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**Magnolia Bostad
Corporate
Governance
Report 2020**

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Magnolia Bostad's Corporate Governance Report 2020 is on pages 131–149 in Magnolia Bostad's Annual Report for 2020. The Corporate Governance Report is a separate report from the Annual Report, which in this version is presented as independent. The page references that appear in this report are references to pages in Magnolia Bostad's Annual Report.

A word from the Chairman



2020 was the year when we really examined ourselves. The whole world stopped because of a virus that no one could predict would hit us right there and then.

Like so many others, we learned to live with uncertainty, distance and challenges to change quickly. We did our best to find digital ways of working that could help both people and businesses to not only survive but also grow.

One of last year's insights is that our sustainability work is invaluable for the future. During the first part of the pandemic, we noticed more birds chirping, clearer water and in some countries a sky that was smog-free for the first time in a long time. As housing developers we have great opportunities to influence the environment for the better and our ambition is for Magnolia Bostad to be a strong driving force in sustainability.

During the year, we listed our first green bond, a bond of SEK 550 m. It is especially gratifying to be able to state that this was done without any adjustments by the organization. We see it as proof that our solid work with sustainability is yielding results and want to continue the journey and become even better. We also environmentally certified ten of our projects, a total of 2,680 residential units, during the year.

We also seriously accelerated our investment in building our own portfolio and increasing the proportion of projects in our own administration. Of the entire project portfolio, we see over time that about half goes into its own book and that the other half is resold. At the time of writing, we have 9,810 residential units in production and 1,814 of them are for self-management.

As part of this transformation, a new CEO was appointed during the year and I am pleased to be able to welcome Johan Tengelin to Magnolia Bostad. Johan comes in with deep transaction and investment experience from the industry where he has contributed strong leadership and value creation. He succeeds Fredrik Lidjan, who has held the role of CEO for the past five years, during which he has created a stable platform for the company with both structural capital and strong growth. Thank you Fredrik!

With all due respect to the difficulties that many suffered during 2020, we can state that the past year was very positive for Magnolia Bostad. That we had time



to reflect, adjust and also be forced into more digital processes is only positive for our organization. We are now more ready than ever to take the next step in the fantastic journey we have made since we started the company.

I would like to thank all the fantastic employees, customers and partners who have been with us during the year and welcome you to the next phase. Now let's fix 2021!

Stockholm, March 2021

Fredrik Holmström

Corporate Governance

In order to ensure that Magnolia Bostad is managed in an efficient manner and to create long-term value for shareholders, the division of responsibility is clear between the company's decision-making bodies.

Magnolia Bostad AB (publ) (the "Company") is a Swedish public company whose shares are listed on Nasdaq Stockholm. The Corporate Governance Report describes how the Company's shareholders directly and indirectly govern the Company during the year through various decision-making systems. Corporate governance aims, among other things, to clarify the division of roles and responsibilities between the management group and the control bodies, to ensure the shareholders' opportunity to assert their interests vis-à-vis the management bodies and to provide conditions for the dialogue between shareholders and the capital market to be as strong as possible.

Corporate governance is governed by external and internal regulations that are constantly evolving and improving. Since 1 January 2017, the Company has complied with the Swedish Corporate Governance Code (the "Code"). The Code states a standard for good corporate governance at a higher level of ambition than the Swedish Companies Act, the Annual Accounts Act and the minimum requirements of other rules.

Articles of Association

The Articles of Association, which are adopted at the Annual General Meeting, contain information on, among other things, the Company's operations, share capital and shares, number of Board members and auditors, and provisions on the convening and agenda of the Annual General Meeting. The Articles of Association can be found on page 148 of this report and can be found on the Company's website under the section Corporate governance.

The Company's name is Magnolia Bostad AB and the Company is a Swedish public company with its registered office in Stockholm. The Company's address is Box 5853, 102 40 Stockholm and the Company's visiting address (head office) is Sturegatan 6, telephone 08 470 50 80. The Company shall - directly or indirectly

through subsidiaries - acquire, own, manage, develop and sell properties, conduct project activities regarding properties and own and manage securities and other related activities.

