

*This communiqué normé remain subject to examination by the French financial markets authority  
(Autorité des Marchés Financiers – AMF)*

**COMMUNIQUÉ NORMÉ RELATED TO THE OFFEROR'S DRAFT PROSPECTUS RELATED TO THE  
SIMPLIFIED PUBLIC TENDER OFFER TARGETING THE SHARES OF THE COMPANY**



**INITIATED BY**



**SPONSORED BY**

**ALANTRA**



This *Communiqué Normé* (the “Communiqué Normé”) was prepared and filed with the AMF on 2 October 2018, in accordance with articles 231-13, 231-16 and 231-18 of the AMF’s General Regulations.

The offer, the Offeror’s Draft Prospectus and the target prospectus remain subject to examination by the AMF.

This Offeror’s Draft prospectus is available on the AMF’s website ([www.amf-france.org](http://www.amf-france.org)) and on Sangamo Therapeutics Inc.’s ([www.sangamo.com](http://www.sangamo.com)) and may be obtained free of charge upon request from:

**Alantra**  
6 rue Lamennais, 75008 Paris  
France

In accordance with article 231-28 of the AMF’s General Regulations, other information relating to the characteristics, including legal, financial and accounting, of Sangamo Therapeutics, Inc. will be filed with the AMF and made available to the public under the same conditions no later than the day before the opening of the Offer. A press release will be issued in accordance with the provisions of Article 221-3 of the AMF General Regulation to inform the public of the procedures for making these documents available.

## **1. Presentation of the offer**

In accordance with Title III of Book II, in particular articles 231-13, 233-1, paragraph 2, and 234-2 of the AMF's General Regulations of the AMF, Sangamo Therapeutics, Inc., C corporation incorporated under the laws of Delaware, having its registered office located at 501 Canal Blvd, Richmond, CA 94804, United States of America (hereinafter "**Sangamo**" or the "**Offeror**"), irrevocably offers to the shareholders of TxCell, French public limited company with board of directors, with share capital of €5,090,180.60, having its registered office located at Les Cardoulines, Allée de la Nertière, Sophia Antipolis, 06560 Valbonne, France, registered on the Grasse Trade and Companies Register under the number 435 361 209, and whose shares are admitted to trading in the C compartment of the regulated market of Euronext in Paris (hereinafter "**Euronext Paris**") under the ISIN code FR0010127662 (ENXTPA: TXCL) (hereinafter "**TxCell**" or the "**Company**"), to acquire all the shares issued or to be issued of the Company that are not already held by the Offeror or that are not subject to a liquidity mechanism at the price of €2.58 per share and according to the conditions set out in this Offeror's Draft Prospectus (hereinafter the "**Offer**"). In accordance with article 237-14 of the AMF's General Regulations, this Offer may be followed, if applicable, with a squeeze-out procedure.

The Offer follows up on the acquisition by the Offeror, on 1 October 2018, by way of the off-market acquisition of blocks, of a total of 13,519,036 shares of the Company representing, to the best of the Offeror's knowledge, 52,96% of the share capital and 52,96% of the voting rights of the Company on a fully diluted basis on the date of the Offeror's Draft Prospectus.

The Offer covers all the shares of the Company issued or to be issued upon exercise of the 50,000 share warrants giving access to 50,000 shares of the Company (the "**BSA**") and not held by the Offeror, with the exception of the 453.232 free shares acquired subject to a liquidity mechanism as mentioned in section 2.4 of the Offeror's Draft Prospectus<sup>1</sup>, *i.e.* a total number of 11,528,635 Shares, it being specified that the holders of the warrants have undertaken to exercise said warrants and to contribute the shares thus subscribed to the Offer.

The Offeror is not acting in concert with a third party or a shareholder of the Company.

In accordance with articles 233-1 et seq. of the AMF's General Regulations, the simplified offer procedure will be used for the Offer.

The Offer will be open during a period of fifteen (15) trading days.

In accordance with article 231-13 of the AMF's General Regulations, the Offer is sponsored, on behalf of the Offeror, by Alantra, which guarantees the content and the irrevocable nature of the commitments made by the Offeror in connection with the Offer.

In accordance with article 261-1 of the AMF's General Regulations, the Company's board of directors has appointed, in a decision adopted on 20 July 2018, HAF Audit & Conseil, represented by Olivier Grivillers, as independent financial expert (the "**Independent Appraiser**") for the purposes of issuing a notice on the Offer's financial conditions.

The information relating to the characteristics, including legal, financial and accounting, of the Offeror will be filed with the AMF and made available to the public no later than the day of the opening of the Offer, in accordance with the provisions of article 231-28 of the AMF's General Regulations.

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<sup>1</sup> It is specified that 23,750 Free Shares also covered by the Liquidity Agreement will be definitively acquired at a later date and are therefore not covered by the Offer either.

