

Karolinska Development announces outcome of the rights issue of convertibles

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STOCKHOLM - 30 December 2014. Karolinska Development AB today announces that the company has concluded the rights issue of convertibles which preliminary has been subscribed to approximately 77 percent. The rights issue, together with the directed issue of convertibles to Thai Charoen Pokphand Group ("CP Group")¹, will provide Karolinska Development with preliminary proceeds of approximately SEK 347.9 million before transaction costs.

Through the issues of convertibles, Karolinska Development issues:

- a convertible loan with a nominal amount of preliminary SEK 175,000,880.98 through a rights issue of convertibles, and
- a convertible loan with a nominal amount of SEK 172,858,294.11 through a directed issue of convertibles to CP Group.

The rights issue of convertibles with preferential rights for the company's shareholders was preliminary subscribed for with support of subscription rights to approximately 32 percent. Additionally, CP Group, in accordance with their guarantee undertaking, subscribed for the full guarantee amount of SEK 100 million which corresponds to approximately 44 percent of the rights issue amount. In addition, applications to subscribe for convertibles without support of subscription rights corresponding to approximately one (1) percent of the rights issue were received. Altogether this means that the rights issue with preferential rights for the company's shareholders is preliminary subscribed to approximately 77 percent.

Allotment is done in accordance with the allotment principles stated in the prospectus. Notification of any allotment of subscription without preferential rights will be provided through distribution of a settlement note. Payment shall be made in accordance with the instructions on the settlement note. The notification of allotment will only be issued to those who have been allotted convertibles.

In the directed issue of convertibles to CP Group totaling SEK 172,858,294.11, approximately SEK 23 million has already been received and furthermore a confirmation of the transfer has been received for the remainder of the amount corresponding to SEK 150 million.

The convertibles fall due for payment on 31 December 2019, given that conversion has not taken place before that, and carries an annual interest of eight (8) percent. The interest is capitalized annually in arrears and is payable in connection with the repayment of the convertibles on the maturity date, provided that conversion has not taken place before that. Conversion into shares of series B can take place from the date when the issues are registered with the Swedish Companies Registration Office, until 30 June 2019 at a conversion price of SEK 22. At full conversion, and provided that all convertibles are converted on the last date of conversion, the number of shares of series B in Karolinska Development will increase by 21,941,987, which implies a dilution of approximately 29 percent. Last day of trading in the paid subscribed convertibles (BTU) is expected to be 13 January 2015. The BTUs will be replaced with convertibles as soon as the issues of convertibles are registered with the

¹ "CP Group", in this press release, is used to describe the units included in Thai Charoen Pokphand Group

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Swedish Companies Registration Office, which is expected to take place on 15 January 2015. Thereafter Karolinska Development expects that the convertibles will be subject to trade on Nasdaq Stockholm. If the application for admission to trading of the convertibles is rejected, Karolinska Development may consider having the convertibles be subject to trading on First North or another alternative marketplace. Note that there will be no trading in BTUs or convertibles from 14 January 2015 until and including 15 January 2015 in order to effect the conversion of BTUs into convertibles.

Financial and legal advisor

Danske Bank A/S, Danmark, Sverige Filial is acting as financial advisor and Roschier Advokatbyrå AB is acting as legal advisor to Karolinska Development in connection with the issues of convertibles.

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TO THE EDITORS

About Karolinska Development AB

Karolinska Development aims to create value for patients, researchers, investors and society by developing innovations from world class science into differentiated products that can be partnered. The business model is to: SELECT the most commercially attractive medical innovations that can potentially satisfy unmet medical needs; DEVELOP innovations to the stage where the greatest return on investment can be achieved; and COMMERCIALIZE the innovations through the sale of companies or out-licensing of products. An exclusive deal flow agreement with Karolinska Institutet Innovations AB, along with other cooperation agreements with leading universities, delivers a continuous flow of innovations. For more information, please visit www.karolinskadevelopment.com.

Karolinska Development is listed on Nasdaq Stockholm (KDEV). Karolinska Development may be required to disclose the information provided herein pursuant to the Securities Markets Act.

IMPORTANT INFORMATION

This press release is not an offer to sell or a solicitation of any offer to buy any securities issued by Karolinska Development AB (publ) (the "Company") in any jurisdiction.

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