Annual General Meeting

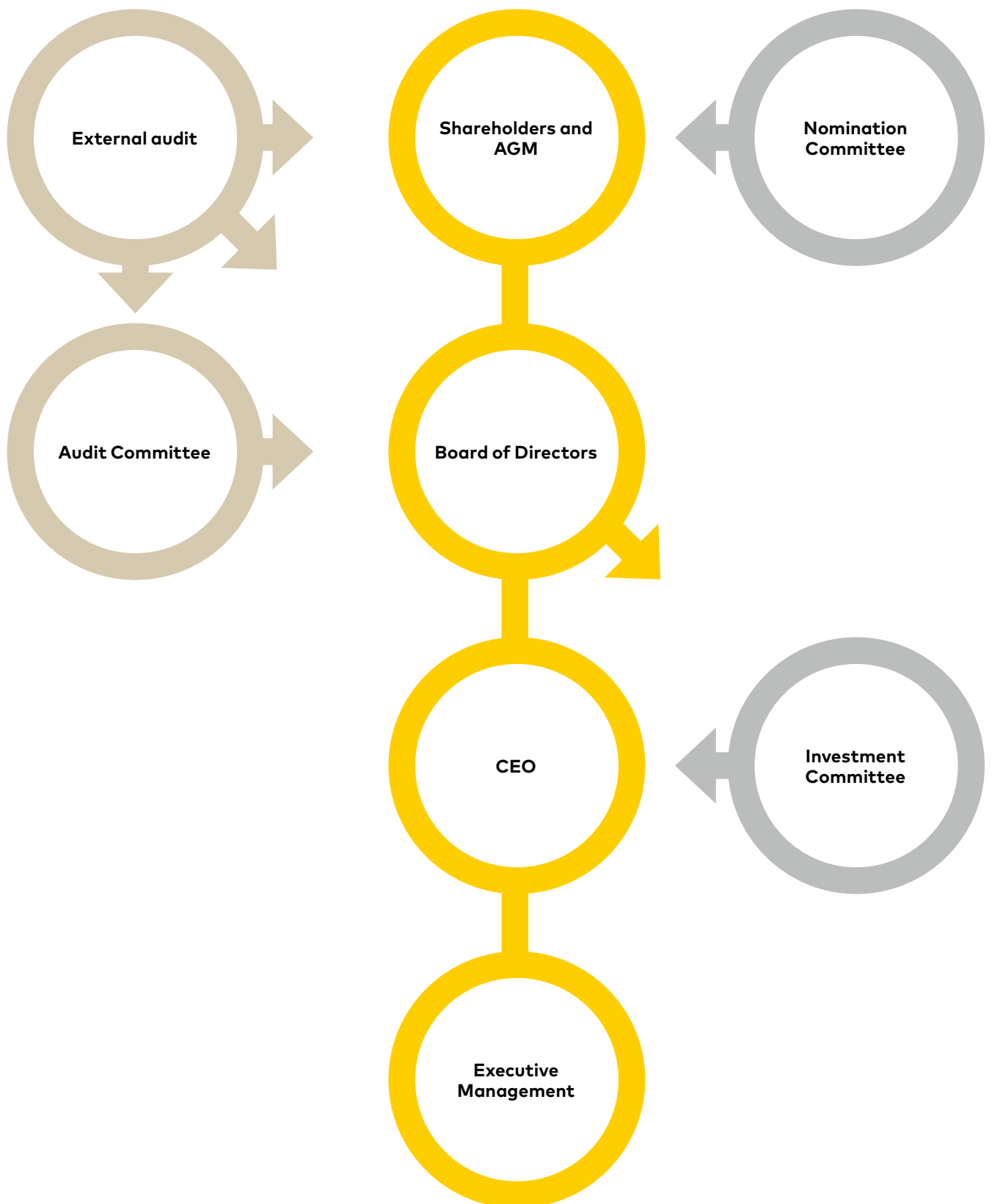
The Annual General Meeting is the decision-making body in which all shareholders have the right to participate. At the Annual General Meeting, the Company's development is discussed and decisions are made on, among other things, dividends, discharge from liability for the Board of Directors, election of the Board of Directors and auditors for the period until the end of the next Annual General Meeting, and remuneration to the Board of Directors and auditors.

Annual General Meeting 2020

For the 2020 Annual General Meeting on 27 April 2020, the Company decided to take certain precautions to limit the risk of the spread of infection as a result of Covid-19, including:

- Some of the Board and the Company's auditors were present by telephone.
- The CEO Fredrik Lidjan was present by telephone.
- The Nomination Committee was represented on site.
- Some of the Company's management team were present.
- The CEO's speech was cancelled.
- Those present were well-dispersed in the meeting room.

At the Annual General Meeting on 27 April 2020, 5 shareholders attended in person or through proxies (20) and these together represented 71.7% of the votes (72.0). Fredrik Holmström was elected Chairman of the Annual General Meeting. Documentation for the Company's Annual General Meeting and minutes from the Annual General Meeting can be found on the Company's website, www.magnoliabostad.com.



The 2020 Annual General Meeting resolved on the following:

- Adoption of the income statement and balance sheet for the financial year and disposition of the Company's profit in accordance with the approved balance sheet. In accordance with the Board's proposal, no dividend was proposed for the 2019 financial year.
- Granting of discharge from liability for the members of the Board of Directors and the CEO for the financial year.
- Determination of remuneration to Board members and auditors.
- Re-election of Board members Viveka Ekberg, Fredrik Holmström, Jan Roxendal, Andreas Rutli, Risto Silander and Fredrik Tibell and new election of Board member Anna-Greta Sjöberg. Fredrik Holmström was elected Chairman of the Board.
- Re-election of the registered auditing company Ernst & Young AB as auditor.
- Guidelines for remuneration to Executive Management.

On 20 November 2020, the Company held an Extraordinary General Meeting for a decision on an extra dividend to the shareholders. In light of the continued extraordinary situation as a result of Covid-19, the meeting was conducted through a postal voting procedure, without physical participation. The Extraordinary General Meeting resolved on the proposed dividend of SEK 2 per share for the 2019 financial year.

The shares and shareholders

The Company's shares have been listed on Nasdaq Stockholm since 20 June 2018. The Company's shares were registered for trading for the first time on Nasdaq First North on 9 June 2015, and on Nasdaq First North Premier in March 2017.

The total number of shares on 31 December 2020 amounted to 37,822,283 distributed between 4,009 shareholders. The closing price on 30 December 2020 was SEK 58.40, which corresponds to a market capitalization of SEK 2.2 billion.

The quotient value for all shares is SEK 4.00. Each share is entitled to one vote and grants an equal right to the share of the capital.

Decided programmes for warrants

The Annual General Meeting held on 26 April 2017, resolved to issue 350,000 warrants to the subsidiary, Magnolia Utveckling AB. During 2018, 260,500 warrants were transferred to employees in accordance with the warrant programme. 89,500 warrants were cancelled during 2019. 28 000 warrants were bought back during 2019. Warrants that have been bought back are still in the ownership of the subsidiary Magnolia Utveckling AB. Each warrant entitles the holder to the right to subscribe to one share at a strike price of SEK 84 per

share. The subscription period is from 2 November 2020 until 26 April 2022.

The Annual General Meeting held on 10 May 2019, resolved to issue 200,000 warrants to the subsidiary, Magnolia Utveckling AB. As by the Meeting's decision, 200,000 warrants were transferred to key personnel at Magnolia Bostad in accordance with the warrant programme. Each warrant entitles the holder to the right to subscribe to one share at a strike price of SEK 84 per share. The subscription period is from 1 November 2022 until 26 April 2024.

