

Notice of Extraordinary General Meeting in Karolinska Development AB (publ)

The shareholders of Karolinska Development AB (publ), reg. no. 556707-5048 (“**Karolinska Development**” or the “**Company**”) are invited to the Extraordinary General Meeting on Wednesday March 8, 2017 at 17:00 (CET), at Tomtebodavägen 23 A in Solna, Sweden.

Participation and notification of attendance

A shareholder, who wishes to participate in the meeting, must:

(i) be recorded as shareholder (not nominee registered) in the share register held by Euroclear Sweden AB on Thursday, March 2, 2017, and

(ii) notify Karolinska Development of his/her intention to attend the meeting, no later than on Thursday March 2, 2017, by telephone (+46 8 524 860 70), email (eva.montgomerie@karolinskadevelopment.com) or regular mail (Karolinska Development, “EGM”, Tomtebodavägen 23 A, SE-17165 Solna, Sweden). The notification should include name, identification/registration number, address, telephone number, number of shares and, if applicable, details on proxies and number of assistants.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee shareholder must temporarily re-register their shares in their own name in the share register kept by Euroclear Sweden AB to be allowed to participate in the meeting. The re-registration must be completed on Thursday, March 2, 2017 at the latest. Therefore, request for such registration must be made well in advance of such date.

Proxy

A shareholder attending the meeting by proxy, must issue a written proxy. The proxy is valid during the period set forth in the proxy, however, at most five years from the issuance. If a proxy is issued by a legal entity, a copy of the legal entity's registration certificate or similar document evidencing signatory powers must be enclosed. The original power of attorney and certificate of registration should be submitted to the Company by post at the address mentioned above in due time prior to the meeting. Proxy forms in Swedish and English are available for download on the Company's website, www.karolinskadevelopment.com.

Proposal for agenda

1. Opening of the meeting
2. Election of chairman of the meeting
3. Preparation and approval of the voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination of whether the meeting has been duly convened
7. Resolution on
 - a) amendments of the Articles of Association (share capital limits and number of shares) and
 - b) approval of the Board of Directors' resolution on a directed new issue of shares to the convertible holders, with payment by set-off
8. Closing of the meeting

Proposals to resolutions

Item 7

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 approval of the Board of Directors' resolution on a directed new issue of shares to the convertible holders, with payment by set-off (set-off issue)

The Board of Directors proposes that the general meeting resolves upon approval of the Board of Directors' resolution of 6 February 2017 on a directed new issue of B-shares to the holders of the Company's outstanding convertibles 2015/2019 on principally the following terms and conditions.

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**"). 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.

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. 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.

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. 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. 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.

Majority requirements and conditions

Resolution under item 7 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.

Information at the Extraordinary General Meeting

A shareholder is entitled to require that the Board of Directors and the CEO (when possible without causing material damage to the Company) provides information regarding circumstances that may have an effect on the assessment of an item on the agenda.

Documentation

The Board of Directors' complete proposal pursuant to item 7 a) and the Board of Directors' complete resolution pursuant to item 7 b), as well as other documents according to the Swedish Companies Act will be held available at the Company's office with address Tomtebodavägen 23 A in Solna and on the Company's website, www.karolinskadevelopment.com, not later than three weeks before the meeting, i.e., not later than on Wednesday February 15, 2017. The documents will also be sent, without charge, to shareholders who so request and inform the Company of their postal address. The documents will also be held available at the Extraordinary General Meeting.

Miscellaneous

As per the date of this notice, there are 53,464,998 shares, representing a total of 66,992,880 votes in the Company, distributed among 1,503,098 shares of series A (with 15,030,980 votes) and 51,961,900 shares of series B (with 51,961,900 votes). As per the date of this notice, the Company holds 244,285 treasury shares of series B.

Solna in February 2017
Karolinska Development AB (publ)
The Board of Directors