pricing	4 years
Michael B. Sheffery	63	Non-Executive Director	First day following Pricing	4 years
David L. Lacey	61	Non-Executive Director	First day following Pricing	4 years
Werner Lanthaler	45	Non-Executive Director	First day following Pricing	4 years

It should be noted that (i) Christina Takke; (ii) John de Koning; (iii) Bruno Montanari; (iv) Michael B. Sheffery; and (v) David L. Lacey do not meet the independence criteria contained in the Dutch Corporate Governance Code. However, see Part 11 ("*Management and Corporate Governance*"), Section 7 ("*Corporate Governance Rules*") for deviation reasons.

The business address of each member of the Board will be the registered office of the Company, being Willemstraat 5, 4811 AH, Breda.

2.7. Biographical details of the members of the Board

Tim Van Hauwermeiren (Executive Director and chief executive officer)

Tim Van Hauwermeiren has 18 years of business development and operational management experience within the biotech and consumer goods sectors. During which time he has played a key role in a number of significant fund raisings, a successful IPO and the negotiation of a number of major licensing deals. Prior to becoming CEO of arGEN-X, he was senior business development manager at Ablynx NV where he was part of the team that negotiated a $265 million research & development deal with Boehringer Ingelheim in 2007. Prior to joining Ablynx, Tim Van Hauwermeiren held various management positions with the Procter & Gamble Company in R&D and Business Development, where he conceived and developed several new products. Among those was a healthcare innovation which won the United Nations ICC World Business Award in 2004. Tim holds a Master of Science degree in Bio-engineering from the University of Gent (Belgium) and received general management training at INSEAD and The Vlerick School of Management (Executive MBA).

Eric Castaldi (Executive Director and chief financial officer)

Eric Castaldi has 27 years of international financial executive management experience, including 18 years in the bio-pharmaceutical industry. Before joining arGEN-X, Eric Castaldi was chief financial officer from 1998 to 2013 at Nicox, a Euronext listed Biotech company. At Nicox, he was a member of the Executive committee and participated in all the financings of the company since its IPO in November 1999. From 2008 to 2012 he also served as non-executive board member and chairman of the audit committee of Hybrigenics a French bio-pharmaceutical company specialized in oncology and listed on Euronext. Prior to this he was chief financial officer and member of the executive committee at Safety Kleen SA, a U.S.-based environmental waste company, where he was responsible for operations in France and Belgium. From 1989 through 1997, he was chief financial officer in charge of French and German operations and member of the executive committee, at My Kinda Town plc, a European leisure company. During that period, he was involved in the May 1994 flotation of that company on the London Stock Exchange. From 1986 through 1989, he was employed as financial analyst at the Research and Development Centre, located in Sophia Antipolis, of Cordis Corporation, a US-based company specialized in bio-surgical instrumentation. He graduated in Finance, Accountancy and Administration from the University of Nice in 1986.

Peter Verhaeghe (Non-Executive Director and chairman)

Peter Verhaeghe earned his degree in Law from the University of Leuven in 1981, where he graduated magna cum laude. From 1981 to 1983, he was an assistant professor of tax law at the University of Leuven. He earned

his LL.M. at Harvard Law School in 1984. He is the managing partner of the corporate finance law and tax law firm VVGB Advocaten - Avocats. He specializes in mergers and acquisitions and corporate finance transactions, with special emphasis on corporate tax, corporate finance and banking law issues. Currently, he is president of the board of directors of Merisant France SAS, a member of the management board of Merisant Company 2 sàrl and a member of the board of CzechPak Manufacturing sro. In the last five years he was the chairman of PharmaNeuroBoost NV, member of the board of Biocartis SA, member of the board of Fujirebio Europe (formerly Innogenetics NV), member of the board of KBC Private Equity Biotech NV and subsequently liquidator in charge of KBC Private Equity Biotech NV.

Christina Takke (Non-Executive Director)

Christina Takke is a partner with Forbion Capital Partners (previously ABN AMRO Capital Life Sciences) and joined the group in 2000. She holds a PhD in Developmental Biology, which she obtained under the supervision of Prof. Dr. Campos-Ortega at the Institute of Development Biology of the University of Cologne, Germany. After her studies, she worked with biotech startup companies at Bio-Gen-Tec-NRW in Cologne, a regional development organization for the biotechnology industry. In this position, she evaluated business proposals and assisted the young biotech companies in the fundraising process. At Forbion, she is responsible for scouting and analysis of new investment opportunities as well as general deal execution. She currently serves on the supervisory boards of Amakem NV, Ophtakem NV and Pieris AG. In recent years she served on the supervisory boards of Bioceros B.V. and Simibio B.V., and she was closely involved with GlycArt AG as a Board Observer (sold to Roche in 2005).

John de Koning (Non-Executive Director)

John de Koning is partner at LSP (Life Sciences Partners), one of Europe's leading investors in the healthcare sector. Next to arGEN-X, John de Koning serves as a Non-Executive Director on the boards of Pronota NV and Innovative Biosensors Inc. and on the supervisory board of Merus B.V.. Previously, he also served on the Supervisory Boards of BMEYE (acquired by Edwards Lifesciences), Prosensa (NASDAQ: RNA), and Skyline Diagnostics. Prior to joining LSP in 2006, John de Koning was the Managing Director of Semaia Pharmaceuticals (acquired by Hybrigenics), a company targeting the development of innovative drugs for various types of cancers and for diabetes. Previously, he was a senior researcher within several prestigious medical research labs and worked among others with Prof Hans Clevers, Prof Bob Löwenberg, and Prof Allan Balmain. John de Koning has a Master's degree in Medical Biology from the University of Utrecht and a PhD in Oncology from the Erasmus University Rotterdam. After obtaining his PhD, he received a prestigious fellowship from the Dutch Cancer Society to work at the UCSF Helen Diller Family Comprehensive Cancer Center in San Francisco. His results were published in numerous leading scientific journals, including Nature Genetics.

Bruno Montanari (Non-Executive Director)

Bruno Montanari is a Director at Omnes Capital's Life Sciences Venture Capital team, which he joined in January 2010. He began his career in 1999 in London as an investment banker in the Healthcare groups of Deutsche Bank and Merrill Lynch, later joining the venture capital community first with CDP Capital and then Atlas Venture. Bruno holds a PharmD from the Université René Descartes Paris V and a Master in Strategic Management from HEC, France. He currently sits on the boards of directors of Novate Medical Ltd., Opsona Therapeutics Ltd., Poxel SA, Themis Bioscience GmbH, Xention Pharama Ltd. and Xention Ltd. In recent years he was a director of Cytheris SA, EOS imaging SA (NYSE Euronext : EOSI) and Ario Pharma Ltd.

Harrold van Barlingen (Non-Executive Director)

Harrold van Barlingen is the managing director and founder of Thuja Capital B.V., Thuja Capital Holding B.V. and Thuja Capital Manager B.V. He headed the life sciences effort of AlpInvest Partners managing a portfolio of over 30 companies, prior to founding Thuja Capital in 2006. Harrold van Barlingen joined AlpInvest Partners in 2001, from the Boston Consulting Group, where he worked as a consultant in management and strategy. Before Boston Consulting Group, he was acting head of the continental activities of the Lewin Group (a Quintiles subsidiary), an internationally active firm specialized in the field of health economics. He holds a MSc degree in Medical Biology and a PhD in Medicine, both from Utrecht University. From 1991-1992 he was a visiting scientist at the University of Chicago, IL, USA. He is the author of a wide variety of peer-reviewed scientific and pharmaco-economics papers. He currently serves on the supervisory boards of TheraSolve N.V.,

Hemics B.V. (chairman) and Galapagos N.V. (GLPG, Euronext). In addition during the last 5 years he also served on the boards of Okapi N.V. and Bioxell SpA (BXL, SWX).

Michael B. Sheffery (Non-Executive Director)

Michael Sheffery is a member emeritus of healthcare investment firm OrbiMed Advisors LLC. He was formerly founding general partner at OrbiMed and joined from the Laboratory of Gene Structure and Expression at Memorial Sloan-Kettering Cancer Center, which he headed. He currently serves on the board of directors of Affimed Therapeutics AG and Pieris AG. In recent years he served on the boards of Supernus Pharmaceuticals, Inc. and Athersys, Inc. (ATHX, NasdaQ). He received both his PhD in Molecular Biology and his BA in Biology from Princeton University. Michael Sheffery joined Mehta and Isaly in 1996 as a senior analyst covering the biotechnology industry.

David L. Lacey (Non-Executive Director)

David Lacey received both his undergraduate and medical degrees from the University of Colorado and has his board certification in anatomic pathology. He was on faculty at Washington University, St. Louis, MI, USA following the completion of his training. He joined Amgen in 1994 where during the last five years of his tenure he assumed the head of Discovery Research (> 1200 FTEs) for Amgen. At any given time there were over 100 actively managed preclinical projects across four therapeutic areas: hematology/oncology, inflammation, metabolic disorders, and neuroscience. Scientifically, he played a fundamental role in the discovery of the OPG/RANKL/RANK pathway at Amgen which led to the development of the anti-RANKL human mAb denosumab, a blockbuster for both osteoporosis (Prolia) and cancer-related bone diseases (XGEVA). Denosumab has received a number of awards including the US 2011 Prix Galien award for best new biotechnology product and the 2010 Scrip award for best new drug. Following his retirement in 2011, he has continued to be active in the biopharmaceutical industry. His current activities include advising academic institutions, biotechnology companies and venture capital firms. In addition to the Company, he is a non-executive director of Inbiomotion SL.

Werner Lanthaler (Non-Executive Director)

Werner Lanthaler is currently chief executive officer of Evotec (Frankfurt Stock Exchange: EVT), a role he took in March 2009. Under his leadership Evotec has become one of the leading drug discovery research organisations globally. Before that, he spent nine years as chief financial officer at Intercell AG (2000-2009). During his tenure, Intercell developed from a venture-backed biotechnology company into a global vaccine and antibody player. Werner Lanthaler played a pivotal role in many of the company's major corporate milestones including the product approval of Intercell's Japanese Encephalitis Vaccine, the company's acquisitions and strategic pharma partnerships, as well as the company's Initial Public Offering in 2005. From 1998 to 2000, Werner Lanthaler served as director of the Federation of Austrian Industry, and from 1995 to 1998 as senior management consultant at the consulting firm McKinsey & Company. He holds a doctorate in Business Administration from Vienna University of Economics and Business, earned a Master's degree from Harvard University, and holds a degree in Psychology. In recent years Werner Lanthaler served on the supervisory boards of Bioxell SpA and Pantec Biosolutions.

2.8. Other information relating to members of the Board

At the date of this Prospectus, none of the current or to be appointed members of the Board has, in the previous five years:

- been convicted of any fraudulent offenses;
- as a member of the administrative, management or supervisory body at any company, or as partner, founder or senior manager at any company, been associated with any bankruptcy, receivership or liquidation of such company (with the exception of Peter Verhaeghe (see below *"Peter Verhaeghe – PharmaNeuroBoost NV"* and *"Peter Verhaeghe – KBC Private Equity Biotech NV"*), John de Koning (see below "*John de Koning – Skyline Diagnostics B.V.*") – and Bruno Montanari (see below "*Bruno Montanari – Cytheris SAS*"));
- been subject to any official public incriminations and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Peter Verhaeghe – PharmaNeuroBoost NV

Peter Verhaeghe was chairman of the board of directors of PharmaNeuroBoost NV, which voluntary decided to file for bankruptcy after its Phase 3 trial failed and no additional funding was found to continue its operations.

Peter Verhaeghe – KBC Private Equity Biotech NV

Peter Verhaeghe was a member of the board of directors of KBC Private Equity Biotech NV, a Euronext listed fund, when it decided to voluntarily liquidate pursuant to a decision of its shareholders. Peter Verhaeghe was appointed as liquidator in charge.

John de Koning – Skyline Diagnostics B.V.

John de Koning is partner at LSP, a (venture capital) investment firm, providing finance to private life sciences companies, often in a very early stage. Not all these companies succeed and it is not unusual that some of those companies are liquidated or have to file for bankruptcy, which is an inherent risk of investing in early stage life sciences companies. John De Koning served as a member of the supervisory board of one of those companies, Skyline Diagnostics B.V., which eventually filed for bankruptcy in 2013.

Bruno Montanari – Cytheris SAS

Bruno Montanari is a Director at Omnes Capital's Life Sciences Venture Capital team. Until July 2012, Omnes Capital (represented by Bruno Montanari) was a member of the supervisory board of Cytheris SAS. Cytheris SAS was liquidated end of June 2013.

2.9. Board Committees

Immediately prior to the completion of the Offering, the Non-Executive Directors will establish an audit committee (the ***Audit Committee***) and a remuneration and nomination committee (the ***Remuneration and Nomination Committee***).

2.9.1. Audit Committee of the Board

The members of the Audit Committee will be:

- Werner Lanthaler (chairman)
- John de Koning
- Peter Verhaeghe
- Harrold van Barlingen

2.9.2. Terms of reference of the Audit Committee

Set out below is a summary of the terms of reference of the Audit Committee.

The Audit Committee assists the Board in supervising: inter alia:

(a) the operation of the internal risk-management and control systems;

(b) the provision of financial information by the Company (including the choice of accounting policies, application and assessment of the effects of new rules, and the treatment of estimated items in the Company's annual accounts);

(c) compliance with recommendations and observations of the Company's internal and external auditors;

(d) the role and functioning of the Company's internal auditors;

(e) the Company's tax planning policy;

(f) the Company's relationship with its external auditor, including the independence and remuneration of the external auditor;

(g) the financing of the Company; and

(h) matters relating to information and communication technology.

The Audit Committee also advises the Board on its nomination to the General Meeting of persons for appointment as the Company's external auditor, and prepares meetings of the Board where the Company's annual report, the Company's annual financial statements, and the Company's half-yearly figures and quarterly trading updates are to be discussed.

The Audit Committee will meet as often as is required for its proper functioning, but at least four times a year. The Audit Committee must meet at least once a year with the Company's statutory auditor.

The Audit Committee will consist of at least three members, of which at least one member must be a financial expert in the sense that he or she has relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities. All members of the Audit Committee must be independent within the meaning of the Dutch Corporate Governance Code, with the exception of no more than one member. The chairman of the Audit Committee may neither be the chairman of the Board nor a former Executive Director.

2.9.3. Remuneration and Nomination Committee of the Board

The members of the Remuneration and Nomination Committee will be:

- Harrold van Barlingen (chairman)
- Peter Verhaeghe
- Christina Takke
- Michael B. Sheffery

2.9.4. Terms of reference of the Remuneration and Nomination Committee

Set out below is a summary of the terms of reference of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee shall, inter alia, have the following duties:

(a) making a proposal to the General Meeting for the remuneration policy to be pursued;

(b) recommending to the Non-Executive Directors and making a proposal for the remuneration of the individual members of the Board, for adoption by the General Meeting; such proposal shall, in any event, deal with: (i) the remuneration structure and (ii) the amount of the fixed remuneration, the Shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application;

(c) preparing the remuneration report;

(d) drawing up selection criteria and appointment procedures for Directors;

(e) periodically assessing the size and composition of the Board, and making a proposal for a composition profile of the Non-Executive Directors;

(f) periodically assessing the functioning of individual Directors, and reporting on this to the Non-Executive Directors;

(g) making proposals for appointments and reappointments; and

(h) supervising the policy of the Board on the selection criteria and appointment procedures for senior management.

The Remuneration and Nomination Committee will consist of at least three members and may neither be chaired by the chairman of the Board nor by a former Executive Director of the Board, nor by a Non-Executive Director who is a member of the management board of another listed company. All members of the Remuneration and Nomination Committee must be independent within the meaning of the Dutch Corporate Governance Code, with the exception of no more than one member. No more than one member may be a member of the management board of another Dutch listed company.

2.10. Equity Holdings

As at the date of this Prospectus, Tim Van Hauwermeiren holds 6,000 ordinary Shares with a nominal value of EUR 1 and 266 cumulative preferred shares A with a nominal value of EUR 1 in the Company, Hans de Haard holds 6,000 ordinary Shares with a nominal value of EUR 1 and 266 cumulative preferred shares A with a nominal value of EUR 1 in the Company, and Torsten Dreier holds 6,000 ordinary Shares with a nominal value of EUR 1 and 266 cumulative preferred shares A with a nominal value of EUR 1 in the Company.

Immediately prior to the completion of the Offering, all shares will be converted into ordinary Shares, a stock split will be performed of 10 Shares for each Share and a Share Reshuffling will take place as decribed in Part 6 (*"Dilution"*).

Tim Van Hauwermeiren, Hans de Haard, Torsten Dreier, Peter Verhaeghe, David Lacey and Werner Lanthaler hold ESOPs under the Company's Employee Stock Option Plan, as set out under the Section ("*Remuneration*") below. Please also refer to Part 13 ("*Description of Share Capital and Group Structure*"), under Section 7, ("*Employee Stock Option Plan*") for a description of the Company's Employee Stock Option Plan.

3. REMUNERATION

3.1. Remuneration under current board structure pre-offering

3.1.1. Management board remuneration during the year ended 31 December 2013

The table below shows the cash remuneration received by the members of the management board during the year ended 31 December 2013 (in euro).

Name	Base salary	Cash bonus	Pension contributions	Social security costs	Total
Tim Van Hauwermeiren	197,000	59,000	7,000	0	264,000
Hans de Haard	191,000	67,000	7,000	0	266,000
Torsten Dreier	187,000	62,000	7,000	49,000	305,000
Total	**778,000**	**249,000**	**26,000**	**97,000**	**1,152,000**

The table below shows the ESOPs granted to the members of the management board during the year ended 31 December 2013 (in number of ESOPs), this is before the stock split and the Share Reshuffling as described in Part 6 ("*Dilution*").

Name	ESOPs
Tim Van Hauwermeiren	10,355
Hans de Haard	10,900
Torsten Dreier	10,355
Total	**36,360**

In connection with and immediately prior to the completion of the Offering, the remuneration of Tim Van Hauwermeiren and Eric Castaldi as the sole Executive Directors of the Company, for the period as of completion of the Offering is expected to change and be set in accordance with the remuneration policy as described under Section 3.2 (*"Remuneration under Board structure post-Offering"*) below.

3.1.2. Supervisory board remuneration during the year ended 31 December 2013

The table below shows the remuneration received by the members of the supervisory board during the year ended 31 December 2013 (in euro).

Name	Remuneration	Total
Peter Verhaeghe	20,000	20,000
Christina Takke	N/A	N/A
John de Koning	N/A	N/A
Bruno Montanari	N/A	N/A
Harrold van Barlingen	N/A	N/A
Michael B. Sheffery	N/A	N/A
David L. Lacey	37,000	37,000
Werner Lanthaler*	N/A	N/A
Total	**57,000**	**57,000**

**Werner Lanthaler joined the supervisory board on 8 April 2014.*

The table below shows the ESOPs granted to the members of the supervisory board during the year ended 31 December 2013 (in number of ESOPs), this is before the stock split and the Share Reshuffling as described in Part 6 ("*Dilution*").

Name	ESOPs
Peter Verhaeghe	875
Christina Takke	N/A
John de Koning	N/A
Bruno Montanari	N/A
Harrold van Barlingen	N/A
Michael B. Sheffery	N/A
David L. Lacey	500
Werner Lanthaler*	N/A
Total	**1,375**

**Werner Lanthaler joined the supervisory board on 8 April 2014.*

In connection with and immediately prior to the completion of the Offering, the remuneration of the members of the supervisory board (who will all become the Non-Executive Directors of the Company immediately prior to the completion of the Offering) for the period as of completion of the Offering is expected to change and be set in by the Board in accordance with the remuneration policy as described under Section 3.2 (*"Remuneration under Board structure post-Offering"*) below.

3.1.3. IPO Bonus

If the Offering is completed certain members of the management team are eligible to receive a cash bonus. These members are Alain Thibault, Hans de Haard, Torsten Dreier, Eric Castaldi, Debbie Allen and Tim Van Hauwermeiren. This bonus can be maximally 100% of the regular variable pay. The variable pay amounts to a maximum of 35% of the fixed annual pay. As part of their review of the 2014 management targets the remuneration committee will recommend, and the Board will decide whether or not to award the bonus, who will receive the bonus and the amount thereof (within the stated maximum) at discretion. If a bonus is awarded, it will be paid during the year 2015.

3.2. Remuneration under Board structure post-Offering

Immediately prior to the completion of the Offering, the General Meeting is expected to adopt a policy governing the remuneration of the Board.

The remuneration of the individual members of the Board shall be determined by the Non-Executive Directors, at the recommendation of the Remunerations and Nominations Committee, within the limits of the remuneration policy adopted by the General Meeting. Such proposal shall, in any event, deal with: (i) the remuneration

structure and (ii) the amount of the fixed remuneration, the Shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as performance criteria and their application. The Executive Directors shall not participate in the decision-making of the Board regarding the determination of their own remuneration.

For as long as the Company qualifies within the group of comparable (biotech) companies of more or less the same size (the ***Reference Group***), the median market level of remuneration payable within the Reference Group will serve as a reference in determining the level of pay for the members of the Board.

Currently the Reference Group consists of the following companies:

- Ablynx
- Thrombogenics
- Galapagos
- Cardio3 Bio
- Tigenix
- Genticel
- Genmab
- Morphosys

The Remuneration and Nomination Committee shall annually evaluate the relevance of the selection and if needed adapt the Reference Group, thereby ensuring a minimum of eight comparable companies. Every other year, the Board considers the appropriateness of any change of base salary in the context of the market environment as well as the salary adjustments for other Company's employees.

The policy governing the remuneration of the Board is aimed to attract, reward and retain highly qualified Executive and Non-Executive Directors and to provide and motivate the members of the Board with a balanced and competitive remuneration that is focused on sustainable results and is aligned with the long-term strategy of the Company.

3.2.1. Remuneration components Executive Directors

Pursuant to the remuneration policy, the remuneration of the Executive Directors consists of the following fixed and variable components:

- a fixed base salary;
- a variable annual cash bonus (short-term annual cash incentive);
- a long-term variable incentive plan, in the form of stock options;
- pension and fringe benefits; and
- severance arrangements.

Fixed base salary

The base salary of the members of the Executive Directors will be determined at a range around or slightly above the median salary levels payable within the Reference Group.

Variable annual cash bonus

The objective of this short term annual cash incentive is to ensure that the Executive Directors are well incentivized to achieve performance targets in the shorter term.

An Executive Director will be eligible for an annual cash incentive up to a maximum percentage of his/her annual base salary. As per 31 December 2013, the maximum percentage for this purpose has been set at 35% of base salary of the Executive Director. Performance conditions will be set by the Board before or ultimately at the beginning of the relevant calendar year and shall include criteria concerning the Company's financial performance, qualitative criteria representing Company performance and/or individual qualitative performance.

Long-term incentive plan

The Board intends to incentivize the Executive Directors by implementing a new Employee Stock Option Plan and by issuing other stock option plans or similar plans from time to time to align the longer term interests of the Executive Directors with those of the Shareholders and to provide an incentive for long term focus and retention of Executive Directors.

Pension and fringe benefits

The Executive Directors shall continue to participate in a defined contribution pension scheme operated by a third party pension insurance organization. The Executive Directors are entitled to customary fringe benefits, such as a company car.

Severance arrangements

In case of a dismissal, Executive Directors will be entitled to a severance payment of at maximum one year's base salary, unless the Board decides otherwise based on a recommendation of the Remuneration and Nomination Committee.

3.2.2. Remuneration components Non-Executive Directors

Pursuant to the remuneration policy, the remuneration of the Non-Executive Directors consists of the following fixed and variable components:

- a fixed fee, which fee will be prorated in case the Non-Executive Director does not attend all meetings where his or her presence is required;
- if applicable, a fee for chairing the Audit Committee and/or the Remuneration and Nomination Committee; and
- a long-term variable incentive plan, in the form of stock options.

Fixed fee

The fixed fee of Non-Executive Directors will be determined at a range around or slightly above the median of fees payable within the Reference Group.

Long-term incentive plan

The Board intends to incentivize the Non-Executive Directors by implementing a new Employee Stock Option Plan and by issuing other stock option plans or similar plans from time to time to be able to attract and retain well-qualified non-executive directors.

Success payment

In case of exceptional circumstances, the Board may decide to reward the Non-Executive Directors with success payments relating to the occurrence of specific events achieved through the exceptional efforts of that person (such as a platform licensing or product licensing deal brokered by that Non-Executive Director).

3.3. Statutory Auditor

The fees for services provided by the Company's independent auditor PricewaterhouseCoopers Accountants N.V. and its member firms and/or affiliates to the Company and its subsidiaries were approved by the Audit Committee and can be broken down as follows:

Type of fees	2013	2012	2011
Audit fees	22,000	22,000	19,000
Audit related fees	0	0	0
Other non-audit fees	31,000	19,000	0
Total	**53,000**	**41,000**	**19,000**

4. LIABILITY, CONFLICTS OF INTEREST RELATING TO MEMBERS OF THE BOARD

4.1. Liability of Board members

Under Dutch law, members of the Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and third parties for infringement of the Articles or certain provisions of the Dutch Civil Code (***DCC***). In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The liability of members of the Board and other key employees is covered by a directors' and officers' liability insurance policy. This policy contains customary limitations and exclusions, such as wilful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

4.2. Conflicts of interest

Directors shall immediately report any (potential) direct or indirect personal interest in a matter which is conflicting with the interests of the Company and the business connected with it to the chairman of the Board and to the other Directors and shall provide all relevant information, including information concerning his spouse, registered partner or other partner, foster child and relatives by blood or marriage up to the second degree as defined under Dutch law.

The Non-Executive Directors shall decide, without the Director concerned being present, whether there is a conflict of interest. A conflict of interest in relation to a Director in any event exists, if the Company intends to enter into a transaction with a legal entity (i) in which such Director personally has a material financial interest, (ii) which has an executive director or a member of the management board who is related under family law to such Director of the Company, or (iii) in which such Director has an executive or non-executive position.

An Executive Director shall not participate in any discussions and decision making if he has a conflict of interest in the matter being discussed. If for this reason no resolution can be taken by the Executive Directors, the Non-Executive Directors will resolve on the matter.

A Non-Executive Director shall not participate in any discussions and decision making if he has a conflict of interest in the matter being discussed. If for this reason no resolution can be taken by the Non-Executive Directors or the Board as a whole, the General Meeting will resolve on the matter.

A Director shall not participate in any discussions and decision making if he has a conflict of interest in the matter being discussed. If for this reason no resolution can be taken by the Board as a whole, the General Meeting will resolve on the matter.

All transactions in which there are conflicts of interest with Directors shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with Directors that are of material significance to the Company and/or to the relevant Director require the approval of the Non-Executive Directors.

All transactions between the Company and legal or natural persons who hold at least ten per cent. of the Shares in the Company shall be agreed on terms that are customary in the sector in which the company and its

combined businesses are active. The Non-Executive Directors are required to approve such transactions that are of a material significance to the Company and/or to such persons.

All members of the supervisory board of the Company (the future Non-Executive Directors), except for Peter Verhaeghe, have been appointed pursuant to arrangements on binding nominations for such supervisory positions in accordance with the current shareholders' agreement for the Company. There are no arrangements or understandings in place with major shareholders, customers, suppliers or others pursuant to which any member of the management board of the Company (certain of them to be appointed as Executive Directors) has been appointed.

At the date of this Prospectus, five current supervisory directors and future Non-Executive Directors do not meet the independence criteria contained in the Dutch Corporate Governance Code. Christina Takke, John de Koning, Bruno Montanari, Michael B. Sheffery and David L. Lacey hold positions with companies that (directly or indirectly) hold an interest of more than 10% in the Company's share capital. See 2.7 ("*Biographical details of the members of the Board"*) above. Other than that, no member of the Board has a conflict of interest (actual or potential) between his duties to the Company and his private interests and/or other duties.

4.3. Board members' indemnification

Pursuant to the Articles, the Company shall indemnify any and all of its Directors, officers, former Directors, former officers against any and all liabilities, claims, judgments, fines and penalties incurred by them as a result of any threatened, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative, brought by any party other than the Company itself or its group companies, in relation to acts or omissions in or related to his or her capacity as Director or officer of the Company, except in relation to claims insofar as they relate to the gaining in fact of personal profits, advantages or remuneration to which the relevant person was not legally entitled, or if the relevant person has been adjudged to be liable for wilful misconduct or intentional recklessness. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled otherwise.

5. LIMITATION OF SUPERVISORY POSITIONS

Under Dutch law, an executive director of a large Dutch company may not hold more than two supervisory positions at another large Dutch company, and may not concurrently serve as chairman of the supervisory board or of a one tier board of a large Dutch company. A "supervisory position" is a position of membership on a supervisory board, non-executive director in a one-tier board structure or member of a supervisory body. Under Dutch law, a large company is a Dutch public limited liability company (*naamloze vennootschap*), a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) or a foundation (*stichting*) that fulfils at least two out of the following three criteria on two successive balance sheet dates: (1) the value of the assets according to the consolidated balance sheet with explanatory notes is, on the basis of the purchase price and manufacturing costs, more than EUR 17.5 million; (2) the net turnover is more than EUR 35 million; and (3) the average number of employees is 250 or more. Supervisory positions in group companies, Dutch legal entities other than large public and private limited liability companies, and foundations and foreign legal entities do not count toward the maximum number of supervisory positions permitted.

Furthermore, under Dutch law, members of the supervisory board or non-executive directors of a large Dutch company may not hold five or more supervisory positions at another large Dutch company, whereby the chairmanship is counted twice.

The Company is not a statutory large company yet, but all members of the Board will voluntarily comply with these rules. According to the Board By-Laws, the Board shall endeavour to voluntarily, if possible, comply with the rules given in those sections if any seats on the Board become available and persons are nominated for appointment.

6. DIVERSITY POLICY

Dutch law requires a large company to pursue a policy of having at least 30 per cent. of the seats on the management board and supervisory board held by men and at least 30 per cent. of the seats on the management board and supervisory board held by women. The term "large company" within the meaning of the diversity policy has the same meaning as set out above except that the criteria are tested on one balance sheet date. This allocation of seats will be taken into account in connection with (i) the appointment, or nomination for the

appointment, of members of the Board, (ii) drafting the criteria for the size and composition of the Board, as well as the designation, appointment, recommendation and nomination for appointment of Non-Executive Directors; and (iii) drafting the criteria for the Non-Executive Directors. Pursuant to Dutch law, if a large company does not comply with the gender diversity rules, it will be required to explain in its annual report: (i) why the seats are not allocated in a well-balanced manner; (ii) how it has attempted to achieve a well-balanced allocation; and (iii) how it aims to achieve a well-balanced allocation in the future. This rule will cease to have effect on 1 January 2016.

Although the Company does not qualify as a large company yet, the Board By-Laws include a policy that the Board shall aim, to the extent practicable and appropriate under circumstances, for a diverse composition of Directors in line with the identity of the Company and its business, in terms of such factors as nationality, background, gender (as referred to Article 2:166 of the DCC) and age.

The Company currently does not comply with the requirements set by Dutch law. As seats become available, the Board will have the opportunity to assess the effectiveness of the diversity policy and, if at all, how the Company's implementation of the policy should be changed.

7. CORPORATE GOVERNANCE RULES

The current Dutch Corporate Governance Code entered into force on 1 January 2009. In December 2011, the Dutch Corporate Governance Code Monitoring Committee presented its report on compliance with the Dutch Corporate Governance Code in 2011, particularly regarding appointments of executive members of the board, composition and functioning of the non-executive members of the board, voting and communication of foreign shareholders and the quality of explanation of non-application of the corporate governance principles.