Nomination Committee

The Nomination Committee is appointed and works according to the instructions determined at the 2019 Annual General Meeting. According to the Nomination Committee's instructions, the Nomination Committee shall consist of representatives of the three largest shareholders in terms of votes according to the share register kept by Euroclear Sweden as at 30 September of the year before the Annual General Meeting. The member representing the largest shareholder in terms of votes shall be appointed Chair of the Nomination Committee. The Chairman of the Board shall also attend Nomination Committee meetings, although not as a member. The composition of the Nomination Committee shall be made public at least six months prior to the Annual General Meeting. Members of the Nomination Committee shall not receive remuneration, and the term of office runs until the composition of the next Nomination Committee has been made public.

The Nomination Committee's primary tasks are to nominate candidates to the posts of Chair of the Annual General Meeting, Chair of the Board, propose the number of members of the Board and members of the Board, submit proposals for fees and other remuneration for each Board member and submit proposals for remuneration for committee work for each Board member. The Nomination Committee shall also nominate candidates to the post of auditor and submit proposals for the fees to the auditor taking into consideration the recommendation from the Audit Committee. The Nomination Committee shall safeguard the communal interests of all shareholders in the matters that fall within its area of responsibility. The Nomination Committee shall perform its tasks in accordance with the Code and thus observe the requirement for diversity and breadth in the Company's Board of Directors in particular. For guidance for the Nomination Committee, the policy adopted by the Company's Board for Diversity in the Board applies, where it is stated that the goal is for the Board to be composed of members of varying ages, with varying gender and geographical origin and with a varying educational and professional background to contribute together with varying skills and experience as well as independent and critical ques-



Magnolia Bostad's Board, from left: Jan Roxendal, Andreas Rutili, Viveka Ekberg, Fredrik Holmström, Risto Silander and Fredrik Tibell. As of the 2020 Annual General Meeting, Anna-Greta Sjöberg is also a member of the Board. The picture was taken before Anna-Greta Sjöberg took office. Due to the ongoing pandemic, the Board has not had the opportunity to gather for a photograph in 2020.

Composition of the Board

Member	Elected	Post	Born	Nationality	Independent in relation to the company/ company management	Independent in relation to major shareholders	Number of board meetings	Attendance	Number of Audit Committee meetings ¹⁾	Attendance
Fredrik Holmström	2009	Chairman	1971	Swedish	No	No	23	23	-	-
Andreas Rutili	2015	Member	1975	Swedish	Yes	Yes	23	22	-	-
Fredrik Tibell	2010	Member	1966	Swedish	Yes	No	23	23	5	5
Risto Silander	2015	Member	1957	Swedish	Yes	Yes	23	23	-	-
Jan Roxendal	2016	Member	1953	Swedish	Yes	Yes	23	23	5	5
Viveka Ekberg	2017	Member	1962	Swedish	Yes	Yes	23	23	5	5
Anna-Greta Sjöberg	2020	Member	1967	Swedish	Yes	Yes	15	13	-	-

¹⁾ Members of the Audit Committee: Viveka Ekberg, Jan Roxendal och Fredrik Tibell.

tioning. The Nomination Committee presented and justified its proposals for the composition of the Board, with special justification for how the requirement for an equal gender distribution was sought, including through the proposal that the Board be expanded with member Anna-Greta Sjöberg. After Anna-Greta Sjöberg was elected to the Board, the proportion of women among the Board members is 29% (17%).

For more information on the work of the Nomination Committee, see the Nomination Committee decision suggestions for the Annual General Meeting on the Company's website, www.magnoliabostad.com.

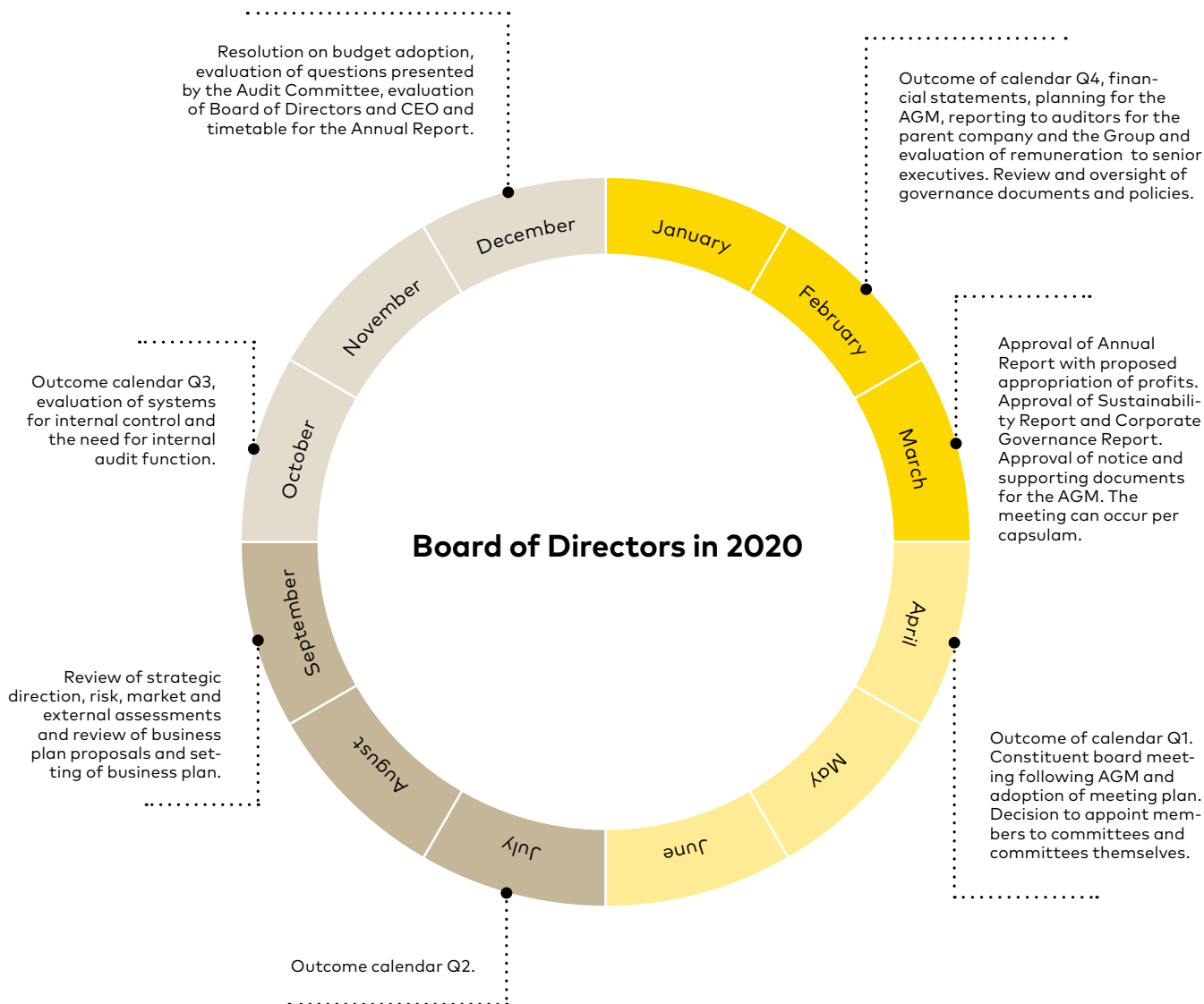
The Nomination Committee for the 2021 Annual General Meeting consists of Katarina Strömberg as representative of F. Holmström Fastigheter AB, Johannes Wingborg as representative of Länsförsäkringar Fondförvaltning AB and Ulf Hedlundh as representative of Svolder AB. Information on the composition of the Nomination Committee was announced on the Company's website six months before the Annual General Meeting. The majority of the Nomination Committee's members are independent in relation to the Company and the company management and the requirement that at least one of the Nomination Committee members is independent in relation to the largest shareholder in the Company in terms of votes or group of shareholders if cooperating with the Company's management, has been met.