## **2. Context and reasons for the Offer**

### **2.1. Context of the Offer**

The Offer is subsequent to Sangamo having exceeded the 50% threshold of the Company's share capital and voting rights, which, in accordance with a share purchase agreement dated 20 July 2018 (the "**Purchase Agreement**"), gives rise to Sangamo acquiring, on 1 October 2018, a total of 13,519,036 shares of the Company (representing, to the best of the Offeror's knowledge, 52.96% of the share capital and 52.96% of the voting rights of the Company, on a fully diluted basis at the date of the Offeror's Draft Prospectus) through the off-market acquisition of blocks of shares (the "**Off-market Acquisition**") from the following persons (together, the "**Transferring Shareholders**"):

- 389,291 shares from François Meyer (chairman of the Company's board of directors);
- 33,000 shares from Stéphane Boissel (Company's CEO);
- 4,162,619 shares from FCPR Auriga Ventures II, a venture capital fund, represented by its management Company Auriga Partners, a French public limited company whose registered office is located at 18, avenue Matignon, 75008 Paris, France, and registered on the Paris Trade and Companies Register under the number 419 156 351;
- 2,488,290 shares from Bpifrance Participations, a public limited company, whose registered office is located at 27-31, avenue du Général Leclerc – 94710 Maisons-Alfort Cedex and is registered on the Créteil Trade and Companies Register under the number 509 584 074;
- 61,837 shares from Mister Gilbert Gerber;
- 2,146,666 shares from YA II PN, LTD, a Cayman Islands public limited company, whose registered office is located at Maples Corporate Services, Ugland House, George Town, Grand Cayman, and whose principal place of business is located at 1012 Springfield Avenue Mountainside, NJ 07092, United States of America;
- 3,793,835 shares from FCPR Innobio, a venture capital fund, represented by its management Company Bpifrance Investissement, a Simplified Joint Stock Company (société par actions simplifiée), whose registered office is located at 27-31 avenue du Général Leclerc, 94700 Maisons Alfort, France, and registered on the Créteil Trade and Companies Register under the number 433 975 224;
- 295,688 shares from FCPR BIOAM, a venture capital fund, represented by its management Company Bpifrance Investissement, a Simplified Joint Stock Company (société par actions simplifiée) under French law, whose registered office is located at 27-31 avenue du Général Leclerc, 94700 Maisons Alfort, France, and registered on the Créteil Trade and Companies Register under the number 433 975 224; and
- 147,810 shares from FCPR BIOAM 1B, a venture capital fund, represented by its management Company Bpifrance Investissement, a Simplified Joint Stock Company (société par actions simplifiée), whose registered office is located at 27-31 avenue du Général Leclerc, 94700 Maisons Alfort, France, and registered on the Créteil Trade and Companies Register under the number 433 975 224.

The completion of the transfer provided for in the Off-market Acquisition was subject to several customary conditions precedent, including (i) obtaining the necessary regulatory approvals, (ii) compliance with the change of control clauses stipulated in several contracts entered into between the Company and its main partners, (iii) obtaining an opinion from the Independent Appraiser on the fairness of the Offer, and (iv) obtaining a reasoned opinion from the Company's board of directors recommending the Offer. These conditions have all been lifted or satisfied prior to the completion of the Off-market Acquisition.

On 23 July 2018, TxCell and Sangamo issued a joint press release announcing the signature of the Purchase Agreement, and consequently the filing intention by Sangamo, subject to the completion of the Off-market Acquisition, of a simplified public tender offer relating to the Company's Shares' balance on the same financial terms as those offered to the Transferring Shareholders.

## **2.2. TxCell's share capital and voting rights breakdown**

### **2.2.1. Share capital and voting rights breakdown before the Off-Market Acquisition**

Immediately before the Off-market Acquisition, the Company's share capital and voting rights were broken down as follows (on a fully diluted basis):

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of the share capital</b>	<b>Number of voting rights</b>	<b>% of voting rights</b>
FCPR AURIGA VENTURES II	4,162,619	16.31%	4,162,619	16.31%
FCPR BIOAM	295,688	1.16%	295,688	1.16%
FCPR BIOAM 1B	147,810	0.58%	147,810	0.58%
FCPR INNOBIO	3,793,835	14.86%	3,793.835	14.86%
Bpifrance Participations	2,488,290	9.75%	2,488,290	9.75%
YA II PN, LTD	2,146,666*	8.41%	2,146,666	8.41%
Gilbert Gerber	61,837	0.24%	61,837	0.24%
Stéphane Boissel (CEO)	271,100**	1.06%	271,100	1.06%
François Meyer (Chairman of the board of directors)	389,291***	1.53%	389,291	1.53%
Other shareholders	11,528,635****	45.17%	11,528,635	45.17%
Employees (free shares)	238,882*****	0.94%	238.882	0.94%
<b>TOTAL</b>	<b>25,524,653</b>	<b>100.00%</b>	<b>25,524,653</b>	<b>100.00%</b>

\* includes 1,866,666 shares on conversion of convertible bonds into shares immediately prior to the completion of the Off-market Acquisition, the balance of the 28 convertible bonds to be redeemed

\*\* includes 185,400 free shares already definitively acquired and 52,700 free shares to be acquired on the date of completion of the Off-market Acquisition due to the change of control of the Company

\*\*\* includes 274,040 shares resulting from the exercise of share warrants immediately prior to the completion of the Off-market Acquisition

\*\*\*\* includes 50,000 shares resulting from the exercise of the warrants

\*\*\*\*\* includes 153,029 free shares definitively vested, 62,103 to be acquired on the date of completion of the Off-market Acquisition as a result of the change of control and 23,750 to be definitively acquired later at the end of the applicable vesting period.