The Dutch Corporate Governance Code applies to all Dutch companies listed on a regulated market or a comparable system in a non-EEA member state. The Dutch Corporate Governance Code contains principles and best practice provisions for the board, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards, and is based on a "comply or explain" principle. Accordingly, the Company will be required to disclose in its annual reports whether or not it is in compliance with the various provisions of the Dutch Corporate Governance Code and, in the event that the Company does not apply a certain provision, to explain the reason why.

The Company acknowledges the importance of good corporate governance. The Company fully endorses the underlying principles of the Dutch Corporate Governance Code which is reflected in a policy that complies with the best practice provisions as stated in the Dutch Corporate Governance Code. However, the Company will not apply or will deviate from the best practice provisions in the following areas:

- The Company will not comply with best practice provision III 2.1, which requires that all Non-Executive Directors, with the exception of not more than one person, shall be independent. On the completion of the Offering, the Company shall have eight Non-Executive Directors, of which five do not meet the independence criteria contained in the Code. These five dependent Non-Executive Directors are: (i) Christina Takke; (ii) John de Koning; (iii) Bruno Montanari; (iv) Michael B. Sheffery; as representatives of substantial shareholders and (v) David L. Lacey as advisor of the Company.

  Given the fact that the Company is a relatively young company, the continuity in the composition of the Board is of great importance. Once a stable framework has been established, the Company shall take appropriate measures to comply with this provision.

- The Company will not comply with best practice provision III 3.3, which requires that the Non-Executive Directors will follow an introductory program.

- The Company will at the Offering not comply with best practice provision III 3.6, which requires that the Non-Executive Directors shall draw up a retirement schedule in order to avoid, as far as possible, a situation in which many Non-Executive Directors retire at the same time. As soon as possible after the Offering however, in due consideration of the Company's public status at that time, the Non-Executive Directors will draw up a retirement schedule and which shall, when available, be made generally available and shall be posted on the Company's website.

- The Company will not comply with best practice provision III 4.1 paragraph f, which requires that chairman of the Board elects a vice-chairman (Non-Executive Director).

- The Company will not comply with best practice provision III 4.3, which requires that the Non-Executive Directors shall be assisted by the Company secretary. Up to this moment, in practice the Board has not found the need to appoint such company secretary. If in future circumstances change and need for appointing such company secretary to help the Non-Executive Directors with their task, the Board By-Laws already provide for the appointment of such person. The Company secretary shall then, either on the recommendation of Non-Executive Directors or otherwise, be appointed and dismissed by the Executive Directors, after the approval of the Non-Executive Directors has been obtained.

- The Company will not comply with best practice provision III 5, which requires that the Board shall appoint among its members an audit committee, a remuneration committee and a selection and appointment committee, if the Board consists of more than four Non-Executive Directors. For practical purposes, the Remuneration Committee and the Selection & Appointment Committee are combined into the Remuneration and Nomination Committee, which performs the tasks attributed by the Code to the remuneration committee, as well as the selection and nomination committee.

- The Company will not comply with best practice provision III 5.1, which requires that maximum one of member of each committee may not be independent within the meaning of the Code. Both Christina Takke and Michael B. Sheffery are members of the Remuneration and Nomination Committee. Because of their specific knowledge and expertise, the Company believes that it is in the Company's interest to maintain these two persons.

- The Company will not comply with best practice provision III 7, which requires that the remuneration of Non-Executive Directors shall be determined by the General Meeting.

- The Company will not comply with best practice provision III 7.1, which requires that Non-Executive Directors will not be granted any shares or rights to shares as remuneration, as some of the Non-Executive Directors will be granted Shares or rights to subscribe for Shares by way of remuneration, in recognition of the substantial industry expertise they bring to the Company.

- The Company will not comply with best practice provision IV 1.1, which requires that a resolution of the General Meeting to cancel the binding nature of a nomination for the appointment of a director or to remove such a director, be passed with an absolute majority of the votes cast, representing at least one-third of the issued share capital. In line with the DCC such resolutions can only be adopted by the General Meeting with two-third of the votes cast representing at least half of the Company's issued capital.

- The Company will not comply with best practice provision IV.2.2, which requires that the meeting of holders of depositary receipts may make recommendations to the management of Stichting Administratiekantoor arGEN-X for the appointment of persons to the position of manager.

PART 12
SHAREHOLDER STRUCTURE, PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

1. SHAREHOLDER STRUCTURE

1.1. History of the capital

At the date of this Prospectus, the issued share capital of the Company amounts to 465,597 EUR. The issued share capital currently consists of 5 classes of shares: (i) ordinary Shares; (ii) preference shares 2008; (iii) cumulative preference A shares; (iv) cumulative preference B1 shares; and (v) cumulative preference B2 shares.

The table below provides an overview of the history of the Company's share capital and other transactions involving the shares in the Company since its incorporation in 2008.

Date	Action	Shareholders	Type of shares	Shares	Nominal value	Consideration
Incorporation of arGEN-X B.V.: issuance of ordinary shares						
25/04/2008	Subscriber shares	T. Dreier	ordinary	+18,000	1 EUR	18,000 EUR
First capital increase						
05/05/2008	New issue	Erasmus MC Biomedical Fund B.V.	ordinary	+11,000	1 EUR	500,000 EUR
		Thuja Capital Healthcare Seed Fund B.V.		+11,000		500,000 EUR
Share transfers of subscribers shares						
09/09/2008	Transfer of shares	T. Dreier	ordinary	-12,000	1 EUR	12,000 EUR
		T.J.M. Van Hauwermeiren		+6,000		6,000 EUR
		J.J.W. de Haard		+6,000		6,000 EUR
Conversion of certain ordinary shares into preferential shares 2008						
13/08/2009	Conversion of shares	Erasmus MC Biomedical Fund B.V.	pref. 2008	+11, 000	1 EUR	N/A
		Thuja Capital Healthcare Seed Fund B.V.		+11, 000		N/A
Capital round A (first tranche): issuance of cumulative preferential A shares						
13/08/2009	New issue	Erasmus MC Biomedical Fund B.V.	cum. pref. A	+4,286	1 EUR	375,000 EUR
		Thuja Capital Healthcare Seed Fund B.V.		+2,286		200,000 EUR
		Forbion Capital Fund II Cooperatief U.A.		+17,143		1,500,000 EUR
		Cooperatief LSP IV U.A.		+17,143		1,500,000 EUR
		BioGeneration Ventures B.V.		+2,857		250,000 EUR
		KBC Private Equity N.V.		+8,571		750,000 EUR
		Thuja Capital Healthcare Fund B.V.		+2,000		175,000 EUR
13/11/2009	New issue	LCL Innovation 2008	cum. pref. A	+5,526	1 EUR	483,525 EUR
		LCL Innovation 2007		+11,046		966,525 EUR
		VIB vzw		+571		49,962.50 EUR
Capital round A (second tranche): issuance of cumulative preferential A shares (first tranche)						
29/10/2010		Erasmus MC Biomedical Fund B.V.	cum. pref. A	+4,286	1 EUR	375,025 EUR
		Forbion Capital Fund II Cooperatief U.A.		+17,143		1,500,012.50 EUR
		Cooperatief LSP IV U.A.		+17,143		1,500,012.50 EUR
		BioGeneration Ventures B.V.		+2,857		249,987.50 EUR
		KBC Private Equity N.V.		+8,571		749,962.50 EUR
		Thuja Capital Healthcare Fund B.V.		+4,286		375,025 EUR
		LCL Innovation 2008		+5,526		483,525 EUR
		LCL Innovation 2007		+11,046		966,525 EUR
		VIB vzw		+571		49,962.50 EUR

Capital round B: issuance of cumulative preferential B shares						
16/11/2011	New issue	Erasmus MC Biomedical Fund B.V.	cum. pref. B	+6,892	1 EUR	771,904 EUR
		Thuja Capital Healthcare Seed Fund B.V.		+2,841		318,192 EUR
		Forbion Capital Fund II Cooperatief U.A.		+27,567		3,087,504 EUR
		Cooperatief LSP IV U.A.		+18,182		2,036,384 EUR
		BioGeneration Ventures B.V.		+6,470		724,640 EUR
		Thuja Capital Healthcare Fund B.V.		+4,051		453,712 EUR
		LCL Innovation 2008		+110		12,320 EUR
		VIB vzw		+738		82,656 EUR
		Banque Populaire Innovation 14		+9,137		1,023,344 EUR
		Banque Populaire Innovation 15		+6,090		682,080 EUR
		Bio Sante		+7,500		840,000 EUR
		Orbimed Private Investments IV L.P.		+40,341		4,518,192 EUR
		FCPI LCL Innovation 2009		+2,376		266,112 EUR
		FCPI LCL Innovation 2010		+412		46,144 EUR
		FCPI CA Innovation 2010		+275		30,800 EUR
		FCPI CA Innovation II		+948		106,176 EUR
		CA Investissement 2		+13,393		1,500,016 EUR
		Capital Invest PME 2010		+8,928		999,936 EUR
25/06/2013	New issue	Erasmus MC Biomedical Fund B.V.	cum. pref. B	+3,938	1 EUR	441,056 EUR
		Thuja Capital Healthcare Seed Fund B.V.		+1,623		181,776 EUR
		Forbion Capital Fund II Cooperatief U.A.		+15,753		1,764,366 EUR
		Cooperatief LSP IV U.A.		+10,390		1,163,680 EUR
		BioGeneration Ventures B.V.		+3,697		414,064 EUR
		Thuja Capital Healthcare Fund B.V.		+2,315		259,280 EUR
		LCL Innovation 2008		+604		67,648 EUR
		VIB vzw		+421		47,152 EUR
		Banque Populaire Innovation 14		+7,792		872,704 EUR
		Banque Populaire Innovation 15		+5,195		581,840 EUR
		Orbimed Private Investments IV L.P.		+23,052		2,581,824 EUR
		FCPI LCL Innovation 2009		+5,515		617,680 EUR
		FCPI LCL Innovation 2010		+2,267		253,904 EUR
		FCPI CA Innovation 2010		+1,511		169,232 EUR
		FCPI CA Innovation II		+5,213		583,856 EUR
Exit KBC Private Equity N.V.: share transfers of cumulative preferential A shares						
23/10/2013	Transfer of shares	KBC Private Equity N.V.	cum. pref. A	-17,142	1 EUR	300,000 EUR
		T. Dreier		+266		4,655.23 EUR
		T.J.M. van Hauwermeiren		+266		4,655.23 EUR
		J.J.W. de Haard		+266		4,655.23 EUR
		Erasmus MC Biomedical Fund B.V.		+859		15,033.25 EUR
		Forbion Capital Fund II Cooperatief U.A.		+3,438		60,168.01 EUR
		Cooperatief LSP IV U.A.		+2,785		48,739.94 EUR
		BioGeneration Ventures B.V.		+704		12,320.62 EUR
		Thuja Capital Healthcare Fund B.V.		+859		15,033.25 EUR
		LCL Innovation 2008		+ 522		9,135.46 EUR
		LCL Innovation 2007		+ 978		17,115.85 EUR
		Banque Populaire		+750		13,125.65 EUR

		Innovation 14				
		Banque Populaire Innovation 15		+500		8,750.44 EUR
		Bio Sante		+332		5,810.29 EUR
		Orbimed Private Investments IV L.P.		+2,808		49,142.46 EUR
		FCPI LCL Innovation 2009		+350		6,125.31 EUR
		FCPI LCL Innovation 2010		+118		2,065.10 EUR
		FCPI CA Innovation 2010		+79		1,382.57 EUR
		FCPI CA Innovation II		+273		4,777.74 EUR
		CA Investissement 2		+593		10,378.02 EUR
		Capital Invest PME 2010		+396		6,930.35 EUR
Conversion of cumulative preferential B shares into cumulative preferential B1 shares						
04/11/2013	Share conversion	Erasmus MC Biomedical Fund B.V.	cum. pref. B1	+10,830	1 EUR	N/A
		Thuja Capital Healthcare Seed Fund B.V.		+4,464		N/A
		Forbion Capital Fund II Cooperatief U.A.		+31,505		N/A
		Cooperatief LSP IV U.A.		+28,572		N/A
		BioGeneration Ventures B.V.		+10,167		N/A
		Thuja Capital Healthcare Fund B.V.		+5,674		N/A
		LCL Innovation 2008		+714		N/A
		VIB vzw		+1,159		N/A
		Banque Populaire Innovation 14		+16,929		N/A
		Banque Populaire Innovation 15		+11,285		N/A
		Bio Sante		+7,500		N/A
		Orbimed Private Investments IV L.P.		+63,393		N/A
		FCPI LCL Innovation 2009		+7,891		N/A
		FCPI LCL Innovation 2010		+2,679		N/A
		FCPI CA Innovation 2010		+1,786		N/A
		FCPI CA Innovation II		+6,161		N/A
		CA Investissement 2		+13,393		N/A
		Capital Invest PME 2010		+8,928		N/A
Extended capital round B: issuance of B2 shares						
04/11/2013	New issue	ParticipatieMaatschappij Vlaanderen N.V.	cum. pref. B2	+29,762	1 EUR	4,000,012.80 EUR
		Vlaamse Innovatiefonds CVA		+7,440		999,936 EUR

1.2. Shareholders immediately prior to the completion of the Offering

Please refer to Part 6 ("*Dilution*") for an overview of the shareholder structure of the Company prior to the completion of the Offering.

1.3. Share Reshuffling through an issue of shares immediately prior to the completion of the Offering

In June 2014, the Shareholders of the Company entered into an agreement to convert all the different classes of shares into a common class of Shares immediately prior to the completion of the Offering. At the same time a stock split will be performed of 10 new Shares for each existing Share. These new Shares will have a nominal value of EUR 0.10. In order to compensate Shareholders that gave up their preferential rights as a result of such contemplated conversion, the Shareholders agreed to the Share Reshuffling by way of issuing new Shares which will be distributed in accordance with an allocation key providing for different allocations depending on the Company's valuation immediately prior to the completion of the Offering, as described in detail in Part 6 ("*Dilution"*). These new Shares will be issued against the freely distributable reserves of the Company.

The Share Reshuffling by way of issuing new Shares and adjustment of the ESOPs will take place immediately prior to the completion of the Offering As a result hereof, between 5,488,418 and 6,142,406 new Shares with a

nominal value of EUR 0.10 will be issued. The ESOPs will be adjusted with an increase of the underlying Shares to be issued upon exercise of the ESOPs to the Stichting Administratiekantoor arGEN-X between in aggregate 241,894 and 895,882 new Shares.

1.4. Shareholders after completion of the Offering

Please refer to Part 6 ("*Dilution*") for an overview of the shareholder structure of the Company after completion of the Offering.

2. PRINCIPAL SHAREHOLDERS

Among the Company's current Shareholders at the date of this Prospectus and immediately prior to the completion of the Offering, a certain number of Shareholders have an interest of 3% or more in the issued share capital and/or voting rights of the Company. Such principal Shareholders and their respective percentage of shares are included in the table referred to in Section 1.2 ("*Shareholders prior to the Offering*").

The Company's principal Shareholders prior to the completion of the Offering will, immediately prior and following the completion of the Offering, not have voting rights that are different to the voting rights of the other Shareholders.

At the date of this Prospectus, the Company is not directly or indirectly owned or controlled by any Shareholder, whether individually or acting in concert. The Company does not know of any arrangement that may, at a subsequent date, result in a change of control of the Company.

3. RELATIONSHIP WITH SIGNIFICANT SHAREHOLDERS

Currently, as far as the Company is aware, there are no direct or indirect relationships between the Company and any of its significant Shareholders, except for the pre-commitment agreements as described in Part 15 (*"The Offering"*), Section 9 ("*Intention of the Shareholders*") and the lock-up arrangments as described in Part 16 (*"Plan of distribution"*), Section 2 (*"Lock-up arrangments"*).

4. SHAREHOLDERS' AGREEMENT

The Company has no knowledge of any shareholders' agreement that would be effective upon completion of the Offering and listing of the Shares, other than the specific lock-up agreement described in Part 16 ("*Plan of Distribution*").

5. RELATED PARTY TRANSACTIONS

5.1. Research and development agreement between the Company and arGEN-X BVBA

The Company entered into a services agreement regarding research and development services with arGEN-X BVBA on 21 July 2010 pursuant to which arGEN-X BVBA will further develop and commercialize the intellectual property rights and know-how which the Company has developed in the field of identification and generation of therapeutic antibodies for pharmaceutical use and in the development and commercialization of pharmaceutical products containing such antibodies. All intellectual property rights so developed by arGEN-X BVBA shall exclusively vest in the Company.

Pursuant to the agreement, arGEN-X BVBA is entitled to a fee based on a "cost-plus" basis, as well as royalties based on the Company's income generated from commercial license agreements with pharmaceutical clients if such licenses resulted from the services provided by arGEN-X BVBA.

For purposes of the agreement, the Company has granted arGEN-X BVBA a worldwide non-exclusive license to use its intellectual property rights and know-how as well as an exclusive right to use certain biological materials, such as genetic materials and proteins. arGEN-X BVBA will pay a yearly license fee to the Company determined in line with the market value of the license.

The agreement has an effective date as of 28 August 2009 and has an indefinite term.

5.2. Service and license agreements between the Company and arGEN-X 110 B.V. and arGEN-X 111 B.V.

The Company is the owner of the patents in relation to the independent candidate medicines, ARGX-110 (***110 Patent***) and ARGX-111 (***111 Patent***), which have been developed on the basis of the Company's SIMPLE Antibody™ platform, the POTELLIGENT® Technology and the NHance® technology (***Base Patents and Licenses***). The Company has contributed the development programs in relation to ARGX-110 and ARGX-111 with regard to the execution of the phase-1 study to, respectively, arGEN-X 110 B.V. and arGENX-111 B.V., but not the 110 Patent, the 111 Patent or the Base Patents and Licenses.

On 14 October 2013 the Company has entered into two service and license agreements with, on the one hand, arGEN-X 110 B.V. and, on the other hand, arGEN-X 111 B.V. regarding research and development services and the licensing of patents relating to, respectively, the arGEN-X 110 program and the arGEN-X 111 program.

Pursuant to the agreements, the Company has granted to, respectively, arGEN-X 110 B.V and arGEN-X 111 B.V. for purposes of the ARGX-110 and ARGX-111 program a non-exclusive license to use the Base Patents and Licenses, the 110 Patent and the 111 Patent, with a call option on, respectively, the 110 Patent and the 111 Patent exercisable if a third party wishes to acquire, on the one hand, the ARGX-110 program or arGEN-X 110 B.V. or, on the other hand, ARGX-111 program or arGEN-X 111 B.V.

arGEN-X 110 B.V. and arGEN-X 111 B.V. have outsourced the research and development services and business development services in connection with the further development of the ARGX-110 and ARGX-111 program to the Company with the possibility to outsource these services to arGEN-X BVBA. The Company is entitled to a fee based on a "cost-plus" basis for the services provided on behalf of arGEN-X 110 B.V. and arGEN-X 111 B.V.

The agreements have an effective date as of 1 January 2013 and have an indefinite term.

PART 13
DESCRIPTION OF SHARE CAPITAL AND GROUP STRUCTURE

Set out below is a summary of certain relevant information concerning the Shares, the Articles and certain provisions of Dutch law in force on the date of this Prospectus. Unless otherwise specified, the summary below describes the Articles.

This summary does not purport to give a complete overview and is qualified in its entirety by, and should be read in conjunction with, the Articles and Dutch law. The full text of the Articles is incorporated by reference in this Prospectus and will be available free of charge for the life of this Prospectus, in Dutch and in English, at the Company's registered office and in electronic form on the Company's website.

1. GENERAL

The Company was incorporated as a Dutch law private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on 25 April 2008. On 28 May 2014 the Company was converted into a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands. The Company's official seat is in Rotterdam, the Netherlands, and its registered office is at Willemstraat 5, 4811 AH, Breda, the Netherlands. The Company is registered with the trade register of the Dutch Chamber of Commerce under number 24435214. The Company's telephone number is +31 (0) 10 70 38 441.

This section summarizes the Articles, share capital and the rights attached to its Shares. The description provided hereafter is a summary only and does not purport to give a complete overview of the Articles, nor of the relevant of provisions of Dutch law, neither should it be considered as legal advice regarding these matters.

2. CORPORATE OBJECTS

Pursuant to article 3 of the Articles, the Company's objects are:

(a) to exploit biological, chemical or other products, processes and technologies in the life sciences sector in general, and more specifically in the diagnostic, pharmaceutical, medical, cosmetic, chemical and agricultural sector; to 'exploit' includes all activities relating to research, development, production, marketing and commercial exploitation;

(b) to design and develop instruments which may be used in medical diagnosis and affiliated areas;

(c) the worldwide distribution of, sale of and rendering services relating to products of the Company and its subsidiaries directly to customers as well as through third parties;

(d) to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;

(e) to render advice and services to businesses and companies with which the Company forms a group and to third parties;

(f) to finance businesses and companies;

(g) to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with the aforementioned;

(h) to render guarantees, to bind the Company and to pledge its assets for obligations of the companies and enterprises with which it forms a group and on behalf of third parties;

(i) to obtain, alienate, manage and exploit registered property and items of property in general;

(j) to trade in currencies, securities and items of property in general;

(k) to develop and trade in patents, trade marks, licenses, know-how and other industrial property rights; and

(l) to perform any and all activities of industrial, financial or commercial nature, as well as everything pertaining the foregoing, relating thereto or conductive thereto, all in the widest sense of the word.

3. SHARE CAPITAL

Under Dutch law, a company's authorized share capital sets out the maximum amount and number of shares that it may issue without amending its articles of association.

The Articles will provide for an authorized share capital in the amount of EUR 4,500,000 divided into 45,000,000 Shares, each with a nominal value of EUR 0.10. As of the completion of the Offering, all issued and outstanding Shares will have been fully paid up.

As of the date of this Prospectus, the Company's share capital is divided into ordinary shares, preferred shares 2008, cumulative preferred shares A, cumulative preferred shares B1 and cumulative preferred shares B2; each of the shares have a nominal value of EUR 1.

At the date of this Prospectus, the Company's authorised capital amounts to EUR 465,597, divided into:

- 18,000 ordinary Shares, each share with a nominal value of EUR 1, of which 18,000 are issued and outstanding;
- 22,000 cumulative preferred shares 2008, each share with a nominal value of EUR 1, of which 22,000 are issued and outstanding;
- 142,858 cumulative preferred shares A, each share with a nominal value of EUR 1, of which 142,858 are issued and outstanding;
- 245,537 cumulative preferred shares B1, each share with a nominal value of EUR 1, of which 245,537 are issued and outstanding; and
- 37,202 cumulative preferred shares B2, each share with a nominal value of EUR 1, of which 37,202 are issued and outstanding.

An overview of the Company's authorised and issued share capital on 31 December 2013, 31 December 2012 and 31 December 2011 is set out below:

31 December 2011	**Authorised**	**Issued**
(number of shares)		
Ordinary shares	90,000	18,000
Preferred shares 2008	60,000	22,000
Cumulative preferred shares A	400,000	142,858
Cumulative preferred shares B	700,000	156,251
31 December 2012	**Authorised**	**Issued**
(number of shares)		
Ordinary shares	90,000	18,000
Preferred shares 2008	60,000	22,000
Cumulative preferred shares A	400,000	142,858
Cumulative preferred shares B	700,000	156,251
31 December 2013		**Issued**
(number of shares)		
Ordinary shares		18,000
Preferred shares 2008		22,000
Cumulative preferred shares A		142,858
Cumulative preferred shares B1		245,537
Cumulative preferred shares B2		37,202

During the years 2011, 2012 and 2013, 245,537 cumulative preferred shares B1 and 37,202 cumulative preferred shares B2 have been issued to the Company's Shareholders in connection with additional funding rounds. In connection therewith, the cumulative preferred shares B were converted into cumulative preferred shares B1 in order to allow the Company to issue a new class of cumulative preferred shares B2.

On 13 November 2013, in connection with new legislation regarding the simplification and flexibilisation of the rules on Dutch private companies with limited liability (Flex-BV), the Company's authorised capital was cancelled by deed of amendment of the articles of association of the Company.

On 28 May 2014, by deed of conversion and amendment of the articles of association of the Company, the Company was converted into a public company with limited liability (*naamloze vennootschap*).

The General Meeting has amended the articles of association of the Company by means of the Deed of Amendment as a result of which, immediately prior to the completion of the Offering, all shares of the Company will be converted into ordinary Shares having the same rights. Furthermore, immediately prior to the completion of the Offering, a Share issue and stock split will become effective as a result of which each then existing Share will be replaced by 10 Shares.

4. FORM OF SHARES

The Company's share capital is comprised only of shares. All shares are in registered form and are only available in the form of an entry in the Company's shareholders' register and not in certificated form. The shares have been created under, and are subject to, the laws of the Netherlands.

All Shares will be delivered in book-entry form only, and will be credited on or about the Closing Date to the securities accounts of the investors via Euroclear Nederland, the Dutch central securities depository with registered seat at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

5. REGISTER OF SHAREHOLDERS

Subject to Dutch law and the Articles, the Company must keep a register of Shareholders. The Company's shareholders' register must be kept up to date and records the names and addresses of all holders of Shares, showing the date on which the Shares were acquired, the date of the acknowledgement by or notification of the Company as well as the amount paid on each Share. The register also includes the names and addresses of those with a right of usufruct (*vruchtgebruik*) or a pledge (*pandrecht*) in respect of Shares.

6. ISSUE OF SHARES

The Articles provide that Shares may be issued or rights to subscribe for Shares may be granted pursuant to a resolution of the General Meeting or alternatively, by the Board if so designated by the General Meeting. A resolution of the General Meeting to issue Shares, to grant rights to subscribe for Shares or to designate the Board as the corporate body of the Company authorized to do so can only take place at the proposal of the Board with the consent of the majority of the Non-Executive Directors.

Shares may be issued or rights to subscribe for Shares may be granted by resolution of the Board, if and insofar as the Board is designated to do so by the General Meeting. Designation by resolution of the General Meeting cannot be withdrawn unless determined otherwise at the time of designation.

The scope and duration of the Board's authority to issue Shares or grant rights to subscribe for Shares (such as granting stock options or issuing convertible bonds) is determined by a resolution of the General Meeting and relates, at the most, to all unissued shares in the Company's authorized capital at the relevant time. The duration of this authority may not exceed a period of five years. Designation of the Board as the body authorized to issue Shares or grant rights to subscribe for Shares may be extended by a resolution of the General Meeting for a period not exceeding five years in each case. The number of Shares that may be issued is determined at the time of designation.

No Shareholders' resolution or Board resolution is required to issue Shares pursuant to the exercise of a previously granted right to subscribe for Shares. A resolution of the Board to issue Shares and to grant rights to subscribe for Shares can only be taken with the consent of the majority of the Non-Executive Directors.

The General Meeting has authorized the Board to issue Shares and grant rights to subscribe for Shares and to limit or exclude pre-emption rights of Shareholders for such Shares with the prior consent of the majority of the Non-Executive Directors for a period of eighteen months. In its resolution, the General Meeting has restricted

the competency of the Board as regards the issue of Shares and the grant of rights to subscribe for Shares to a maximum of 20 per cent. of the Company's total issued and outstanding share capital as at the day following on which trading of the Shares on Euronext Brussels has commenced.

The General Meeting has authorized the Board to issue the Offered Shares and to limit or exclude pre-emption rights of Shareholders for such Offered Shares. The Offered Shares will be issued upon adoption of a resolution of the Board, with the prior consent of the majority of the Non-Executive Directors, which is scheduled to occur shortly prior to the Listing Date.

In addition, the General Meeting has authorized the Board with the prior consent of the majority of the Non-Executive Directors, to issue Shares and exclude the pre-emption rights therefor in connection with the Share Reshuffling as described in Part 6 (*"Dilution"*).

7. EMPLOYEE STOCK OPTION PLAN

On 4 November 2013 the (then) Management Board of the Company has adopted an employee stock option plan (the ***Employee Stock Option Plan***) which will be partially amended prior to the completion of the Offering. Pursuant to the Employee Stock Option Plan as it will be in force immediately prior to and following the completion of the Offering the Board in each case with the prior consent of the majority of the Non-Executive Directors and subject to the provisions of the Employee Stock Option Plan) has the power to determine the employees, directors (including any member of the Board or key outside consultants or advisors to whom ESOPs may from time to time be granted, the number of stock options granted and the terms and conditions of the ESOPs (subject to the limitation provided in the Employee Stock Option Plan).

Upon exercise of the ESOP, the underlying Share and legal rights attached to it will be held and administered by Stichting Administratiekantoor arGEN-X, including the voting rights attached to such Share. In return, the beneficiary of the ESOP will receive a depository receipt issued by Stichting Administratiekantoor arGEN-X (*certificaat van een aandeel*) representing the economic rights attached to the underlying Share, including the dividend and liquidation rights attached to such Share. As a result, the beneficiaries of the Employee Stock Option Plan will acquire the economic interests in relation to the underlying Share but will not hold any voting rights, however as a matter of Dutch Law Stichting Administratiekantoor arGEN-X shall issue proxies to depository receipt holders who so request to exercise the voting rights at the meeting. As holders of depository receipts, the beneficiaries of the Employee Stock Option Plan will be bound by the administrative terms and conditions (*administratievoorwaarden*), as adopted by the board of Stichting Administratiekantoor arGEN-X, as amended from time to time.

Pursuant to the Employee Stock Option Plan, in aggregate up to 76,000 (depository receipts for) Shares each with a nominal value of EUR 1 can be issued to allow Stichting Administratiekantoor arGEN-X to issue depository receipts for such Shares to the beneficiaries under the Employee Stock Option Plan. As a result of the Share Reshuffling and depending on the relevant allocation key applied as described in Part 6 (*"Dilution"*), the ESOPs will be adjusted with an increase of the underlying Shares to be issued upon exercise of the ESOPs to the Stichting Administratiekantoor arGEN-X between in the aggregate 241,894 and 895,882 new Shares as calculated after the stock split.

Each ESOP shall vest for 1/3rd upon the first anniversary of the option's vesting commencement date and for the remaining 2/3 during the following two years in equal parts of 1/36th, each time upon the 1st day of each next month. As a consequence thereof, the ESOP shall have vested for 100% upon the third anniversary of the option's vesting commencement date, subject to the beneficiary's continuing employment or capacity during this three year vesting period and subject to earlier vesting upon certain specific events.

The exercise price of the options shall be determined by the Board, in each case with the prior consent of the majority of the Non-Executive Directors and subject to the limitations provided in the Employee Stock Option Plan.

The term of each option shall be 10 years from the date of the grant. The options, in as far as vested, are exercisable upon the 1st January following the third anniversary of the option's vesting commencement date. Nothwithstanding the foregoing, options shall vest and become exercisable with respect to 100% of the Shares upon certain specific events.

The table below provides an overview of the options granted by the Company and still outstanding at the date of the Prospectus:

Expiry Date	Exercise price per ESOP (in euro)	Outstanding ESOPs 15/06/2014
2019	52.50	15,484
2020	52.50	1,099
2021	52.50	380
2021	32.43	30,574
2021	32.43	17,475
2024	32.43	6,085
	Total	**71,097**

The General Meeting has designated the Board to issue Shares and grant ESOPs under the Employee Stock Option Plan and to limit or exclude pre-emption rights of Shareholders for such Shares or ESOPs with the prior consent of the majority of the Non-Executive Directors for a period of eighteen months**.**

8. PRE-EMPTIVE RIGHTS

Dutch law and the Articles give Shareholders pre-emptive rights to subscribe on a *pro rata* basis for any issue of new Shares or, upon a grant of rights, to subscribe for Shares. Holders of Shares have no pre-emptive rights upon (1) the issue of Shares against a payment in kind (being a contribution other than in cash); (2) the issue of Shares to the Company's employees or the employees of a member of the Group; and (3) the issue of Shares to persons exercising a previously granted right to subscribe for Shares.

