

Notice to convene the Annual General Meeting of TK Development A/S

Notice is hereby given that the Annual General Meeting of TK Development A/S, CVR no. 24256782, will be held at 15:00 on Thursday, 26 April 2018 at Aalborg Kongres & Kultur Center, Radiosalen, Europa Plads 4, DK-9000 Aalborg.

Agenda

1. The Board of Directors' report on the Company's activities during the past financial year.
2. The presentation of the Annual Report, duly provided with the auditors' report, together with a motion for its adoption.
3. A resolution proposing the application of profits or the covering of losses.

The Board of Directors proposes that no dividend be declared in respect of the 2017/18 financial year.

4. Consideration of any proposals from the Board of Directors and any proposals from shareholders.
 - 4.1 The Board of Directors proposes the following resolutions:
 - 4.1.1 Approval of fees payable to the Board of Directors for the 2018/19 financial year.

The Board of Directors proposes to the General Meeting that the basic fee payable to each board member remain unchanged at DKK 160,000 for the 2018/19 financial year. The Chairman's remuneration is equal to the basic fee times three, while the Deputy Chairman receives the basic fee times two.

The Board of Directors also proposes that the fees for serving on board committees remain unchanged:

- Audit committee: DKK 50,000 per member, but DKK 100,000 to the committee chairman
- Nomination committee: DKK 25,000 per member, including the committee chairman
- Remuneration committee: DKK 25,000 per member, including the committee chairman

Adoption of this resolution requires a simple majority of votes.

- 4.1.2 To revise the general guidelines for the company's remuneration of members of the Board of Directors and the Executive Board approved on 24 May 2011, including the incentive remuneration of the Executive Board in accordance with the Board of Director's

proposal for new “General guidelines for the company's remuneration of members of the Board of Directors and the Executive Board”, which is enclosed as annex 1.

Adoption of this resolution requires a simple majority of votes.

4.2 No proposals have been submitted by shareholders.

5. Election of members to the Board of Directors.

It is proposed that the Board of Directors should continue to consist of five members.

Peter Thorsen, Henrik Heideby, Arne Gerlyng-Hansen, Anne Skovbro Andersen and Michael Bruhn have all offered themselves for re-election.

Profiles of the Board members standing for re-election can be found in the 2017/18 Annual Report and on the Company's website, www.tk-development.com.

6. Election of auditors.

The Company's financial statements are audited by one or more state-authorized public accountants elected by the shareholders for terms of one year.

The Board of Directors proposes that one auditor be elected.

The Board of Directors proposes that Deloitte, Statsautoriseret Revisionspartnerselskab, Copenhagen, be re-elected.

This proposal is consistent with the recommendation of the audit committee. The audit committee has stated that it has not been influenced by any third parties nor has it been subject to any agreement with any third party that restricts the shareholders from appointing certain auditors or audit firms.

7. Any other business.

Company matters and voting rights

The following is disclosed with reference to section 97 of the Danish Companies Act:

The Company's share capital amounts to DKK 98,153,335.00. The share capital is divided into shares in the denomination of DKK 1.00 or multiples thereof. The current denomination of the shares is DKK 1.00, and thus the number of shares totals 98,153,335.

With respect to voting rights at the General Meeting, article 4.2 of the Articles of Association provides as follows:

Each share amount of DKK 1.00 confers one vote on the holder. The voting right may be exercised pursuant to a written and dated instrument of proxy. Such instrument of proxy may not be issued for a period of more than one year.

Pursuant to article 4.3 of the Company's Articles of Association and section 84 of the Danish Companies Act, a shareholder's right to attend the General Meeting and vote on his/her shares is determined on the basis of the shares held by the shareholder as of the cut-off date. The cut-off date is one week prior to the date of the General Meeting, viz. 19 April 2018. Accordingly, voting rights will be determined based on the shares held by each shareholder on the cut-off date, as appearing from the entry in the Register of Shareholders regarding the shareholder's ownership. Any notifications received by the Company regarding the shareholder's ownership for entry in, but not yet recorded in the Register of Shareholders, will also be taken into account for this purpose.