The Purchase Agreement stipulates price conditions equal to those of the Offer, i.e. a price of €2.58 per share of the Company.

Under the terms of the Purchase Agreement, the Transferring Shareholders have made a certain number of commitments and, as such, TxCell's board of directors has noted the resignation of Bpifrance Investissements, Bpifrance Participations, Auriga Partners and David Horn Solomon as members of the board of directors, Laurent Arthaud and Laurent Higuereet as non-voting board members of the Company, and is recomposed by co-opting Kathy Yi, Duncan McKay, Heather Turner and Rolf Andrew Ramelmeier to replace these four resigning board members.

On 1 October 2018, when carrying out the Off-market Acquisition, Sangamo acquired 13,519,036 shares from the Transferring Shareholders for the total price of 34,879,112.88 euros.

The Purchase Agreement does not provide for acquisition earn-outs.

## **2.2.2. Share capital and voting rights breakdown before the Off-Market Acquisition**

After the Off-market Acquisition, the Company's share capital and voting rights were broken down as follows (on a fully diluted basis):

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of the share capital</b>	<b>Number of voting rights</b>	<b>% of voting rights</b>
Sangamo	13,519,036	52.96%	13,519,036	52.96%
Stéphane Boissel (CEO)	238,100*	0.93%	238,100	0.93%
Other shareholders	11,528,635**	45.17%	11,528,635	45.17%
Employees (free shares)	238,882***	0.94%	238,882	0.94%
<b>TOTAL</b>	<b>25,524,653</b>	<b>100.00%</b>	<b>25,524,653</b>	<b>100.00%</b>

\* all of these 238,100 free shares are definitively acquired on the date of completion of the Off-market Acquisition and are subject to a Liquidity Contract

\*\* includes 50,000 shares resulting from the exercise of the warrants

\*\*\* includes 215,132 free shares definitively acquired on the date of completion of the Off-market Acquisition and 23,750 which will be definitively acquired later at the end of the applicable acquisition period, it being specified that all 238,882 free shares are subject to a Liquidity Contract

Before the Off-market Acquisition, neither the Offeror, nor any of the companies belonging to the Offeror's group held, directly or indirectly, shares of the Company.

In accordance with articles 223-11 et seq. of the AMF's General Regulations and with articles L. 233-7 et seq. of the French Commercial Code, on [●] 2018, Sangamo represented and warranted to the AMF and to the Company that, because of the Off-market Acquisition, it had, on 1 October 2018, exceeded all the legal thresholds up to 50% (inclusive) of the Company's share capital and voting rights, and declared its intentions concerning the Company. These representations gave rise to a notice published by the AMF on [●] 2018 under the number [●].

During the twelve months preceding the date of the Offeror's Draft Prospectus, the Offeror and its controlling shareholders did not acquire any shares of the Company, other than those referred to above.

Both the signing of the Purchase Agreement and the carrying out of the Off-market Acquisition were the subject of a press release jointly published by the Company and the Offeror, respectively on 23 July 2018 and 1 October 2018.

On the date of the Offeror's Draft Prospectus, Sangamo held 13,519,036 shares of the Company (representing 52.96 % of the share capital and 52.96 % of the voting rights<sup>2</sup> of the Company).

Consequently, the Offer covers all the Company's ordinary shares of the Company issued or to be issued following the exercise of the 50,000 warrants and not held by the Offeror on the date of filing of the Offeror's Draft Prospectus, with the exception of the 453,232 free shares acquired which are subject to a liquidity mechanism as mentioned in section 2.4 of the Offeror's Draft Prospectus<sup>3</sup> (the "**Shares**"), *i.e.*, to the knowledge of the Offeror, 11,528,635 Shares, representing 45.17% of the share capital and 45.17% of the voting rights of the Company on a fully diluted basis corresponding to a total number of shares of the Company amounting to 25,524,653 (thus taking into account (i) the final acquisition of the 23,750 free shares not yet definitively acquired at the date of the Offeror's Draft Prospectus, and (ii) the exercise of the 50,000 warrants), at a price per share of 2.58 euros, identical to that paid to the Selling Shareholders for the Off-market Acquisition.