A Shareholder may exercise pre-emptive rights during a period of at least two weeks from the date of the announcement of the issue of Shares. Pursuant to the Articles, the General Meeting may restrict or exclude the pre-emptive rights of Shareholders. A resolution of the General Meeting to restrict or exclude the pre-emptive rights or to designate the Board as a body of the Company authorized to do so, may only be adopted on the proposal of the Board with the consent of the majority of the Non-Executive Directors. A resolution of the General Meeting to exclude or restrict pre-emptive rights, or to authorize the Board to exclude or restrict pre-emptive rights, requires a majority of at least two-thirds of the votes cast, if less than 50 per cent. of the Company's issued and outstanding share capital is present or represented at the General Meeting.

With respect to an issuance of Shares pursuant to a resolution of the Board, the pre-emptive rights of Shareholders may be restricted or excluded by resolution of the Board if and insofar as the Board is designated to do so by the General Meeting. A resolution of the Board to restrict or exclude pre-emptive rights can only be taken with the consent of the majority of the Non-Executive Directors.

The designation of the Board as the body competent to restrict or exclude the pre-emptive rights may be extended by a resolution of the General Meeting for a period not exceeding five years in each case. Designation by resolution of the General Meeting cannot be withdrawn unless determined otherwise at the time of designation.

The General Meeting has designated the Board to issue Shares and grant rights to subscribe for Shares and to limit or exclude pre-emption rights of Shareholders for such Shares with the prior consent of the majority of the Non-Executive Directors for a period of eighteen months. In its resolution, the General Meeting has restricted the competency of the Board as regards the issue of Shares and the grant of rights to subscribe for Shares to a maximum of 20 per cent. of the Company's total issued and outstanding share capital as at the day following on which trading of the Shares on Euronext Brussels has commenced.

9. ACQUISITION OF SHARES BY THE COMPANY

The Company may not subscribe for its own Shares on issue. The Company may acquire fully paid-up Shares at any time for no consideration or, if:

- its Shareholders' equity less the payment required to make the acquisition, does not fall below the sum of called-up and paid-in share capital and any statutory reserves;
- the Company and its subsidiaries would thereafter not hold Shares or hold a pledge over Shares with an aggregate nominal value exceeding 50 per cent. of the Company's issued share capital; and
- the Board has been authorized thereto by the General Meeting.

The General Meeting's authorization to the Board to acquire own Shares is valid for a maximum of 18 months. As part of the authorization, the General Meeting must specify the number of Shares that may be repurchased, the manner in which the Shares may be acquired and the price range within which the Shares may be acquired. A resolution of the Board to repurchase Shares can only be taken with the consent of the majority of the Non-Executive Directors.

Shares held by the Company in its own share capital do not carry a right to any distribution. Furthermore, no voting rights may be exercised for any of the Shares held by the Company or its subsidiaries unless such Shares are subject to the right of usufruct or to a pledge in favor of a person other than the Company or its subsidiaries and the voting rights were vested in the pledgee or usufructuary before the Company or its subsidiaries acquired such Shares. The Company or its subsidiaries may not exercise voting rights in respect of Shares for which the Company or its subsidiaries have a right of usufruct or a pledge.

The General Meeting has designated the Board for a period of 18 months to repurchase Shares up to 10 per cent. of the Company's issued and outstanding share capital as at the day following the day on which trading of the Shares on Euronext Brussels has commenced against a repurchase price between EUR 0.01 and plus 5% on the average share trading price calculated over the last five trading days immediately preceding the day of repurchase by the Company with the prior consent of the majority of the Non-Executive Directors.

10. REDUCTION OF SHARE CAPITAL

The General Meeting may, upon a proposal of the Board with the consent of the majority of the Non-Executive Directors, resolve to reduce the issued share capital by cancelling Shares or by amending the Articles to reduce the nominal value of the Shares. Only Shares held by the Company or Shares for which it holds the depositary receipts may be cancelled. A resolution of the General Meeting to reduce the number of Shares must designate the Shares to which the resolution applies and must lay down rules for the implementation of the resolution. A resolution to reduce the issued share capital requires a majority of at least two-thirds of the votes cast, if less than 50 per cent. of the Company's issued and outstanding share capital is present or represented at the General Meeting.

11. TRANSFER OF SHARES

All Shares are in registered form. The transfer of an Share or of a restricted right thereto requires an instrument intended for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer.

If a Share is transferred for inclusion in a collection deposit, the transfer will be accepted by the intermediary concerned. If a Share is transferred for inclusion in a giro deposit, the transfer will be accepted by the central institute, being Euroclear Nederland. The transfer and acceptance of Shares in the collection deposit or giro deposit, respectively, can be affected without the cooperation of the other participants in the collection deposit or giro deposit, respectively.

Upon issue of a new Share to Euroclear Nederland respectively to an intermediary, the transfer in order to include the Share in the giro deposit, respectively, the collection deposit will be effected without the cooperation of the other participants in the collection deposit or the giro deposit, respectively.

Shares traded on Euronext Brussels will be transferred through book entry on the accounts of investors with intermediaries that are participants in Euroclear Nederland or intermediaries that hold, directly or indirectly, accounts with participants in Euroclear Nederland.

12. GENERAL MEETING

The annual General Meeting must be held within six months from the end of the preceding financial year. General Meetings will be held in Rotterdam, Breda, Den Haag, Maastricht, Amsterdam, Utrecht and Schiphol Airport, municipality of Haarlemmermeer, the Netherlands.

Extraordinary general meetings of Shareholders may be held as often as the Board deems such necessary. In addition, Shareholders representing alone or in aggregate at least one-tenth of the issued and outstanding share capital may request that a General Meeting be convened, the request setting out in detail matters to be considered. Within three months of it becoming apparent to the Board that the equity of the Company has decreased to an amount equal to or lower than one-half of the paid-up part of the share capital, a General Meeting will be held to discuss any requisite measures.

General Meetings must be convened by the Board, which must give public notice of a General Meeting no later than 42 days prior to the day of the General Meeting. The notice of a General Meeting must be published on the Company's website and include the place, date and time and an agenda indicating the items for discussion, the procedure for participating in the meeting and the requirements for admission to the meeting.

Under the Articles and Dutch law, one or more Shareholders representing solely or jointly 3 per cent. of the Company's issued and outstanding Shares are entitled to request the Board to include items on the agenda of the General Meeting. The Board must agree to such requests, provided that (a) the request was made in writing and (b) was received no later than the 60th calendar day before the date of the General Meeting.

Each Shareholder and each usufructuary and pledgee to whom the right to vote on Shares accrues may attend the General Meeting, address the General Meeting and exercise voting rights *pro rata* to its shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Shares on the record date which is the 28th day before the day of the meeting, and they or their proxy have notified the Company of their intention to attend the meeting in writing at the address and by the date specified in the notice of the meeting.

13. VOTING RIGHTS

Each Shareholder may cast one vote for each Share held. The General Meeting may adopt resolutions by a simple majority of the votes cast, except where a larger majority is prescribed by Dutch law or the Articles. Members of the Board may attend a General Meeting, in which they have an advisory role.

14. ANNUAL ACCOUNTS, SEMI-ANNUAL ACCOUNTS AND QUARTERLY STATEMENTS

The Company's financial year is the calendar year. Within four months after the end of the Company's financial year, the Board must prepare the annual accounts. It must make them available for inspection by the Shareholders at the Company's office. The annual accounts must be accompanied by an auditors' statement, an annual report, a report by the Board and certain other information required under Dutch law.

The annual accounts, the annual report, the other information required under Dutch law and the auditors' statement must be made available to Shareholders for review from the day of the notice convening the annual General Meeting. All members of the Board must sign the annual accounts and if a member does not sign, the reasons for this must be stated. The annual accounts must be adopted by the General Meeting.

Within two months after the end of the first six months of the financial year, the Board must prepare semi-annual accounts and make them publicly available. If the semi-annual accounts are audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual accounts.

During a period between ten weeks after the start and six weeks before the end of each half of the financial year the Board must prepare an interim statement and make it publicly available. The interim statement includes an explanation of the important events and transactions that took place during the period between the start of the

financial year and publication of the interim statement and the consequences for the financial position of the Company, and its controlled entities. The interim statement also includes a general description of the financial position and the performance of the Company and its controlled entities during that period. The obligations to publish interim statements may change depending on how the Netherlands will transpose the EU Directive 2013/50/EU which amends the Transparency Directive.

15. PROFITS AND DISTRIBUTIONS

See Part 3 ("*Dividends and dividend policy*").

16. DISSOLUTION AND LIQUIDATION

The Company may only be dissolved by a resolution of the General Meeting upon a proposal made by the Board with the consent of the majority of the Non-Executive Directors. If a resolution to dissolve the Company is to be put to the General Meeting, this must in all cases be stated in the notice convening the General Meeting. If the General Meeting has resolved to dissolve the Company, the members of the Board will be charged with the liquidation of the business of the Company. During liquidation, the provisions of the Articles will remain in force as far as possible.

A resolution by the General Meeting to dissolve the Company requires a two-third majority of the votes cast if less than half the issued and outstanding share capital is represented at the meeting.

Any surplus remaining after settlement of all debts and liquidation costs will be distributed to the Shareholders in proportion to the nominal value of their shareholdings.

17. AMENDMENTS OF ARTICLES

The General Meeting may only resolve to amend the Articles upon a proposal made by the Board, with the consent of the majority of the Non-Executive Directors. A proposal to amend the Articles must be included in the notice convening the General Meeting. A copy of the proposal containing the proposed amendment must be available for inspection by every Shareholder and every holder of meeting rights until the end of the General Meeting. A resolution by the General Meeting to amend the Articles requires a two-third majority of the votes cast if less than half of the Company's issued and outstanding share capital is present or represented.

Changing the rights of any of the Shareholders will require the Articles to be amended.

18. OBLIGATIONS OF SHAREHOLDERS, THE COMPANY AND MEMBERS OF THE BOARD TO NOTIFY HOLDINGS OF SHARES AND VOTING RIGHTS

Pursuant to chapter 5.3 of the Dutch Financial Supervision Act, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or voting rights in the Company must immediately give written notice to the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, inter alia, be taken into account: (i) Shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) Shares and/or voting rights held (or acquired or disposed of) by such person's controlled entities or by a third party for such person's account; (iii) voting rights held (or acquired or disposed of) by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; and (v) Shares which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire Shares.

Controlled entities ("*gecontroleerde ondernemingen*" within the meaning of the Dutch Financial Supervision Act) do not themselves have notification obligations under the Dutch Financial Supervision Act as their direct and indirect interests are attributed to their (ultimate) parent. If a person who has a 3% or larger interest in the Company's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM

and all notification obligations under the Dutch Financial Supervision Act will become applicable to such former controlled entity.

Special rules apply to the attribution of Shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of Shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the Shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the Shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest a person is also considered to be in possession of Shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the Shares or any distributions associated therewith and which does not entitle such person to acquire any Shares, (ii) such person may be obliged to purchase Shares on the basis of an option, or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a Share.

Under the Dutch Financial Supervision Act, the Company is required to notify the AFM promptly after the settlement of the Offering of the Company's issued and outstanding share capital and voting rights. Thereafter the Company is required to notify the AFM promptly of any change of 1% or more in the Company's issued and outstanding share capital or voting rights since the previous notification. Other changes in the Company's issued and outstanding share capital or voting rights must be notified to the AFM within eight days after the end of the quarter in which the change occurred. If a person's capital interest and/or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in the Company's issued and outstanding share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published the Company's notification as described above.

Each person whose holding of capital interest or voting rights amounts to 3% or more of the Company's issued and outstanding share capital at the settlement of the Offering must notify the AFM of such holding without delay. In addition, any person with a capital interest or voting rights in the Company of at least 3% will be required to notify the AFM of any changes in the composition (actual or potential) of this interest annually within four weeks from 31 December at 24:00 hours.

Furthermore, each member of the Board must notify the AFM (a) immediately after settlement of the Offering the number of Shares he or she holds and the number of votes he or she is entitled to cast in respect of the Company's issued and outstanding share capital, and (b) subsequently of each change in the number of Shares he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued and outstanding share capital, immediately after the relevant change.

The AFM does not issue separate public announcements of the notifications. It does, however, keep a public register of and publishes all notifications made pursuant to the Dutch Financial Supervision Act at its website (www.afm.nl). Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

Non-compliance with these notification obligations is an economic offence and may lead to criminal prosecution. The AFM may impose administrative penalties for non-compliance, and the publication thereof. In addition, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by the Company, or by one or more Shareholders who alone or together with others represent at least 3% of the issued and outstanding share capital of the Company or voting rights. The measures that the civil court may impose include:

- an order requiring the person with a duty to disclose to make the appropriate disclosure;
- suspension of the right to exercise the voting rights by the person with a duty to disclose for a period of up to three years as determined by the court;
- voiding a resolution adopted by the General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or

suspension of a resolution adopted by the General Meeting until the court makes a decision about such voiding; and

- an order to the person with a duty to disclose to refrain, during a period of up to five years as determined by the court, from acquiring Shares or voting rights in the Company.

Shareholders are advised to consult with their own legal advisors to determine whether the notification obligations apply to them.

19. SHORT POSITIONS

19.1. Net Short Position

Pursuant to EU regulation No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of the Company must report it to the FSMA. Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. Each net short position equal to 0.5% of the issued share capital of the Company and any subsequent increase of that position by 0.1% will be made public via the FSMA short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

19.2. Gross Short Position

Furthermore, each person holding a gross short position in relation to the issued share capital of the Company that reaches, exceeds or falls below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the AFM.

If a person's gross short position reaches, exceeds or falls below one of the abovementioned thresholds as a result of a change in the Company's issued share capital, such person is required to make a notification not later than on the fourth trading day after the AFM has published the Company's notification in the public register of the AFM.

The AFM keeps a public register of the short selling notifications. Shareholders are advised to consult with their own legal advisors to determine whether any of the above short selling notification obligations apply to them.

20. OBLIGATIONS OF SHAREHOLDERS TO MAKE A PUBLIC OFFER AND SQUEEZE OUT PROCEEDINGS

20.1. Public offer

In accordance with Directive 2004/25/EC, each Member State should ensure the protection of minority shareholders by obliging any person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price.

The Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of the Member State in which a company has its registered office will determine the percentage of voting rights that is regarded as conferring control over that company.

In accordance with article 5:70 of the Dutch Financial Supervision Act, any person – whether acting alone or in concert with others – who, directly or indirectly, acquires a controlling interest in of the Company will be obliged to launch a mandatory public offer for all outstanding shares in the share capital of the Company. A controlling interest is deemed to exist if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the General Meeting. An exception is made for, amongst others, Shareholders who – whether alone or acting in concert with others – (i) have an interest of at least 30% of the Company's voting rights before the Shares are first admitted to trading on Euronext Brussels and who still have such an interest

after such first admittance to trading, and (ii) reduce their holding to below 30% of the voting rights within 30 days of the acquisition of the controlling interest provided that (a) the reduction of their holding was not effected by a transfer of Shares to an exempted party and (b) during such period such Shareholders or group of Shareholders did not exercise their voting rights.

The rules under the Dutch Financial Supervision Act regarding mandatory public offers apply to the Company because it has its official seat in the Netherlands. However, as the Shares are not admitted to trading on a regulated market in the Netherlands but will be admitted to trading on Euronext Brussels, the Decree on public offers (*Besluit openbare biedingen Wft*) will only apply in relation to matters relating to information to be provided to trade unions and employees and company law matters, including the convocation of a general meeting of Shareholders in the event of a public offer and a position statement by the Board.

In case of a mandatory public offer, the provisions regarding the offered consideration and the bid procedure will be governed by Belgian law pursuant to article 4§1, 3° of the Belgian law dated 1 April 2007 on public takeover bids. Pursuant to article 53 of the implementing Royal Decree, a mandatory public offer on the Shares of the Company must be launched at a price equal to the higher of (i) the highest price paid by the offeror or persons acting in concert with it for the acquisition of shares during the last 12 months and (ii) the weighted average trading prices during the last 30 days before the obligation to launch a mandatory public offer was triggered. The price can be in cash or in securities. However, if the securities that are offered as consideration are not liquid securities that are traded on a regulated market or if the offeror or persons acting in concert with it have acquired shares for cash in the last 12 months, a cash alternative has to be offered.

20.2. Squeeze out

Pursuant to article 2:92a of the DCC a Shareholder who, for its own account, holds at least 95% of the issued share capital of the Company, may institute proceedings against the other Shareholders jointly for the transfer of their shares to it. The proceedings are held before the Dutch Enterprise Chamber of the Amsterdam Court of Appeal (the ***Enterprise Chamber***) and can be instituted by means of a writ of summons served upon each of the minority Shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

The Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority Shareholders and will determine the price to be paid for the Shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the Shares of the minority Shareholders. Once the order to transfer becomes final, the person acquiring the Shares must give written notice of the date and place of payment and the price to the holders of the Shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily newspaper with a national circulation.

In addition, pursuant to article 2:359c of the DCC, following a public offer, a holder of at least 95% of the issued share capital and voting rights of the Company has the right to require the minority Shareholders to sell their Shares to it. Any such request must be filed with the Enterprise Chamber within three months after the end of the acceptance period of the public offer. Conversely, pursuant to article 2:359d of the DCC each minority Shareholder has the right to require the holder of at least 95% of the issued share capital and voting rights of the Company to purchase its Shares in the Company in such case. The minority Shareholder must file such claim with the Enterprise Chamber within three months after the end of the acceptance period of the public offer.

21. MARKET ABUSE RULES

The Dutch Financial Supervision Act and the Belgian law dated 2 August 2002 on the supervision of the financial markets and the financial services (the ***Belgian Financial Supervision Act***) provide for specific rules intended to prevent market abuse, such as prohibitions on insider trading, divulging inside information and tipping, and market manipulation. This is an implementation of the EU Market abuse directive 2003/6/EC. The Company, the members of the Board and other insiders and persons performing or conducting transactions in the Company's securities, as applicable, will be subject to the insider trading prohibition, the prohibition on divulging insider information and tipping, and the prohibition on market manipulation. In certain circumstances, the Company's investors may also be subject to market abuse rules.

Any dealings in or from the Netherlands in the shares and other financial instruments of which the value is (co)-determined by the value of the Shares (including dealings by the Company itself) are subject to the provisions of the Dutch Financial Supervision Act with respect to insider trading, market manipulation and other market abuse rules. Similarly, any dealing in or from Belgium in the shares or other financial instruments of which the value is (co)-determined by the value of the Shares (including dealings by the Company itself) are subject to the provisions of the Belgian Financial Supervision Act with respect to insider trading, market manipulation and other market abuse rules. It is prohibited for any person to make use of inside information within or from the Netherlands or Belgium by conducting or effecting a transaction in the Shares. In addition, it is prohibited for any person to pass on inside information to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for, or the price of the Shares.

The Company will be under an obligation to make any inside information immediately public. However, the Company may defer the publication of inside information if it can guarantee the confidentiality of the information. Such deferral is only possible if the publication thereof could damage the Company's legitimate interests and if the deferral does not risk to mislead the market. If the Company wishes to use this deferral right it needs to inform the FSMA thereof. The Company will be subject to Belgian law regarding the publication of inside information.

Inside information is any information of a precise nature relating (directly or indirectly) to the Company, or to trading in the Shares, which information has not been made public and which, if it were made public, would be likely to have a significant effect on the price of the Shares or on the financial instruments of which the value is (co)-determined by the value of the Shares.

Pursuant to the rules on market abuse, the Company has an internal insider trading policy, which will be available on the Company's website. This policy provides for, among other things, rules on the possession of and transactions by the Board and other employees in the shares or in financial instruments the value of which is (co)-determined by the value of the Shares. In addition, the Company has prepared a list of those persons working for it who may have access to inside information on a regular or incidental basis and will inform the persons concerned of the rules on insider trading and market manipulation, including the sanctions which can be imposed in the event of a violation of those rules.

Members of the Board and any other person who has managerial responsibilities within the Company and in that capacity is authorized to make decisions affecting the future developments and business prospects of the Company and who has regular access to inside information relating, directly or indirectly, to the Company (each, an ***Insider***) must notify the AFM of all transactions, conducted or carried out for his/her own account, relating to the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares.

In addition, persons designated by the Market Abuse Decree (*Besluit Marktmisbruik Wft*) (the ***Market Abuse Decree***) who are closely associated with members of the Board or any of the Insiders must notify the AFM of all transactions conducted for their own account relating to the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares. The following categories of persons are designated: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, and (iv) any legal person, trust or partnership, among other things, whose managerial responsibilities are discharged by a member of the Board or any other Insider or by a person referred to under (i), (ii) or (iii) above.

The AFM must be notified of transactions effected in either the Shares or financial instruments, the value of which is (in part) determined by the value of the Shares, no later than the fifth business day following the transaction date by means of a standard form. Notification may be postponed until the date that the value of the transactions carried out on a person's own account, together with the transactions carried out by the persons associated with that person, reach or exceed the amount of EUR 5,000 in the calendar year in question. The AFM keeps a public register of all notifications made pursuant to the Dutch Financial Supervision Act.

Non-compliance with these reporting obligations under the Dutch Financial Supervision Act could lead to criminal penalties, administrative fines and cease-and-desist orders (and the publication thereof), imprisonment or other sanctions.

22. TRANSPARENCY DIRECTIVE

The Company is a public company with limited liability (*naamloze vennootschap*) incorporated and existing under the laws of the Netherlands. The Netherlands is the home member state (*lidstaat van herkomst*) of the Company for the purposes of Directive 2004/109/EC (the ***Transparency Directive***) as amended by Directive 2010/73/EU, as a consequence of which the Company will be subject to the Dutch Financial Supervision Act in respect of certain ongoing transparency and disclosure obligations upon listing of the Shares. In addition, as long as the Shares are listed on Euronext Brussels only, the Company is required to disclose any regulated information which has been disclosed pursuant to the Dutch Financial Supervision Act as well in accordance with the Belgian Royal Decree of 14 November 2007.

The Company must publish its annual accounts within four months after the end of each financial year and its half-yearly figures within two months after the end of the first six months of each financial year. Within five calendar days after adoption of its annual accounts, the Company must file its adopted annual accounts with the AFM.

During a period between ten weeks after the start and six weeks before the end of each half of the financial year the Board must prepare an interim statement and make it publicly available. The interim statement includes an explanation of the important events and transactions that took place during the period between the start of the financial year and publication of the interim statement and the consequences for the financial position of the Company and its controlled entities. The interim statement also includes a general description of the financial position and the performance of the Company and its controlled entities during that period. The obligation to publish interim statements may change depending on how the Netherlands will transpose the EU Directive 2013/50/EU which amends the Transparency Directive.

Pursuant to the Dutch Financial Supervision Act, the Company will be required to make public without delay any change in the rights attaching to the Shares and/or any rights to subscribe for Shares issued by the Company.

23. DUTCH FINANCIAL REPORTING SUPERVISION ACT

The Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the ***DFRSA***) applies to fiscal years starting from 1 January 2006. Pursuant to the DFRSA, the AFM supervises the application of financial reporting standards by companies whose official seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange.

Pursuant to the DFRSA, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, it has reason to doubt the Company's financial reporting meets such standards and (ii) recommend the Company that it makes available further explanations and files these with the AFM. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber orders the Company to (a) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (b) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

24. GROUP STRUCTURE

The Company is the top entity in the Group. The Company is the sole shareholder of the following entities:

24.1. Direct subsidiaries

1. arGEN-X 110 B.V. a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its official seat in Rotterdam, the Netherlands.

2. arGEN-X 111 B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its official seat in Rotterdam, the Netherlands.

3. arGEN-X BVBA, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of Belgium, having its registered seat in Zwijnaarde, Belgium.

24.2. Indirect subsidiaries

The Company has no indirect subsidiaries.

24.3. Minority stake

The Company holds a small minority stake in RuiYi, Inc., a company incorporated under the laws of Delaware with its registered seat in La Jolla, US. Please refer to Part 8 ("*Business Description*"), under Section 10.1.3 ("*RuiYi*") for further information on the relationship between the Company and RuiYi.

The Company holds a small minority stake in Fairjourney LDA (***FJ Biologics***), a company incorporated under the laws of Portugal with its registered seat in Água Longa, Portugal. The Company has acquired this minority stake pursuant to a license and exclusive option agreement entered into with FJ Biologics in July 2012. Pursuant to this agreement, FJ Biologics was granted a non-exclusive license on the Group's SIMPLE Antibody™ platform to discover and develop SIMPLE Antibodies™ to certain targets selected by FJ Biologics.

PART 14
TAXATION

1. BELGIAN TAXATION

The paragraphs below present a summary of certain material Belgian federal income tax consequences of the ownership and disposal of Shares by an investor that purchases such Shares in connection with this Offering. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the ownership and disposal of Shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in shares, other than the additional communal taxes which generally vary between 0% and 10% of the investor's income tax liability in Belgium.

Investors should consult their own advisors regarding the tax consequences of an investment in the Shares in light of their particular situation, including the effect of any state, local or other national laws, treaties and regulatory interpretations thereof.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (that is, an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (that is, a corporate entity that has its official seat, its main establishment, its administrative seat or seat of management in Belgium), an Organization for Financing Pensions subject to Belgian corporate income tax (*i.e.* a Belgian pension fund incorporated under the form of an Organization for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (that is, a legal entity other than a company subject to Belgian corporate income tax, that has its official seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

1.1. Dividends

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital carried out in accordance with the Belgian Companies Code is not treated as a dividend distribution to the extent that such repayment is imputed to fiscal capital. This fiscal capital includes, in principle, the actual paid-up statutory share capital and, subject to certain conditions, the paid-up share premiums and the cash amounts subscribed to at the time of the issue of profit sharing certificates.

Belgian withholding tax of 25% is normally levied on dividends by any intermediary established in Belgium that is in any way involved in the processing of the payment of non-Belgian sourced dividends (e.g. a Belgian financial institution). This withholding tax rate is subject to such relief as may be available under applicable domestic or tax treaty provisions.

The Belgian withholding tax is calculated on the dividend amount after deduction of any non-Belgian dividend withholding tax.

In the case of a redemption of the Shares, the redemption distribution (after deduction of the part of the fiscal capital represented by the redeemed Shares) will be treated as a dividend subject to a Belgian withholding tax of 25%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In the event of a liquidation of the Company, any amounts distributed in excess of the fiscal capital will in principle be subject to the 10% withholding tax, subject to such relief as may be available. However, please note that such 10% withholding tax rate will be increased to 25% as of 1 October 2014.

Non Belgian dividend withholding tax will not be creditable against Belgian income tax and will not be reimbursable to the extent that it exceeds Belgian income tax. Please refer to Section 2 ("*Netherlands Tax Consideration*"), under Sub-section 2.1 ("*Dividend Withholding Tax*") for a description of withholding tax that may be imposed on dividends by the Netherlands.

1.1.1. Belgian resident individuals

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless need to report the dividends in their personal income tax return if no intermediary established in Belgium was in any way involved in the processing of the payment of the non-Belgian sourced dividends or opt to report the dividends in their personal income tax return even if an intermediary established in Belgium was in any way involved in the processing of the payment of the dividends and did withhold Belgian dividend withholding tax. Where the beneficiary opts to report them, dividends will normally be taxable at the lower of the generally applicable 25% Belgian withholding tax rate on dividends or at the progressive personal income tax rates applicable to the taxpayer's overall declared income. If the beneficiary reports the dividends, the income tax due on such dividends will not be increased by communal surcharges. In addition, if the dividends are reported, the Belgian dividend withholding tax levied at source may, in both cases, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable if the individual can demonstrate that it has held Shares in full legal ownership for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

For Belgian resident individual investors who acquire and hold Shares for professional purposes, the Belgian withholding tax does not fully discharge their Belgian income tax liability. Dividends received must be reported by the investor and will, in such a case, be taxable at the investor's personal income tax rate increased with communal surcharges. Belgian withholding tax levied may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on Shares. The latter condition is not applicable if the investor can demonstrate that it has held the full legal ownership of Shares for an uninterrupted period of 12 months prior to the payment or attribution of the dividends.

1.1.2. Belgian resident companies

1.1.2.1. Corporate income tax

Dividends received by Belgian resident companies are exempt from Belgian withholding tax provided that the investor satisfies the identification requirements in Article 117, par. 11 of the Royal Decree implementing the Belgian Income Tax Code.

For Belgian resident companies, the dividend income (after deduction of any non-Belgian withholding tax but including any Belgian withholding tax) must be declared in the corporate income tax return and will be subject to a corporate income tax rate of 33.99% (including the 3% crisis surcharge) (lower corporate income tax rates apply for Small and Medium Sized Enterprises (the ***SMEs***)).

Belgian resident companies can generally (although subject to certain limitations) deduct up to 95% of the gross dividend received from their taxable income (the ***Dividend Received Deduction***), provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds Shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at least EUR 2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) the Shares of the Company have been or will be held in full ownership for an uninterrupted period of at least one year immediately prior to the payment or attribution of the dividend; and (iii) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code (the ***Article***

203 ITC Taxation Condition) are met (together, the ***Conditions for the application of the dividend received deduction regime***).

The Conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source can be credited against the mainstream Belgian corporate income tax and is reimbursable to the extent it exceeds such corporate income tax, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable: (i) if the taxpayer can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) if, during that period, the Shares never belonged to a taxpayer other than a Belgian resident company or a non-resident company that has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment (the ***PE***) in Belgium.

1.1.2.2. Organisations for financing pensions

For organisations for financing pensions (the ***OFPs***), *i.e.* Belgian pension funds incorporated under the form of an OFP (*organismes de financement de pensions*) within the meaning of Article 8 of the Belgian Law of 27 October 2006, the dividend income is generally tax-exempt. Although there is no specific exemption from Belgian dividend withholding tax at source for dividends paid or attributed to OFPs, subject to certain limitations, the Belgian dividend withholding tax can be credited against the OFPs' corporate income tax and is reimbursable to the extent it exceeds the corporate income tax due.

1.1.2.3. Other taxable legal entities

For taxpayers subject to the Belgium income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their income tax liability.

1.1.2.4. Belgian non-resident individuals and companies

Dividend payments on the Shares through a professional intermediary in Belgium will, in principle, be subject to the 25% withholding tax, unless the Shareholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. Non-resident investors can also obtain an exemption of Belgian dividend withholding tax if they are the owners or usufructors of the Shares and they deliver an affidavit confirming that they have not allocated the Shares to business activities in Belgium and that they are non-residents, provided that the dividend is paid through a Belgian credit institution, stock market company or recognised clearing or settlement institution.

If Shares of the Company are acquired by a non-resident investor in connection with a business in Belgium, the investor must report any dividends received, which are taxable at the applicable non-resident individual or corporate income tax rate, as appropriate. Any Belgian withholding tax levied at source can be credited against the non-resident individual or corporate income tax and is reimbursable to the extent it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the time the dividends are paid or attributed and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of 12 months immediately prior to the payment or attribution of the dividends or (ii) with regard to non-resident companies only, if, during the said period, the Shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian PE.

Non-resident companies that have invested their Shares in the Company in a Belgian establishment can deduct up to 95% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the Dividend Received Deduction regime are satisfied. Application of the Dividend Received Deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

1.2. Capital gains and losses on Shares

1.2.1. Belgian resident individuals

In principle, Belgian resident individuals acquiring Shares of the Company as a private investment should not be subject to Belgian capital gains tax on the disposal of the Shares; capital losses are not tax deductible.

However, capital gains realised by a private individual are taxable at 33% (plus local surcharges) if the capital gain is deemed to be realised outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible in such event.

Gains realised by Belgian resident individuals upon the redemption of Shares of the Company or upon the liquidation of the Company are generally taxable as a dividend.

Belgian resident individuals who hold Shares of the Company for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realised upon the disposal of the Shares, except for Shares held for more than five years, which are taxable at a flat rate of 16.5% (plus local surcharges). Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are in principle tax deductible.

