

KappAhl

Extraordinary General Meeting

Shareholders of KappAhl AB (publ) (the “Company”) are hereby invited to the Extraordinary General Meeting to be held in Mölndal at Idrottsvägen 14, on Tuesday November 8, 2011 at 10.00 a.m.

The meeting room will be open from 9.30 a.m. and coffee will be served.

Notification

Shareholders wishing to participate in the Meeting must be registered in the share register kept by Euroclear Sweden AB (formerly VPC AB) no later than on Tuesday November 1, 2011, and have given notice of their attendance and that of any advisers by 12 noon on the same date via email to stamma@kappahl.com. Notification of participation can also be given by telephone on +46 31 771 55 00, by fax on +46 31 771 58 15, or by mail to KappAhl AB, Extraordinary General Meeting, PO Box 303, SE 431 24 Mölndal, Sweden.

The notification must state the name, address, telephone number, corporate or personal identity number and registered shareholding. Any powers of attorney must be in writing and be submitted no later than, but preferably prior to, the Extraordinary General Meeting. A physical person representing a legal person shall also submit a certified copy of the certificate of registration. Powers of attorney and certificates of registration must be no older than five years. The Company provides power of attorney forms upon request, and these are also available at the Company’s website www.kappahl.com/ir.

Shareholders whose shares are registered in the name of a nominee through a bank’s trust department or a private securities dealer must temporarily register the shares in their own name to be entitled to participate in the Meeting. This temporary registration of ownership must be effected no later than Tuesday November 1, 2011. This means that the shareholder must notify the nominee of this well in advance of that date.

Agenda

1. Opening of the Meeting and election of chairman of the Meeting
2. Drawing up and approval of the voting list
3. Approval of the agenda
4. Election of one or more persons to verify the minutes and check the votes
5. Consideration whether the Meeting has been duly convened
6. Resolution on amendment of the Articles of Association article 6
7. Resolution on:
 - a) amendment of the Articles of Association article 4;
 - b) amendment of the Articles of Association article 4; and
 - c) approval of the Board of Directors’ resolution to issue new shares with preferential rights for current shareholders.
8. Closing of the Meeting

Proposed resolutions

Item 6: With the purpose of adapting the provisions of the Articles of Association regarding notice to attend shareholders’ meeting to the changed provisions of the Swedish Companies Act, the Board of Directors proposes that the Articles of Association shall be amended so that the full notice to attend shareholders’ meetings is published only in the official announcement organ Post och Inrikestidningar and at the Company’s website, while an advertisement that notice to attend a shareholders’ meeting has been announced is published in the newspapers

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Göteborg Posten and Svenska Dagbladet. At the same time, the provisions regarding deadlines for notice to attend shareholders' meetings set out in the Articles of Association shall be discarded since the regulations are provided in the Swedish Companies Act.

Article 6 of the Articles of Association shall thereby be worded as follows:

"Notice to attend a shareholders' meeting shall be published in Post och Inrikestidningar and at the Company's website. The fact that notice to attend a shareholders' meeting has been announced shall be published in Göteborg Posten and Svenska Dagbladet. "

The Meeting's decision to amend the Articles of Association is valid only if approved by shareholders holding at least two-thirds of the votes cast and the shares represented at the Meeting.

Item 7: Adoption of a) amendment of the Articles of Association article 4, b) amendment of the Articles of Association article 4, and c) approval of the Board of Directors' resolution to issue new shares with preferential rights for current shareholders.

Background

The Board of Directors proposes that the Meeting resolves to approve the rights issue with preferential right for shareholders, as set out below. As is further set out below, some terms of the rights issue, such as the number of shares that shall be issued and the subscription price for each share, will be determined and made public at a later date. To create commercial flexibility when determining the final terms of the rights issue, the Board of Directors presents two proposals regarding the amendment of § 4 of the Article of Association (se item 7 a) – b) below), of which only one proposal can be adopted by the Meeting. The Board of Directors will therefore withdraw the other proposal as the Board of Directors finds it to be less effective i.a. as regards the final terms for the rights issue. Such withdrawal will be made when the final terms of the rights issue are determined.

a) Resolution on amendment of the Articles of Association article 4

To enable the rights issue with preferential rights for current shareholders under item c) below, the Board of Directors proposes that the Meeting resolves that the limits for the share capital in the Articles of Association shall be amended as follows. The limits of the share capital in the Articles of Association shall be changed from the current minimum of SEK 5,000,000 and a maximum of SEK 20,000,000 to a minimum of SEK 10,000,000 and a maximum of SEK 40,000,000.