The Board of Directors

The Board is appointed by the Annual General Meeting. The Board of Directors manages the Company on behalf of the shareholders by establishing the Company's overall goals and strategy, evaluating the operating

activities and ensuring that there are guidelines and routines for established goals as well as systems for monitoring and controlling the Company's operations and risks the Company is associated with. Furthermore, the Board shall ensure that the Company's disclosures are characterized by openness and are correct, relevant and reliable. According to the Articles of Association, the Board of Directors of the Company shall consist of three to seven Board members. At the turn of the year 2020, the Company's Board consisted of seven members who were elected at the 2020 AGM. All Board members were re-elected and one new member was elected. Fredrik Holmström was elected chairman. For further information about the members of the Board, see pages 144 and 145. None of the members of the Board work in, or participate in the management of, the Company or any of its subsidiaries. The majority of the Board members elected by the Annual General Meeting are independent in relation to the Company and the company management and the requirement that at least two of the Board members who are independent in relation to the Company and the company management are independent in relation to the Company's major shareholders, has been met.

The tasks of the Board include establishing strategies for the Company, deciding on the Company's business plan and budget and identifying how sustainability issues affect the Company's risks and business opportunities. The Board decides on full-year and interim reports, adopts annual accounts and adopts policies, instructions, governing documents and guidelines. The Board monitors financial developments and ensures the quality of financial reporting and internal control, and evaluates operations based on the goals and guidelines set by the Board. The Board makes decisions regarding



significant investments such as acquisitions and sales and for major financing commitments. If necessary, the Board makes decisions regarding significant changes in the organization and in the business. The Board's tasks are carried out through an organized interaction between the Board and the management team. The Board has a control function to ensure that shareholders' interests are safeguarded. Through submitted reports, the Board follows the assessment obligations that follow from law, listing rules, the Code and good practice. In addition, the Board's work is governed by guidelines from the Annual General Meeting and by the Board's rules of procedure

Audit Committee

As of 31 December 2020, the Audit Committee consisted of three members: Jan Roxendal (Chairman), Fredrik Tibell and Viveka Ekberg. The CFO always participates in the Audit Committee's meetings as rapporteur and the Chief Accounting Officer as minute taker. The Company's CEO and the Company's auditors participate in accordance with the established annual schedule, or when otherwise appropriate.

The Audit Committee has a preparatory and administrative role. The Audit Committee is responsible for monitoring the Company's financial statements, risk management, structure and policies for internal control and accounts and audits. The Audit Committee also reviews and monitors the auditor's impartiality and independence, other services provided by the Company's auditor and assists the Company's nomination committee when preparing proposals for the decision by the Annual General Meeting on selection of an auditor. Members of the audit committee must possess the qualifications and experience within accountancy, auditing and/or risk management required to fulfil the committee's obligations. In 2020, the Audit Committee held five minuted meetings, of which the Company's auditors participated in three. The issues that have been discussed at the committee's meetings are recorded and reported at the next board meeting.

The Code's requirement that the majority of the Audit Committee's members must be independent in relation to the Company and the management and that at least one member is independent in relation to the Company's major owners, has been met.

Remuneration Committee

The Board of Directors has decided to carry out the tasks normally assigned to a Remuneration Committee since this is considered most appropriate for the Company. During the year, the focus was on adapting the Company's processes and reporting in line with the EU directive's regulations. The Board follows the remuneration guidelines adopted by the Annual General Meeting and a remuneration policy has been developed to guide the Board's work. Guidelines adopted for remuneration to senior executives include Board members,

the CEO and deputy CEO, as well as other persons in the Executive Management group. Any variable remuneration is linked to criteria designed with the aim of promoting the Company's long-term value creation.

The Board annually evaluates the application of the guidelines for remuneration to the Executive Management group and monitors remuneration structures and remuneration levels at the Company in general.