It is first of all indicated that the holders of the 50,000 warrants have undertaken to exercise said warrants and to tender the shares thus subscribed to the Offer.

Moreover, it is indicated that a total of 476,982 free shares of the Company, including, at the date of the Offeror's Draft Prospectus, 453,232 free shares already definitively acquired and 23,750 free shares that will be acquired and issued subsequently at the end of the applicable vesting period (together the "**Free Shares**"), are not concerned by the Offer insofar as these shares will not be transferred by the beneficiaries during the Offer's opening period, in accordance with the agreements concluded between the Offeror and the holders of Free Shares. In this respect, the Free Shares are the subject of liquidity contracts entered into by the Offeror with each of the beneficiaries of the Free Shares (together, the "**Liquidity Contract**"), providing in particular for:

- (i) a call option granted by each of the holders of the Free Shares to the Offeror exercisable within two months following the second anniversary of their respective acquisition date (the "**Contractual Transferability Date**") (subject to the terms and conditions of the Liquidity Contract relating to a possible squeeze-out set out in section 1.1.2.4.5 of the Offeror's Draft Prospectus), and
- (ii) a put option granted by the Offeror to each of the holders of the Free Shares, exercisable within two months following the end of the exercise period of the call option.

The exercise price per share of the options is calculated on the basis of (i) a price of €2.58 per Free Share, and (ii) the evolution of Sangamo's share price between the date of signature of the Purchase Agreement and the date of implementation of the promise provided for in the Liquidity Contract.

On 20 July 2018, TxCell and Sangamo entered into a Tender Offer Agreement relating to the Company's Shares, as amended on 1 October 2018, providing in particular for:

- The conditions under which the Offeror would proceed with the Offer;
- The Company's corporate governance commitments;

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<sup>2</sup> On a non-fully diluted basis and on the basis of information published by the Company on its website on 30 September 2018 in accordance with article 223-16 of the AMF's General Regulations

<sup>3</sup> It is specified that a total of 23,750 Free Shares also subject to Liquidity Agreements will be definitively acquired at a later date at the end of the applicable acquisition period, and are therefore not covered by the Offer either.

- Commitments to conduct the Company's business in the normal course of business;
- Representations and warranties relating to the Company's capital, assets, activities and more generally its legal, financial and accounting position have been granted to the Offeror.

On September 17, 2018, the Board of Directors of TxCell unanimously indicated that it considers the Offer being in the best interests of the Company, its shareholders and employees, and issued a reasoned opinion to that effect, recommending that TxCell shareholders tender their shares to the Offer.

It is in this context that, on 2 October 2018, Alantra filed on behalf of Sangamo the Offeror's Draft Prospectus concerning the Shares in accordance with articles 233-1 and 234-2 of the General Regulations of the AMF.

From filing the Offeror's Draft Prospectus with the AMF and until the opening of the Offer, the Offeror reserves the right to acquire Shares, within the limits specified in article 231-38 IV of the General Regulations of the AMF, *i.e.* in this case, 3,443,590 Shares.

In connection with preparing the Off-market Acquisition and this Offer, the Offeror had access, during June and July 2018 to a limited amount of information on the Company and its subsidiaries as part of a Data Room procedure. The Offeror believes that besides the information that is in the public domain or that is mentioned in this Offeror's Draft Prospectus, it has not, in connection with preparing the Offer, been aware of specific information concerning TxCell that, if it were made public, would be likely to have a sizeable influence on the price of the Shares.

On the date of this Offer Document, to the knowledge of the Offeror, the breakdown of TxCell's share capital and voting rights, on a non-diluted basis, are as follows:

Shareholders	Number of shares	% of the share capital	Number of voting rights	% of voting rights
Sangamo*	13,972,268	54.90%	13,972,268	54.90%
Other shareholders	11,478,635	45.10%	11,478,635	45.10%
<b>TOTAL</b>	<b>25,450,903</b>	<b>100.00%</b>	<b>25,450,903</b>	<b>100.00%</b>

\* Including the 453,232 Free Shares definitively acquired as of the date of this Offeror's Draft Prospectus and covered by Liquidity Contracts, held by Sangamo pursuant to the assimilation provided for in Article L 233-9, I, 4° of the French Commercial Code

### **2.3. Reasons for the offer**

The Offeror reminds readers that the Offer is friendly in nature.

Thanks to a particularly competent and experienced team, TxCell is a leading player of the emerging market of the development of cell immunotherapy treatments based on regulatory T cells (Tregs) for the treatment of autoimmune diseases. Autoimmune diseases are a priority area for Sangamo's portfolio of products under development.

Sangamo plans to assess the potential of CAR Tregs (regulatory T cells genetically modified to present chimeric antigen receptors (or CARs)) to prevent rejection in the case of transplants of solid organs as

well as for the treatment of autoimmune diseases, such as Crohn's disease or multiple sclerosis. Preclinical studies have led to a proof of concept showing that CAR Treg cells targeting a specific antigen had a powerful local immunosuppressive effect, which operated only on the targeted tissues. Conversely, monoclonal antibody-based drugs or small anti-TNF alpha molecule-based drugs available on the market trigger general and non-targeted immunosuppression.