Article 4 of the Articles of Association shall thereby be worded as follows:

"The share capital shall amount to no less than SEK ten million (10,000,000) and no more than SEK forty million (40,000,000). The number of shares shall be no less than seventy million (70,000,000) and no more than two hundred eighty million (280,000,000)."

The Board of Directors has the right to withdraw its proposal for resolution under this item a), if its proposal for resolution under item b) below is considered more appropriate for the determination of the final terms of issue.

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b) Resolution on amendment of the Articles of Association article 4

To enable the rights issue with preferential rights for current shareholders under item c) below, the Board of Directors proposes that the Meeting resolves that the limits for the share capital and number of shares in the Articles of Association shall be amended as follows. The limits of the share capital in the Articles of Association shall be changed from the current minimum of SEK 5,000,000 and maximum of SEK 20,000,000 to minimum of SEK 20,000,000 and maximum of SEK 80,000,000 and the numbers of shares shall be changed from the current minimum of 70,000,000 and maximum of 280,000,000 to minimum of 140,000,000 and maximum of 560,000,000.

Article 4 of the Articles of Association shall thereby be worded as follows:

”The share capital shall amount to no less than SEK twenty million (20,000,000) and no more than SEK eighty million (80,000,000). The number of shares shall be no less than one hundred forty million (140,000,000) and no more than five hundred sixty million (560,000,000).”

The Board of Directors has the right to withdraw its proposal for a resolution under this item b), if its proposal for a resolution under item a) below is considered more appropriate for the determination of the final terms of issue.

c) Resolution on approval of the Board of Directors' resolution to issue new shares with preferential rights for current shareholders

The Board of Directors proposes that the Meeting approves the Board of Directors' resolution of October 10, 2011 to increase the Company's share capital by a new issue of shares with preferential right for the shareholders, on the following principal terms.

The Board of Directors, or a person appointed by the Board of Directors amongst its members, shall be authorized to determine, no later than five weekdays prior to the record date, the amount by which the Company's share capital is to be increased, the number of shares which are to be issued in the rights issue and the subscription price per share.

Right to subscribe for new shares shall be preferential for shareholders who are registered on the record date for the rights issue and thus have been assigned subscription rights in relation to their shareholdings on the record date or, if subscription rights are thereafter transferred, the acquirer of the subscription rights regardless of whether the acquirer was a shareholder on the record date or not. In the event that not all the shares in the rights issue are subscribed for with subscription rights, allotment of the remaining shares, within the maximum amount of the rights issue, shall be made to the person who has subscribed for shares with subscription rights and who has notified its interest to subscribe for shares without subscription rights. In the event that the allotment to such person can not be made in full, allotment shall be made in proportion to the number of subscription rights that each of those who notified an interest to subscribe for shares without subscription rights has exercised for subscription of shares, and to the extent that this is not possible, for the drawing of lots. In the event that not all of the shares can be allotted according to the above, allotment of the remaining shares shall be made to Dutot Ltd. and Mellby Gård AB in their capacity as guarantors and in accordance with the terms of the respectively guarantor's guarantee.

The record date for determining which shareholders are entitled to subscribe for new shares with preferential right shall be Friday November 11, 2011. Subscription of new shares with subscription rights shall be made through

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cash payment during the period from November 16, 2011 to November 30, 2011. Subscription for new shares without subscription rights shall be made during the same time. Such subscription shall be made on a separate subscription list. Payment for shares that have been subscribed for without subscription rights shall be made in cash no later than the third banking day after the sales note has been sent, on which the allotted shares are set out. The Board of Directors has the right to extend the period of subscription. Subscription – as far as regards possible subscription by Dutot Ltd and Mellby Gård AB in their capacity as guarantors according to the above – shall be done on a separate subscription list no later than the fifth banking day after the above stated time. Payment for such shares that are subscribed for and allotted shall be made in cash no later than on the third banking day after the sales note has been sent, on which the allotted shares are set out. However, the Board of Directors has the right to extend the period of such payment.