However, the right to attend the General Meeting and exercise the voting rights attaching to the shares held at the cut-off date is subject to the condition that shareholders have given at least three days' advance notice of their intention to attend the General Meeting by obtaining an admission card as set out below.

Attendance matters, proxies and voting by correspondence

Admission cards can be ordered until Friday, 20 April 2018, at 23:59, from VP Investor Services A/S, Weidekampsgade 14, DK-2300 Copenhagen S, at tel. +45 4358 8893 or by e-mail to vpinvestor@vp.dk. Pre-ordered admission cards will be sent no later than two days before the General Meeting. A ballot paper will be issued when admission to the General Meeting has been registered.

Admission cards may be sent by e-mail. This requires that the shareholder's e-mail address is already registered at InvestorPortalen. After having registered for admission, the shareholder will receive an electronic admission card – if delivery by e-mail has been chosen – that must be available for presentation on the shareholder's smartphone or tablet. A shareholder who has forgotten to bring his/her admission card will be allowed to attend the General Meeting on showing proof of identity. A ballot paper will be issued when admission to the General Meeting has been registered.

In addition, shareholders have the option of issuing proxies. If a shareholder wishes to issue an instrument of proxy, the filled-in and duly signed Authorisation Form must reach VP Investor Services A/S, Weidekampsgade 14, DK-2300 Copenhagen S, by 23:59 on Friday, 20 April 2018.

Moreover, admission cards can be ordered and instruments of proxy entitling the Board of Directors to vote at the General Meeting can be completed at InvestorPortalen on TK Development's website, www.tk-development.dk, until 23:59 on Friday, 20 April 2018.

Finally, shareholders unable to attend the General Meeting may choose to vote by correspondence. A form for this purpose will be available on the Company's website, www.tk-development.dk. If a shareholder wishes to vote by correspondence, the filled-in "Vote by correspondence" form must reach VP Investor Services A/S, Weidekampsgade 14, DK-2300 Copenhagen S, by 12:00 noon on Wednesday, 25 April 2018.

Additional information and documents

This convening notice and the Company's audited Annual Report for the period ending on 31 January 2018 together with the Consolidated Financial Statements will be available for inspection at the Company's office at Vestre Havnepromenade 7, DK-9000 Aalborg, from Wednesday, 4 April 2018, and copies may be obtained on request from that date; see section 98 of the Danish Companies Act.

With reference to section 99 of the Danish Companies Act, the Company announces that the documents to be presented at the General Meeting, including the agenda, the Company's 2017/18 Annual Report, the complete proposals, information about the total number of shares and voting rights as of the date of the convening notice, as well as the Authorisation Form and the "Vote by correspondence" form, will be available at the Company's website, www.tk-development.dk, from Wednesday, 4 April 2018.

Aalborg, 4 April 2018
TK Development A/S

Peter Thorsen
Chairman of the Board of Directors

Annex 1: General guidelines for the company's remuneration of members of the Board of Directors and the Executive Board

Remuneration policy

General guidelines for the company's remuneration of members of the Board of Directors and the Executive Board

Section 139 of the Danish Companies Act provides that the board of directors of a listed company must draw up general guidelines for the company's incentive schemes for the boards of directors and executive board before making an agreement on incentive-based remuneration with a member of the company's board of directors or executive board.

TK Development's Board of Directors has resolved to submit the Company's overall remuneration policy, comprising all general guidelines for the remuneration of members of the Board of Directors and the Executive Board, including the incentive-based remuneration of the Executive Board, for approval by the shareholders in general meeting.

The Executive Board is taken to mean Executive Board members registered as such with the Danish Business Authority.

Board of Directors

Members of the Board of Directors receive a fixed, annual fee. The Chairman and Deputy Chairman of the Board of Directors receive a supplement to this fee. The amounts of the fee and the supplementary fee are disclosed in the annual report and approved by the shareholders at the annual general meeting held in the current financial year.