Chairman of the Board

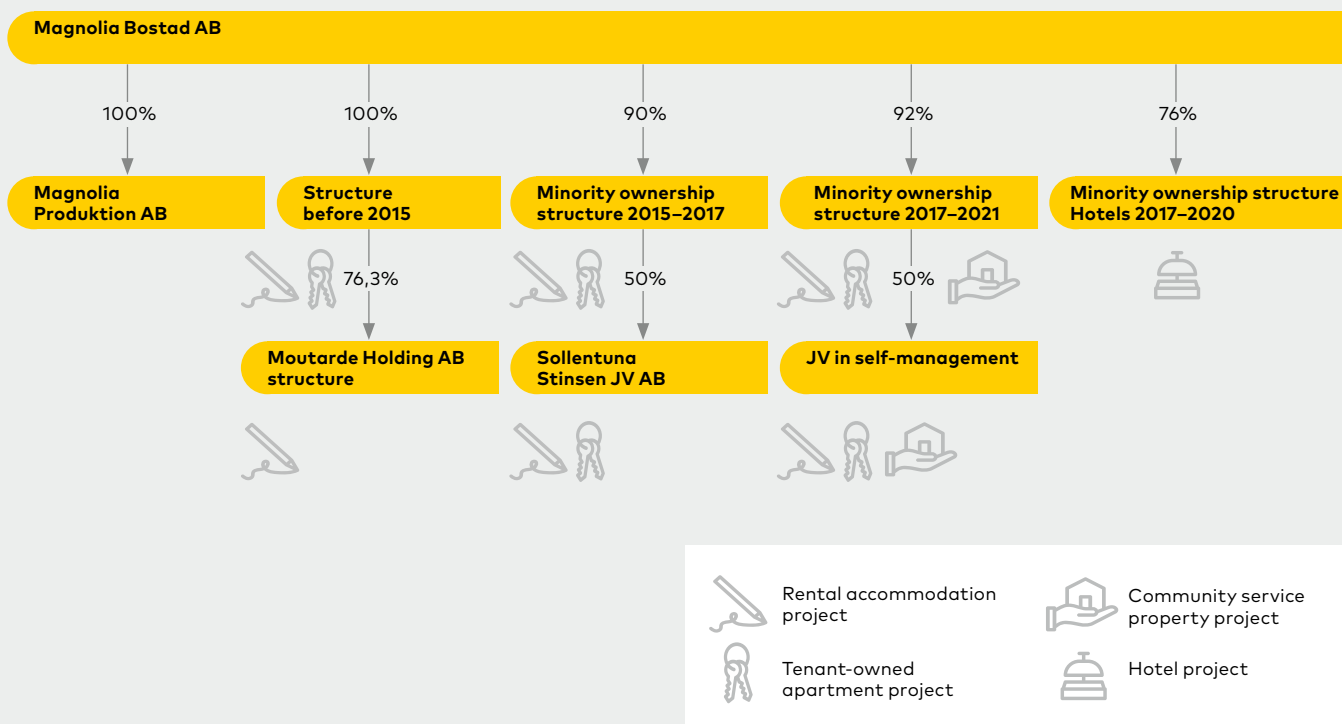
The Chairman of the Board leads the work of the Board and is responsible for ensuring that the work of the Board is carried out efficiently and that the Board fulfills its obligations in accordance with applicable laws and regulations. The Chairman of the Board represents the Board vis-à-vis the Company's shareholders. The Chairman of the Board shall in particular monitor the Board's performance and, together with the CEO, prepare the board meetings. The Chairman of the Board is responsible for chairing the board meetings, for ensuring that the Board receives the information about the Company and the operations required for the Board to be able to carry out its work efficiently and is responsible for monitoring that the Board's decisions are implemented. Under the leadership of the Chairman of the Board, the Board conducts an annual evaluation of its work.

Board work 2020

According to current rules of procedure, the Board must hold at least seven regular board meetings per calendar year, one of which is a statutory meeting and one is a strategy meeting. In 2020, the Company's Board held 23 board meetings, of which a constituent meeting immediately after the Annual General Meeting. Board meetings are held in connection with the Company's quarterly reporting, prior to the Company's Annual General Meeting for decisions on documentation to the Annual General Meeting, prior to decisions on the Company's business plan and prior to decisions on the budget. The regular board meetings have a recurring structure and deal with issues of significant importance to the Company such as ongoing business and projects, reporting from the Audit Committee and the Company's Investment Committee, financial reporting, follow-up of risks, reporting of disputes and reporting from other operations such as communication and branding, HR and sustainability. Furthermore, the Board is informed of the current business situation at both the property market and the credit market and receives follow-up of status in the ongoing projects. Among the ordinary matters dealt with by the Board in 2020 can be mentioned a review of the rules of procedure for the Board and the Company's policies, a decision on an overall business plan for the Company, a decision on the budget, and a decision on operational and organizational issues and a review of the Compa-

Magnolia Bostad's Group structure

See pages 32 to 36 for information about which projects are included in the various structures.



ny's risk report. In addition, the Board decided in 2020 on several major acquisitions, divestments, investments and financing in which matters the Board is the decision maker according to the current delegation procedure. To counteract the emergence of conflicts of interest in the Company, the Board has adopted a policy for conflict management. In addition, the Board has adopted guidelines and routines for assessing cases according to the Swedish Companies Act, Chapter 16 a (related parties). It further applies in accordance with the Board's rules of procedure that any other decisions in related party matters, which are defined as matters where someone on the Board or in the Company's management group has a significant interest in the other party, must always be made by the Board, whereby the usual conflict of interest rules apply to the preparation of documentation for decisions as well as for the decision-making itself.

The Deputy CEO, CFO and General Counsel are co-opted to the board meetings and in addition, if necessary, people in the Company participate as rapporteurs on

special issues. During the year, the Board met on two occasions with the Company's auditors without the presence of company management.