According to Sangamo, the acquisition of TxCell will enable it to put a CAR-Treg programme into clinical phase more quickly. Sangamo plans to file a clinical trial request for Europe in 2019, concerning TxCell's first CAR Treg cell-based candidate product for solid organ transplants with a view to launching a study later in the year. Sangamo intends to use its zinc finger nucleases (ZFN)-based gene editing technique to develop the next generation of autologous and allogeneic CAR-Treg cell treatments for the treatment of autoimmune diseases.

At this stage, the Offeror is not able to quantify the synergies that could be realised following Sangamo's and the Company's merger.

On 17 September 2018, the board of directors of TxCell unanimously indicated that it considers the Offer to be in the best interests of the Company, its shareholders and employees and issued a reasoned opinion recommending that TxCell shareholders tender their shares to the Offer.

### **3. Intentions of the Offeror over the next twelve months**

#### **3.1. Strategy – Industrial and commercial policy**

Thanks to TxCell's teams, the Offeror's strategy is to integrate the Company's activities within its own activities as quickly as possible. This approach will, in particular, consist of combining TxCell's expertise in developing regulatory T cell (Tregs)-based cell immunotherapies and Sangamo's experience in the field of gene editing technologies.

#### **3.2. Offeror's intentions in term of jobs**

The Offeror aims to draw on the teams in place to continue TxCell's development.

The Offer is in line with the intention of continuing and developing the Company and should therefore not have any particular effect on the policy conducted by the Company in terms of jobs. The Offeror supports the management policy in terms of employee-related relations and human resources currently in place within the Company.

Moreover, Sangamo intends to maintain the current location of the Company's operational centres.

#### **3.3. The Company's board of directors and management**

Following the Off-market Acquisition, the composition of TxCell's board of directors was revised to reflect its new shareholder structure. On the date that the Off-market Acquisition was carried out 1 October 2018, in accordance with the Purchase Agreement, Bpifrance Investissements, Bpifrance Participations, Auriga Partners and David Horn Solomon resigned as members of the board of directors, and Laurent Arthaud and Laurent Higuieret as non-voting board members of the Company.



At its meeting of 1 October 2018, the board of directors co-opted Kathy Yi, Duncan McKay, Heather Turner and Rolf Andrew Ramelmeier as new members of TxCell's board of directors.

### **3.4. Intentions regarding legal reorganisation (including mergers)**

Following the Offer period and depending on its outcome, the Offeror will examine the different legal and financial structures that can be considered in order to facilitate and optimise TxCell's operational and administrative incorporation within Sangamo. The conditions of these possible transactions will be subject, to the extent required by the regulations in force, to the AMF review.

### **3.5. Intentions regarding the listing of the Company following the Offer**

#### **3.5.1. Squeeze-out**

In accordance with articles 237-14 et seq. of the general regulations of the AMF, the Offeror intends to apply to the AMF, within three months of the close of the Offer, for the implementation of a squeeze-out procedure concerning the Shares not tendered to the Offer by the minority shareholders in the event that their number does not represent more than 5% of TxCell's share capital or voting rights (with the exception of Free Shares that are the subject of a Liquidity Contract described in section 2.4 of the Offeror's Draft Prospectus, subject, however, to the hypothesis mentioned below). If applicable, such a procedure will be implemented at the price of €2.58 per Share. The report of the Independent Appraiser appointed in accordance with article 261-1, paragraphs I and II of the General Regulations of the AMF in order to assess the fairness, from a financial perspective, of the Offer possibly followed by a squeeze-out, is included in the reply document prepared by TxCell.

Under the conditions provided for in articles 236-1 et seq. and 237-1 et seq. of the General Regulations of the AMF, the Offeror also reserves the right, in the event that a squeeze-out is not implemented as provided by the preceding paragraph and that the Offeror subsequently holds at least 95% of the Company's voting rights, to file with the AMF a draft buyout offer, followed by a squeeze-out procedure in the event that the Shares held by the minority shareholders represent no more than 5% of the Company's share capital or voting rights. In this case, the squeeze-out will be subject to control by the AMF, which will rule on its compliance in view, in particular, (i) of the valuation of the Shares concerned of the Company that will be provided by the Offeror and (ii) of a new report of the Independent Appraiser appointed in accordance with the applicable regulation.

In the event that all the aforementioned conditions are met, the Offeror will apply to the AMF for a squeeze-out concerning the Shares.

It is specified that under the Liquidity Contract, each beneficiary of Free Shares has, in particular, granted to the Offeror a call option concerning the Free Shares that it holds and that would be acquired, in the event that the acquisition by the Offeror of these Free Shares would enable the Offeror to exceed the threshold, enabling it to trigger a squeeze-out procedure. In this case only, the Liquidity Contract provides that if Sangamo exercises the call option concerning these Free Shares, the exercise price of the option will be increased by the estimated additional tax cost incurred by the beneficiary of the said Free Shares.