The new shares shall entail a right to profit distribution for the first time on the record date for dividend distribution that occurs closest after the rights issue has been registered with the Swedish Companies Registration Office and the shares have been recorded in the share register at Euroclear Sweden AB.

Two of the Company's major shareholders, Dutot Ltd. and Mellby Gård AB, which hold approximately 16.3 and 11.8 percent of the capital and votes in the Company have committed to subscribing for shares in the rights issue in relation to their respective holdings in KappAhl, ie. utilize all allocated subscription rights (the "Subscription undertakings"). In addition, Dutot Ltd. and Mellby Gård AB have undertaken to subscribe for the remaining part of the rights issue that is not subscribed for with or without subscription rights (the "Guarantee undertakings") and such shares shall be distributed by 20 percent to Dutot Ltd. and 80 percent to Mellby Gård AB.

If the rights issue is not fully subscribed for with subscription rights, Dutot Ltd. and Mellby Gård AB may, because of the Subscription undertakings and the Guarantee undertakings, increase their shares of equity and votes in the Company. The maximum share that Dutot Ltd. and Mellby Gård AB may obtain of the Company's equity and votes will be published when the final terms of the rights issue, according to above, have been determined by the Board of Directors. Dutot Ltd. and Mellby Gård AB have been granted an exemption from the Swedish Securities Council (Sw. Aktiemarknadsnämnden) (AMN 2011:26 and AMN 2011:27) from the obligation to make a mandatory public offer in case Dutot Ltd.'s and Mellby Gård AB's share of the votes in the Company would come to exceed 30 percent due to fulfillment of the Subscription undertakings or Guarantee undertaking. The Swedish Securities Council's ruling to grant an exemption from the obligation to make a mandatory public offer, insofar as concerns the Guarantee undertaking, is conditioned upon approval of the Board of Directors' resolution on the rights issue by shareholders representing not less than two-thirds of the votes cast and shares represented at the Meeting, setting aside the shares that are held and represented by Dutot Ltd. and Mellby Gård AB at the Meeting.

The Meeting's approval of the Board of Directors' proposal on the rights issue requires that the Articles of Association are amended according to item a) or b) above.

The Meeting's resolution in accordance with items a) - c) above shall be adopted as one resolution. Such resolution is valid only if approved by shareholders holding at least two-thirds of the votes cast and the shares represented at the Meeting. However, since the exemption that Dutot Ltd. and Mellby Gård AB has received from the Swedish Securities Council contains specific terms for a majority decision it is proposed that the decision moreover shall be conditional upon the shareholders at the Meeting approving the decision by at least two-thirds of the votes cast and the shares represented at the Meeting, without including the shares held and represented at the Meeting by Dutot

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Ltd. and Mellby Gård AB. Unless this condition of special majority is met, the decision under this item 7 shall be invalid.

The Chief Executive Officer, or the person who the Chief Executive Officer appoints, shall be authorized to make minor changes in the resolution as may be required in connection with the registration of the decision with the Companies Registration Office and Euroclear Sweden AB.

Duty of disclosure of the Extraordinary General Meeting

The Board of Directors and the Chief Executive Officer shall, if any shareholder so requests and the Board of Directors believes that it can be done without material injury to the Company, disclose conditions that may affect the assessment of an item on the agenda. Anyone wishing to submit questions in advance can do so to KappAhl AB, Extraordinary General Meeting, PO Box 303, SE 431 24 Mölndal.

Accounts and complete proposals

The Board of Directors' complete proposals according to the above and other documents in accordance with the Swedish Companies Act will be available to shareholders at the Company's head office in Mölndal, Idrottsvägen 14 and also at www.kappahl.com/ir three weeks prior to the Meeting, i.e. October 18, 2011 at the latest. Copies will be sent to shareholders upon request.

Total number of shares and votes in KappAhl AB

The total number of shares and votes in the Company is 75 040 000. The Company holds no own shares.

Mölndal, October 2011

KappAhl AB (publ)

The Board of Directors