1.2.2. Belgian resident companies

Belgian resident companies (not being SMEs) are subject to Belgian capital gains taxation at a flat rate of 0.412% on gains realised upon the disposal of Shares of the Company provided that: (i) the Article 203 ITC Taxation Condition is satisfied and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year. The 0.412% flat capital gains tax rate cannot be off-set by any tax assets (such as tax losses) or tax credits.

Belgian resident companies qualifying as SMEs (within the meaning of Article 15 of the Belgian Companies Code) are normally not subject to Belgian capital gains taxation on gains realised upon the disposal of the Shares of the Company provided that (i) the Article 203 ITC Taxation Condition is satisfied and (ii) the Shares have been held in full legal ownership for an uninterrupted period of at least one year immediately preceding the disposal.

If the one-year minimum holding condition would not be satisfied (but the Article 203 ITC Taxation Condition is) the capital gains realised upon the disposal of Shares of the Company by a Belgian resident company (non-SME or SME) are taxable at a flat corporate income tax rate of 25.75% (including the 3% crisis surcharge).

Capital losses on Shares of the Company incurred by resident companies (both non-SMEs and SMEs) are as a general rule not tax deductible.

Shares of the Company held in the trading portfolios (*portefeuille commercial/handelsportefeuille*) of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings which are subject to the Royal Decree of 23 September 1992 on the annual accounts of credit institutions, investment firms and management companies of collective investment undertakings (*comptes annuels des etablissements de credit, des entreprises d'investissement et des societes de gestion d'organismes de placement collectif/jaarrekening van de kredietinstellingen, de beteggingsondernemingen en de beheervennootschappen van instetlingen voor collectieve belegging*) are subject to a different regime. The capital gains on such shares are taxable at the ordinary corporate income tax rate of 33.99% (including the 3% crisis surcharge) and the capital losses on such shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realisation.

Capital gains realised by Belgian resident companies (both non-SMEs and SMEs and both ordinary Belgian resident companies and qualifying credit institutions, investment enterprises and management companies of collective investment undertakings) upon the redemption of Shares by the Company or upon the liquidation of the Company are, in principle, subject to the same taxation regime as dividends.

1.2.3. Organizations for financing pensions

OFPs are, in principle, not subject to Belgian capital gains taxation realized upon the disposal of the Shares, and capital losses are not tax deductible.

1.2.4. Other taxable legal entities

Belgian resident legal entities subject to the legal entities income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares.

Capital gains realized by Belgian resident legal entities upon the redemption of Shares or upon the liquidation of the Company will in principle be taxed as dividends.

Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

1.2.5. Belgian non-resident individuals

Capital gains realized on the Shares by a non-resident individual that has not acquired the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian PE are in principle not subject to taxation (subject to the below reservation with respect to article 228, §3 ITC for Belgian non-residents), unless the gain is deemed to be realized outside the scope of the normal management of the individual's private estate and the capital gain is obtained or received in Belgium. In such case the gain is subject to a final professional withholding tax of 30.28% (to the extent that Articles 90,1° and 248 ITC are applicable). However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realized by residents of those countries. Capital losses are generally not tax deductible.

Capital gains are taxable at the ordinary progressive income tax rates and capital losses are tax deductible, if those gains or losses are realised on Shares of the Company by a non-resident individual holding the Shares in connection with a business conducted in Belgium through a fixed base in Belgium subject to the below reservation with respect to article 228, §3 ITC for Belgian non-residents).

1.2.6. Belgian non-resident companies or entities

Capital gains realized on the Shares by non-resident companies or non-resident entities that have not acquired the Shares in connection with a business conducted in Belgium through a Belgian PE are in principle not subject to taxation and losses are not tax deductible.

Capital gains realized by non-resident companies or other non-resident entities that hold the Shares in connection with a business conducted in Belgium through a Belgian PE are generally subject to the same regime as Belgian resident companies.

Under a strict reading of Article 228, §3 ITC, capital gains realized on the Shares by Belgian non-residents could under certain circumstances potentially be subject to Belgian taxation, levied in the form of a professional withholding tax upon a transfer of the Shares to a Belgian resident (including a Belgian establishment of a foreign entity).

1.2.7. Tax on stock exchange transactions

The purchase and the sale as well as any other acquisition or transfer for consideration of Shares of the Company (secondary market) in Belgium through a professional intermediary is subject to the tax on stock exchange transactions (*taxe sur les opérations de bourse/taks op de beursverrichtingen*) of 0.25% of the purchase price, capped at EUR 740 per transaction and per party. Under current Belgian tax law, this rate and cap will go down to 0.22% and EUR 650, respectively, for transactions occurring on or after 1 January 2015. A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Belgian Law of 2 August 2002; (ii) insurance companies described in Article 2, §1 of the Belgian Law of 9 July 1975; (iii) professional retirement institutions referred to in Article 2, 1° of the Belgian Law of 27 October 2006 concerning the supervision on institutions for occupational pension; (iv) collective investment institutions; and (v) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

As stated under Part 1 ("*Risk Factors*"), under Section 5 ("*Risk Factors relating to the Offering and the Shares*"), sub-section 5.11 ("*Any sale, purchase or exchange of Shares may become subject to the Financial Transaction Tax*"), on 14 February 2013 the EU Commission adopted the Draft Directive on a Financial Transaction Tax (the ***Financial Transaction Tax***). The Draft Directive currently stipulates that once the Financial Transaction Tax enters into effect, the Participating Member States shall not maintain or introduce any taxes on financial transactions other than the Financial Transaction Tax (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the Financial Transaction Tax enters into effect. The Draft Directive is still subject to negotiation between the Participating Member States and may, therefore, be further amended at any time.

2. NETHERLANDS TAX CONSIDERATIONS

The following summary outlines certain Netherlands tax consequences in connection with the acquisition, ownership and disposal of the Shares. The summary does not purport to present any comprehensive or complete picture of all Netherlands tax aspects that could be of relevance to the acquisition, ownership and disposal of Shares by a (prospective) holder of Shares who may be subject to special tax treatment.

For purposes of Netherlands income and corporate income tax, Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement (a ***Third Party***), may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the ***Settlor***) or, upon the death of the Settlor, his/her beneficiaries (the ***Beneficiaries***) in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the ***Separated Private Assets***).

The summary does not address the tax consequences of a holder of Shares who is an individual and who has a substantial interest in the Company. Generally, a holder of Shares will have a substantial interest in the Company if he, whether alone or together with his spouse or partner and/or certain other close relatives, holds directly or indirectly, or as Settlor or Beneficiary of Separated Private Assets, (i) the ownership of, (ii) certain other rights, such as usufruct, over, or (iii) rights to acquire (whether or not already issued), Shares representing 5 per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company.

In addition, a holder of Shares has a substantial interest in the Company if he, whether alone or together with his spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, shares in, the Company that represent less than 5 per cent. of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

The summary does not address the tax consequences of holders of Shares receiving income or realizing capital gains in their capacity as (former) employee, (former) director and/or (former) supervisory director.

The summary is based on the tax laws and practice of the Netherlands as in effect on the date of this prospectus, which are subject to changes that could prospectively or retrospectively affect the stated tax consequences. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

Prospective holders of Shares should consult their own professional adviser with respect to the tax consequences of any acquisition, ownership or disposal of the Shares in their individual circumstances.

2.1. Dividend Withholding Tax

2.1.1 General

The Company is generally required to withhold dividend withholding tax imposed by the Netherlands at a rate of 15% on dividends distributed by the Company in respect of the Shares. The expression "dividends distributed by the Company" as used herein includes, but is not limited to:

(a) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital ("*gestort kapitaal"*) not recognized for Netherlands dividend withholding tax purposes;

(b) liquidation proceeds, proceeds of redemption of Shares or, as a rule, consideration for the repurchase of Shares by the Company in excess of the average paid-in capital recognised for Netherlands dividend withholding tax purposes;

(c) the par value of Shares issued to a holder of Shares or an increase of the par value of Shares, to the extent that it does not appear that a contribution, recognized for Netherlands dividend withholding tax purposes, has been made or will be made; and

(d) partial repayment of paid-in capital, recognized for Netherlands dividend withholding tax purposes, if and to the extent that there are net profits ("*zuivere winst*"), unless (i) the general meeting of the shareholders has resolved in advance to make such repayment and (ii) the par value of the Shares concerned has been reduced by an equal amount by way of an amendment of the Articles.

2.1.2. Holders of Shares resident in the Netherlands

A holder of Shares that is resident or deemed to be resident in the Netherlands or, if he is an individual, who has elected to be taxed as resident in the Netherlands for Netherlands income tax purposes[1], is generally entitled, subject to the anti-dividend stripping rules described below, to a full credit against its (corporate) income tax liability, or a full refund, of the Netherlands dividend withholding tax.

2.1.3. Holders of Shares resident outside the Netherlands

A holder of Shares that is resident in a country with which the Netherlands has a double taxation convention in effect, may, depending on the terms of such double taxation convention and subject to the anti-dividend stripping rules described below, be eligible for a full or partial exemption from, or full or partial refund of, Netherlands dividend withholding tax on dividends received.

A holder of Shares, that is a legal entity (a) resident in (i) a Member State of the European Union, or (ii) Iceland, Norway or Liechtenstein, and (b) that is in its state of residence under the terms of a double taxation agreement concluded with a third state, not considered to be resident for tax purposes outside the European Union, Iceland, Norway and Liechtenstein, is generally entitled, subject to the anti-dividend stripping rules described below, to a full exemption from Netherlands dividend withholding tax on dividends received if it holds an interest of at least 5 per cent. (in shares or, in certain cases, in voting rights) in the Company or if it holds an interest of less than 5 per cent. where a Netherlands holder of Shares would have had the benefit of the participation exemption (this may include a situation where another related party holds an interest of 5 per cent. or more in the Company).

A holder of Shares, that is an entity resident in (i) a Member State of the European Union, or (ii) Iceland, Norway or Liechtenstein, or (iii) in a jurisdiction which has an arrangement for the exchange of tax information with the Netherlands (and such holder as described under (iii) holds its Shares as a portfolio investment, *i.e.* such holding is not acquired with a view to the establishment or maintenance of lasting and direct economic links between the holder of Shares and the Company and does not allow the holder of Shares to participate effectively in the management or control of the Company), which is exempt from tax in its country of residence, and that would have been exempt from Netherlands corporate income tax if it had been a Netherlands resident,

[1] Please note that, per 1 January 2015, the election regime will be replaced by a mandatory qualification as a 'qualifying foreign taxpayer' on the basis of certain objective criteria.

is generally entitled, subject to the anti-dividend stripping rules described below, to a full refund of Netherlands dividend withholding tax on dividends received. This full refund will in general benefit certain pension funds, government agencies, and certain government controlled commercial entities.

According to the anti-dividend stripping rules, no exemption, reduction, credit or refund of Netherlands dividend withholding tax will be granted if the recipient of the dividend paid by the Company is not considered the beneficial owner ("*uiteindelijk gerechtigde*") of the dividend as defined in these rules. A recipient of a dividend is not considered the beneficial owner of the dividend if, as a consequence of a combination of transactions, (i) a person (other than the holder of the dividend coupon), directly or indirectly, partly or wholly benefits from the dividend, (ii) such person directly or indirectly retains or acquires a comparable interest in the Shares, and (iii) such person is entitled to a less favourable exemption, refund or credit of dividend withholding tax than the recipient of the dividend distribution. The term "combination of transactions" includes transactions that have been entered into in the anonymity of a regulated stock market, the sole acquisition of one or more dividend coupons and the establishment of short-term rights or enjoyment on the Shares (e.g., usufruct).

2.2. Taxes on income and capital gains

2.2.1. Holders of Shares resident in the Netherlands: individuals

A holder of Shares, who is an individual resident or deemed to be resident in the Netherlands, or who has elected to be taxed as a resident of the Netherlands for Netherlands income tax purposes[2], will be subject to regular Netherlands income tax on the income derived from the Shares and the gains realized upon the acquisition, redemption and/or disposal of the Shares by the holder thereof, if:

(a) such holder of Shares has an enterprise or an interest in an enterprise, to which enterprise the Shares are attributable; and/or

(b) such income or capital gain forms "a benefit from miscellaneous activities" (*"resultaat uit overige werkzaamheden"*) which, for instance, would be the case if the activities with respect to the Shares exceed "normal active asset management" (*"normaal, actief vermogensbeheer"*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Shares will in general be subject to Netherlands income tax at the progressive rates up to 52 per cent.

If the abovementioned conditions (a) and (b) do not apply, the holder of Shares who is an individual resident or deemed to be resident in the Netherlands, or who has elected to be taxed as a resident of the Netherlands for Netherlands tax purposes[3], will not be subject to taxes on income and capital gains in the Netherlands. Instead, such individual is taxed at a flat rate of 30 per cent. on deemed income from "savings and investments" ("*sparen en beleggen*"). This deemed income amounts to 4 per cent. of the individual's "yield basis" ("*rendementsgrondslag*") at the beginning of the calendar year (minus a tax-free amount). The yield basis would include the fair market value of the Shares.

2.2.2. Holders of Shares resident in the Netherlands: corporate entities

A holder of Shares that is resident or deemed to be resident in the Netherlands for Netherlands corporate income tax purposes, and that is:

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[2] See footnote above.

[3] See footnote above.

(i) a corporation;

(ii) another entity with a capital divided into shares;

(iii) a cooperative (association); or

(iv) another legal entity that has an enterprise or an interest in an enterprise to which the Shares are attributable,

but which is not:

(v) a qualifying pension fund;

(vi) a qualifying investment fund (under article 6a or 28 of the Netherlands Corporate Income Tax Act (***CITA***)); or

(vii) another entity exempt from corporate income tax,

will in general be subject to regular Netherlands corporate income tax, levied at a rate of 25 per cent. (20 per cent. over profits up to EUR 200,000) over income derived from the Shares and gains realized upon acquisition, redemption and disposal of the Shares.

If and to the extent that such holder of Shares is eligible for the application of the participation exemption *("deelnemingsvrijstellin*g") with respect to the Shares, income derived from the Shares and gains and losses (with the exception of liquidation losses under strict conditions) realised on the Shares may be exempt from Netherlands corporate income tax.

2.2.3. Holders of Shares resident outside the Netherlands: individuals

A holder of Shares, who is an individual not resident or deemed to be resident in the Netherlands, and who has not elected to be taxed as a resident of the Netherlands for Netherlands income tax purposes[4], will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Shares (other than the dividend withholding tax described above), unless:

(a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable; and/or

(b) such income or capital gain forms "a benefit from miscellaneous activities" (*"resultaat uit overige werkzaamheden"*) which, for instance, would be the case if the activities with respect to the Shares exceed "normal active asset management" (*"normaal, actief vermogensbeheer"*) in the Netherlands or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (a lucrative interest; "*lucratief belang"*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Shares will in general be subject to Netherlands income tax at the progressive rates up to 52 per cent.

[4] See footnote above.

2.2.4. Holders of Shares resident outside the Netherlands: legal and other entities

A holder of Shares, that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands for Netherlands corporate income tax purposes, will not be subject to any Netherlands taxes on income or capital gains in respect of dividends distributed by the Company or in respect of any gain realised on the disposal of Shares (other than the dividend withholding tax described above), unless:

(a) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable and the participation exemption (*"deelnemingsvrijstelling"*) does not apply to any income or capital gain arising from such Shares; or

(b) such holder has a substantial interest (as described under *Netherlands Tax Considerations* above) in the Company, that (i) is held with the avoidance of Netherlands income tax or dividend withholding tax as (one of) the main purpose(s) and (ii) does not form part of the assets of an enterprise.

If one of the abovementioned conditions applies, income derived from the Shares and gains realised on the Shares will, in general, be subject to regular corporate income tax levied at a rate of 25 per cent. (20 per cent. over profits up to EUR 200,000), except that a holder as described under (b) will generally be subject to an effective corporate income tax rate of 15 per cent. if it holds the substantial interest in the Company with the avoidance of Netherlands dividend withholding tax (but not Netherlands income tax) as (one of) the main purpose(s).

2.3. Gift, estate and inheritance taxes

2.3.1. Holders of Shares resident in the Netherlands

Gift tax may be due in the Netherlands with respect to an acquisition of Shares by way of a gift by a holder of Shares who is resident or deemed to be resident of the Netherlands.

Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of Shares by way of an inheritance or bequest on the death of a holder of Shares who is resident or deemed to be resident of the Netherlands, or by way of a gift within 180 days before his death by an individual who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Netherlands gift and inheritance tax, an individual with the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident of the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

2.3.2. Holders of Shares resident outside the Netherlands

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Shares by way of a gift by, or on the death of, a holder of Shares who is neither resident nor deemed to be resident of the Netherlands, unless, in the case of a gift of Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

2.3.3. Certain special situations

For purposes of Netherlands gift, estate and inheritance tax, (i) a gift by a Third Party will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule his/her Beneficiaries will be deemed to have inherited directly from the Settlor. Subsequently, such Beneficiaries will be deemed the settlor, grantor or similar originator of the Separated Private Assets for purposes of Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

For the purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

2.4. Turnover tax

No Netherlands turnover tax will arise in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Shares.

2.5. Other taxes and duties

No Netherlands registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Shares.

3. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

3.1. Certain United States Federal Income Tax Considerations

The following is a summary of certain material US federal income tax considerations relevant to the acquisition, ownership and disposition of the Offered Shares based on present law, which may change, possibly with retroactive effect. This summary addresses only US Holders (as defined below) that purchase the Offered Shares in the Offering, use the US dollar as their functional currency and will hold the Offered Shares as capital assets. The discussion is a general summary only; it is not a substitute for tax advice. This summary does not purport to be a comprehensive description of all US federal income tax considerations that may be relevant to particular investors in light of their particular circumstances. This summary does not address the tax treatment of US Holders subject to special treatment under the US federal income tax laws, including banks and certain other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities, securities traders that elect to mark-to-market, investors liable for the alternative minimum tax, certain US expatriates, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, or investors that will hold the Offered Shares as part of a straddle, hedging, conversion or other integrated financial transaction or investors that own (directly, indirectly or constructively) 10% or more by vote or value of the Company's equity interests. This summary does not address US federal taxes other than the income tax (such as estate or gift taxes), state, local, non-US or other tax laws or matters.

THE STATEMENTS ABOUT US FEDERAL TAX CONSIDERATIONS ARE MADE TO SUPPORT THE MARKETING OF THE OFFERED SHARES. THEY ARE NOT INTENDED TO BE USED TO AVOID TAX PENALITIES, AND NO TAXPAYER CAN RELY ON THEM TO AVOID TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE OFFERED SHARES UNDER THE LAWS OF THE NETHERLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTIONS WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

As used herein, the term US Holder means a beneficial owner of the Offered Shares that is, for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation, or other business entity treated as a corporation, created or organized under the laws of the United States any State thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.

If a business entity or arrangement treated as a partnership for US federal income tax purposes acquires, holds or disposes of the Offered Shares, the US federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships and their partners should consult their own tax advisors concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of the Offered Shares.

3.2. Passive Foreign Investment Company Rules

The taxation of US Holders will depend on whether the Company is treated for US federal income tax purposes as a passive foreign investment company or PFIC. The Company believes that it may be a PFIC for the current year and, even if not, that it may become a PFIC in the future. A non-US corporation is a PFIC if in any taxable year either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the quarterly average value of its assets is attributable to assets that produce or are held to produce "passive income". In applying these tests, the Company generally is treated as holding its proportionate share of the assets and receiving its proportionate share of the income of any other corporation in which the Company owns at least 25% by value of the shares. Passive income for this purpose generally includes dividends, interest, royalties, rent and capital gains, but does not include certain royalties derived in an active business. Passive assets are those assets that are held for production of passive income or do not produce income at all. Thus cash, including the proceeds of the Offering, will be a passive asset. Without taking into account the value of its goodwill, more than 50% of the Company's assets by value would be passive so that the Company would be a PFIC. The Company believes, however, that its goodwill is attributable to its activities that generate active income and thus should be treated as an active asset, so that, depending on the price for which the Offered Shares are sold, the Company's goodwill, which the Company believes should be valued based on the Company's market capitalization, may have a sufficiently high value so that less than half the Company's assets by value would be passive, even taking into account treatment of the additional cash raised in the Offering as a passive asset for this purpose. In that case, since the Company believes that less than 75% of its income will be passive, the Company would not be a PFIC. Accordingly, whether the Company will be a PFIC for its current taxable year will depend on the results of the Offering, including the number of Offered Shares sold, the price at which they are sold and the use of the proceeds of the Offering. Thus, whether the Company is a PFIC cannot be determined at this time. Moreover, whether an entity is a PFIC is determined annually. Accordingly, even if the Company is not a PFIC for its current taxable year, the Company could become a PFIC for future years based on changes in its assets or the value thereof, including the value of its goodwill as indicated by its market capitalization, and based on changes in its activities.

The Company may own, directly or indirectly, equity interests in other entities which are PFICs (***Lower-tier PFICs***).

If the Company is or becomes a PFIC while a US Holder holds Offered Shares, unless the US Holder makes a qualified electing fund (***QEF***) election or mark-to-market election with respect to the Offered Shares, as described below, a US Holder generally would be subject to additional taxes (including taxation at ordinary income rates and an interest charge) on any gain realized from a sale or other disposition of the Offered Shares and on any "excess distributions" received from the Company, regardless of whether the Company continues to be a PFIC in the year such distribution is received or gain is realized. For this purpose, a pledge of the Offered Shares as security for a loan may be treated as a disposition. The US Holder would be treated as receiving an excess distribution in a taxable year to the extent that distributions on the Offered Shares during that year exceed 125% of the average amount of distributions received during the three preceding taxable years (or, if shorter, the US Holder's holding period). To compute the tax on excess distributions or on any gain, (i) the excess distribution or gain would be allocated ratably over the US Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the first taxable year for which the Company was a PFIC would be taxed as ordinary income in the current year, and (iii) the amount allocated to other taxable years would be taxed at the highest applicable marginal rate in effect for each such year (*i.e.* at ordinary income tax rates) and an interest charge would be imposed to recover the deemed benefit from the deferred payment of the tax attributable to each such prior year.

Under proposed Treasury regulations that may have retroactive effect if and when they are finalized, a US Holder would be subject to tax under the rules described above on (i) excess distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the US Holder held such shares directly, even though the US Holder has not actually received the proceeds of those distributions or dispositions. As noted above, the Company may hold equity interests in other entities that are Lower-tier PFICs. Thus, if these proposed regulations are finalized in their current form, US Holders of the Offered Shares would, unless a QEF election is available and made with respect to any Lower-tier PFIC, be subject to tax under the PFIC rules described above if the Company or the entity owning the shares of such Lower-tier PFIC were to receive distributions from, or dispose of the shares of, such Lower-tier PFIC. Because these proposed regulations are not currently in effect, the treatment of distributions with respect to and dispositions of shares of a Lower-tier

PFIC is uncertain and, therefore, US Holders should consult their tax advisors as to how to treat distributions by, and dispositions of shares of, a Lower-tier PFIC.

A US Holder may avoid the excess distribution rules described above by electing to treat the Company (for the first taxable year in which the US Holder owns Offered Shares) and any Lower-tier PFIC (for the first taxable year in which the US Holder is treated as owning an equity interest in such Lower-tier PFIC) as QEFs. US Holders can make a QEF election with respect to the Company only if the Company provides certain information, including as to the amount of its ordinary earnings and net capital gains determined under US tax principles. The Company has not determined whether it will provide US Holders with this information if it is a PFIC. If a US Holder makes a QEF election with respect to the Company, the US Holder will be required to include in gross income each year, whether or not the Company makes distributions, as capital gains, its pro rata share of the Company's net capital gains and, as ordinary income, its pro rata share of the Company's net earnings in excess of its net capital gains. Such inclusions will increase the US Holder's tax basis in its Offered Shares. Amounts recognized by a US Holder making a QEF election generally are treated as income from sources outside the United States. Because the US Holder has already paid tax on them, distributions of amounts previously included in income will not be subject to tax when they are distributed to the US Holder (except to the extent of any gain or loss attributable to exchange rate movements) but will decrease their tax basis in the Offered Shares. An electing US Holder's tax basis in the Offered Shares will increase by any amounts the holder includes in income currently and decrease by any amounts not subject to tax when distributed. A US Holder that makes a QEF election may recognize taxable income in amounts significantly greater than the distributions received from the Company.

A US Holder that wants to avoid the possible application of the excess distribution rules (including the interest charge and treatment of gain as ordinary income) with respect to interests in any Lower-tier PFICs would be required to make a separate QEF election with respect to each such Lower-tier PFIC. The Company has not determined, however, whether it will provide the information necessary for a QEF election in respect of any Lower-tier PFICs that the Company controls, and does not expect that this information will be available for any Lower-tier PFICs that it does not control.

A US Holder making a QEF election other than in respect of the first taxable year in which it owns (or is treated as owning) an equity interest in a PFIC (including the Offered Shares and any equity interest in a Lower-tier PFIC) would continue to be subject to the excess distribution rules described above as well as the QEF rules with respect to such PFIC, unless the US Holder makes a "deemed sale" election in the taxable year the QEF election is made and recognizes gain taxed under the "excess distribution" regime described above for the relevant equity interest's appreciation before the year for which the QEF election is made.

As an alternative to a QEF election, a US Holder may also be able to avoid some of the adverse US tax consequences described above with respect to the Offered Shares by electing to mark the Offered Shares to market annually. A US Holder may elect to mark-to-market the Offered Shares only if they are "marketable stock". The Offered Shares will be treated as "marketable stock if they are regularly traded on a qualified exchange. The Offered Shares will be treated as regularly traded in any calendar year in which more than a de minimis quantity of the Offered Shares are traded on at least 15 days during each calendar quarter. A foreign exchange will be treated as a qualified exchange if it is regulated or supervised by a governmental authority in the jurisdiction in which the exchange is located and with respect to which certain other requirements are met. Although the Company expects Euronext Brussels, on which the Offered Shares are expected to be listed, would be considered a qualified exchange, no assurance can be given as to whether Euronext Brussels is a qualified exchange or that the Offered Shares will be traded in sufficient frequency and quantity to be considered "marketable stock" for purposes of the mark-to-market election. US Holders should consult their own tax advisors as to whether Euronext Brussels is a qualified exchange for this purpose. If a US Holder makes the mark-to-market election, any gain from marking the Offered Shares to market or from disposing of them would be ordinary income. Any loss from marking the Offered Shares to market would be recognized only to the extent of unreversed gains with respect to the Offered Shares previously included in income. Loss from marking the Offered Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. US Holders will not be able to make mark-to-market elections with respect to Lower-tier PFICs.

If the Company is treated as a PFIC, each US Holder generally will be required to file a separate annual information return with the United States Internal Revenue Service (***IRS***) with respect to the Company and any Lower-tier PFICs. Failure to file such returns, if required, may result in material adverse effects for US Holders.

US Holders should consult their own tax advisors concerning the Company's PFIC status and the consequences to them of treatment of the Company and entities in which the Company holds equity interests as PFICs for any taxable year, and the availability and advisability of QEF elections and mark-to-market elections.

3.3. Dividends

Subject to the discussion of the PFIC rules above, distributions with respect to the Offered Shares, including taxes withheld therefrom, if any, generally will be included in a US Holder's gross income as foreign source ordinary dividend income when received to the extent paid out of the company's earnings and profits. To the extent the amount of any distribution exceeds the current and accumulated earnings and profits of the Company, such distribution will be treated (a) first, as a tax-free return of capital to the extent of a US Holder's tax basis in the Offered Shares, (and reducing such US Holder's adjusted basis of the Offered Shares) and (b) thereafter, as capital gain from the sale or exchange of Offered Shares. However, because the Company has not determined whether it will keep books recording its earnings and profits as determined for US federal income tax purposes, US Holders may be required to assume that all distributions paid will be dividends. Because the Company may be a PFIC, any dividends it pays may not be eligible for the preferential tax rate applicable to "qualified dividend income" received by individuals and certain other non-corporate US Holders, since this preferential rate does not apply to dividends from PFICs. If the Company were not a PFIC for both its taxable year when dividends are paid and the preceding taxable year, then dividends will be eligible for the preferential tax rate applicable to "qualified dividend income" if the Company qualifies for benefits under the US – the Netherlands Tax Treaty (the ***Treaty***). The Company believes that it will qualifiy for benefits under the Treaty. Non-corporate US Holders should consult their own tax advisors regarding characterization of dividends paid by the Company as qualified dividend income. Any dividends will not be eligible for the dividends received deduction generally allowed to US corporations.

Dividends paid in Euro will be includable in income in the US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are actually or constructively received by the US Holder, regardless of whether the Euro are converted into US dollars at that time. A US Holder will have a basis in the Euro received equal to the US dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is includable in the income of the US Holder to the date such payment is converted into US dollars (or the US Holder otherwise disposes of the Euro) will be exchange gain or loss and will be treated as US source ordinary income or loss for foreign tax credit limitation purposes. If dividends received in Euro are converted into US dollars on the day the dividends are received, the US Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

A US Holder may be eligible to receive a foreign tax credit (subject to applicable limitations) for tax withheld from dividends (if any) and paid over to a governmental authority at a rate not in excess of the maximum rate applicable to such US Holder after applying any rate reductions available under any applicable treaties.

3.4. Sale or other disposition

Subject to the discussion of the PFIC rules above, a US Holder generally will recognize gain or loss for US federal income tax purposes on the sale, exchange or other disposition of the Offered Shares equal to the difference, if any, between the amount realized on the sale, exchange or other disposition and the US Holder's adjusted tax basis in such Offered Shares, each determined in US dollars. Gains and losses would generally be long-term capital gain or loss if the US Holder's holding period in the Offered Shares exceeds one year. Any gain or loss generally will be treated as arising from US sources. The deductibility of capital losses is subject to limitations. A US Holder's adjusted tax basis in the Offered Shares generally will be its US dollar cost, except to the extent its basis has been increased as a result of inclusion of undistributed earnings as a result of a QEF election, or is adjusted as a result of a mark-to-market election.

If a US Holder receives Euro upon a sale, exchange or other disposition of the Offered Shares, such US Holder generally will realize an amount equal to the US dollar value of the Euro received at the spot rate on the date of disposition (or if the US Holder is a cash-basis or electing accrual basis taxpayer, at the spot rate on the

settlement date). A US Holder will have a tax basis in the currency received equal to the US dollar value of the Euro on the settlement date. Any currency gain or loss realized on the settlement date or recognized on the subsequent sale, conversion or other disposition of the Euro for a different US dollar amount generally will be US source ordinary income or loss for foreign tax credit limitation purposes.

3.5. Medicare surtax on net investment income

Non-corporate US Holders whose income exceeds certain thresholds generally will be subject to a 3.8% surtax on their "net investment income" (which generally includes, among other things, dividends on, and capital gain from the sale or other taxable disposition of, the Offered Shares). Absent an election to the contrary, if a QEF election is available and made, QEF inclusions will not be included in net investment income at the time a US Holder includes such amounts in income, but rather will be included at the time distributions are received or gains are recognized. Although it is not entirely clear how the surtax should apply with respect to distributions by, and gains from the sale of shares of, a Lower-tier PFIC, a non-corporate US Holder should generally expect that such distributions and gains would be included in the holder's "net investment income" at the time they would, in the absence of a QEF election in respect of that Lower-tier PFIC, be subject to US federal income tax, even though the holder did not receive the proceeds of such distributions or gains. Non-corporate US Holders should consult their own tax advisors regarding the possible effect of such tax on their ownership and disposition of the Offered Shares, in particular the applicability of this surtax with respect to a non-corporate US Holder that makes a QEF or mark-to-market election in respect of their Offered Shares.