### **3.5.2. Delisting**

The Offeror reserves the right to request the delisting of the Shares from the regulated market Euronext Paris.

Such a delisting could take place, in particular, under the conditions set out in Article P. 1.4.2 of Book II of the Euronext Market Rules, following a simplified public offer, if (i) Sangamo held at least 90% of the Company's voting rights on the date of the delisting request, (ii) the total amount traded on the Company's shares over the last 12 (calendar) months preceding the delisting request represented less than 0,5% of the Company's market capitalization, (iii) the delisting request was filed after a period of 180 days (calendar days) had elapsed since any public offer prior to this Offer, (iv) Sangamo undertook for a period of 3 months from the closing of the Offer, to acquire, at a price equal to that of the Offer, the shares of minority shareholders that were not tendered to the Offer, and (v) Sangamo undertook, for a transition period of an annual financial year following the year during which the delisting of the Company took effect, to publish any crossing it would make up to or below the 95% threshold of the Company's share capital or voting rights, and not to propose directly or indirectly to the agenda of a general meeting of the Company's shareholders the modification of its corporate form to become a simplified joint stock company.

It is recalled that under Article 6905/1 and seq. of the Euronext harmonised market rules, Euronext Paris may delist securities admitted to its markets at the written request of the issuer, which must indicate the reasons for its request. Euronext Paris is only likely to accept such a request if the liquidity of the shares is significantly reduced at the end of the Offer and if delisting is not contrary to the interests of the market, and in compliance with Euronext Paris' market rules. Euronext Paris could thus decide not to delist shares as requested by an issuer if such delisting would prejudice the fair, orderly and efficient functioning of the market. Euronext Paris may also make a delisting of the shares subject to any additional conditions it finds appropriate.

### **3.6. Intentions regarding the dividend policy**

The Offeror does not intend to implement a dividend distribution policy.

The Offeror cannot currently determine what the Company's dividend distribution policy could be in the future, it being specified that the Company has not distributed dividends since its creation.

### **3.7. Advantages of the transaction for the Company and shareholders**

The Offer gives the holders of Shares the opportunity to obtain immediate liquidity of their Shares at a very attractive price. TxCell's incorporation within a larger organisation will enable it to benefit from a more extensive development platform and more resources, and will give TxCell the possibility of continuing the development of the Treg cell-based cell immunotherapies and to experiment with them using gene editing technologies.

The Offer Price reflects premiums of 177.4%, 165.0%, 149.4%, 126.6% and 70.2% compared with the average price of the Shares (volume weighted average) for the periods of one, twenty, sixty, one hundred and twenty, and two hundred and fifty trading days until 20 July 2018 included, last trading day of TxCell Shares before the publication of a news release by Sangamo announcing the signature of the Purchase Agreement.

#### **4. Agreement that could have a material impact on the assessment of the Offer or its outcome**

An agreement relating to the Offer (the Tender Offer Agreement, as defined in section 1.1.1 of Offeror's Draft Prospectus) was entered into on 20 July 2018 between the Company and the Offeror, establishing the main terms of the Offer.

With the exception of what was mentioned in this Offeror's Draft Prospectus, in particular concerning the Purchase Agreement, the Tender Offer Agreement and the Liquidity Contracts described in section 1.1.1 of the Offeror's Draft Prospectus, the Offeror is not party to any agreement likely to have a material impact on the assessment of the Offer or on its outcome.

More particularly, there is no agreement providing for the payment by the Offeror of acquisition earn-outs to Transferring Shareholders in connection with the Off-market Acquisition.

In addition, in the months following the completion of the Off-market Acquisition, the Offeror is expected to grant a total of 150,000 options to certain employees and managers of TxCell, including Stéphane Boissel, CEO of TxCell and François Meyer, Chairman of the board of directors of TxCell, in accordance with Sangamo's employee incentive policy, and providing for a progressive acquisition over time and subject to the continued presence of the beneficiaries. It is specified that this allocation does not constitute an additional price but is part of a policy of profit-sharing usual for employees of Sangamo group.

#### **5. Characteristics of the Offer**

##### **5.1. Terms and conditions of the Offer**

Pursuant to article 231-13 of the General Regulations of the AMF, the draft Offer was filed with the AMF by Alantra, on behalf of the Offeror, on 2 October 2018. A notice of filing was published by the AMF on its website ([www.amf-france.org](http://www.amf-france.org)) on [●] under the number [●].

In accordance with article 231-16 of the General Regulations of the AMF, the Offeror's Draft Prospectus as filed with the AMF was put online on the AMF websites ([www.amf-france.org](http://www.amf-france.org)) and of Sangamo ([www.sangamo.com](http://www.sangamo.com)), and made available to the public free of charge by Alantra. Moreover, a press release relating to the terms and conditions of the Offer was disseminated by the Offeror on 2 October 2018.