The fee is fixed at a rate consistent with the current market level and reflects requirements for board members' competencies and efforts, including the number of board meetings. Additional remuneration may be paid for particularly demanding tasks. Members of the Board of Directors are not eligible for incentive-based remuneration.

Executive Board

Once a year, the Board of Directors reviews and determines the remuneration to be paid to the members of the Executive Board based on the recommendation of the remuneration committee. The overall pay package and its composition are determined by the results achieved, the qualifications of the members of the Executive Board and the Board of Directors' wish to ensure the Company's continued ability to attract, retain and motivate qualified executives – taking into account the Company's general situation and performance. Once a year, the Board of Directors compares the remuneration paid to the Executive Board to that of executive boards of comparable companies with international activities.

The remuneration paid to members of the Executive Board consists of a fixed and a variable component. The variable component consists of a short-term and a long-term incentive scheme. The overall pay package consists of:

- A fixed salary
- Bonus
- Defined contribution pension of 2% of the basic salary
- Benefits, including company-paid car, telephone, IT, newspaper and health insurance.
- Warrants

The value of each of these components for each Executive Board member is disclosed in the annual report.

Incentive-based remuneration to the Executive Board

The Board of Directors considers it expedient to continue establishing incentive schemes for the Company's Executive Board. This is a means of aligning the interests of the Executive Board with the objective of creating shareholder value both short and long term.

The short-term incentive scheme consists of an annual cash bonus. For each Executive Board member, the bonus represents a percentage of his or her annual salary, including pension contributions. The bonus is calculated as 1.5 x the realised return on equity for TK Development A/S of the preceding financial year, always provided the realised return on equity after tax is not less than 8% per annum. A realised return on equity of 10% per annum triggers a cash bonus for each Executive Board member of 15% of the annual salary, including pension contributions. The cash bonus cannot exceed 50% of the annual salary, including pension contributions. The bonus currently payable to each Executive Board member is disclosed in the annual report. In exceptional cases, TK Development is entitled to reclaim, in full or in part, any cash bonus paid on the basis of data which have subsequently proved to be misstated.

The long-term incentive scheme consists of an equity compensation plan by way of warrants. This part of the variable remuneration is a revolving scheme, under which warrants are granted to members of the Executive Board and other executive staff members once a year. The number of warrants issued to the Executive Board per grant represents a value of up to about 15% of the fixed annual salary payable to the Executive Board members, calculated according to the Black & Scholes model. Warrants issued may be exercised after a three-to-four year period. The exercise price increases successively to reflect advance returns to the shareholders and is fixed at a premium to the market price at the time of grant. There is an additional lock-up period of up to two years for gains on any shares acquired whose market value exceeds the subscription amount and tax. For tax purposes, the terms of the grant entail that capital gains are taxed as share income while the costs of the grant are not tax-deductible for the company. The specific allocation is determined by the Board of Directors within a defined framework, and the scheme is submitted for adoption at a general meeting. The number of warrants granted and the accrued value of the scheme to be expensed in the Company's books is disclosed for each Executive Board member in the annual report. The warrants granted are hedged by the issuance of new shares adopted at a prior general meeting of the Company.

Incentive pay for the Executive Board in extraordinary circumstances

It is company policy to ensure that Executive Board members are provided with incentives to make a committed and dedicated effort in the interests of the Company and its shareholders in the event of a merger, takeover bid or other extraordinary situations.

Accordingly, the Board of Directors may decide, on the basis of a specific assessment, to pay a retention bonus whereby Executive Board members receive a special consideration, which is not to exceed 12 months' fixed salary, for example in the event that the Company merges with another company or if another company



takes over all the Company's activities, subject to approval of such transaction at a general meeting. Payment of such bonus is contingent on the Executive Board member being employed by the Company at the time of the completion of such transaction; however, the Executive Board member will be entitled to the relevant bonus if his or her employment has been terminated by the Company within four months prior to the completion of the transaction, provided that the Executive Board member has given no reasonable cause for the termination.