3.6. Backup withholding and information reporting

Payments of dividends and other proceeds with respect to the Offered Shares may be reported to the IRS and to the US Holder as may be required under applicable Treasury regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status. Certain US Holders (including, among others, corporations) are not subject to backup withholding or information reporting. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a US Holder will be refunded (or credited against such US Holder's US federal income tax liability, if any), provided the required information is timely furnished to the IRS. Prospective investors should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Certain non-corporate US Holders may be required to report to the IRS information with respect to their investment in the Offered Shares not held through an account with a financial institution. Investors who fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding information reporting requirements with respect to their investment in the Offered Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE OFFERED SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

PART 15
THE OFFERING

Certain key dates in connection with the Offering are summarized in the following table. These are all anticipated dates, which are subject to any unforeseen circumstances, the withdrawal of the Offering and the early closing or extension of the Offering Period.

Date	**Event**
23 June 2014……..	Expected start of Offering Period
8 July 2014 4:00 pm CET…….....	Expected end of Offering Period*
8 July 2014 …….....	Expected publication of Offer Price and results of the Offering *
9 July 2014 (T)……	Expected Allocation Date*
10 July 2014 (T+1)…….	Expected Listing Date (listing and start of (conditional) trading)*
11 July 2014 (T+2)…….	Expected Closing Date (payment, settlement and delivery)

** In the event of an early closing or extension of the Offering Period, these dates will be amended and published in the same manner as the announcement of the start of the Offering Period.*

1. CONDITIONS AND NATURE OF THE OFFERING

The Offering consists of a public offering in Belgium to Retail Investors and a private placement (i) in the United States to persons who are "qualified institutional buyers" or "QIBs" (as defined in Rule 144A under the Securities Act) in transactions exempt from or not subject to the registration requirements of the Securities Act; and (ii) in certain jurisdictions outside the United States in offshore transactions in accordance with Regulation S under the Securities Act to certain Institutional Investors. Private placements may take place in EEA Member States pursuant to an exemption under the Prospectus Directive where implemented by the relevant EEA Member State.

KBC Securities and Kempen & Co are acting as the Joint Global Coordinators and Joint Bookrunners of the Offering. Petercam is acting as Co-Lead Manager and Wedbuh PacGrow Life Sciences as Selling Agent (the Joint Global Coordinators together with the Co-Lead Manager and the Selling Agent, the ***Managers***).

The Offering is an offering for an amount of up to EUR 40,000,000 by subscription, although the Offer Price may be set below the lower end of the Offer Price Range. As a result, at the lowest end of the Offer Price Range up to a maximum of 4,705,882 new ordinary shares may be issued by the Company (assuming no exercise of the Over-Allotment Option). The amount of the Offering may be increased by up to 15%, to an amount of EUR 46,000,000, pursuant to the Increase Option. As a result, at the lowest end of the Offer Price Range up to a maximum of 5,411,764 new ordinary shares may be issued by the Company (assuming no exercise of the Over-Allotment Option). Any decision to exercise the Increase Option will be announced at the latest on the date the Offer Price is announced, which is currently expected to be on or about 8 July 2014. The Offer Price, the allocation between Retail Investors and Institutional Investors, and the exact number of New Shares will be set out in the Pricing Statement that will be deposited with the AFM and published in a press release, on the Company's website, in the Belgian financial press and on the website of Euronext Brussels. Printed copies of the Pricing Statement will be made available at the registered office of the Company.

The Stabilization Manager acting on behalf of the Joint Global Coordinators and the Co-Lead-Manager has been granted an Over-Allotment Option, exercisable for a period of 30 calendar days as of the Listing Date,

corresponding to up to 15% of the New Shares allocated in the Offering, for the sole purpose of allowing the covering of over-allotments of Shares or short positions, if any.

No less than 10% of the Offered Shares effectively allocated will, subject to sufficient retail demand, be allocated to Retail Investors in Belgium. However, the proportion of Offered Shares allocated to Retail Investors may be increased or decreased if applications received from them exceed or do not reach, respectively, 10% of the Offered Shares effectively allocated.

Please refer to Part 15 ("*The Offering*"), under Section 9 ("*Intention of the Shareholders*") for a description of the preferential allocation for Shire's commitment in the Offering.

The Offer Price will be the same for Institutional Investors and Retail Investors.

The Company has the right to (i) withdraw the Offering, or (ii) proceed with the Offering for a reduced amount. The actual number of Offered Shares allocated to investors in the Offering (including any exercise of the Increase Option) will only be determined after the Offering Period and will be stated in the Pricing Statement together with the Offer Price and the allocation between Retail Investors and Institutional Investors, which will be published in a press release on the Company's website and in the Belgian financial press and deposited with the AFM. The publication of the Pricing Statement is currently expected to take place on or about 8 July 2014 and in any event no later than the first business day after the end of the Offering Period.

The Offering is subject to (i) the Board of Directors concluding that the quantity and quality of the subscriptions received is such that the Offering can be closed in the interests of the Company, and (ii) the conditions precedent in the Underwriting Agreement having been fulfilled or validly waived and the Underwriting Agreement not having been terminated in accordance with its terms. For more information, see also Part 16 ("*Plan of Distribution*"), under Section 1 ("*Underwriting*").

2. OFFER PRICE

The Offer Price will be a single price in Euro, exclusive of the Belgian tax on stock exchange transactions, and costs charged by financial intermediaries for the submission of applications, if any, that will apply to all investors, whether Retail or Institutional.

The Offer Price is expected to be set within a price range on the basis of a book-building procedure during the Offering Period, in which only Institutional Investors can participate, taking into account various relevant qualitative and quantitative elements, including but not limited to the number of Offered Shares requested, the size of purchase orders received, the quality of the investors submitting such purchase orders and the prices at which the purchase orders were made, as well as market conditions at that time.

The Offer Price is expected to be set within the Offer Price Range (being a price range of between EUR 8.50 and EUR 10.25 per Offered Share), although it may be set below the lower end of the Offer Price Range; the applicable Offer Price will in no event exceed the upper end of the Offer Price Range.

The Offer Price will be determined as soon as possible after the end of the Offering Period, which is expected to take place on 8 July 2014 and will be stated in the Pricing Statement, which will be published in a press release on the Company's website and in the Belgian financial press and deposited with the AFM.

Retail Investors in Belgium can only acquire the Offered Shares at the Offer Price and are legally bound to purchase the number of Shares indicated in their purchase order, to the extent allocated, at the Offer Price.

3. OFFERING PERIOD

The Offering Period will begin on 23 June 2014 and is expected to close no later than 4:00 pm (CET) on 8 July 2014, subject to the possibility of an early closing or extension, provided that the Offering Period will in any event be open for at least six business days from the availability of this Prospectus. Any early closing of the Offering Period will be published in a press release on the Company's website and in the Belgian financial press, and the dates for each of pricing, allocation, publication of the Offer Price and the results of the Offering, conditional listing, trading and closing of the Offering will in such case be adjusted accordingly. The Offering

Period for Retail Investors and Institutional Investors will be the same. In the event the Offering Period is extended, this will be published in a press release on the Company's website and in the Belgian financial press.

Prospective investors can submit their purchase orders during the Offering Period. Taking into account the fact that the Offering Period may be closed early, investors are invited to submit their applications as promptly as possible.

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offered Shares arises or is noted before the Listing Date, a supplement to this Prospectus will be published and investors who have already agreed to purchase Offered Shares may withdraw their subscriptions within the time period set forth in the supplement (which shall not be shorter than two business days after publication of the supplement).

4. APPLICATION PROCEDURE

Share applications by Retail Investors may be submitted at the counters of KBC Bank and KBC Securities and Petercam and their affiliates at no cost to the investor. Applications are not binding upon the Company or the Managers as long as they have not been accepted in accordance with the allocation rules described below under Section 5 ("*Allocation*").

Investors wishing to place purchase orders for the Offered Shares through intermediaries other than KBC Bank and KBC Securities and Petercam, and their affiliates should request details of the costs which these intermediaries may charge, which they will have to pay themselves.

To be valid, purchase orders must be submitted, at the latest, by 4:00 pm (CET) on the final day of the Offering Period, unless the Offering Period is closed earlier.

4.1. Retail Investors in Belgium

Retail Investors must indicate in their purchase orders the number of Offered Shares they are committing to purchase. Only one application per Retail Investor will be accepted. If the Managers determine, or have reason to believe, that a single Retail Investor has submitted several purchase orders, through one or more intermediaries, they may disregard such purchase orders. There is no minimum or maximum amount of Offered Shares that may be purchased in one purchase order. Orders are subject to a possible reduction as described in Section 5 ("*Allocation*").

4.2. Institutional Investors

Institutional Investors must indicate in their purchase orders the number of Offered Shares or the amount (in Euro) they are committing to purchase, and the prices at which they are making such purchase orders during the book-building period. Only Institutional Investors can participate in the book-building process during the Offering Period.

5. ALLOCATION

The number of Offered Shares allotted to investors will be determined at the end of the Offering Period by the Company in consultation with the Joint Global Coordinators on the basis of the respective demand of both Retail Investors and Institutional Investors and on the quantitative and, for Institutional Investors only, the qualitative analysis of the order book, and in accordance with principle regarding allocation to Retail Investors and Institutional Investors as described above in Section 1 ("*Conditions and nature of the Offering*"). Please refer to Part 15 ("*The Offering*"), under Section 9 ("*Intention of the Shareholders*") for a description of the preferential allocation for the Shire Commitment in the Offering, this order will be fully allocated.

Investors must be aware that they might receive the full allocation of the Offered Shares they have subscribed for. In the event of over-subscription of the Offered Shares, an investor may receive a smaller number of Offered Shares than the number subscribed for. In cases where the reduction would lead to a non-whole number of Shares, this number will be rounded down to the nearest whole number.

In case of over-subscription of the Offered Shares reserved for Retail Investors, the allocation to Retail Investors will be made on the basis of objective allocation criteria. Such criteria will include, among others, preferential treatment of subscriptions submitted by Retail Investors at the counters of KBC Bank and KBC Securities and Petercam and their affiliates.

The results of the Offering, the allocation of Offered Shares between Retail Investors and Institutional Investors and the Offer Price will be stated in the Pricing Statement, which will be published in a press release on the Company's website and in the Belgian financial press and deposited with the AFM. The publication of the Pricing Statement is currently expected to take place on or about 8 July 2014 and in any event no later than the first business day after the end of the Offering Period.

6. PAYMENT AND TAXES

The Offer Price must be paid by the investors in full, in euro, together with any applicable stock exchange taxes and costs. For further information about applicable taxes, see Part 14 ("*Taxation*").

The Closing Date is expected to be 11 July 2014, which is two business days after the allocation date (the ***Allocation Date***), unless the Offering Period is closed earlier or extended. The Offer Price must be paid by investors upon submission of the purchase orders or, alternatively, by authorizing their financial institutions to debit their bank accounts with such amount for value on the Closing Date.

7. FORM, DELIVERY AND CURRENCY OF THE OFFERED SHARES

The Offered Shares will have the same rights and benefits attached to them as the Company's other Shares. For a further description of the Shares and the rights and benefits attached thereto, see Part 13 ("*Description of Share Capital and Group Structure*").

All Offered Shares will be delivered in book-entry form only, and will be credited on or around the Closing Date to investors' securities accounts via Euroclear Nederland, the Dutch central securities depository.

All Offered Shares will be fully paid-up upon their delivery and freely transferable, subject to what is set forth under Part 16 ("*Plan of Distribution*").

The Offered Shares will be denominated in EUR.

8. TRADING AND LISTING ON EURONEXT BRUSSELS

An application has been made for the listing and admission to trading on Euronext Brussels NV/SA of all Shares, including the Offered Shares. The Shares are expected to be listed under the symbol "ARGX" with an ISIN code of NL0010832176.

Trading is expected to commence on or about 10 July 2014 (unless early closing or extension of the Offering Period occurs), being the first business day following the Allocation Date, but at the latest on the Closing Date, when the Offered Shares are delivered to investors.

As of the Listing Date until the Closing Date and delivery of the Offered Shares, the Shares will be traded on Euronext Brussels on an "*as-if-and-when-issued-or-delivered"* basis. Investors that wish to enter into transactions in Shares of the Company prior to the Closing Date, whether such transactions are effected on Euronext Brussels or otherwise, should be aware that the delivery of the Offered Shares may not take place on the expected Closing Date, or at all, if certain conditions or events referred to in the underwriting agreement are not satisfied or waived or do not occur on or prior to such date. Euronext Brussels NV/SA may annul all transactions effected in the Shares of the Company if the Offered Shares are not delivered on the Closing Date. Euronext Brussels NV/SA cannot be held liable for any damage arising from the listing and trading on an "*if-and-when-issued-or-delivered"* basis as of the Listing Date until the envisaged Closing Date.

Prior to the listing of the Shares, no public market existed for the Shares issued by the Company.

9. INTENTION OF THE SHAREHOLDERS

Erasmus MC Biomedical Fund B.V., Thuja Capital Healthcare Seed Fund B.V., Coöperatief LSP IV U.A., Forbion Capital Fund Coöperatief U.A., BioGeneration Ventures B.V., FCPI Capital Invest PME 2013 (an affiliate of Omnes Capital), OrbiMed Private Investment IV LP, Banque Populaire Innovation 14 (an affiliate of Seventure), Banque Innovation 15 (an affiliate of Seventure), FCPI Bio Santé (an affiliate of Seventure) and ParticipatieMaatschappij Vlaanderen NV have committed to directly or indirectly through an affiliate introduce orders to subscribe to Offered Shares in the Offering for an aggregate amount of EUR 10,045,339. FCPI Capital Invest PME 2013, Banque Populaire Innovation 14, Banque Innovation 15 and FCPI Bio Santé are subject to certain regulatory constraints to further invest in the Company which are inter alia depending on the results of the Offering, if these regulatory conditions are not met, the aggregate amount referred to above will be reduced to EUR 7,464,738. A part of these commitments up to an amount of EUR 2,000,000 will lapse or be reduced if sufficient orders for New Shares other than from existing Shareholders are received in the Offering.

Except as described above, the Company has not received any indication from shareholders, members of the Board of Directors or management that such persons have the intention to subscribe to the Offering.

On 30 May 2014 the Company and Shire have entered into a strategic alliance by expanding their collaboration. See also Section 10.1 ("*Industrial Partnerships*") in Part 8 ("*Business Description*"). Pursuant to this agreement, Shire has committed to subscribe to the Offered Shares at the Offer Price for an aggregate amount of EUR 12 million subject to the condition that the Offering is completed in accordance with the conditions set out in Section 1 (*"Conditions and nature of the Offering"*) no later than 15 July 2015 (the ***Shire Commitment***). There is a preferential allocation for these shares in the Offering and the order will be fully allocated.

In case the Offering would not complete by 15 July 2015, Shire has undertaken, subject to certain conditions, including appropriate terms and conditions and subject to Shire having full access to a due diligence review, a minimum level of participation by other investors and certain limits as to the maximum proportion of shares that would be acquired by Shire, to subscribe to shares of the Company for an aggregate amount of EUR 12 million in a private financing round on identical terms to other investors in the round, provided this private financing round takes place before 15 July 2015.

10. INFORMATION RELATING TO THE CAPITAL INCREASE

Prior to completion of the Offering, the General Meeting is expected to authorize the Board to resolve upon the issue of up to a maximum of 8,260,189 new Shares in connection with and for the purposes of being initially offered at the IPO, this number includes any Shares which may be issued pursuant to possible exercise of the Increase Option.

At the same meeting, it is also expected to authorize the Board to resolve upon the granting of the Over-Allotment Option to the Stabilization Manager acting on behalf of the Joint Global Coordinators and the Co-Lead-Manager to provide the Joint-Global Coordinators with the right to subscribe in cash for a number of new Shares equal to maximum 15% of the New Shares allocated in the Offering. The Over-Allotment Option will be exercisable for a period of 30 calendar days from the Listing Date. The Over-Allotment Option is issued for the sole purpose of allowing the Joint Global Coordinators to cover over-allotments, if any. The new Shares to be issued on the exercise of the Over-Allotment Option will have the same issuance price as the New Shares in the Offering.

In connection with the issuance of the New Shares, the pre-emption rights of the existing shareholders of the Company will be excluded. In connection with the Over-Allotment Option, the pre-emption rights of the existing shareholders of the Company will be excluded.

Whether or not the Offering is fully subscribed, the Stabilization Manager may proceed with over-allotments, covered by the Over-Allotment Option, aiming to create stabilisation after the start of the trading. See also Part 16 ("*Plan of Distribution*"), under Section 3 ("*Over-Allotment Option and Price Stabilization*").

11. LISTING SPONSOR AND PAYING AGENT

KBC Securities will act as listing sponsor for the Offering.

The financial services for the Shares will be provided in Belgium by KBC Bank. Should the Company alter its policy in this matter, this will be announced in accordance with applicable law.

12. JURISDICTION AND COMPETENT COURTS

The Offering is subject to Dutch law and the courts of Amsterdam are exclusively competent to adjudicate any and all disputes with investors concerning the Offering.

PART 16
PLAN OF DISTRIBUTION

1. UNDERWRITING

The Company and the Managers have entered into an underwriting agreement on the date of this Prospectus (the ***Underwriting Agreement***) with respect to the offer and sale of the Offered Shares in the Belgian Offering and the Institutional Offering. Under the terms and subject to the conditions set forth in the Underwriting Agreement, the Company will agree to issue the Offered Shares and the Managers below will severally agree to purchase at the Offer Price, with a view to immediate placement with investors, the following percentage of the total number of the Offered Shares:

Managers	**Percentage of Offered Shares to be sold**
KBC Securities NV……....	44.5 %
Kempen & Co N.V……..	44.5 %
Petercam NV…….	11 %
Total percentage of Offered Shares to be sold……..	100.0%

The Managers will distribute the Offered Shares to investors, subject to prior issue, when, as and if delivered to them, subject to the satisfaction or waiver of the conditions that will be contained in the Underwriting Agreement.

In the Underwriting Agreement, the Company makes certain representations and warranties and agrees to indemnify the Managers against certain liabilities, including liability under the Securities Act.

The Underwriting Agreement provides that the Joint Global Coordinators will have the right to terminate the Underwriting Agreement and their obligation thereunder to purchase and deliver the Offered Shares (i) upon the occurrence of certain events, such as the suspension of trading on Euronext Brussels or a material adverse effect affecting the market for, or the value of, the Shares, the (financial operational, legal or otherwise) condition, senior management, financial position, assets (including intellectual property rights), prospects, results of operations or business of the Group, and (ii) if the conditions contained in the Underwriting Agreement, such as the delivery of comfort letters, legal opinions and officers' certificates, are not satisfied or waived. If the Underwriting Agreement is terminated, which can occur until the Closing Date, the allocation of the Offered Shares to investors will be cancelled, and investors will not have any claim to delivery of the Offered Shares.

2. LOCK-UP ARRANGEMENTS

The Company agreed with the Managers that it will not, and will procure that none of its subsidiaries will, for a period of 360 days from the Listing Date, unless otherwise agreed by the Joint Global Coordinators: (i) issue, offer, sell, contract to sell or otherwise transfer, dispose of, lend (or publicly announce such action), directly or indirectly, any Shares or securities of the Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, Shares or any such substantially similar securities, (ii) purchase or sell any option or other guaranty or enter into any swap, hedge or other arrangement that transfers to any other person or entity, in whole or in part the economic consequences of its ownership of Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, or cash or otherwise, or (iii) submit to its shareholders or any other body a proposal to effect any of the foregoing; subject in each case to the following exceptions the issue of the Offered Shares, the issue of Shares or financial instruments in the framework of the existing stock option plan, the issue of Shares or financial instruments in the framework of (x) any incentive plan for employees, directors or consultants of the Company, established following the Listing Date or (y) any merger, demerger, transfer of universality or branch of activity or other corporate restructuring, acquisition or strategic partnership provided that any Shares issued do not represent more than 10% of the Company's share capital.

The current Shareholders entered into a lock-up arrangement with the Managers. Pursuant to the lock-up arrangement they will not, except as set forth below, for a period of 180 days from the Listing Date: (i) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares or securities of the Company that are substantially similar to the Shares, or request or demand that the Company files any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or securities of the Company that are substantially similar to the Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) publicly announce such an intention to effect any such transaction as referred to above.

Following this 180 days period, a new period of 180 days starts during which the Shareholders may only transfer the Shares with the prior approval of the Joint Global Coordinators, which may not unreasonably be withheld. Any transfer of Shares for which prior written consent has been given, can solely be effected through a co-ordinated sale.

None of the restrictions for the Shareholders referred to above apply to (i) Offered Shares subscribed for during the Offering, (ii) Shares being lent to the Stabilization Manager, (iii) transfers to legal successors or other transferees in case of death of a natural person or in case of liquidation, concursus, merger or de-merger (provided, however, that the legal successor or transferee of such person adheres to the lock-up agreement and assumes the relevant transfer restriction obligations for the remaining term thereof), (iv) intra-group transfers, including to and from controlling natural persons (provided, however, that the relevant group company adheres to the lock-up agreement and assumes the relevant transfer restriction obligations for the remaining term thereof), (v) transfers between the Shareholders and their affiliates and between their affiliates, including their shareholders, if applicable, or to any investment fund or other entity controlled or managed by the Shareholders (provided, however, that the affiliate adheres to the lock-up agreement and assumes the relevant transfer restriction obligations for the remaining term thereof) (vi) transfers between the shareholders subject to the lock-up agreement (provided, however, that the transferee's lock-up agreement will extend to the shares so acquired), (vii) acceptance of a public bid or statutory squeeze-out, (viii) acceptance of a legal merger or demerger of the Company, or (ix) Shares purchased on or after the Listing Date.

3. OVER-ALLOTMENT OPTION AND PRICE STABILIZATION

In connection with the Offering, the Joint Global Coordinators may, for a period of 30 days from the Listing Date (the ***Stabilization Period***) effect transactions that stabilize or maintain the market price of the Shares at levels above those that might otherwise prevail in the open market. For this purpose, KBC Securities or its affiliates, acting on behalf of the Joint Global Coordinators, will act as stabilization manager (the ***Stabilization Manager***). Such transactions, if any, will be performed in compliance with the applicable laws and regulations, including Chapter III of Commission Regulation (EC) No 2273/2003 and may be effected on Euronext Brussels, on the over-the-counter market, or otherwise. There is no assurance that such stabilization will be undertaken and, if it is, it may be discontinued at any time and will, in any event, be discontinued 30 days after the Listing Date.

Under the possible stabilization measures, investors may, in addition to the Shares being offered, be allocated additional Shares up to an amount of EUR 6,900,000 as part of the allocation of the Shares to be placed. Within the scope of a possible over-allotment, the additional Shares will be provided for the account of the Joint Global Coordinators, in the form of a securities loan with Shares up to an amount of EUR 6,900,000 from certain Shareholders.

The Company has granted the Stabilization Manager, acting on behalf of the Joint Global Coordinators and the Co-Lead-Manager, an Over-Allotment Option which allows the Stabilization Manager with the prior consent of the other Joint Global Coordinator to subscribe for these additional new Shares at the Offer Price up to maximum 15% of the number of New Shares allocated in the Offering.

The Joint Global Coordinators may elect to reduce any short position by exercising all or part of the Over-Allotment Option. The Over-Allotment Option will be exercisable for a period of 30 calendar days from the Listing Date. The Over-Allotment Option will be exercisable in whole or in part, and in one or in several times,

only to cover over-allotments of additional Shares, if any. The possibility to over-allot Shares in the Offering and to exercise the Over-Allotment Option will exist whether or not the Offering is fully subscribed.

If the Joint Global Coordinators create a short position in the Shares in connection with the Offering (*i.e.* over-allot additional Shares), they may reduce that short position by purchasing Shares or by exercising all or part of the Over-Allotment Option. Purchases of Shares to stabilize the trading price or to reduce a short position may cause the price of the Shares to be higher than it might be in the absence of such purchases. Neither the Company, nor the Joint Global Coordinators make any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Shares.

The stabilization, if any, will not occur at a price higher than the Offer Price.

Within five Business Days of the end of the Stabilization Period, the following information will be published on the website of the Company: (i) whether or not stabilization was undertaken, (ii) the period during which the stabilization has been performed, (iii) the price range within which stabilization was carried out, for each of the dates on which stabilization transactions were carried out and (iv) the final size of the Offering, including the result of the stabilization and the exercise of the Over-Allotment Option, if any.

4. OTHER RELATIONSHIPS WITH THE MANAGERS

In connection with the Offering, each of the Managers and any of their respective affiliates, acting as an investor for its own account, may take up Offered Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Shares being offered or placed should be read as including any offering or placement of Offered Shares to any of the Managers or any of their respective affiliates acting in such capacity. None of the Managers intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition certain of the Managers or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Managers (or their affiliates) may from time to time acquire, hold or dispose of Shares.

Certain of the Managers and/or their respective affiliates may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to it, in respect of which they may in the future, receive customary fees and commissions. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors.

5. NO PUBLIC OFFERING OUTSIDE BELGIUM

No action has been or will be taken in any jurisdiction other than Belgium that would permit a public offering of the Offered Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offered Shares, in any jurisdiction where action for that purpose is required. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offered Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Purchasers of the Offered Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Offer Price.

6. SELLING RESTRICTIONS

No public offer is being made and no one has taken any action that would, or is intended to, permit a public offering in any country or jurisdiction, other than Belgium, where any such action for such purpose is required. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offered Shares may be distributed or published in any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Persons into whose hands this Prospectus comes are required by the Company and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Offered Shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither the Company nor the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the Offered Shares, of any such restrictions.

Please also refer to Part 2 ("*Important Information*"), (*Notices to Investors*).

PART 17
TRANSFER RESTRICTIONS

The Offered Shares have not been and will not be registered under the Securities Act or the applicable securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The offering of the Offered Shares is being made in the United States through U.S. broker-dealer affiliates of the Managers. Transfers of the Offered Shares will be restricted and each purchaser will be deemed to have made the acknowledgements, representations and agreements as described below.

Each purchaser of the Offered Shares and each subsequent purchaser thereof located outside the United States will be deemed to have represented, warranted, acknowledged and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorised to purchase the Offered Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Offered Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

(3) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offered Shares, was located outside the United States at the time the buy order for the Offered Shares was originated and continues to be located outside the United States and has not purchased the Offered Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offered Shares or any economic interest therein to any person in the United States;

(4) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;

(5) the Offered Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

(6) the purchaser acknowledges that the Company shall not recognise any offer, sale, pledge or other transfer of the Offered Shares made other than in compliance with the above-stated restrictions;

(7) if it is acquiring any of the Offered Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(8) the purchaser acknowledges that the Company, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each U.S. purchaser of the Offered Shares and each subsequent U.S. purchaser thereof will be deemed to have represented, warranted, acknowledged and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) the purchaser is, and at the time of its purchase of any Offered Shares will be, a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act and is authorised to purchase the Offered Shares in compliance with all applicable laws and regulations;

(2) the purchaser understands and acknowledges that the Offered Shares have not been, nor will they be, registered under the Securities Act or with any securities regulatory authority of any state of the United States, that sellers of the Offered Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A thereunder, and that the Offered Shares may not be offered or sold, directly or indirectly, in the United States, other than in accordance with paragraph 4 below;

(3) the purchaser is purchasing the Offered Shares (i) for its own account, or (ii) for the account of one or more other qualified institutional buyers for which it is acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgments, representations and agreements on behalf of such qualified institutional buyers as well), in each case for investment and not with a view to any resale or distribution of any such Offered Shares;

(4) the purchaser understands and agrees that offers and sales of the Offered Shares are being made in the United States only to qualified institutional buyers in transactions not involving a public offering or which are exempt from the registration requirements of the Securities Act, and that if in the future it or any such other qualified institutional buyer for which it is acting, as described in paragraph 3 above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, hypothecate or otherwise transfer any of the Offered Shares, it or any such other qualified institutional buyer and any such fiduciary or agent will do so only (i) pursuant to an effective registration statement under the Securities Act, to a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, outside the United States in an "offshore transaction" pursuant to Rule 904 of Regulation S under the Securities Act (and not in a pre-arranged transaction resulting in the resale of such shares into the United States) or (iv) in accordance with Rule 144 under the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the Offered Shares;

(5) the purchaser understands that for so long as the Offered Shares are "restricted securities" within the meaning of the U.S. federal securities laws, no such shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such shares will not settle or trade through the facilities of DTC or any other U.S. clearing system;

(6) the purchaser has received a copy of this Prospectus and has had access to such financial and other information concerning the Company as it deems necessary in connection with making its own investment decision to purchase shares. The purchaser acknowledges that none of the Company or any of their respective representatives has made any representation to it with respect to the Company or the allocation, offering or sale of any shares other than as set forth in this Prospectus which has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Offered Shares. The purchaser also acknowledges that it has made its own assessment regarding the U.S. federal tax consequences of an investment in the Offered Shares. The purchaser has held and will hold any offering materials, including the Prospectus, it receives directly or indirectly from the Company in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated by it. The purchaser acknowledges that it has read and agreed to the matters stated in this section;

(7) the purchaser understands that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Managers and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. The purchaser irrevocably authorizes the Company and the Managers to produce this document to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered herein; and

(8) the purchaser undertakes promptly to notify the Company and the Managers if, at any time prior to the purchase of shares, any of the foregoing ceases to be true.

In addition, until the end of the 40th calendar day after the commencement of the offering, an offer or sale of the shares within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

None of the Company and the Managers accept any legal responsibility for any violation by any person, whether or not a prospective investor in the shares, of any of the foregoing restrictions.

Each person in a Relevant Member State, other than persons receiving offers contemplated in the Prospectus in Belgium, who receives any communication in respect of, or who acquires any Offered Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers and the Company that:

(1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(2) in the case of any Offered Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offered Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where Offered Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offered Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer" in relation to any of the Offered Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Offered Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

PART 18
LEGAL MATTERS

Certain legal matters in connection with this Offering have been passed upon for the Company by Freshfields Bruckhaus Deringer LLP, with respect to the laws of the United States, the Netherlands and Belgium. Certain legal matters in connection with this Offering have been passed upon for the Managers by Linklaters LLP, with respect to the laws of the United States, the Netherlands and Belgium.

PART 19
INDEPENDENT AUDITORS

PricewaterhouseCoopers Accountants N.V., independent auditors with their address at Flight Forum 840, P.O. Box 6365, 5600 HJ, Eindhoven, the Netherlands, have audited and rendered an unqualified auditor's report on the consolidated financial statements as of 31 December 2013, 2012 and 2011 and have given, and not withdrawn, their written consent to the inclusion of their auditor's reports in relation thereto and the references to themselves herein in the form and context in which they are included.