Evaluation of the Board's work

The Board of Directors is evaluated annually, partly for the purpose of developing the Board's work and partly to create a basis for the Nomination Committee's evaluation of the Board's composition. An important objective of the evaluation of the Board of Directors is to ensure that the work of the Board is functioning well and to identify areas for improvement. This evaluation therefore includes investigating the type of questions that the Board believes should be given greater focus, determining the areas in which the Board needs additional expertise and assessing the composition of the Board. In 2020, the evaluation was conducted through a written survey, where Board members were able to give their view on the Board's ways of working and effectiveness, its need for expertise and strengths and its improvement areas. The responses were then compiled into a report that was presented to the Board by the

Chairman of the Board. According to the evaluation the members consider that they can independently assess the matters the Board has to deal with and that they request the information that the members deem necessary for the Board to be able to make well-founded decisions, and that the members continuously acquire that knowledge of the Company's operations and the market, etc, required for the assignment. Furthermore, it appears that the interaction with the Board and management works well and that the Board members' special expertise is utilized well. The outcome of the evaluation forms the basis for identifying areas for improvement for the Board's work in the coming years. The Board's evaluation is communicated to the Nomination Committee. The Company changed CEO during December 2020, and no evaluation of the CEO's work for 2020 has therefore been carried out.

Investment committee

The Board has established an investment committee whose main task is to act as an advisor to the Board and prepare all investment decisions in connection with acquisitions, sales and property investments. The Investment Committee shall consist of three to five members, who are elected by the Board once a year (or if necessary). On 31 December 2020, the Investment Committee consisted of four members: the Company's CEO Johan Tengelin, Deputy CEO and CIO Gurmo Endale, CFO Fredrik Westin and General Counsel Hanna Jessing. From August 2020, the Board has decided that Erik Rune, former deputy CEO of the Company, can be retained and participate as an expert in business until June 2021.

The Board has adopted a job description for the Investment Committee, with a delegation procedure and decision matrix for decision-making regarding acquisitions and sales etc. The Investment Committee meets when necessary and the decisions made by the Investment Committee, or on the basis of the delegation procedure, are recorded and kept available to the Board via the Board's portal. The CEO reports on the decisions made in the form of a summary that is presented at the ordinary board meetings. In 2020, the Investment Committee held 64 meeting meetings at which a total of 94 cases were handled.

CEO and company management

The CEO is appointed by the Board and is responsible for the Company's day-to-day management in accordance with the Company's CEO instructions, the rules in the Swedish Companies Act, other applicable laws and guidelines and in accordance with the Company's policies and the Board's instructions.

As of 31 December 2020, the Company's management consisted of the Company's CEO, CFO, Deputy CEO and CIO, Marketing and Communications Manager and General Counsel. The management group meets

regularly to discuss, above all, overall operational issues and strategies.

Remuneration to the Board of Directors and the CEO

Remuneration of Board members

Fees and other remuneration for the Board members, including the Chairman of the Board, are determined by the Annual General Meeting. The Annual General Meeting held on 27 April 2020, resolved that the fees for Board members for the period up to the next Annual General Meeting shall amount to SEK 2.3 million. SEK 500,000 shall be paid to the Chairman of the Board and SEK 300,000 shall be paid to each of the six other Board members. In addition to this, SEK 90,000 shall be paid to the Chair of the Audit Committee and SEK 70,000 to each of the other members of the Audit Committee. The Company's Board members are not entitled to any benefits when they leave the Board of Directors.

Remuneration to the CEO

Johan Tengelin receives market-based remuneration as CEO. For further information, see Note 9 - Remuneration to employees.

Fredrik Lidjan received market-based remuneration as CEO. For further information, see Note 9 - Remuneration to employees.

Fredrik Lidjan has been involved in Magnolia Bostad's operations since it was founded in 2009, including as an advisor. In 2013, he was engaged as a consultant through his company, Fredrik Lidjan AB, to start the rental accommodation business area. Under Fredrik Lidjan's guidance, at that time as a consultant, the business area grew rapidly, and the Company today views this business area as its greatest competitive advantage. Fredrik Lidjan had an agreement that entailed that he would work without fixed compensation but was entitled to 8-12% of the profit of certain rental accommodation projects. The agreement included the projects Traversen 18, Nya Parken Allé, Tibble, Valsta Torg, Lumen and Phases 1 and 2 of Senapsfabriken. The terms of the agreement have been fulfilled for all projects with the exception of Senapsfabriken and do not apply to future rental accommodation projects.

Minority ownership structure 2015-2017

In conjunction with Fredrik Lidjan's accession to the position of CEO, a new agreement was reached between the Company and Fredrik Lidjan AB. Under this agreement, the Company and Fredrik Lidjan AB would co-invest in future rental accommodation projects. Fredrik Lidjan AB would invest at market terms with a 10% stake and Magnolia Bostad would invest and receive a 90% stake in the companies in which the rental accommodation projects would be operated. The agreement could also include tenant-owned apartments if this applied to the same plot of land and the tenant-owned



Magnolia Bostad's Executive Management, 31 December 2020. Front row from left: Suzana Bossel (Marketing and Communications Manager) and Fredrik Westin (CFO). Back row from left: Gurmo Endale (CIO and Deputy CEO), Hanna Jessing (General Counsel) and Johan Tengelin (CEO).

apartments constituted a small portion of the entire project.

Minority ownership structure 2017-2020 and 2022

At the Extraordinary General Meeting on 13 October 2017, a new minority ownership structure was adopted and replaced the current structure. Projects developed in limited liability companies in the old minority structure will continue, but no new projects will be allocated in accordance with the previous structure.

Under the minority ownership structure, Fredrik Lidjan AB will co-invest in all of the Company's future projects on market terms with an 8% stake. In future hotel projects, Clas Hjort's, head of the hotel business, stake will be 16%. Magnolia Bostad will then hold a 92% stake in all projects under this structure, apart from hotels where the total will be 76%. This minority ownership structure comprises investments that take place up to

and including 2022 for all projects except hotel projects that include investments that took place up to and including 2020. In December 2020, the Board decided that the minority ownership structure's co-investment period will end on 31 December 2021. For hotels, the co-investment period ended on 31 December 2020, meaning that from 1 January 2021 there will be no further allocation of hotel projects.

