

TiGenix announces spin-out of its targeted drug discovery activities in newco Arcarios

Leuven (BELGIUM) – August 25, 2010 - TiGenix (NYSE Euronext: TIG) has entered into an agreement with its academic partners, the Catholic University Leuven (KULeuven) and Ghent University (UGent), the Dutch company Therosteon and a consortium of investors for the creation of a new small molecule drug development company, Arcarios, that will focus on the discovery and development of innovative, disease modifying drugs that target bone and joint diseases. TiGenix has a significant equity stake in this new company and retains the rights to drug candidates developed by Arcarios for local treatment of arthritic diseases.

TiGenix has developed a high-content screening platform, ChondroBOOST™ based on human joint chondrocytes and stem cells to assess the effect of small molecules and biologicals on the different aspects of cartilage biology. The use of this screening platform enables intelligent biological screening and identification of therapeutic compounds that could be used to slow or prevent progression of joint diseases in particular osteoarthritis. Based on this platform and in collaboration with its academic partners KULeuven (the Laboratory of Rheumatology and CD3, the Centre for Drug Design and Discovery) and UGent, TiGenix has identified and validated a set of potential osteoarthritis targets and drug development candidates.

The progression of these therapeutic programs requires the application of complementary technologies and skills that fall outside of TiGenix' focus and expertise such as medicinal chemistry, rational drug design and small molecule development. With the spin-out of these activities into a new company, TiGenix will maximally leverage its small molecule drug discovery assets without deviating from its core cell therapy focus.

KULeuven will contribute complementary know-how and intellectual property rights relating to a number of possible drug targets as well as new potential small molecule drugs and drug discovery expertise. UGent will contribute know-how and intellectual property rights relating to a class of preclinically validated compounds that have demonstrated cartilage anabolic activities in the joint. These assets will be merged with the Dutch drug discovery company Therosteon that has developed a similar high-content screening platform, OsteoBLAST™ for the identification of compounds that have an effect on bone metabolism. Therosteon's lead compound, follistatin is in advanced preclinical development. As such, Arcarios will start with a broad and balanced, preclinical stage pipeline of innovative products with disease modifying activity targeting joint and bone diseases.

The company will set-up R&D facilities in Diepenbeek, Belgium and is financially supported by a consortium of experienced early stage life science investors. The seed financing round was led by BioGeneration Ventures. Other investors include Erasmus Biomedical Fund, Gemma Frisius Fund, CD3, Baekeland Fund II, Credit Agricole and VINNOF.

Gil Beyen, CEO of TiGenix, comments "This strong scientific and financial consortium forms the basis of a truly innovative drug discovery company that brings leading science in the field of bone and joint biology together. It's an excellent opportunity for TiGenix to maximize



the long-term value of our expertise and know-how in cartilage biology outside our core competence in regenerative medicine.”

Tolleiv Trimborn, CEO of Arcarios commented “By joining forces with TiGenix, UGent and KULeuven, Therosteon will be morphed into an innovative and powerful drug development company. Our unique approach is to develop new disease modifying therapeutics for diseases with high unmet medical need, based on true understanding of the underlying biology. The close involvement of the leading academic centers in Belgium and the Netherlands will ensure the rapid development of our lead molecules to a proof-of-concept stage in humans.”

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About TiGenix

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

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

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

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

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

About Arcarios

Based in Rotterdam and Diepenbeek, Arcarios is a drug development company dedicated to the discovery and development of innovative products that target bone and joint diseases, indications of unmet medical need and significant commercial potential. The Company combines Benelux' best science in the field of bone and joint biology and was formed by the merger of Therosteon and a spin-out of TiGenix NV, Belgium. The founding scientists of Arcarios have developed an innovative pipeline of proprietary disease modifying therapeutics for bone and joint diseases, based on proprietary platform technologies and covered by a broad portfolio of granted and pending patents. Arcarios aims at bringing at least one of its two lead programs into clinic within the coming years followed by a pipeline of preclinical drug candidates.