The partner of PricewaterhouseCoopers Accountants N.V. who signed the auditors' reports is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

PART 20
DEFINITIONS AND GLOSSARY

1. DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"2010 PD Amending Directive"	Directive 2010/73/EU
"Admission"	the admission of the Shares to listing on Euronext Brussels NV/SA
"AFM"	the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
"Allocation Date"	the date on which the Offered Shares will be allocated to investors who have duly applied for them, and which is expected to be 9 July 2014
"Articles"	the articles of association of the Company as they will read following the execution of the Deed of Amendment
"Bayer"	Bayer AG
"Belgian Offering"	A public offering in Belgium to Retail Investors
"Board" or "Board of Directors"	the board of directors of the Company
"Boehringer Ingelheim"	Boehringer Ingelheim Pharmaceuticals, Inc.
"Business Day"	any day (other than a Saturday or a Sunday) on which banks are generally open for business in the Netherlands and Belgium
"CEO"	chief executive officer
"CFO"	chief financial officer
"CITA"	the Netherlands Corporate Income Tax Act as at the date of the Prospectus
"Closing Date"	the date of payment, settlement and delivery of the Offered Shares. The Closing Date is expected to be 11 July 2014
"Company"	arGEN-X N.V.
"DCC"	Dutch Civil Code as at the date of the Prospectus
"Deed of Amendment"	the deed of amendment of the articles of association of the Company expected to be executed on the date of the publication of the Offer Price or, in any event, prior to the completion of the Offering
"Directors"	the Executive Directors and the Non-Executive Directors
"EEA"	the European Economic Area
"ESOP"	The employee stock options as described in Part 13 ("*Descripition of share capital and group structure*"), under Section 7 ("*Employee Stock Option Plan*")

"EU"	the European Union
"Executive Directors"	the executive directors ("*uitvoerende bestuurders*") of the Company
"Financial Transaction Tax"	the proposed financial transaction tax as described in Part 14 ("*Taxation*"), under Section 1 ("*Belgian taxation*")
"FJ Biologics"	Fairjourney LDA
"FSMA"	the Belgian Financial Services and Markets Authority
"General Meeting"	the general meeting of Shareholders of the Company
"Governance Code" or "Dutch Corporate Governance Code"	the Dutch corporate governance code dated 10 December 2008 and in force as of 1 January 2009
"Group"	the Company and its consolidated subsidiaries and subsidiary undertakings
"IFRS"	International Financial Reporting Standards, as adopted by the European Union
"Increase Option"	the option to increase the amount of new shares by up to 15%, as described in Part 15 *"The Offering"*
"Institutional Investors"	Qualified and/or institutional investors under applicable laws of the relevant jurisdiction
"Institutional Offering"	A private placement (i) in the United States to persons who are "qualified institutional buyers" or "QIBs" (as defined by Rule 144A) in transactions exempt from or not subject to the registration requirements of the Securities Act; and (ii) in certain jurisdictions outside the United States in offshore transactions in accordance with Regulation S to certain Institutional Investors
"IPO"	initial public offering
"ITC"	the Belgian Income Tax Code as at the date of the Prospectus
"Joint Global Coordinators" and "Joint Bookrunners"	KBC Securities NV and Kempen & Co N.V.
"Lilly"	Eli Lilly and Company
"Listing Date"	the date on which the Company's shares shall be admitted to (conditional) trading on Euronext Brussels. The Listing Date is expected to be 10 July 2014
"LLS"	The Leukemia & Lymphoma Society
"Lonza"	Lonza Group Ltd.
"Managers"	KBC Securities NV, Kempen & Co N.V., Petercam NV and Wedbush Securities Inc.
"New Shares"	new Shares initially offered in the Offering and the Shares offered as a result of the possible exercise of the Increase Option

"Non-Executive Directors"	the non-executive directors ("*niet-uitvoerende bestuurders*") of the Company
"Offered Shares"	the New Shares and the shares covered by the Over-Allotment Option
"Offering"	a public offering in Belgium to Retail Investors and a private placement (i) in the United States to persons who are "QIBs" in transactions exempt from or not subject to the registration requirements of the Securities Act; and (ii) in certain jurisdictions outside the United States in offshore transactions in accordance with Regulation S under the US Securities Act to certain Institutional Investors, and, with respect to the EEA, pursuant to an exemption under the Prospectus Directive where implemented by the relevant EEA Member State
"Offering Period"	the period during which the Offering will be open for subscription as described in Part 15 *"The Offering"*
"Offer Price"	the price at which each Share is to be issued pursuant to the Offering
"Over-Allotment Option"	the option to be granted to the Stabilization Manager acting on behalf of the Joint Global Coordinators and the Co-Lead-Manager as described in Part 15*"The Offering"*
"PFIC"	passive foreign investment company
"Pricing Statement"	the pricing statement which contains the actual number of Offered Shares allocated to the investors in the Offering, the Offer Price and the allocation to Retail Investors
"Pricing"	the date on which the Offer Price shall be determined
"Prospectus"	this prospectus as approved by the AFM as a prospectus prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), and passported to the Belgian Financial Services and Markets Authority
"Prospectus Directive"	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State
"qualified institutional buyers" or "QIBs"	has the meaning given by Rule 144A
"Qualified Investors"	persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive
"Regulation S"	Regulation S under the Securities Act
"Retail Investor"	(i) an individual person resident in Belgium or (ii) a legal entity located in Belgium that applied for Offered Shares in an amount of EUR 250,000 or less
"Rule 144A"	Rule 144A under the Securities Act
"RuiYi"	RuiYi, Inc. (formerly Anaphore, Inc.)

"Securities Act"	United States Securities Act of 1933, as amended
"Shareholders"	the shareholders of the Issuer at any given time
"Shares"	the ordinary shares in the capital of the Company
"Shire"	Shire International GmbH (formerly Shire AG)
"Stabilization Period"	the period of 30 calendar days from the first day of trading in the Offered Shares on Euronext Brussels
"TAP"	LLS 'Therapy Acceleration Program'
"UK"	the United Kingdom of Great Britain and Northern Ireland
"Underwriting Agreement"	the underwriting agreement entered into between the Company and the Managers described in Part 16 *"Plan of Distribution"*
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
"US Exchange Act"	United States Securities Exchange Act of 1934, as amended

2. GLOSSARY

The following terms have the meanings provided below unless the context required otherwise:

"ADCC"	Antibody Dependent Cell-mediated Cytotoxicity
"ADCP"	Antibody Dependent Cellular Phagocytosis
"AMD"	Age-Related Macular Degeneration
"AML"	Acute Myeloid Leukemia
"ANCA"	Anti-Neutrophil Cytoplasmic Antibody
"Antibody"	also known as an immunoglobulin (Ig), a Y-shaped protein that recognizes and binds a unique part of a target, known as an antigen
"Antigen"	any substance that provokes an antibody immune response
"B-cell"	B lymphocyte producing a specific antibody
"BE"	Belgium
"Bispecific"	an antibody comprising two different binding sites
"BLA"	Biologics License Application
"CAT"	Cambridge Antibody Technology

“CCR4”	C-C chemokine receptor type 4, the target of mogamulizumab
“CD70”	cytokine of the tumor necrosis factor (TNF) ligand family
“CDC”	Complement Dependent Cytotoxicity
“CDR”	Complementarity Determining Region
“cGMP”	Current Good Manufacturing Practice
“CHO”	Chinese Hamster Ovary (cell line for protein expression)
“CLL”	Chronic Lymphocytic Leukemia
“c-Met”	Hepatocyte Growth Factor receptor, expressed on solid tumor cells
“CML”	Chronic Myeloid Leukemia
“CMO”	Contract Manufacturing Organization
“CR”	Complete Response
“CRO”	Contract Research Organization
“CTA”	Clinical Trial Authorization
“CTC”	Circulating Tumor Cells
“CTCL”	Cutaneous T cell Lymphoma
“CTLA-4”	Cytotoxic T-Lymphocyte Antigen 4
“DLBCL”	Diffuse Large B-cell Lymphoma
“EBA”	Epidermolysis Bullosa Acquisita
“EMA”	European Medicines Agency
“Epitope”	discrete region within an antigen, bound by an antibody
“F”	France
“Fab arms”	two identical antigen-binding fragments of an antibody
“Fc”	antibody region interacting with cell surface Fc receptors
“FcRn”	neonatal Fc receptor, responsible for antibody recycling and tissue distribution in the body
“FDA”	Food and Drug Administration in the US
“FIH”	First in Human

“FPS”	Federal Public Service Health
“FTE”	Full-Time Equivalent
“G”	Germany
“GARP”	Glycoprotein A Repetitions Predominant
“GCP”	Good Clinical Practice
“GLP”	Good Laboratory Practice
“GMP”	Good Manufacturing Practice
“GPCR”	G-Protein Coupled Receptor
“Her2”	human epidermal growth factor receptor 2
“HGF”	Hepatocyte Growth Factor
“HL”	Hodgkin’s Lymphoma
“IDEC”	IDEC Corporation
“IgG”	one of five immunoglobulin isotypes
“IgG1”	one of four IgG subclasses, being the most abundant in human serum
“IgG2”	second most abundant IgG subclass in human serum
“IgG3”	third most abundant IgG subclass in human serum
“IHC”	immunohistochemistry
“IL6R”	receptor of the cytokine interleukin-6 (IL-6)
“IND”	Investigational New Drug
“IRB”	Institutional Review Board
“ITP”	Immune Thrombocytopenic Purpura
“IVIg”	Intravenous Immunoglobulin
“IWT”	the Flemish Government’s Institute for the Promotion of Innovation by Science and Technology in Flanders
“MAA”	Marketing Authorization Application
“mAb”	monoclonal antibody
“Master Cell bank”	cell line producing product to cGMP, for clinical development and manufacture

“MCL”	Mantle Cell Lymphoma
“MG”	Myasthenia Gravis
“MuSK”	muscle-specific tyrosine kinase
“NHL”	Non-Hodgkin’s Lymphoma
“NK”	Natural Killer
“NL”	the Netherlands
“NSCLC”	Non-Small Cell Lung Cancer
“Pathogen”	disease-causing agent
“PBMC”	Peripheral Blood Mononuclear Cell
“pCR”	pathological Complete Remission
“pH”	measure of acidity or basicity of an aqueous solution
“PMV”	ParticipatieMaatschappij Vlaanderen
“POC”	Proof of Concept
“Respiratory Syncytial Virus”	virus causing respiratory tract infections
“RfA”	Request for Authorization
“r-PEx technology”	transient expression platform for proteins
“RR”	Relapsing Remitting
“RSV”	Respiratory Syncytial Virus
“SLE”	Systemic Lupus Erythematosus
“TBD”	to be determined
“T-cell”	T lymphocyte protecting the body from infection
“TGO”	Transformational Medical Research
“TPP”	Therapeutic Product Profile
“T_{regs}”	T-cell population modulating the immune system
“UA”	University of Antwerp
“UZG”	University Hospital of Ghent
“V regions”	antibody variable regions

“WM”	Waldenström’s Macroglobulinemia
“Working cell bank”	derived from master cell bank, for product scale up manufacture
“YTE”	three amino acids in antibody Fc, correlating with enhanced binding to FcRn

PART 21
HISTORICAL FINANCIAL INFORMATION

[Starting next page]

Special purpose condensed interim financial statements

For the period ended

March 31, 2014

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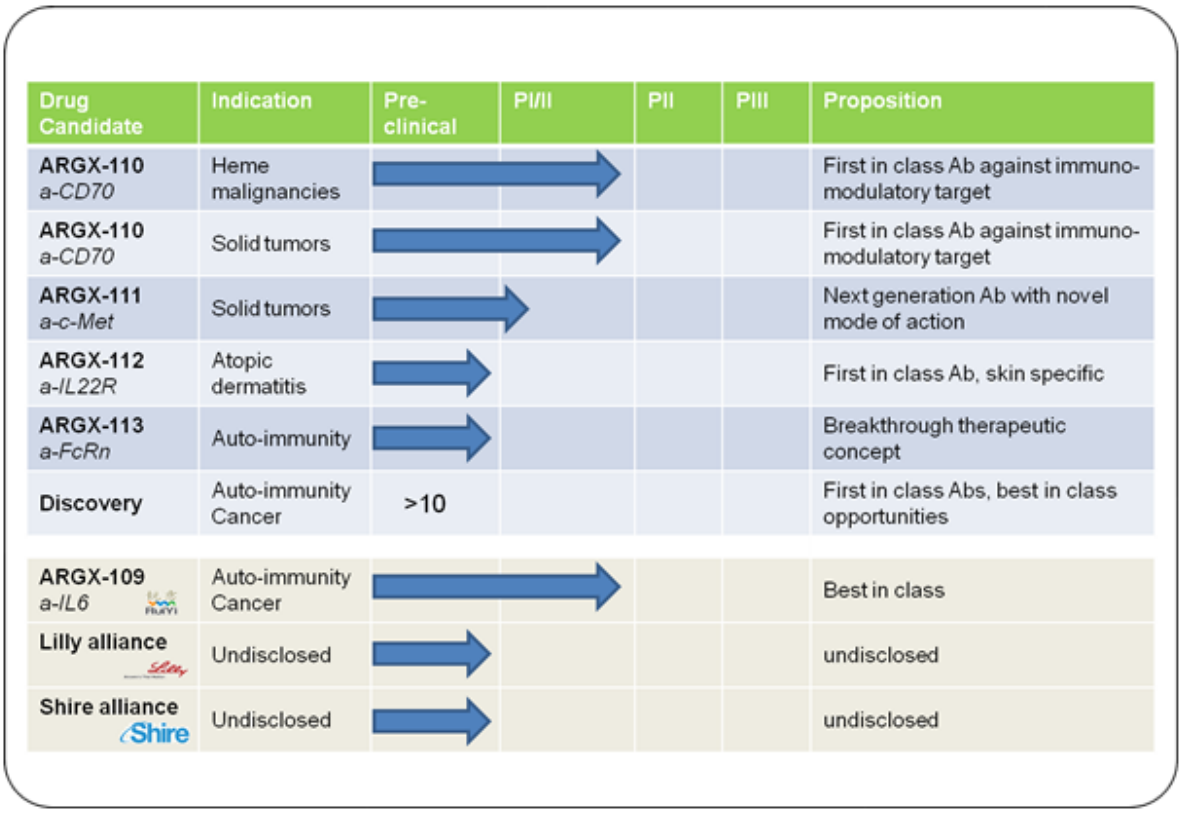
A. GENERAL INFORMATION

arGEN-X is a clinical stage human monoclonal antibody therapeutics company.
Our strengths are the proven power of our unique SIMPLE Antibody™ platform combined with the complementary expertise of our people. We are rapidly creating and developing a pipeline of differentiated antibody therapeutics using our suite of powerful, cutting-edge technologies.
Our unique capabilities have enabled us to build a clinical-stage portfolio of novel product candidates – tailored from discovery through development to address patient and payer needs.
We apply our unique suite of human antibody technologies to disease targets that are underserved in the biotherapeutics space. Combining our technology strengths with our antibody development capabilities and the complementary skills of our scientists enables us to create highly differentiated antibody programs - for our own pipeline and in collaboration with our partners.
We are positioned to lead in the dynamic human antibody product space
Our antibody discovery platform, SIMPLE Antibody™, delivers human antibodies with distinctive therapeutic qualities against even the most challenging disease targets. Having the power to break into unchartered target territory is taking us beyond the boundaries of traditional antibody technologies.
Complementing the strengths of SIMPLE Antibody™, our state-of-the-art capabilities in Fc engineering (NHance™, ABDEG™ and POTELLIGENT®) are creating antibody programs with first- and/or best-in-class therapeutic product potential.

We have rapidly developed our pipeline of novel antibody therapeutics, each with a differentiated product profile in mind. Our products, focused on cancer and autoimmune indications, are designed and created to be first- or best-in-class – delivering real benefits to patients with these diseases.



The phenomenal commercial success of therapeutic antibodies has been a defining factor in the growth of global pharmaceuticals.
Antibodies are well-established amongst the largest selling pharmaceutical products worldwide and demand is high for novel and improved antibody-based products. While antibody discovery technology is now commonplace, we at arGEN-X specialize in the discovery and development of first- and best-in-class human antibody therapeutics.
Our world-leading proprietary antibody platform and experience in antibody discovery and development enables us to tackle any disease target, including novel proteins whose mode of action in disease is incompletely validated.
Some of our programs are setting precedents for antibody-based intervention – giving us the opportunity to be first to market.
We have a track record of success with complex receptors and highly conserved targets which have often proven intractable with other antibody technologies.
Competition for well-validated targets in the antibody therapeutics space is fierce. Recognizing this, we at arGEN-X focus specifically and selectively on antibody candidates with best-in-class attributes. From fully human composition, all the way through to convenient patient dosing and attractive pharmacoeconomics, we apply rigorous antibody candidate choice to development of our own products and to sustaining the pipelines of our partners.

B. SPECIAL PURPOSE CONDENSED INTERIM FINANCIAL STATEMENTS

SPECIAL PURPOSE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

ASSETS *(in thousands of euros)*	**Note**	**Three months ended March 31, 2014**	**Year ended December 31, 2013**
Non-current assets		**670**	**586**
Property, plant and equipment	5.2	101	120
Financial assets	5.3	1	1
Tax receivables	5.4	568	466
Current assets		**21,867**	**24,427**
Trade and other receivables	5.5	881	1,100
Other financial assets	5.6	500	500
Prepaid expenses	5.7	71	106
Cash and cash equivalents	5.8	20,415	22,720
TOTAL ASSETS		**22,537**	**25,013**

EQUITY AND LIABILITIES *(in thousands of euros)*	**Note**	**Three months ended March 31, 2014**	**Year ended December 31, 2013**
Equity			
Equity attributable to owners of the parent			
Share capital		466	466
Share premium		45,304	45,304
Retained earnings		(27,354)	(25,491)
Other reserves		1,454	1,426
Total equity	5.9	**19,870**	**21,704**
Non-current liabilities		**0**	**0**
Current liabilities		**2,667**	**3,309**
Trade and other payables	5.10	2,259	2,853
Deferred revenue	5.11	408	456
Total liabilities		**2,667**	**3,309**
TOTAL EQUITY AND LIABILITIES		**22,537**	**25,013**

The notes are an integral part of these special purpose condensed interim financial statements.

SPECIAL PURPOSE CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(in thousands of euros)*	**Note**	**Three months ended March 31, 2014**	**Three months ended March 31, 2013**
Revenue	6.1	341	437
Other operating income	6.2	496	439
Total operating income		**837**	**875**
Research and development expenses	6.3	(2,132)	(2,329)
General and administrative expenses	6.4	(601)	(416)
Operating profit/(loss)		**(1,897)**	**(1,870)**
Financial income	6.7	35	30
Exchange gains/(losses)	6.7	0	29
Result Profit/(loss) before taxes		**(1,862)**	**(1,811)**
Income tax (income/expense)	6.7	0	0
PROFIT/LOSS FOR THE PERIOD		**(1,862)**	**(1,811)**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**(1,862)**	**(1,811)**
Weighted average number of shares outstanding		18,000	18,000
Basic and diluted loss per share (in €)		(103)	(101)

There are no non-controlling interests in the Group.

The notes are an integral part of these special purpose condensed interim financial statements.

SPECIAL PURPOSE CONDENSED INTERIM STATEMENT OF CASH FLOWS

CONSOLIDATED CASHFLOW STATEMENT *(in thousands of euros)*	Note	Three months ended March 31, 2014	Three months ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating result		**(1,897)**	**(1,870)**
Adjustments for non-cash items			
Depreciation of property, plant and equipment		20	25
Expense recognised in respect of share-based payments		28	85
		(1,849)	**(1,759)**
Movements in working capital			
Increase/decrease in trade and other receivables		116	(267)
Increase/decrease in other current assets		35	26
Increase/decrease in trade and other payables		(593)	(655)
Increase/decrease in deferred revenue		(48)	(60)
Cash generated from/(used in) operating activities		**(2,339)**	**(2,715)**
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(2,339)**	**(2,715)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-1	0
Interest received		35	30
NET CASH FLOWS FROM INVESTING ACTIVITIES		**34**	**30**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		0	0
Transaction costs for equity issue		0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		**0**	**0**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,306)**	**(2,685)**
Cash and cash equivalents at the beginning of the period		**22,720**	**15,430**
Exchange gains/(losses) on cash & cash equivalents		0	29
Cash and cash equivalents at the end of the period		**20,415**	**12,774**

The notes are an integral part of these special purpose condensed interim financial statements.

SPECIAL PURPOSE CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent					
	Share capital	Share premium	Retained earnings	Other reserves Equity-settled share-based payment reserve	Total equity attributable to owners of the parent	TOTAL EQUITY
Balance at 31 December 2012	**339**	**30,431**	**(19,360)**	**1,181**	**12,591**	**12,591**
Total comprehensive income of the period			(1,811)		**(1,811)**	(1,811)
Issue of share capital				85	**85**	85
Transaction costs for equity issue					**0**	0
Share-based payment					**0**	0
Balance at 31 March 2013	**339**	**30,431**	**(21,172)**	**1,266**	**10,865**	**10,865**
Balance at 31 December 2013	**466**	**45,304**	**(25,491)**	**1,426**	**21,704**	**21,704**
Total comprehensive income of the period			(1,862)		**(1,862)**	(1,862)
Issue of share capital				28	**28**	28
Transaction costs for equity issue					**0**	0
Share-based payment					**0**	0
Balance at 31 March 2014	**466**	**45,304**	**(27,354)**	**1,454**	**19,870**	**19,870**

The notes are an integral part of these special purpose condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR 2013

1. General information

arGEN-X (the Company) is a limited company incorporated in the Netherlands. The addresses of its registered office and principal place of business are disclosed in the part on General Information. The principal activities of the Company and its subsidiaries (the Group) are described in note 8.4.

The following financial statements were authorized for issue by the Board of Directors meeting on Wednesday June 11, 2014.

2. Summary of significant accounting policies

2.1. Statement of compliance and basis of preparation

These special purpose condensed interim financial statements for the three months ended March 31, 2014 have been prepared in accordance with IAS 34 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year-ended 31 December 2013, which have been prepared in accordance with IFRSs.

The special purpose condensed interim financial statements have been approved for issue by the Board of Directors on xxx

The accounting policies adapted in the preparation of the special purpose condensed interim financial statements are consistent with those applied in the special purpose preparation of the financial statements for the year ended 31 December 2013. New standards or interpretations applicable from 1 January 2014 do not have any impact on the special purpose condensed financial statements.

The principal accounting policies applied in the preparation of the above financial statements are set out below.

All amounts are presented in thousands of Euro, unless otherwise indicated, rounded to the nearest EUR '000.

These special purpose condensed interim financial statements have been reviewed, not audited.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2014:

- ✓ IAS 27 Revised 'Separate financial statements', effective for annual periods beginning on or after 1 January 2014. The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- ✓ IAS 28 Revised 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2014. The revised standard now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- ✓ IFRS 10 'Special purpose condensed interim financial statements', effective for annual periods beginning on or after 1 January 2014. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the special purpose condensed interim financial statements.
- ✓ IFRS 11 'Joint arrangements', effective for annual periods beginning on or after 1 January 2014. The new standard focuses on the rights and obligations rather than the legal form. Proportional consolidation is no longer allowed.
- ✓ IFRS 12 'Disclosure of interests in other entities', effective for annual periods beginning on or after 1 January 2014. This is a new standard on disclosure requirements for all forms of interests in other entities.
- ✓ Amendments to IFRS 10 'Special purpose condensed interim financial statements', IFRS 11 'Joint arrangements' and IFRS 12 'Disclosure of interests in other entities'. The amendments clarify the transition guidance in IFRS 10, and provide additional transition relief (for example by limiting the requirement to provide adjusted comparative information to only the preceding comparative period or, for disclosures related to unSpecial purpose condensed interim structured entities, removing the requirement to present comparative information for periods before IFRS 12 is first applied). These amendments will be effective for annual periods beginning on or after 1 January 2014 which is aligned with the effective date of IFRS 10, 11 and 12.
- ✓ Amendments to IAS 32 'Offsetting financial assets and financial liabilities', effective for annual periods beginning on or after 1 January 2014. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.
- ✓ Amendments to IAS 36 'Impairment of assets', effective for periods beginning on or after 1 January 2014. The IASB made consequential amendments to the disclosure requirements of

IAS 36 when it issued IFRS 13. One of the amendments was drafted more widely than intended. This limited scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

- ✓ Amendments to IAS 39 'Financial instruments: Recognition and measurement', effective for annual periods beginning on or after 1 January 2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. Similar relief will be included in IFRS 9 'Financial instruments'.
- ✓ Amendments to IFRS 10 'Special purpose condensed interim financial statements', IFRS 12 'Disclosure of interests in other entities' and IAS 27 'Separate financial statements' for investment entities. Effective for annual periods beginning on or after 1 January 2014. The amendments give an exemption to entities that meet an 'investment entity' definition and which display certain characteristics to account for its subsidiaries at fair value.

The following new interpretation has been issued, is mandatory for the financial year beginning 1 January 2014 but has not been endorsed by the European Union:

- ✓ IFRIC 21 'Levies', effective for periods beginning on or after 1 January 2014. IFRIC 21 sets out the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2014 and have not been endorsed by the European Union:

- ✓ IFRS 9 'Financial instruments', effective for periods beginning on or after 1 January 2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
- ✓ 'Annual improvements (2012 cycle)' with minor amendments to eight standards, effective for periods beginning on or after 1 July 2014. The amendments relate to IFRS 2 'Definition of vesting condition', IFRS 3 'Accounting for contingent consideration in a business combination', IFRS 8 'Aggregation of operating segments', 'IFRS 8 'Reconciliation of the total of the reportable segments' assets to the entity's assets', IFRS 13 'Short-term receivables and payables', IAS 7 'Interest paid that is capitalised', IAS 16/IAS 38 'Revaluation method—proportionate restatement of accumulated depreciation' and IAS 24 'Key management personnel'.
- ✓ 'Annual improvements (2013 cycle)' in response to four issues addressed during the 2011-2013 cycle, effective for periods beginning on or after 1 July 2014. The amendments include IFRS 1 'Meaning of effective IFRSs', IFRS 3 'Scope exceptions for joint ventures', IFRS 13 'Scope of paragraph 52 (portfolio exception)' and IAS 40 'Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property'.
- ✓ IFRS 14 'Regulatory deferral accounts', effective for periods beginning on or after 1 January 2016. It concerns an interim standard on the accounting for certain balances that arise from rate–regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance

on selecting and changing accounting policies (on first–time adoption or subsequently) and on presentation and disclosure.

- ✓ Amendment to IAS 19 'Defined benefit plans', effective for periods beginning on or after 1 July 2014. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.
- ✓ Amendment to IFRS 9 'financial instruments' on general hedge accounting, effective for periods beginning on or after 1 January 2018. The amendment incorporates the new general hedge accounting model which will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. These amendments also impact IAS 39 and introduce new disclosure requirements for hedge accounting, thereby impacting IFRS 7, irrespective of the fact whether hedge accounting requirements under IFRS 9 or IAS 39 are used.
- ✓ Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation, effective for periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- ✓ Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortisation, effective for periods beginning on or after 1 January 2016. In this amendment the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

The Company anticipates that the above-mentioned Standards and Interpretations will not have a significant impact on the financial statements of the Company in the period of initial application.

The financial statements have been established assuming the Company is in a state of going concern.

2.2. Segment reporting

The Company does not distinguish different segments, neither business nor geographical segments which is in accordance with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following area are areas where key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Going concern

The Special purpose condensed interim results of the period three months ended March 31,2014 of arGEN-X show a negative result, and the balance sheet includes a loss carried forward. The Board has examined the statements and accounting standards.
Taking into account the still solid cash position, and the favourable outlook of developments, the Board is of the opinion that it can submit the annual accounts on a going concern basis.
The Board is also of the opinion that additional financing could be obtained, if required.
Whilst the current cash position is sufficient for the Company's immediate and mid-term needs, the Board points out that if the R&D activities continue to bring added value, arGEN-X may seek additional funding to support the continuing development of its products or to be able to execute other business opportunities.

3.1. Equity

The share capital of the company is divided in ordinary shares, preferred shares, cumulative convertible preferred A shares, cumulative convertible preferred B1 shares and cumulative convertible preferred B2 shares.

Roll forward of number of shares outstanding

Number of shares outstanding as per 31/12/2013	**465,597**
Series A finance round 01/08/2009	182,858
Series B1 finance round on 1/11/2011	156,251
Series B2 finance round on 1/07/2013	89,286
Series B2+ finance round on 1/10/2013	37,202
No movements during the quarter	0
Number of shares outstanding as per 31/03/2014	**465,597**

As of 31 March 2014, 18,000 ordinary shares, 22,000 preferred shares, 142,858 cumulative convertible preferred A shares, 156,251 cumulative convertible preferred B1 shares, 89,286 cumulative convertible preferred B2 shares and 37.202 cumulative convertible preferred B2+ shares were issued and fully paid up.

The preferred shares, the cumulative convertible preferred A shares, the cumulative convertible preferred B1, B2 and B2+ shares have special rights in the event of the liquidation of the company, a sale, merger or other change of control of the company. In those events the holders of these shares will have a preferred position in relation to the proceeds of such event.
The A and B, refer to the different financing rounds of the company. The B-financing round happened in 2 tranches (B1 and B2) and was extended in October 2013 with a new investor coming on board (B2+).

There are no preferred voting rights attached, the preferences contain special rights over the common shares in terms of distribution of dividends and preserve extra added value in case of liquidation events.

The par value per share amounts 1,00 EUR per share.

3.2. Share-based payments

The Company has a share option scheme for the employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders, employees may be granted options to purchase ordinary shares at an exercise price as mentioned below per ordinary share.

On May 10, 2010 (10,337), November 30, 2010 (6,246), February 1, 2011 (380), May 23, 2013 (30,574) and December 4, 2013 (17,475) a total of 65.012 share options were granted to and accepted by the beneficiaries. Of these 65,012 share options, no share options expired and no share options have been exercised as of March 31, 2014.

The share options are granted to employees, consultants or directors of the Company and its subsidiaries. The share options have been granted free of charge. Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The share options granted vest, in principle, as follows:

(i) 1/3rd of the share options granted will vest on the first anniversary of the granting of the share options, and

(ii) 1/24th of the remaining 2/3rd of the share options granted will vest on the last day of each of the 24 months following the month of the first anniversary of the granting of the share options.

No other conditions are attached to the share options.

The following share-based payment arrangements were in existence during the current and prior years and which are exercisable at closing of each period presented:

Expiry date	Exercise price per share option *(in EUR)*	Oustanding share options 31/03/2014	31/12/2013
2019	52.50	15,484	15,484
2020	52.50	1,099	1,099
2021	52.50	380	380
2021	32.43	30,574	30,574
2021	32.43	17,475	17,475
		65,012	**65,012**

The fair market value of the Ordinary Shares has been determined based on an expected returns valuation model, which considers the discounted present value of a range of future exit proceeds for the underlying Ordinary Shares, based on various forecast scenario's weighted by the probability of such scenarios occurring.

A first step was to determine an appropriate set of exit scenarios. The transaction value of such scenarios was determined by reference to transactions of companies in the same field of activity and in the same stage of their development. The next step was to deduct from the transaction values amounts payable to preference shares that take priority to the Ordinary Shares of the Company to arrive at the forecast exit proceeds for each of the scenarios. These exit proceeds are then discounted back to arrive at their net present value and the outcome of the above was further decreased to take into account discounts for the lack of control and lack of marketability of the Ordinary Shares. This range of values is then individually probability weighted to arrive at an overall fair market value for the Ordinary Shares and a fair market value per Ordinary Shares.

No share options were exercised or expired during the year (2013: nil; 2012: nil; 2011: nil) nor the first quarter of 2014.

4. Notes to the statement of comprehensive income

4.1. Revenue

(in thousands of euros)	Three months ended March 31, 2014	Three months ended March 31, 2013
License fees	22	22
Milestone payments	0	19
Research and development service fees (FTE)	319	395
Total	**341**	**437**

License fees, milestone payments and research and development service fees are recognised according to the accounting principles set by the company.

Deferred revenue on the statement of financial position relate to the deferral of upfront licence fees regarding R&D projects. As such, in accordance with the accounting principles, upfront payments that are deemed attributable to subsequent research and development work are initially recognized as deferred income and recognised over the expected period of continuing involvement.