Auditors

Magnolia Bostad's external auditors are appointed by the Annual General Meeting. The auditors are tasked with reviewing on behalf of the shareholders the Board of Directors' and the CEO's management of the Company and ensuring that the annual financial statements have been prepared in accordance with applicable laws and regulations. The 2020 Annual General Meeting decided to select Ernst & Young AB as auditor for the period up to the end of the 2021 Annual General Meeting.

In addition to the audit, Ernst & Young also provided advisory services during the year, mainly regarding tax. In 2020, remuneration to auditors was paid totalling SEK 4.3 m (3.9). Also see Note 8 – Disclosures regarding fees and cost reimbursement to the auditor.

Internal controls

The Board's responsibility for internal controls is regulated in the Swedish Companies Act and the Code. The Board is ultimately responsible for ensuring that the internal controls are developed, communicated and understood by the employees of the Company. The Company has formalized routines that ensure that established principles for financial reporting and internal control are complied with and that the Company's financial reporting is prepared in accordance with law, applicable accounting standards and other requirements for listed companies.

The Company has established control structures and regularly monitors that the control structures are implemented, updated and complied with. Regional managers and heads of departments are responsible for ensuring that internal controls are established within their areas of responsibility and that these controls achieve the intended effect.

Magnolia Bostad complies with the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework for evaluating a company's internal control over financial reporting "Internal Control – Integrated Framework". The framework consists of the following five components: control environment, risk assessment, control activities, information and communication and monitoring.

The process for internal controls and risk assessment, as well as control structures and monitoring in relation to financial reports has been designed to guarantee reliable overall financial reporting and external financial reporting that complies with IFRS, applicable laws and rules and other requirements that may exist for companies listed on Nasdaq Stockholm. Risk assessment regarding the financial reporting takes place annually and involves the Board of Directors, senior executives and other employees.

The way in which the Board of Directors monitors and ensures the quality of internal controls is documented in the Board's work plan and in the instructions for the Audit Committee. Part of the work of the Audit Committee is to assess the Company's structure and policies for internal control.

To ensure that the Company's code of conduct is complied with, the Company has a whistleblower function. This function offers appropriate channels for reporting

serious irregularities committed by people in key positions or in leading positions at the Company. Registration can be done in a way that is safe for the person reporting and the administration and monitoring of the whistleblower function is handled by an external party. In addition, the Company has established the Ethics Council, whose task is to ensure that reported whistleblower cases are handled correctly. If necessary, the Ethics Council also handles any matters concerning violations of the Company's Code of Conduct, etc. and which cannot be handled within the framework of the whistleblower function.

Control environment

The basis for internal controls on financial reporting is Magnolia Bostad's organization, decision-making procedures, responsibility and authorizations that are communicated in the governing documents. These documents include the Articles of Association, the Board of Directors' rules of procedure, the CEO's instructions, the Code of Conduct, the Company's business plan, policies, the Investment Committee work description, process descriptions and manuals. Magnolia Bostad's work on internal control aims to identify high-risk areas and minimize these risks. All internal steering documents are regularly updated when, for example, legislation, accounting standards or listing requirements are changed and when other needs occur. The Company's policies and governing documents can be found on the Company's website, www.magnoliabostad.com.

Risk Assessment

The risk of material misstatement in financial reports is assessed by the Company's Board of Directors, Executive Management and the Company's external auditors. There is an established risk management process within Magnolia Bostad. The CEO, in collaboration with other departments within the Company, is responsible for structured risk mapping across all business activities. The Company's risks are divided into three main types: (1) external risks, (2) operational risks and (3) organizational risks.

External risks consist of external risks such as macroeconomic, regulatory, socio-economic, price and competition-related risks that affect our market, industry, business and internal processes.

Operational risks consist of business risks relating to the Company's business, projects and processes such as regulatory compliance, quality defects and ethical violations. Operational risks also include organizational risks attributable to succession planning, skills provision and resource planning.

Financial risks that affect the financial conditions for the business are interest rate risk, financing risk, liquidi-

ty risk and credit risk. Financial risks also include risks in the Company's internal processes relating to accounting and reporting.

The Company's established business model, along with an established control systems, procedures and processes, limits the Company's total risks and guarantees an ability to act whenever necessary.

Control activities

Control activities are designed on the basis of the risk analysis to address the significant risks identified. These are both of a preventive nature, in other words actions aiming to avoid losses or errors in reports and for purposes of discovery. The controls must also ensure that any errors will be corrected.

Examples of areas that have a material impact on the Company's results and that have well-established quality control measures include accounting for projects and funding matters and sales as well as the IT environment. Controls are carried out using methods such as variance analyses and on the occasion of quarterly meetings between business areas and Executive Management. The Company's IT Council, which includes the CFO and General Counsel, identifies risks and ensures that the Company maintains a secure IT environment. The IT Council's work follows a specific process and the meetings are recorded in minutes. For the business, the business system forms the basis of the control structure established and focuses on important stages in the business such as investment decisions, production start-up and sales. The Company places great emphasis on follow-up of projects linked to established procedures for the project process, such as regular follow-up meetings, the Investment Committee and the Quality Council.

Information, communication

The Company's policy documents in the form of a Code of Conduct, policies, process descriptions and manuals are reviewed annually by process owners and updated when necessary and are made available via the Company's intranet. All new employees receive information on the governing documents and the Company holds information sessions where the values and the Code of conduct are discussed. All employees also are responsible for being aware of applicable laws and rules and acting in accordance with the Company's guidelines.

The Company has created an information policy and an insider policy with the aim of informing employees and other parties concerned within the Company of the laws and rules that apply in relation to the Company's dissemination of information and the specific requirements imposed on people who are active in a company listed on the stock exchange, e.g. in relation to insider

information. For assessing insider issues, the Company has established an insider committee which includes the Company's CEO, CFO and General Counsel and has adopted instructions for the Company's assessment of insider issues.