The AMF will publish on its website a compliance statement endorsing the offer document after ensuring that the Offer complies with the legal and regulatory provisions applicable to it.

The offer document, having thus received the AMF's approval, and the document "other information" relating to the characteristics, including legal, financial and accounting, of the Offeror will be available on the websites of the AMF and Sangamo and will be made available to the public no later than the day before the opening of the Offer. Examples of these documents will also be available free of charge from Alantra. In accordance with articles 231-27 and 231-28 of the General Regulations of the AMF, a news release specifying the terms under which these documents will be made available will be published by the Offeror.

Prior to the opening of the Offer, the AMF will publish respectively a notice of opening and the calendar of the Offer, and Euronext Paris will publish a notice announcing the terms and conditions of the Offer and the calendar of the transaction.

## **5.2. Number and type of securities concerned by the Offer**

Under the terms and conditions set out below, the Offer concerns all the shares of the Company issued or to be issued as a result of the exercise of the 50,000 warrants giving access to 50,000 shares of the Company and not held by the Offeror, with the exception of the 453,232 free shares acquired subject to a liquidity mechanism as mentioned in section 2.4 of the Offeror's Draft Prospectus<sup>4</sup>, *i.e.* a total number of 11,528,635 Shares, it being specified that the holders of the warrants have undertaken to exercise said warrants and to contribute the shares thus subscribed to the Offer

With the exception of the above, the 50,000 BSAs and the 23,750 Free Shares not yet acquired at the date of the Offeror's Draft Prospectus, to the knowledge of the Offeror there are no other equity securities or other financial instruments that may give immediate or future access to the Company's share capital or voting rights.

As of the date of this Offeror's Draft Prospectus, the Offeror directly holds 13,519,036 shares and voting rights in the Company. In addition, it is specified that the Offeror acts alone and not in concert.

## **5.3. Situation of the holders of Free Shares**

To the knowledge of the Offeror, the Free Shares on the date of the Offeror's Draft Prospectus are broken down as follows:

- 23,750 Free shares during the vesting period; and
- 453,232 Free shares already definitively acquired, including 122,100 Free Shares during the holding period;

The Free Shares are not covered by the Offer and are the object of Liquidity Contracts entered into between each of the beneficiaries of Free Shares and the Offeror, as mentioned in section 2.4 of the Offeror's Draft Prospectus.

The table below summarizes the main characteristics of the current Free Share schemes implemented by the Company:

<b>Scheme's reference</b>	<b>Free share grant plan 2016 T1</b>	<b>Free share grant plan 2016 T2</b>	<b>Free share grant plan 2016 T3</b>	<b>Free share grant plan 2017 T1A/T2</b>	<b>Free share grant plan 2017 T1BC</b>	<b>Free share grant plan 2018</b>
<b>Number of Free Shares</b>	110.661	110.670	109.801	117.098	5.002	23.750
<b>Grant</b>	02 May	02 May	02 May	08 March	08 March	12 March

<sup>4</sup> It is specified that 23,750 Free Shares also covered by the Liquidity Contract will be definitively acquired at a later date and are therefore not covered by the Offer either.

<b>date</b>	2016	2016	2016	2017	2017	2018
<b>Acquisition date</b>	All acquired at 02 May 2017	All acquired at 02 May 2018	All acquired at 01 October 2018	All acquired at 08 March 2018	All acquired at 01 October 2018	All acquired at 12 March 2019
<b>End date of the holding period</b>	02 May 2018	02 May 2018	01 October 2018	08 March 2019	08 March 2019	12 March 2020
<b>Total Free Shares during vesting period</b>	0	0	0	0	0	23,750
<b>Total Free Shares during holding period</b>	0	0	0	117,098	5,002	N/A

#### **5.4. Liquidity contracts**

If the Free Shares are not allocated and delivered to the beneficiaries or are not transferred by the beneficiaries during the opening period of the Offer, in accordance with the agreements entered into between the Offeror and the holders of Free Shares, a Liquidity Contract relating to the Free Shares has been concluded between each of the holders of Free Shares and the Offeror (see the terms and conditions of the Liquidity Agreement in section 1.1.1 of the Offeror’s Draft Prospectus)

The Liquidity Contracts are governed by French law. Disputes to which a Liquidity Contract may give rise, or which may be the result or consequence thereof, and which cannot be settled amicably, shall be submitted, within the limits authorized by the applicable legal provisions, to the exclusive jurisdiction of the competent courts within the jurisdiction of the Paris Court of Appeal.

#### **5.5. Terms of the Offer**

The Offeror offers to pay the TxCell shareholders an amount in cash of €2.58 for each Share (the “Offer Price”).

## **5.6. Conditions of the Offer**

In accordance with article 234-2 of the General Regulations of the AMF, the Offer is not subject to any condition requiring that a minimum number of Shares must be tendered for the Offer to have a positive outcome.

