

Karolinska Development AB (publ), EGM 2017

The Board of Directors' a) proposal regarding resolution to amendments of the Articles of Association (share capital limits and number of shares) and b) resolution on, subject to approval by the general meeting, a directed share issue to the convertible holders, with payment by set-off (set-off issue)

a) Proposal on amendments of the Articles of Association (share capital limits and number of shares)

To enable the issue of new shares under item b) below, the limits for the share capital and the number of shares in the Articles of Association must be amended.

The Board of Directors therefore proposes that the general meeting resolves to amend the limits of the share capital from minimum SEK 13,499,743 and maximum SEK 53,998,972 to minimum SEK 25,000,000 and maximum SEK 100,000,000.

The Board of Directors also proposes that the general meeting resolves to amend the limits of the number of shares in the Articles of Association from minimum 26,999,486 and maximum 107,997,944 to minimum 50,000,000 and maximum 200,000,000.

If the general meeting resolves in accordance with the proposal, item 4, first sentence, in the Articles of Association will have the following wording:

"The company's share capital shall be not less than SEK 25,000,000 and not more than SEK 100,000,000. The company shall have not less than 50,000,000 shares and not more than 200,000,000 shares."

b) Resolution on, subject to approval by the general meeting, a directed new issue of shares to the convertible holders, with payment by set-off (set-off issue)

The Board of Directors resolves on, subject to approval by the general meeting, a directed new issue of B-shares to the holders of the Company's outstanding convertibles 2015/2019, with payment by set off, on the terms and conditions set out below:

1. The right to subscribe for new B-shares shall, with deviation from the shareholders pre-emption rights, belong to the persons recorded as convertible holders, in the register held by Euroclear Sweden AB of the Company's outstanding convertibles 2015/2019 (the "**Convertible Holders**").
2. The purpose of the new issue of shares is to reduce the outstanding convertible debt, which would strengthen the Company's equity position compared to its share capital, thereby reducing the Company's overall financial risk profile and ensuring that its current cash resources can be used to invest in new portfolio companies. The reason for the deviation from the shareholders' pre-emption rights is that the new issue of shares by set-off is a necessary part of the refinancing of the company.

3. The number of B-shares that each Convertible Holder shall be entitled to subscribe for shall correspond to the number of B-shares that would be issued by off-setting the Convertible Holder's claim under the Convertibles, including accrued interest until 31 December 2016, for new B-shares in the Company.
4. The Board of Directors is, pursuant to Chapter 13, section 5, first paragraph, item 8 of the Swedish Companies Act, authorized to, before the Extraordinary General Meeting 8 March 2017, resolve the maximum amount by which the share capital shall increase, the maximum number of B-shares to be issued and the subscription price per each new B-share. The Board of Directors will, when resolving on the subscription price per each new B-share, use the following principles. The new B-shares will be issued at a subscription price corresponding to the higher of the volume weighted average share price (VWAP), of the Company's share, 90 trading days ending (i) two trading days prior to announcement of the board's resolution to convene the Extraordinary Shareholder Meeting (SEK 6.17 per share) or (ii) two trading days before the Extraordinary Shareholder Meeting.
5. Notification of subscription and payment by way of set-off shall be made during the period 20 March 2017 to 31 March 2017 by using an application form provided by the Company. Over-subscription is not allowed.
6. Payment for new B-shares shall be made in connection with subscription through set-off of the Convertible Holder's claims under the convertible, including accrued interest until 31 December 2016.
7. The new B-shares entitle to dividends for the first time on the first record date for dividend that take place after the issue of new B-shares has been registered with the Swedish Companies Registration Office and been recorded in the share register kept by Euroclear Sweden AB.
8. The Board of Directors' resolution on new issue of requires that the Company's Articles of Association is amended as proposed under item a) above.

Documents in accordance with Chapter 13, Section 6, 7 and 8 of the Swedish Companies Act is attached, appendix A–C.

The general meetings' resolution under item a)–b) above shall be resolved upon as one decision. Such resolution requires, for its validity, support by a minimum of two-thirds of the votes cast and the shares represented.

The Board of Directors, the CEO, or anyone appointed by the Board of Directors or the CEO, shall be authorised to make such minor amendments to the above resolution as may be necessary in connection with the registration of the resolution with the Swedish Companies Registration Office or Euroclear Sweden AB or due to other formal requirements.

Solna in February 2017

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The Board of Directors