www.arcarios.com

About Baekeland Fund

The Baekeland Funds are the investment funds of Ghent University and its partners in the Ghent University Association. In collaboration with a number of financial partners, these funds were established for the purpose of investing in growing, innovative companies that are commercializing technology developed either within or in collaboration with the Ghent University Association. Baekeland Fund II has created a distinct profile for itself as a "seed capital" and "early stage" fund that makes its investments when the spin-offs are being established. If opportune, Baekeland Fund II, preferably together with new investors, will also invest in the following round of financing. Thus Baekeland Fund II hopes to realize large-scale projects that will be eligible for further financing by Flemish and international risk capital providers.

www.baekelandfonds.be

About BioGeneration Ventures

BioGeneration Ventures invests in Dutch Life Sciences companies. The team of BioGeneration is specialized in the evaluation of new technologies and in management of start-up companies. BioGeneration Ventures was co-founded by the Netherlands Genomics Initiative (NGI), NWO, the holding of the University of Leiden, and ABN-AMRO Capital. BioGeneration closely cooperates with Forbion Capital Partners.

www.biogenerationventures.com

About the Centre for Drug Design and Discovery (CD3)

The Centre for Drug Design and Discovery (CD3) is a multidisciplinary centre and investment fund created by KULeuven R&D as a technology transfer platform in the field of drug discovery and target validation. CD3 focuses on the discovery of new and innovative small molecule drugs in collaboration with academic research groups or small (spin-off) companies and this by delivering financial means in combination with expert drug discovery support. The center has been established by the KULeuven in a partnership with the European Investment Fund (EIF).

<http://ird.kuleuven.be/en/tc/cd3>

About Crédit Agricole Private Equity

Crédit Agricole Private Equity is an AMF-accredited asset-management subsidiary of Crédit Agricole, specializing in direct private-equity investment in non-listed companies. As multi-specialist player, Crédit Agricole Private Equity's team of 95 professionals manages €3 billion with specific expertise in LBO & Expansion, Venture Capital, Mezzanine, Co-Investment, Renewable Energy and PPP Infrastructure. The 12-strong venture capital team manages €470 million through FCPIs invested in young companies with high growth potential in 2 sectors: information technology and life sciences. Crédit Agricole Private Equity has signed up to the United Nations' Principles for Responsible Investment (PRI). As committed shareholder, Crédit Agricole Private Equity provides the best possible support for businesses and delivers sustainable performance to its investors.

www.ca-privateequity.com

About Erasmus MC Biomedical Fund

The Erasmus MC Biomedical Fund is an independent venture capital fund focusing on early stage companies and (university) spin-outs in the biotechnology and biomedical field with a presence in the Rotterdam region. The fund targets companies that are developing commercially promising products and technologies in life sciences, including pharmaceuticals, biotechnology, information technology and other high technology opportunities that offer venture capital returns.

www.erasmusmcfund.nl

About Gemma Frisius Fund

The Gemma Frisius Fund KULeuven (GFF) is a seed capital fund, established in 1997 as a joint venture between KULeuven, the KBC Group and the BNP Paribas Group. Its objective is to stimulate the creation and growth of KULeuven association related spin-off companies, by providing seed & growth capital in very early phases of research-based spin-off companies. Since 1997, GFF has invested in 36 KULeuven spin-off companies.

[Ird.kuleuven.be/en/spinoff/gff-information](http://ird.kuleuven.be/en/spinoff/gff-information)

About VINNOF

Vinnof (Vlaams Innovatiefonds - Flemish Innovation Fund) provides seed capital for young, innovative companies and start-ups based in Flanders. Vinnof is a 100% subsidiary of ParticipatieMaatschappij Vlaanderen NV, the investment company for Flanders.

www.vinnof.be

Forward-looking information

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