4.2. Other operating income

(in thousands of euros)	Three months ended March 31, 2014	Three months ended March 31, 2013
IWT government grants	224	232
Grants on employment	169	131
R&D tax incentives	103	75
	496	**439**

IWT government grants

IWT, the agency for Innovation by Science and Technology of the Flemish government, provided arGEN-X with several grants.

arGEN-X Group received a fixed percentage of the expenses incurred in the following R&D projects at period end March 31, 2014:

1) IWT 1
Grantor: IWT

Start date:	01/09/2009
End date:	31/10/2011
Amount granted and approved by IWT:	1,308 KEUR
Amount received:	1,308 KEUR

2) IWT 2
Grantor: IWT

Start date:	01/04/2010
End date:	31/03/2012
Amount granted and approved by IWT:	1,569 KEUR
Amount received:	1,569 KEUR

3) IWT 3
Grantor: IWT

Start date:	01/08/2011
End date:	31/07/2013
Amount granted and approved by IWT:	1,326 KEUR
Amount received:	1,326 KEUR

4) IWT - TGO
Grantor: IWT

Start date:	01/01/2013
End date:	31/12/2016
Amount granted and approved by IWT:	2,697 KEUR
Amount received:	1,536 KEUR

No conditions related to the government grant assistance are unfulfilled, nor are there any contingencies related thereon at the date of the approval of these financial statements.

Other incentives

- arGEN-X received 169 KEUR in the first quarter of 2014 (Q1 2013: 131 KEUR) as a reduction in withholding taxes for its high-qualified R&D personnel.
- arGEN-X has accounted for a tax receivable of 103 KEUR in the first quarter of 2014 (Q1 2013: 75 KEUR) following an R&D incentive scheme in Belgium according to which the incentive will be refunded after a 5 year period, if not offset against the taxable basis over the respective period. (see also note 5.4)

4.3. Research and development expenses

(in thousands of euros)	Three months ended March 31, 2014	Three months ended March 31, 2013
Personnel expense	731	723
Depreciation and amortisation	20	25
Research expenses	1,161	1,454
Materials and consumables	123	111
Other expenses	96	15
	2,132	**2,329**

In 2012, two of the companies' programs (ARGX 110 and ARGX 111) were introduced for Clinical Trials. These studies (first in Human) start with the production on a large scale of patient material for both drugs. Material production, storage and supply come with a significant higher R&D cost compared to the previous years. At the end of 2012, there was also a CRO selected to lead the Clinical Trials. The company evolved from Discovery stage to Clinical stage.
This evolution continued in 2014, with a third program introduced in pre-clinical development.

4.4. Income taxes

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2014 is 0% as the company is currently in a loss making position.

5. Financial instruments and financial risk management

5.1. Overview of financial instruments

(in thousands of euros)	Three months ended March 31, 2014	Year ended December 31, 2013
Non-current financial assets	1	1
Financial assets available for sale	*1*	*1*
Trade and other receivables	881	1,100
Other financial assets	500	500
Cash and cash equivalents	20,415	22,720
Loans and receivables	*21,797*	*24,321*
Total financial assets	**21,797**	**24,321**
Non-current financial liabilities	0	0
Current financial liabilities	0	0
Trade and other payables	2,259	2,853
Financial liabilities at amortised cost	*2,259*	*2,853*
Total financial liabilities	**2,259**	**2,853**

The financial assets and liabilities presented above are all, except for the non-current financial assets, loans and receivables carried at amortised costs. Due to the current nature of the financial

assets and liabilities, the fair value of all financial assets and liabilities presented above approximates their fair value (level 2).

5.2. Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Company consists of limited financial debt, cash and cash equivalents and short-term investments and equity attributed to the holders of equity instruments of the Company, such as capital, reserves and retained earnings as mentioned in the Special purpose condensed interim statement of changes in equity. The Company makes the necessary adjustments in the light of changes in the economic circumstances, risks associated to the different assets and the projected cash needs of the current and projected research activities. The current cash situation and the anticipated cash generation and cash burn are the most important parameters in assessing the capital structure. The Company objective is to maintain the capital structure at a level to be able to finance its activities for at least twelve months. Cash income from existing and new partnerships is taken into account and, if needed and possible, the Company can issue new shares or enter into financing agreements.

5.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group has a limited number of collaboration partners and therefore has a significant concentration of credit risk. However, it has policies in place to ensure that credit exposure is kept to a minimum and significant concentrations of credit exposure are only granted for short periods of time to high credit quality collaboration partners.

Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Cash and cash equivalent and short-term deposits are invested with highly reputable banks and financial institutions. The Group holds its cash and cash equivalents at Rabobank, Deutsche Bank and KBC Bank which are independently rated with a minimum rating of ‘A’.
The maximum credit risk, to which the Group is theoretically exposed as at the balance sheet date, is the carrying amount of the financial assets.
At the end of the reporting period no financial assets were past due, consequently no financial assets were subject to impairment.

5.4. Liquidity risk

The Group manages 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.

The Group’s main sources of cash inflows are obtained through capital increases and collaboration agreements. Cash is invested in low risk investments such as short-term bank deposits.
All financial liabilities have a maturity within 3 months unless otherwise disclosed in these financial statements.

5.5. Interest rate risk

The Group is limited exposed to interest rate risk as the Group entities do not hold significant interest-bearing borrowings.

5.6. Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The Group is mainly exposed to the US Dollar and GBP.

The net exposure to exchange differences of the monetary assets (being cash and cash equivalents)of the Group at the end of the reporting period are as follows:

(in thousands of euros)	Three months ended March 31, 2014	Year ended December 31, 2013
USD	2,298	2,060
GBP	22	35

If the USD/EUR exchange rate would increase/decrease with 10%, this would have negative/positive impact of 209 KEUR per March 31, 2014 (2013: 187 KEUR). If the GBP/EUR exchange rate would increase/decrease with 10%, this would have negative/positive impact of 2 KEUR per March 31, 2014 (2013: 3).
10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

6. Other disclosures

6.1. Related party transactions

The shareholders of the Company are several minority investors and venture capitalists which individually do not hold a significant stake in the Company. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. There were no transactions with related parties during the period, other than compensation of key management personnel.

6.2. Contingencies

The Group is currently not facing any outstanding litigation that might have a significant adverse impact on the Group's financial position.

6.3. Commitments

At closing date, there were no commitments signed for the acquisition of property, plant and equipment or intangible assets. Furthermore, no commitment for a new collaboration agreement has been set up at year-end.

6.4. Overview of consolidation scope

The parent company arGEN-X NV is domiciled in the Netherlands.

Details of the Group's subsidiaries at the end of the reporting period are as follows.

Name	Registration number	Country	Participation	Main activity
arGEN-X 110 BV	853245496	Netherlands	100.00%	Biotechnical research on drugs and pharma processes
arGEN-X 111 BV	853245332	Netherlands	100.00%	Biotechnical research on drugs and pharma processes
ArGEN-X BVBA	0818292196	Belgium	100.00%	Biotechnical research on drugs and pharma processes

6.5. Events after the balance sheet date

- On 28 May 2014 the Company announced the initiation of a collaboration with Bayer Pharma AG (Bayer), leveraging arGEN-X's SIMPLE Antibody™ technology for the discovery and development of therapeutic antibodies. With this collaboration the company will apply its SIMPLE Antibody™ technology to multiple targets submitted by Bayer. The parties will work together to validate human antibody leads in disease-relevant models, with Bayer being responsible for further preclinical and clinical development and commercialization of therapeutic antibody products. Under the terms of the agreement, Bayer will pay the Company an upfront technology access fee, research support and technical success-based milestones. Bayer will also pay clinical, regulatory and product sales-based milestones as antibody programs progress through clinical development and registration.

- On June 4, 2014 the Company announced it has entered into a long-term strategic alliance with Shire Pharmaceuticals. Under the agreement, the Company will bring its entire suite of human antibody discovery technologies to a partnership focused on multiple targets aligned with Shire's therapeutic focus. The multi-year initiative aimed at helping augment the Shire development pipeline follows an initial research and development collaboration undertaken in March 2012. Shire will make a total investment of €15 million (US$20.4 million) in arGEN-X, consisting of €3 million upfront in cash and €12 million in equity. In addition, it will fund the collaborative research programs at arGEN-X and pay fees, clinical, regulatory and sales milestones, as well as single digit royalties on therapeutic product sales. Shire will be responsible for clinical development and commercialization of products, with the Company having the right to license any programs not pursued by Shire into its own development pipeline.

- On June 10 2014 the Company announced it has entered into a partnership with The Leukemia & Lymphoma Society (LLS) in which both parties will contribute to the funding of a Phase 2 clinical study of the Company's lead candidate, ARGX-110, in patients with refractory Waldenström's macroglobulinemia (WM). Under the agreement, both parties will contribute funding, of up to $2.2 million and totalling $4.5 million. arGEN-X plans to submit an Investigational New Drug (IND) application with the U.S. Food and Drug Administration (FDA) in the second half of 2014. The study is expected to begin in the second half of 2014.

- On June 10 2014 the Company announced its intention to raise new funds through an Initial Public Offering on Euronext Brussels. The Initial Public Offering is expected to consist of an offering of new shares.

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Review report

To: the directors of arGEN-X N.V.

Introduction

We have reviewed the accompanying special purpose condensed interim financial information for the three-month period ended 31 March 2014 of arGEN-X N.V., Breda, which comprises the special purpose condensed statement of financial position as at 31 March 2014, the special purpose condensed statement of comprehensive income, the special purpose condensed statement of changes in equity, the special purpose condensed statement of cash flows and the selected explanatory notes for the three-month period then ended. Management is responsible for the preparation and presentation of this (special purpose condensed) interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying special purpose condensed interim financial information as at 31 March 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

PricewaterhouseCoopers Accountants N.V., Flight Forum 840, 5657 DV Eindhoven, P.O. Box 6365, 5600 HJ Eindhoven, The Netherlands
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Basis of preparation and restriction of use

We draw attention to paragraph 2.1 'Statement of compliance and basis of preparation' of the special purpose financial information, which describes the basis of preparation. The special purpose financial information and our review report are intended solely for the Board of Directors of arGEN-X N.V. for including these in the prospectus made for the initial offering of ordinary shares and are not suitable for any other purpose. Our report is not qualified in respect of this matter.

Eindhoven, 13 June 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.M.N. Admiraal RA

Ref.: e0327756a

Special purpose consolidated financial statements

For the period ended

December 31, 2013, 2012 and 2011

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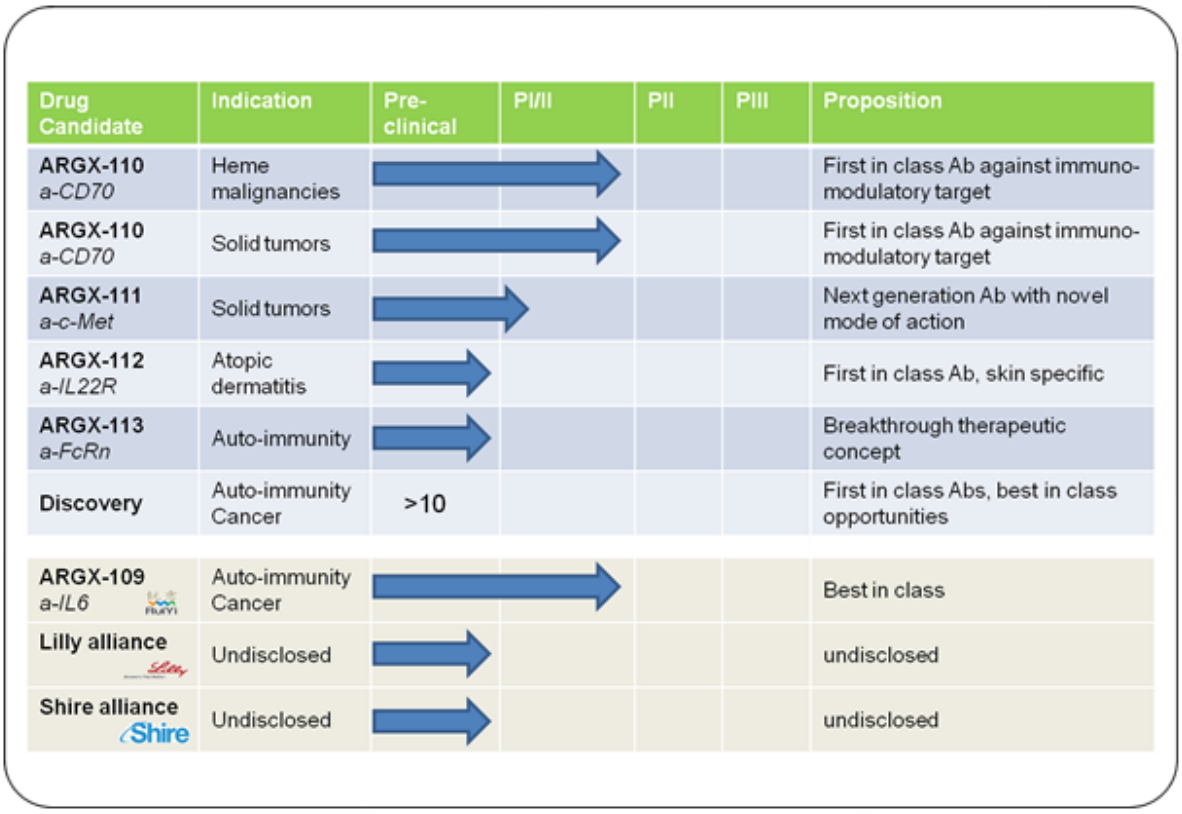
A. GENERAL INFORMATION

arGEN-X is a clinical stage human monoclonal antibody therapeutics company.
Our strengths are the proven power of our unique SIMPLE Antibody™ platform combined with the complementary expertise of our people. We are rapidly creating and developing a pipeline of differentiated antibody therapeutics using our suite of powerful, cutting-edge technologies.
Our unique capabilities have enabled us to build a clinical-stage portfolio of novel product candidates – tailored from discovery through development to address patient and payer needs.
We apply our unique suite of human antibody technologies to disease targets that are underserved in the biotherapeutics space. Combining our technology strengths with our antibody development capabilities and the complementary skills of our scientists enables us to create highly differentiated antibody programs - for our own pipeline and in collaboration with our partners.
We are positioned to lead in the dynamic human antibody product space
Our antibody discovery platform, SIMPLE Antibody™, delivers human antibodies with distinctive therapeutic qualities against even the most challenging disease targets. Having the power to break into unchartered target territory is taking us beyond the boundaries of traditional antibody technologies.
Complementing the strengths of SIMPLE Antibody™, our state-of-the-art capabilities in Fc engineering (NHance™, ABDEG™ and POTELLIGENT®) are creating antibody programs with first- and/or best-in-class therapeutic product potential.

We have rapidly developed our pipeline of novel antibody therapeutics, each with a differentiated product profile in mind. Our products, focused on cancer and autoimmune indications, are designed and created to be first- or best-in-class – delivering real benefits to patients with these diseases.



The phenomenal commercial success of therapeutic antibodies has been a defining factor in the growth of global pharmaceuticals.
Antibodies are well-established amongst the largest selling pharmaceutical products worldwide and demand is high for novel and improved antibody-based products. While antibody discovery technology is now commonplace, we at arGEN-X specialize in the discovery and development of first- and best-in-class human antibody therapeutics.
Our world-leading proprietary antibody platform and experience in antibody discovery and development enables us to tackle any disease target, including novel proteins whose mode of action in disease is incompletely validated.
Some of our programs are setting precedents for antibody-based intervention – giving us the opportunity to be first to market.
We have a track record of success with complex receptors and highly conserved targets which have often proven intractable with other antibody technologies.
Competition for well-validated targets in the antibody therapeutics space is fierce. Recognizing this, we at arGEN-X focus specifically and selectively on antibody candidates with best-in-class attributes. From fully human composition, all the way through to convenient patient dosing and attractive pharmacoeconomics, we apply rigorous antibody candidate choice to development of our own products and to sustaining the pipelines of our partners.

B. SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(in thousands of euros)*	Note	31/12/2013	31/12/2012	31/12/2011	1/01/2011
Non-current assets		**586**	**341**	**287**	**272**
Intangible assets	5.1	0	0	12	30
Property, plant and equipment	5.2	120	176	275	242
Financial assets	5.3	1	1	0	0
Tax receivables	5.4	466	164	0	0
Current assets		**24,427**	**16,997**	**24,357**	**8,763**
Trade and other receivables	5.5	1,100	431	761	1,021
Other financial assets	5.6	500	1,050	0	0
Prepaid expenses	5.7	106	85	51	4
Cash and cash equivalents	5.8	22,720	15,430	23,544	7,738
TOTAL ASSETS		**25,013**	**17,338**	**24,644**	**9,035**

EQUITY AND LIABILITIES *(in thousands of euros)*	Note	31/12/2013	31/12/2012	31/12/2011	1/01/2011
Equity					
Equity attributable to owners of the parent					
Share capital		466	339	339	183
Share premium		45,304	30,431	30,431	13,335
Retained earnings		(25,491)	(19,360)	(9,662)	(6,197)
Other reserves		1,426	1,181	417	219
		21,704	**12,591**	**21,525**	**7,540**
Total equity	5.9	**21,704**	**12,591**	**21,525**	**7,540**
Non-current liabilities		**0**	**0**	**0**	**0**
Current liabilities		**3,309**	**4,747**	**3,119**	**1,495**
Financial liabilities	5.10	0	1,692	1,692	0
Trade and other payables	5.11	2,853	2,624	1,427	1,245
Deferred revenue	5.12	456	431	0	250
Total liabilities		**3,309**	**4,747**	**3,119**	**1,495**
TOTAL EQUITY AND LIABILITIES		**25,013**	**17,338**	**24,644**	**9,035**

The notes are an integral part of these consolidated financial statements.

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(in thousands of euros)*	Note	2013	2012	2011
Revenue	6.1	2,677	1,651	1,125
Other operating income	6.2	2,577	1,380	1,956
Total operating income		**5,254**	**3,032**	**3,081**
Research and development expenses	6.3	(9,352)	(11,065)	(4,824)
General and administrative expenses	6.4	(2,132)	(2,017)	(1,897)
Operating profit/(loss)		**(6,230)**	**(10,051)**	**(3,640)**
Financial income	6.7	186	349	158
Financial expenses	6.7	(4)	(2)	(1)
Exchange gains/(losses)	6.7	(83)	6	17
Result Profit/(loss) before taxes		**(6,131)**	**(9,698)**	**(3,465)**
Income tax (income/expense)	6.7	0	0	0
PROFIT/LOSS FOR THE PERIOD		**(6,131)**	**(9,698)**	**(3,465)**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD		**(6,131)**	**(9,698)**	**(3,465)**
Weighted average number of ordinary shares outstanding		18,000	18,000	18,000
Basic and diluted loss per ordinary share (in €)		(341)	(539)	(193)

There are no non-controlling interests in the Group.

The notes are an integral part of these consolidated financial statements.

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED CASHFLOW STATEMENT *(in thousands of euros)*	Note	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating result		**(6,230)**	**(10,051)**	**(3,640)**
Adjustments for non-cash items				
Amortisation of intangible assets		0	12	18
Depreciation of property, plant and equipment		121	186	204
Expense recognised in respect of share-based payments		245	764	199
		(5,864)	**(9,089)**	**(3,219)**
Movements in working capital				
Increase/decrease in trade and other receivables		(971)	166	260
Increase/decrease in other financial assets		550	(1,050)	0
Increase/decrease in other current assets		(21)	(34)	(47)
Increase/decrease in trade and other payables		229	1,196	183
Increase/decrease in deferred revenue		25	431	(250)
Cash generated from/(used in) operating activities		**(6,052)**	**(8,380)**	**(3,073)**
Interests paid		(4)	(2)	(1)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(6,056)**	**(8,383)**	**(3,074)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets		0	0	(1)
Purchase of property, plant and equipment		(65)	(87)	(237)
Interest received		186	349	158
NET CASH FLOWS FROM INVESTING ACTIVITIES		**121**	**262**	**(80)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		13,308	0	19,192
Transaction costs for equity issue		0	0	(248)
Proceeds from borrowings		0	0	0
Repayment of borrowings		0	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		**13,308**	**0**	**18,944**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**7,373**	**(8,120)**	**15,790**
Cash and cash equivalents at the beginning of the period		**15,430**	**23,544**	**7,738**
Exchange gains/(losses) on cash & cash equivalents		(83)	6	17
Cash and cash equivalents at the end of the period		**22,720**	**15,430**	**23,544**

The notes are an integral part of these consolidated financial statements.

SPECIAL PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Attributable to owners of the parent					Non-controlling interests	TOTAL EQUITY
	Share capital	Share premium	Retained earnings	Other reserves: Equity-settled share-based payment reserve	Total equity attributable to owners of the parent		
Balance at 1 January 2011	**183**	**13,335**	**(6,197)**	**219**	**7,540**		**7,540**
Total comprehensive income of the period			(3,465)		**(3,465)**		(3,465)
Issue of share capital	156	17,344			**17,500**		17,500
Transaction costs for equity issue		(248)			**(248)**		(248)
Share-based payment				199	**199**		199
Balance at 1 January 2012	**339**	**30,431**	**(9,662)**	**417**	**21,525**	**0**	**21,525**
Total comprehensive income of the period			(9,698)		**(9,698)**		(9,698)
Issue of share capital					**0**		0
Transaction costs for equity issue					**0**		0
Share-based payment				764	**764**		764
Balance at 1 January 2013	**339**	**30,431**	**(19,360)**	**1,181**	**12,591**	**0**	**12,591**
Total comprehensive income of the period			(6,131)		**(6,131)**		(6,131)
Issue of share capital	126	14,873			**15,000**		15,000
Transaction costs for equity issue					**0**		0
Share-based payment				245	**245**		245
Balance at 31 December 2013	**466**	**45,304**	**(25,491)**	**1,426**	**21,704**	**0**	**21,704**

The notes are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR 2013

1. General information

arGEN-X NV (the Company) is a company incorporated in the Netherlands. The addresses of its registered office and principal place of business are disclosed in the part on General Information. The principal activities of the Company and its subsidiaries (the Group) are described in note 8.4.

The following financial statements were authorized for issue by the Board of Directors meeting on Wednesday June 11, 2014.

2. Summary of significant accounting policies

2.1. Statement of compliance and basis of preparation

These special purpose financial statements are prepared to be included in the prospectus related to the initial offering of ordinary shares of arGEN-X NV and are not the statutory financial statements of the Company.
"The special purpose consolidated financial statements have been prepared in compliance with IFRS as adopted by European Union. The accounting policies described in Note 2 to our consolidated financial statements have been applied in preparing the consolidated financial statements for the year ended December 31, 2013, the comparative information for the year ended December 31, 2012 and December 31, 2011 and the opening IFRS consolidated statement of financial position as of the date of transition to IFRSs (January 1, 2011). Note 4 discloses the impact of the transition to IFRS on the company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the company's consolidated financial statements for the year ended December 31, 2013, December 31, 2012 and December 31, 2011 prepared under Dutch GAAP. The consolidated financial statements have been prepared under the historical cost convention. "

The principal accounting policies applied in the preparation of the above financial statements are set out below.

All amounts are presented in thousands of Euro, unless otherwise indicated, rounded to the nearest EUR '000.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2013

The Company elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued by the IASB but are not yet mandatory:

- IFRS 9 Financial Instruments and subsequent amendments (not yet endorsed in EU)
- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)

- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, not yet endorsed by EU)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 July 2014, but not yet endorsed in EU)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – Levies (applicable for annual periods beginning on or after 1 January 2014, but not yet endorsed in EU)

The Company anticipates that the above-mentioned Standards and Interpretations will not have a significant impact on the financial statements of the Company in the period of initial application.

The financial statements have been established assuming the Company is in a state of going concern.

2.2. Segment reporting

The Company does not distinguish different segments, neither business nor geographical segments which is in accordance with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors

2.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 – *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.4. Foreign currency transactions

(a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (*functional currency).* The financial statements are presented in Euro, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the income statement part of the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

2.5. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets related to software are amortised over 3 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.6. Property, plant and equipment

Items of property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Unless revised due to specific changes in the estimated useful life, annual depreciation rates are as follows:

- Office and lab equipment: 3-5 years
- IT equipment: 3 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7. Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.8. Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9. Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective

evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

A financial asset and a financial liability are offset if there is a legally enforceable right to set off the recognised amounts and if the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.10. Derivative financial instruments and hedging activities

The company has no derivative financial instruments, in all material respect, to hedge interest rate and foreign currency risk.

2.11. Trade receivables

Trade receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2.12. Other short term investments

Term deposits with an initial term of more than three months are held to maturity and measured at amortised cost.

2.13. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

For the purpose of the statements of cash flows, cash and cash equivalents includes cash on hand and deposits held at call or short term maturity with banks (three months or less), net of bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position.

2.14. Shareholder's equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Where the Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration

received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

2.15. Trade payables

Payables after and within one year are measured at amortised cost, i.e. at the net present value of the payable amount. Unless the impact of discounting is material, the nominal value is taken.

2.16. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is reasonably certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.17. Retirement benefits

The Company offers a post-employment, death, disability and healthcare benefit scheme. All employees have access to these schemes. The death, disability and healthcare benefits granted to employees of the Company are covered by an external insurance company, where premiums are paid annually and charged to the income statement as they were incurred. The post-employment pension plan granted to employees of the Company is a defined contribution plans. A defined contribution plan is a pension plan under which the Company pays a fixed contribution into a separate entity. The contributions are recognised as employee benefit expense when they are due".

Although defined contribution plans in Belgium are legally subject to a minimum guaranteed return according to Belgian legislation, the post-employment pension plans are accounted for as defined contribution plans, since the legally required return is basically guaranteed by the external insurance company. Nevertheless temporary small debt might occur.

Although temporary debt at this point might occur but given the non-material nature we do not consider this at this point in time as a liability to the Company.

2.18. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 5.13.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the

cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

2.19. Financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified as either “financial liabilities at fair value through profit or loss” or “other financial liabilities”.

The Company does not hold any financial liabilities at fair value through profit or loss.

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.20. Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of 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.

2.21. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (e.g. differences between carrying amounts under IFRS and the statutory tax bases). Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and if they relate to income taxes imposed by the same authority on the same taxable entity or in different tax entities that intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

2.22. Revenue recognition

The Group generates revenue from Industrial partnerships and from government grants.

Revenue is recognized when it is probable that future economic benefits will flow to the group and these benefits can be measured reliably. Further, revenue recognition requires that all significant risks and rewards of ownership of the goods included in the transaction have been transferred to the buyer or when the related services are performed and specific criteria have been met for each of the Group's activities as described below.

Industrial Partnerships

These industrial partnerships typically contain license fees, non-refundable up-front fees, research and development service fees and milestone payments. The revenue recognition policy for research projects can be summarised as follows:

- License fees are recognised when the Group has fulfilled all conditions and obligations. The license fee will not be recognised if the amount cannot be reasonably estimated and if the payment is doubtful. As the Group has a continuing involvement during the license period, license fees are recognised rateably over the term of the agreement.
- Non-refundable up-front fees for access to prior research results and databases are recognised when earned, if the Group has no continuing performance obligations and all conditions and obligations are fulfilled (this means after the delivery of the required information). If the Group has continuing performance obligations towards the client, the fee will be recognised on a

straight-line basis over the contractual performance period (with adjustment to the actual performance period at the end of the contract or at the actual termination date).

- Research and development service fees are recognised as revenue over the life of the research agreement as the required services are provided and costs are incurred. These services are usually in the form of a defined number of full-time equivalents (FTE) at a specified rate per FTE.
- Commercial collaborations resulting in a reimbursement of research and development (R&D) costs are recognised as revenue as the related costs are incurred. The corresponding research and development expenses are included in research and development expenses in the consolidated financial statements.
- Milestone payments are recognised as revenue upon the achievement of the milestone, when all conditions attached have been fulfilled.
- Royalty income from licenses is based on third-party sales of licensed products and is recognized in accordance with contract terms when third-party results are available and are deemed to be reliable. Royalty estimates are made in advance of amounts collected using preliminary sales data received from the third-party.

Deferred income reflects the part of revenue that has not been recognized as income immediately on receipt of payment and which concerns agreements with multiple components which cannot be separated. Deferred income is measured at nominal value.

Government grants

Grants related to research projects received from governmental agencies are recognised at their fair value over the period necessary to match them with the costs that they are intended to compensate, and when there is reasonable assurance the Group will comply with the conditions attached to the grants, but not prior to the formal grant approval. These grants are presented in the income statement as a separate category of other operating income.

2.23. Earnings per share

Basic net profit/(loss) per share is computed based on the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

Diluted net profit/(loss) per share is computed based on the weighted-average number of ordinary shares outstanding including the dilutive effect of warrants. Warrants should be treated as dilutive, when and only when their conversion to ordinary shares would decrease net profit per share from continuing operations.

2.24. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following area are areas where key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Going concern

The 2013 consolidated results of arGEN-X show a negative result, and the statement of financial position includes a loss carried forward. The Board has examined the statements and accounting standards.
Taking into account the still solid cash position, and the favourable outlook of developments, the Board is of the opinion that it can submit the annual accounts on a going concern basis.
The Board is also of the opinion that additional financing could be obtained, if required.
Whilst the current cash position is sufficient for the Company's immediate and mid-term needs, the Board points out that if the R&D activities continue to bring added value, arGEN-X may seek additional funding to support the continuing development of its products or to be able to execute other business opportunities.

- Revenue recognition

Evaluating the criteria for revenue recognition with respect to the group's research and development and collaboration agreements requires management's judgment to ensure that all criteria have been fulfilled prior to recognizing any amount of revenue. In particular, such judgments are made with respect to determination of the nature of transactions, whether simultaneous transactions shall be considered as one or more revenue-generating transactions, allocation of the contractual price (upfront and milestone payments in connection with a collaboration agreement) to several elements included in an agreement, and the determination of whether the significant risks and rewards have been transferred to the buyer.
Collaboration agreements are reviewed carefully to understand the nature of risks and rewards of the arrangement. All the group's revenue-generating transactions have been subject to such evaluation by management.

- Recognition of development costs as intangible assets

According to IAS 38 – *Intangible Assets*, intangible assets arising from development projects should be recognised in the statement of financial position. The criteria that must be met for capitalisation are detailed in paragraph 2.5 of the accounting policies. Such an intangible asset should be recognised if sufficient certainty can be documented that the future income from the development project will exceed the aggregate cost of production, development and the sale and administration of the product. Management considers that is not the case at closing date.

- Useful lives of property, plant and equipment

Depreciation, which is stated at cost net of any residual value, is calculated on a straight-line basis over the expected useful lives of the assets, which are detailed in paragraph 2.8 of the accounting policies. The useful lives and residual values are reviewed and adjusted if appropriate on a yearly basis. Assets under construction are not depreciated.

- Measurement of share-based payments

In accordance with IFRS 2 – *Share-based Payment*, the fair value of the options at grant date is recognised as an expense in the statement of comprehensive income over the vesting period, the period of delivery of work. Subsequently, the fair value equity-settled is not re-measured.
The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions, which are detailed in note 5.13.

- Recognition of deferred tax assets

Deferred tax assets are recognised only if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future.
This judgment is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives.
Since inception, the Company has reported losses, and as a consequence, the Company have unused tax losses. Therefore, management has concluded that deferred tax assets should not be recognised as of December 31, 2013. The deferred tax assets are currently not deemed to meet the criteria for recognition as management is not able to provide any convincing positive evidence that deferred tax assets should be recognised.

4. Transition to IFRS

The financial statements for the period ended 31 December 2013 of arGEN-X are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The IFRS accounting framework replaces the previous accounting framework in accordance with Dutch GAAP.

These first annual financial statements include comparative information for the period ended 31 December 2012 and 31 December 2011. Therefore, an opening statement of financial position as per 1 January 2011 has been prepared in accordance with IFRS. This date represents the date of transition to IFRS and is the date at which the impacts of the changes in accounting policies are recognised against equity (*retained earnings*) in accordance with IFRS 1 – *First-time adoption of IFRS*.