The Offer is also not subject to any condition requiring that authorisation be obtained regarding merger control procedures or any condition under applicable regulations.

## **5.7. Procedure for tendering to the Offer**

In accordance with articles 233-1 et seq. of the General Regulations of the AMF, Sangamo irrevocably offers to acquire from the TxCell shareholders, during a period of fifteen (15) trading days, the Shares that will be presented to it in the Offer.

Shareholders wishing to tender their Shares to the Offer must sell their Shares on the market and must submit to the financial intermediary depositary of their Shares an order to tender to the Offer in accordance with the model to be made available to them by this intermediary, no later than the closing date of the Offer as set out in paragraph 2.8.

Since the purchases will be made on the market, the payment-delivery of the Shares will be made as and when the orders are executed, within two trading days of each execution, trading charges, namely brokerage fees and related VAT being borne by the sellers and the Offeror, each for their own part. Louis Capital Markets, on behalf of Alantra, acting as a buying market member, will purchase, on behalf of the Offeror, all the Shares that will be included in the Offer.

In accordance with article 231-13 of the General Regulations of the AMF, the draft Offer was filed with the AMF on 2 October 2018 by Alantra, sponsoring institution of the Offer, acting on behalf of Sangamo and guaranteeing the content and the irrevocable nature of the commitments made by Sangamo in connection with the Offer.

Prior to the opening of the Offer, the AMF will publish a notice of opening and the timetable for the Offer, and Euronext Paris will publish a notice announcing the terms and conditions of the Offer and its calendar.

Shareholders whose Shares are held in pure registered form and who wish to tender them to the Offer must request that their shares be held in administered registered form with an authorised financial intermediary, unless they have previously requested conversion to bearer form, in which case they will lose the benefits attached to the registered nature of the shares.

The Shares included in the Offer shall be freely negotiable and free of all liens, pledges or restrictions of any kind that restrict the free transfer of their ownership. The Offeror reserves the right to rule out Shares included in the Offer that may not meet this condition.

The orders for tendering the Shares will be irrevocable.

### **5.8. Indicative Offer calendar**

Prior to the opening of the Offer, the AMF will publish a notice of opening, a notice announcing the opening and the calendar of the Offer, and Euronext Paris will publish a notice announcing the terms and conditions of the Offer and the calendar of the transaction.

The timetable below is purely indicative.

<b>2 October 2018</b>	Filing of the Offeror's Draft Prospectus with the AMF
<b>2 October 2018</b>	Filing of Target's Draft Prospectus with the AMF
<b>[16 October] 2018</b>	Statement of compliance of the Offer by the AMF
<b>[17 October] 2018</b>	Offeror's offer document and TxCell's reply document made available
<b>[18 October] 2018</b>	Opening of the Offer
<b>[7 November] 2018</b>	Close of the Offer
<b>[12 November] 2018</b>	Publication of the outcome of the Offer by the AMF
As soon as possible from publication of the outcome of the Offer	Implementation of any squeeze-out procedure if the Shares not included in the Offer do not represent more than 5% of TxCell's share capital or voting rights

## 6. Offer price assessment summary

The Offer Price is higher than:

- The closing price of the last day of quotation before the Offer announcement (€0.93)
- The highest analysts' target price before the Offer announcement (€0.80)
- The maximum of the price range resulting from the discounted cash flows method (from €0.92 to €1.22 with a central value of €1.06)

In addition, the Offer Price is equal to:

- Price offered by the Initiator for the acquisition of a majority block representing 53% of the Company's share capital and voting rights resulting from a competitive sale process and including a control premium

Method	Implied share price (€)	Offer implied premium
<b>Retained valuation methods</b>		
<b>Recent transactions on the Company's capital</b>		
Block sale (Bpifrance, Auriga, Belsize, Management)	2.58	-
€11m capital increase by ABSA issuance in February 2017	2.00	+29.0%
Acquisition of shares by Oddo BHF during the pre-offer period	2.33	+10.7%
<b>Discounted cash flows (DCF)</b>		
Min	0.92	+180.6%
Average	1.06	+143.2%
Max	1.22	+111.7%
<b>Share price analysis (for information purposes)</b>		
VWAP spot (20/07/2018)	0.93	+177.4%
VWAP 20 days	0.97	+165.0%
VWAP 60 days	1.03	+149.4%
VWAP 120 days	1.14	+126.6%
VWAP 250 days	1.52	+70.2%
52 week high	1.98	+30.3%
52 week low	0.86	+200.7%
<b>Analyst's target price (for information purposes)</b>	0.80	+222.5%
<b>Discarded methods</b>		
<b>Net Asset Value (NAV)</b>		
NAV per share as of 30/06/2018	0.01	+43,202.3%
<b>Transaction comparables</b>	1.55	+66.8%
<b>Trading comparables</b>	n.r.	n.r.