The objective of this note is to provide information on the effect of the adoption of IFRS on arGEN-X's financial statements as previously published in accordance with Dutch GAAP. The note consists of the following:

- A reconciliation of the consolidated equity under Dutch GAAP at 1 January 2011 (i.e. date of transition), 31 December 2011 and 31 December 2012 to the consolidated equity under IFRS at the same dates;
- A reconciliation of the consolidated result under Dutch GAAP at 31 December 2011 and 31 December 2012 to the consolidated result under IFRS at the same dates;
- Explanations supporting the reconciliations and the IFRS financial information

The reconciling items between Dutch GAAP and IFRS represent changes in accounting policies. No errors were noted under Dutch GAAP that would have required separate disclosure under IFRS 1.

A reconciliation between the cashflow statement as would have been prepared under Dutch GAAP and IFRS is not included in these financial statements as the differences concern non-cash items and consequently do not affect the cashflowstatement as such.

4.1. Overview

The application of IFRS on the statement of financial position per 1 January 2011 decreased equity with 250 KEUR. The main impacts on equity result from the deferral of revenue and the recognition of share-based payment transactions as mentioned below.

4.2. Transition options retained

As a first-time adopter of IFRS in 2013, the Company has prepared the opening statement of financial position on 1 January 2011, the transition date to IFRS, in accordance with IFRS 1. The Company has not retained any specific exemption from the options offered by IFRS 1 for the application of IFRS at the date of transition.

4.3. IFRS adjustments

Based on the requirements of IFRS, the statement of financial position as per 31 December 2010 has been restated for the preparation of the opening statement of financial position in accordance with IFRS applicable for annual periods starting on 1 January 2013, i.e. the first year published in accordance with IFRS. In accordance with IFRS, the impacts resulting from the application of the new accounting framework have been recognized against the opening equity (*retained earnings*) as per 1 January 2011. However, certain adjustments did not have an impact on equity. These are also disclosed in below.

On 1 January 2011, equity decreased from 7,790 KEUR under Dutch GAAP to 7,540 KEUR under IFRS, i.e. an decrease of 250 KEUR. This decrease is detailed in the following table:

IFRS Adjustments *(in thousands of euros)*	Reference	Equity per 01/01/2011	Result 2011	Other comprehensive income 2011	Other movements 2011	Equity per 31/12/2011
Consolidated Dutch GAAP		**7,790**	**(3,516)**	**0**	**17,252**	**21,525**
Share-based payments	(1)	0	(199)	0	199	0
Revenue	(2)	(250)	250	0	0	0
Deferred taxes	(3)	0	0	0	0	0
Total IFRS adjustments		**(250)**	**51**	**0**	**199**	**0**
Consolidated IFRS		**7,540**	**(3,465)**	**0**	**17,451**	**21,525**

IFRS Adjustments *(in thousands of euros)*	Reference	Equity per 31/12/2011	Result 2012	Other comprehensive income 2012	Other movements 2012	Equity per 31/12/2012
Consolidated Dutch GAAP		**21,525**	**(8,745)**	**0**	**0**	**12,781**
Share-based payments	(1)	0	(764)	0	764	0
Revenue	(2)	0	(190)	0	0	(190)
Deferred taxes	(3)	0	0	0	0	0
Total IFRS adjustments		**0**	**(954)**	**0**	**764**	**(190)**
Consolidated IFRS		**21,525**	**(9,698)**	**0**	**764**	**12,591**

IFRS Adjustments *(in thousands of euros)*	Reference	Equity per 31/12/2012	Result 2013	Other comprehensive income 2013	Other movements 2013	Equity per 31/12/2013
Consolidated Dutch GAAP		**12,781**	**(5,974)**	**0**	**15,000**	**21,807**
Share-based payments	(1)	0	(245)	0	245	0
Revenue	(2)	(190)	88	0	0	(102)
Deferred taxes	(3)	0	0	0	0	0
Total IFRS adjustments		**(190)**	**(157)**	**0**	**245**	**(102)**
Consolidated IFRS		**12,591**	**(6,131)**	**0**	**15,245**	**21,704**

(1) Share-based payment

The Group issues share-option schemes to its employees. Under Dutch GAAP, the Group applied the intrinsic value method as its accounting policy for share-based payment. Due to the liquidation preferences attached to the preferred shares, the value of the options for common shares is nil in the consolidated financial statements under Dutch GAAP.

Instruments issued by the Group need to be measured at fair value at grant date and expensed over the vesting period. Depending on the way of settlement, the instrument is to be treated as follows:

- Equity settled: fair value not subsequently remeasured and expensed against equity

- Cash settled: fair value remeasured at each closing and expensed against liability

The share option scheme granted by the Group meets the definition of an equity-settled share-based payment in accordance with IFRS 2 – *Share-based Payment*.

As such, the fair value of the option has been measured using an expected returns valuation model, as further explained in note 5.13.

The recognition of the share-based payment transaction has no impact on net equity, but only impacts within equity, i.e. result of the period (personnel expenses) vs. the equity-settled share-based payment reserve.

(2) Revenue recognition

The recognition of revenue from industrial partnerships has been reviewed in the context of the IFRS conversion project. As such, it has been concluded that some revenue, more specific license fees for which the Group has a continuing involvement during the license period, should have been deferred in accordance with IAS 18 – *Revenue* as the significant risks and rewards related to the transactions were not yet completely transferred.

5. Notes relating to the special purpose statement of financial position

5.1. Intangible assets

(in thousands of euros)	Intangible fixed assets
Opening balance as at 1 jan 2011	
Purchase price	**55**
Accumulated depreciation	(25)
Bookvalue at the beginning of the year	**30**
Movements	
Investments	1
Depreciation	(18)
Closing balance as at 31 dec 2011	
Purchase price	**56**
Accumulated depreciation	(44)
Bookvalue at year end	**12**
Opening balance as at 1 jan 2012	
Purchase price	**56**
Accumulated depreciation	(44)
Bookvalue at the beginning of the year	**12**
Movements	
Investments	0
Depreciation	(12)
Closing balance as at 31 dec 2012	
Purchase price	56
Accumulated depreciation	(56)
Bookvalue at year end	**0**
Opening balance as at 1 jan 2013	
Purchase price	56
Accumulated depreciation	(56)
Bookvalue at the beginning of the year	**0**
Movements	
Investments	0
Depreciation	0
Closing balance as at 31 dec 2013	
Purchase price	56
Accumulated depreciation	(56)
Bookvalue at year end	**0**

The intangible assets concern software.
There are no commitments to acquire intangible assets.
No intangible assets are pledged as security for liabilities nor are there any intangible assets whose title is restricted.

5.2. Property, plant and equipment

Tangible fixed assets (in thousands of euros)	IT equipment	Office and lab equipment	Total
Opening balance as at 1 jan 2011			
Purchase price	**26**	**410**	**435**
Accumulated depreciation	(15)	(179)	**(194)**
Bookvalue at the beginning of the year	**11**	**231**	**242**
Movements			
Investments	5	232	**237**
Depreciation	(9)	(195)	**(204)**
Closing balance as at 31 dec 2011			
Purchase price	**30**	**642**	**672**
Accumulated depreciation	(23)	(374)	**(397)**
Bookvalue at year end	**7**	**268**	**275**
Opening balance as at 1 jan 2012			
Purchase price	**30**	**642**	**672**
Accumulated depreciation	(23)	(374)	**(397)**
Bookvalue at the beginning of the year	**7**	**268**	**275**
Movements			
Investments	11	76	**87**
Depreciation	(8)	(178)	**(186)**
Closing balance as at 31 dec 2012			
Purchase price	41	718	**759**
Accumulated depreciation	(32)	(552)	**(584)**
Bookvalue at year end	**9**	**167**	**176**
Opening balance as at 1 jan 2013			
Purchase price	41	718	**758**
Accumulated depreciation	(32)	(551)	**(583)**
Bookvalue at the beginning of the year	**9**	**167**	**176**
Movements			
Investments	1	64	**65**
Depreciation	(5)	(116)	**(121)**
Closing balance as at 31 dec 2013			
Purchase price	42	782	**824**
Accumulated depreciation	(37)	(667)	**(704)**
Bookvalue at year end	**5**	**115**	**120**

There are no commitments to acquire property, plant and equipment.
Furthermore, no items of property, plant and equipment are pledged.

5.3. Financial assets

In 2012, as part of a partner deal with Anaphore (now RuiYi) 750,000 shares were received by out-licensing ARGX-109 (see section A General information above for more information). The nominal value of the shares (being 0,001 USD per share, or 750 EUR) is considered as the best indication of the fair value and recorded as financial assets.
Furthermore, in 2013 a partnership with Fair Journey LDA (external party) was established as part of this deal the Company received 150 shares of Fair Journey LDA. The fair value of these shares is considered to be nihil provided the specifications of the shares involved.

5.4. Tax receivables

(in thousands of euros)	31/12/2013	31/12/2012	31/12/2011
Tax credit related to research and development expenditure under BE GAAP	466	164	0

The Company has accounted for a tax receivable of 466 KEUR following an R&D incentive scheme in Belgium under which the tax can be refunded after five years if not offset against taxable basis over that period. The R&D incentives are recorded in other operating income (see note 6.2) in the consolidated statement of comprehensive income. We expect to receive this amount gradually as from 2017 onwards.

5.5. Trade and other receivables

The trade and other receivables are composed of other receivables which are detailed below:

(in thousands of euros)	31/12/2013	31/12/2012	31/12/2011
VAT receivable	62	47	36
Trade receivables	290	0	0
Intrest receivable	32	337	146
IWT grants to receive	716	46	579
	1,100	**431**	**761**

Trade receivables consist of amounts due from research collaboration partners. The nominal amount of both trade and other receivables approximates the fair value. No trade receivables were past due at year-end 2013.

Other receivables mainly consist of interest to be received and taxes (VAT) to be recovered.
The IWT grant to receive consists of earned income from government grants for which no payments have been received but for which the relating expenditures have been incurred.

For more information on the government grants to receive from IWT we also refer to note 6.2

5.6. Other financial assets

The other financial assets in 2013 comprise a term deposit of 500 KEUR of the Group with an original maturity of 1 year. In 2012 the total amount of 1,050 KEUR comprised 2 term deposits with an original maturity of 1 year furthermore, there was a loan of 50 KEUR granted to Fair Journey at closing 2012 with a maturity of 1 year and which was fully paid back in 2013.
The fair value of these financial assets approximates their carrying amount.

5.7. Prepaid expenses

The other prepaid expenses are mainly sub-licence fees which were paid anticipatively, but relating to the next period.

5.8. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks.

5.9. Equity

The share capital of the company is divided in ordinary shares, preferred shares, cumulative convertible preferred A shares, cumulative convertible preferred B1 shares and cumulative convertible preferred B2 shares.

Roll forward of number of shares outstanding	
Number of shares outstanding as per 1/01/2011	182.858
Series B1 finance round on 1/11/2011	156.251
Number of shares outstanding as per 31/12/2011	339.109
Number of shares outstanding as per 31/12/2012	339.109
Series B2 finance round on 1/07/2013	89.286
Series B2+ finance round on 1/10/2013	37.202
Number of shares outstanding as per 31/12/2013	465.597

As of 31 December 2013, 18,000 ordinary shares, 22,000 preferred shares, 142,858 cumulative convertible preferred A shares, 156,251 cumulative convertible preferred B1 shares, 89,286 cumulative convertible preferred B2 shares and 37.202 cumulative convertible preferred B2+ shares were issued and fully paid up.

The preferred shares, the cumulative convertible preferred A shares, the cumulative convertible preferred B1, B2 and B2+ shares have special rights in the event of the liquidation of the company, a sale, merger or other change of control of the company. In those events the holders of these shares will have a preferred position in relation to the proceeds of such event.
The A and B, refer to the different financing rounds of the company. The B-financing round happened in 2 tranches (B1 and B2) and was extended in October 2013 with a new investor coming on board (B2+).

There are no preferred voting rights attached, the preferences contain special rights over the common shares in terms of distribution of dividends and preserve extra added value in case of liquidation events.

The par value per share amounts 1,00 EUR per share.

5.10. Financial liabilities

The financial liability of 1,692 KEUR in 2012 and 2011 consists of several interest-free conditional convertible notes issued in favor of investment funds managed by Omnes Capital (formerly Crédit Agricole Private Equity) , with a maturity of 1 year. No assets were pledged in 2011 and 2012 with respect to this interest-free note. The note could be converted into shares or reimbursed in cash at the discretion of the Group. Therefore, it has not been recognised and measured as a hybrid financial instrument in accordance with IAS 39. Provided the short term maturity and discount rate to be used the impact thereof on the fair value is considered not to be material consequently not adjusted. In 2013 the note was converted into preferred B2 shares.

5.11. Trade and other payables

(in thousands of euros)	31/12/2013	31/12/2012	31/12/2011
Trade payables	899	1,399	280
Accruals for invoices to receive	1,198	499	404
Short-term employee benefits	703	645	596
Accrued expenses	53	81	147
	2,853	**2,624**	**1,427**

The accruals for invoices to receive mainly consist out of late invoices received from (clinical) suppliers. The total amount of 1,198 KEUR contains an amount of 613 KEUR related to invoices to receive from third party clinical service provider Orion. The running clinical trials for ARGX110 and ARGX111(see section A general information) trigger invoices from the clinical sites, which are then recharged by the service provider. Due to the administrative backlog of the clinical sites, not all of these invoices were already received at 31 December 2013. Based on the best estimates of both management and the service provider, an accrual was booked of 613 KEUR for clinical services.

The fair value of trade payables approximate their carrying amount.

5.12. Deferred revenue

Deferred revenue relates to cash received from research collaboration agreements prior to completion of the earnings process. (see also note 6.1)

5.13. Share-based payments

On May 10, 2010 (10,337), November 30, 2010 (6,246), February 1, 2011 (380), May 23, 2013 (30,574) and December 4, 2013 (17,475) a total of 65.012 share options were granted to and accepted by the beneficiaries. Of these 65,012 share options, no share options have forfeited, expired or have been exercised as of December 31, 2013.

The share options are granted to employees, consultants or directors of the Company and its subsidiaries. The share options have been granted free of charge. Each employee share option converts into one ordinary share of the Company on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry (10 years from the date of grant).

The share options granted vest, in principle, as follows:

(i) 1/3rd of the share options granted will vest on the first anniversary of the granting of the share options, and

(ii) 1/24th of the remaining 2/3rd of the share options granted will vest on the last day of each of the 24 months following the month of the first anniversary of the granting of the share options.

No other performance conditions are attached to the share options.

The following share-based payment arrangements were in existence during the current and prior years:

Expiry date	Exercise price per share option *(in EUR)*	Oustanding share options		
		31/12/2013	31/12/2012	31/12/2011
2019	52.50	15,484	15,484	15,484
2020	52.50	1,099	1,099	1,099
2021	52.50	380	380	380
2021	32.43	30,574	0	0
2021	32.43	17,475	0	0
		65,012	**16,963**	**16,963**

No share options were exercised, forfeited or expired during the year (2013: nil; 2012: nil; 2011: nil). Of the options outstanding as of December 31, 2013, 50,309 options were exercisable (2012: 33,866; 2011: 12,421). The weighted-average exercise price for the options exercisable at the end of the period is EUR 39.19 (2012: EUR 42.22; 2011: EUR 52.50).

The fair market value of the Ordinary Shares has been determined based on an expected returns valuation model, which considers the discounted present value of a range of future exit proceeds for the underlying Ordinary Shares, based on various forecast scenario's weighted by the probability of such scenarios occurring.
A first step was to determine an appropriate set of exit scenarios. The transaction value of such scenarios was determined by reference to transactions of companies in the same field of activity and in the same stage of their development. The next step was to deduct from the transaction values amounts payable to preference shares that take priority to the Ordinary Shares of the Company to arrive at the forecast exit proceeds for each of the scenarios. These exit proceeds are then

discounted back to arrive at their net present value and the outcome of the above was further decreased to take into account discounts for the lack of control and lack of marketability of the Ordinary Shares. This range of values is then individually probability weighted to arrive at an overall fair market value for the Ordinary Shares and a fair market value per Ordinary Shares.

6. Notes to the special purpose statement of comprehensive income

6.1. Revenue

(in thousands of euros)	2013	2012	2011
License fees	183	582	250
Milestone payments	855	0	250
Research and development service fees (FTE)	1,639	1,069	625
Royalties	0	0	0
Recognition of deferred revenue	0	0	0
Other revenue	0	0	0
Total	**2,677**	**1,651**	**1,125**

License fees, milestone payments and research and development service fees are recognised according to the accounting principles set by the company.

Deferred revenue on the statement of financial position relate to the deferral of upfront licence fees regarding R&D projects. As such, in accordance with the accounting principles, upfront payments that are deemed attributable to subsequent research and development work are initially recognized as deferred income and recognised over the expected period of continuing involvement.

6.2. Other operating income

(in thousands of euros)	2013	2012	2011
IWT government grants	1,797	840	1,618
Grants on employment	478	377	337
R&D tax incentives	303	164	0
	2,577	**1,380**	**1,956**

IWT government grants

IWT, the agency for Innovation by Science and Technology of the Flemish government, provided arGEN-X with several grants.

arGEN-X Group received a fixed percentage of the expenses incurred in the following R&D projects at closing 2013:

1) IWT 1
Grantor: IWT

Start date:	01/09/2009
End date:	31/10/2011
Amount granted and approved by IWT:	1,308 KEUR
Amount received:	1,308 KEUR

2) IWT 2
Grantor: IWT

Start date:	01/04/2010
End date:	31/03/2012
Amount granted and approved by IWT:	1,569 KEUR
Amount received:	1,569 KEUR

3) IWT 3
Grantor: IWT

Start date:	01/08/2011
End date:	31/07/2013
Amount granted and approved by IWT:	1,326 KEUR
Amount received:	1,314 KEUR

4) IWT - TGO
Grantor: IWT

Start date:	01/01/2013
End date:	31/12/2016
Amount granted and approved by IWT:	2,697 KEUR
Amount received:	1,324 KEUR

No conditions related to the government grant assistance are unfulfilled, nor are there any contingencies related thereon at the date of the approval of these financial statements.

Other incentives

- arGEN-X received 478 KEUR in 2013 (2012: 377 KEUR; 2011: 337 KEUR) as a reduction in withholding taxes for its high-qualified R&D personnel.
- arGEN-X has accounted for a tax receivable of 303 KEUR in 2013 (2012: 164 KEUR) following an R&D incentive scheme in Belgium according to which the incentive will be refunded after a 5 year period, if not offset against the taxable basis over the respective period. (see also note 5.4)

6.3. Research and development expenses

(in thousands of euros)	2013	2012	2011
Personnel expense	2,770	2,894	2,180
Depreciation and amortisation	121	198	222
Research expenses	5,777	7,302	2,008
Materials and consumables	481	491	376
Other expenses	203	179	37
	9,352	**11,065**	**4,824**

In 2012, two of the companies' programs (ARGX 110 and ARGX 111) were introduced for Clinical Trials. These studies (first in Human) start with the production on a large scale of patient material for

both drugs. Material production, storage and supply come with a significant higher R&D cost compared to the previous years. At the end of 2012, there was also a CRO selected to lead the Clinical Trials. The company evolved from Discovery stage to Clinical stage.
This evolution continued in 2013. End 2013 a third program was introduced to enter pre-clinical development.

6.4. General and administrative expenses

(in thousands of euros)	2013	2012	2011
Personnel expense	456	551	412
Depreciation and amortisation	0	0	0
Administrative expenses	805	740	701
Marketing expenses	541	353	437
Outsourcing expenses	330	374	347
	2,132	**2,017**	**1,897**

6.5. Personnel expenses

The personnel expenses which excludes consultants mentioned above can be detailed as follows:

(in thousands of euros)	2013	2012	2011
Short-term employee benefits	2,924	2,668	2,350
Post-employment benefits	75	70	58
Termination benefits	0	0	0
Share-based payment	227	707	184
	3,226	**3,445**	**2,592**

The number of full-time equivalents by department are presented below:

Number of FTE	2013	2012	2011
Research and development	19.5	17.5	14.5
Selling, general and administrative expenses	2.0	2.0	2.0
	21.5	**19.5**	**16.5**

6.6. Operating leases

Operating Lease commitments (in thousands of euros)	2013	2012	2011
Not later than 1 year	209	307	275
Later than 1 year and not later than 5 years	414	668	954
Later than 5 years	0	0	0
	623	**975**	**1,229**

The company has a Lease plan for company-cars with maturity dates up to 4 years.
For the lab- and office space, the company has a rent agreement in Zwijnaarde Belgium with maturity date in 2016.

For the offices in the Netherlands there is a rent agreement renewable on an annually base.

6.7. Financial result and exchange gains/(losses)

(in thousands of euros)	2013	2012	2011
Interest income on bank deposits	186	348	158
Other financial income	0	1	0
Financial income	*186*	*349*	*158*
Financial expenses	*-4*	*-2*	*-1*
Exchange gains/(losses)	*-83*	*6*	*17*
	99	**353**	**174**

6.8. Retirement benefit obligations.

The Group has a pension plan in the context of a group insurance for all employees. This pension plan is a defined contribution plan, but due to the Belgian legislation, the employer is obliged to guarantee a minimum return on the contribution. This guarantee is no longer fully insured and therefore, these defined contribution plans are defined benefit plans in accordance with IAS19R. Based on the yearly cost and the limited number of persons involved in the plan, the Group decided not to include any provision in their consolidated statement of financial position, since the impact was considered as not material. The Group has recognized an expense of 75 KEUR in 2013, 70 KEUR in 2012 and 58 KEUR in 2011 related to this defined contribution plan.

6.9. Income taxes

The income tax expense for the year can be reconciled to the accounting profit (loss) as follows:

(in thousands of euros)	2013	2012	2011
Current income taxes	0	0	0
Total	**0**	**0**	**0**
Loss of the year	(6,131)	(9,698)	(3,465)
Stock issuance costs	0	0	248
Share-based payments	245	764	199
Other permanent differences	(1,797)	(840)	(1,618)
Expected income tax credit	**(1,921)**	**(2,444)**	**(1,159)**
Impact unrecognized deferred tax asset	1,921	2,444	1,159
Effective income taxes	**0**	**0**	**0**

The unrecognised deductible temporary differences, unused tax losses and unused tax credits are detailed below:

(in thousands of euros)	2013	2012	2011
Tax losses carried forward	(29,559)	(22,486)	(12,589)
Notional interest deduction (*)	(101)	(101)	(101)
Other temporary differences	0	0	0
Net book value of capitalised R&D assets	(5,961)	(4,278)	0
Total temporary differences	**(35,621)**	**(26,865)**	**(12,690)**
Unrecognized deferred tax asset	**(12,108)**	**(9,131)**	**(4,313)**

(*) The application of Notional Interest Deduction is restricted as it has an expiry term of 7 years.

The Group has unused tax losses carry forward. This, combined with other temporary differences, results in a net deferred tax asset position.

Due the uncertainty surrounding the Group's ability to realise taxable profits in the near future, the Company did not recognise any deferred tax assets.

6.10. Loss per share

(in thousands of euros)	2013	2012	2011
Loss of the year	(6,131)	(9,698)	(3,465)
Weighted average number of ordinary shares outstanding	18,000	18,000	18,000
Basic and diluted loss per ordinary share (in €)	(341)	(539)	(193)

Earnings/losses per ordinary share are calculated by dividing the net result attributable to shareholders by the weighted average number of ordinary shares during the year.
As the Group is suffering operating losses, warrants have an anti-dilutive effect. As such, there is no difference between basic and diluted earnings/losses per ordinary share

7. Financial instruments and financial risk management

7.1. Overview of financial instruments

(in thousands of euros)	2013	2012	2011
Non-current financial assets	1	1	0
Financial assets available for sale	*1*	*1*	*0*
Trade and other receivables	1,100	431	761
Other financial assets	500	1,050	0
Cash and cash equivalents	22,720	15,430	23,544
Loans and receivables	*24,321*	*16,911*	*24,306*
Total financial assets	**24,321**	**16,912**	**24,306**
Non-current financial liabilities	0	0	0
Current financial liabilities	0	1,692	1,692
Trade and other payables	2,853	2,624	1,427
Financial liabilities at amortised cost	*2,853*	*4,316*	*3,119*
Total financial liabilities	**2,853**	**4,316**	**3,119**

The financial assets and liabilities presented above are all, except for the non-current financial assets, loans and receivables carried at amortised costs. Due to the current nature of the financial assets and liabilities, the fair value of all financial assets and liabilities presented above approximates their fair value (level 2).
The fair value of the non-current financial assets is further explained in note 5.3 (level 3)

7.2. Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Company consists of limited financial debt, cash and cash equivalents and short-term investments and equity attributed to the holders of equity instruments of the Company, such as capital, reserves and retained earnings as mentioned in the consolidated statement of changes in equity. The Company makes the necessary adjustments in the light of changes in the economic circumstances, risks associated to the different assets and the projected cash needs of the current and projected research activities. The current cash situation and the anticipated cash generation and cash burn are the most important parameters in assessing the capital structure. The Company objective is to maintain the capital structure at a level to be able to finance its activities for at least twelve months. Cash income from existing and new partnerships is taken into account and, if needed and possible, the Company can issue new shares or enter into financing agreements.

7.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group has a limited number of collaboration partners and therefore has a significant concentration of credit risk. However, it has policies in place to ensure that credit exposure is kept to

a minimum and significant concentrations of credit exposure are only granted for short periods of time to high credit quality collaboration partners.

Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Cash and cash equivalent and short-term deposits are invested with highly reputable banks and financial institutions. The Group holds its cash and cash equivalents at Rabobank, Deutsche Bank and KBC Bank which are independently rated with a minimum rating of 'A'.
The maximum credit risk, to which the Group is theoretically exposed as at the balance sheet date, is the carrying amount of the financial assets.
At the end of the reporting period no financial assets were past due, consequently no financial assets were subject to impairment.

7.4. Liquidity risk

The Group manages 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.

The Group's main sources of cash inflows are obtained through capital increases and collaboration agreements. Cash is invested in low risk investments such as short-term bank deposits.
All financial liabilities have a maturity within 3 months unless otherwise disclosed in these financial statements.

7.5. Interest rate risk

The Group is limited exposed to interest rate risk as the Group entities do not hold significant interest-bearing borrowings.

7.6. Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The Group is mainly exposed to the US Dollar and GBP.

The net exposure to exchange differences of the monetary assets (being cash and cash equivalents)of the Group at the end of the reporting period are as follows:

(in thousands of euros)	2013	2012	2011
USD	2,060	763	0
GBP	35	0	347

If the USD/EUR exchange rate would increase/decrease with 10%, this would have negative/positive impact of 187 KEUR (2012: 69 KEUR; 2011: nil). If the GBP/EUR exchange rate would increase/decrease with 10%, this would have negative/positive impact of 3 KEUR (2012: nil; 2011: 32 KEUR).
10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated

monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

8. Other disclosures

8.1. Related party transactions

The shareholders of the Company are several minority investors and venture capitalists which individually do not hold a significant stake in the Company. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. There were no transactions with related parties during the period, other than compensation of key management personnel.

Compensation of key management personnel

Key management personnel of the Company is composed of the CEO, the CSO, the CDO, the CMO, the Head of Business Development and the members of the Board of Directors.

The remuneration of directors and other members of key management personnel during the year was as follows:

(in thousands of euros)	2013	2012	2011
Short term employee benefits	1,350	1,192	893
Post employment benefits	27	26	21
Termination benefits	0	0	0
Share-based payment	227	707	184
Other long-term benefits	0	0	0
	1,603	**1,925**	**1,098**

8.2. Contingencies

The Group is currently not facing any outstanding litigation that might have a significant adverse impact on the Group's financial position.

8.3. Commitments

At closing date, there were no commitments signed for the acquisition of property, plant and equipment or intangible assets. Furthermore, no commitment for a new collaboration agreement has been set up at year-end.

For information on the operating leases we refer to note 6.6

8.4. Overview of consolidation scope

The parent company arGEN-X NV is domiciled in the Netherlands.
Details of the Group's subsidiaries at the end of the reporting period are as follows.

Name	Registration number	Country	Participation	Main activity
arGEN-X 110 BV	853245496	Netherlands	100,00%	Biotechnical research on drugs and pharma processes
arGEN-X 111 BV	853245332	Netherlands	100,00%	Biotechnical research on drugs and pharma processes
ArGEN-X BVBA	0818292196	Belgium	100,00%	Biotechnical research on drugs and pharma processes

8.5. Events after the balance sheet date

- On 28 May 2014 the Company announced the initiation of a collaboration with Bayer Pharma AG (Bayer), leveraging arGEN-X's SIMPLE Antibody™ technology for the discovery and development of therapeutic antibodies. With this collaboration the company will apply its SIMPLE Antibody™ technology to multiple targets submitted by Bayer. The parties will work together to validate human antibody leads in disease-relevant models, with Bayer being responsible for further preclinical and clinical development and commercialization of therapeutic antibody products. Under the terms of the agreement, Bayer will pay the Company an upfront technology access fee, research support and technical success-based milestones. Bayer will also pay clinical, regulatory and product sales-based milestones as antibody programs progress through clinical development and registration.

- On May 28 the Company changed the legal structure from a limited liability company arGEN-X BV to arGEN-NV.

- On June 4, 2014 the Company announced it has entered into a long-term strategic alliance with Shire Pharmaceuticals. Under the agreement, the Company will bring its entire suite of human antibody discovery technologies to a partnership focused on multiple targets aligned with Shire's therapeutic focus. The multi-year initiative aimed at helping augment the Shire development pipeline follows an initial research and development collaboration undertaken in March 2012. Shire will make a total investment of €15 million (US$20.4 million) in arGEN-X, consisting of €3 million upfront in cash and €12 million in equity. In addition, it will fund the collaborative research programs at arGEN-X and pay fees, clinical, regulatory and sales milestones, as well as single digit royalties on therapeutic product sales. Shire will be responsible for clinical development and commercialization of products, with the Company having the right to license any programs not pursued by Shire into its own development pipeline.

- On June 10 2014 the Company announced it has entered into a partnership with The Leukemia & Lymphoma Society (LLS) in which both parties will contribute to the funding of a Phase 2 clinical study of the Company's lead candidate, ARGX-110, in patients with refractory Waldenström's macroglobulinemia (WM). Under the agreement, both parties will contribute funding, of up to $2.2 million and totalling $4.5 million. arGEN-X plans to submit an Investigational New Drug (IND) application with the U.S. Food and Drug Administration (FDA) in the second half of 2014. The study is expected to begin in the second half of 2014.

- On June 10 2014 the Company announced its intention to raise new funds through an Initial Public Offering on Euronext Brussels. The Initial Public Offering is expected to consist of an offering of new shares.

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Independent auditor's report

To: the directors of arGEN-X N.V.

Report on the special purpose consolidated financial statements

we have audited the accompanying arGEN-X N.V. special purpose consolidated financial statements for the years ended 31 December 2011, 31 December 2012 and 31 December 2013, which comprise the special purpose consolidated statement of financial position as at 31 December 2011, 31 December 2012 and 31 December 2013, the special purpose consolidated statement of comprehensive income, special purpose consolidated changes in equity and special purpose consolidated cash flows for the years then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the special purpose consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose consolidated financial statements.

Ref.: e0327756

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose consolidated financial statements give a true and fair view of the financial position of arGEN-X N.V. as at 31 December 2011, 31 December 2012 and 31 December 2013 and of its result and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Basis of preparation and restriction of use

We draw attention to paragraph 2.1 'Statement of compliance and basis of preparation' of the special purpose consolidated financial statements, which describes the special purpose of the special purpose consolidated financial statements, including the basis of preparation. As a result, the special purpose consolidated financial statements and our auditor's report thereto are intended solely for the directors of arGEN-X N.V. for including these in the prospectus made for the initial offering of ordinary shares and are not suitable for any other purpose. Our report is not qualified in respect of this matter.

Eindhoven, 13 June 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by R.M.N. Admiraal RA

ANNEX A
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