The IR function is led by the Company's CFO, with support from the Company's IR manager. The primary tasks of the IR function are to support the CEO and senior executives in relation to the capital markets, prepare the quarterly and annual reports, analyst meetings, capital market presentations and regular reports on IR activities.

Follow-up

Follow-up takes place on many different levels within the Company. The Company has a business plan and a budget which both are decided on by the Board of Directors each year. The Board of Directors receives summary financial statements once a month and financial statements with comments including project follow-up and follow-up of warranties and reserves at least once a quarter. The Board of Directors also reviews interim reports and year-end reports prior to publication.

The Company's external auditor reports his findings from audits and assessments of the internal control to the Audit Committee and the Board of Directors partly during the autumn in connection with the auditors' nine-month audit and partly when the year-end accounts are audited. The Company has procedures to ensure that action is taken to address any deficiencies and that highlighted actions are followed up.

Evaluation of the need for a separate internal audit function

No internal audit function is currently established within the Company. The Board has examined the issue and assessed that the Group has a simple operational structure in which business is conducted in one segment. Follow-up of ongoing and completed investments is presented to the Board on an ongoing basis. The Board of Directors believes that the external auditors' audit and its own follow-up within the Company is sufficient to ensure that internal control of financial reporting is good. All in all, this means that it is not considered justified to have a special internal audit unit. This decision is reviewed annually.

Deviations in relation to the Code

In 2020, the Company complied with the Code in all respects.

Board of Directors



Fredrik Holmström
Chairman since 2009

Born 1971
Founder of Magnolia Bostad. Chairman and owner of Holmströmgruppen AB, the parent company in a privately-owned group focused on the production of residential units, acquisition and management of properties and trade in listed and unlisted holdings.

BSBA from IUM, Monaco (formerly University of Southern Europe).

Dependent of the Company and management. Dependent of major shareholders.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons):
21,542,787.



Viveka Ekberg
Member since 2017

Born 1962
Former CEO of PP Pension, Head of Nordics at Morgan Stanley Investment Management, Associate Partner and Head of Project Management at Brummer & Partners, Head of SEB Institutionell Förvaltning, and analyst at Alfred Berg Fondkommission as well as financial analyst and journalist at Affärsvärlden. Board member of Lindab International AB, Svolder AB, Apotea, Skagen AS, Areim AB, SPP Pension & Försäkring AB and Centrum för rättvisa.

MBA from Stockholm School of Economics.

Member of the Audit Committee.

Independent of the Company and management. Independent of major shareholders.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons):
20,000.



Jan Roxendal
Member since 2016

Born 1953
Previously President of Gambro Holding AB and CEO of Intrum Justitia AB, Executive Vice President and member of the Executive Board of the ABB Group, Group responsible for ABB Financial Services, as well as other senior positions within the ABB Group. Chair of AP2 and Board member of Catella AB.

Higher general banking degree.

Chairman of the Audit Committee.

Independent of the Company and management. Independent of major shareholders.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons):
5,000.



Andreas Rutili
Member since 2015

Born 1975
Founder and CEO of Magnolia Bostad 2009–2015. Previously President of Vito-sha Capital AB, a property development company with a focus on new production of residential units in Eastern Europe. Also has a background as CEO of the food company Bonesto AB.

Studies in economics at Uppsala University and Stockholm University.

Independent of the Company and management. Independent of major shareholders.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons):
1,663,565.

Shareholding as of 31 December 2020 via capital insurance with Wealins S.A.

Data reported above are as of 31 December 2020.



Risto Silander
Member since 2015

Born 1957
Previously CEO of Alfred Berg. Prior to this, management positions at Svenska Handelsbanken, Goldman Sachs and UBS. Currently board member of Varenne AB, Stronghold Invest AB, Niam AB, Brevan Howard Funds and Endeavour Pembroke Funds.

MSc (Economics) from Stockholm School of Economics.

Independent of the Company and management.
Independent of major shareholders.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons):
110,000.



Anna-Greta Sjöberg
Member since 2020

Born 1967
Since 2019 senior consultant at Olivetta AB. Previous positions include CEO and founder of the healthcare company Crispa AB (2011-2018) as well as various roles at The Royal Bank of Scotland Nordic Region such as CFO, COO and Head of Public Sector (1998-2011). Many years of experience in board work. Currently Chairman of Marginalen Bank Bankaktiebolag and board member of Tryggstiftelsen and Hufvudstaden AB.

MBA from Stockholm School of Economics.

Independent of the company and management. Independent of major shareholders.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons): –



Fredrik Tibell
Member since 2010

Born 1966
Founder and President of Caritas Corporate Finance AB, which provides financial advisory services primarily to companies within the real estate industry. Chair of the Board of Svenska Husgruppen Intressenter AB and others.

Finance studies at Stockholm University.

Member of the Audit Committee.

Independent of the Company and management.
Dependent of major shareholders.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons):
20,000.

Data reported above are as of 31 December 2020.

Executive Management and auditors



Johan Tengelin

CEO

Employed and member of Executive Management since December 2020
Born 1970

Former partner at Brunswick Real Estate after being involved in building up Brunswick's investment operations in his capacity as CEO of the subsidiary Sveafastigheter. Prior to that, CEO of the Nordic operations at GE Capital Real Estate and project manager within Corporate Finance and partner at Carnegie Investment Bank.

MBA from School of Economics at the University of Gothenburg. Authorized Financial Analyst (CEFA) from Stockholm School of Economics.

Shareholding in Magnolia Bostad (own and related parties): 80,000 and 30,000 warrants and 378,223 options.



Fredrik Westin

CFO

Employed and member of Executive Management since 2016
Born 1973

Previously Head of Finance at Kungälv. Also has a background as FP&A Manager and Accounting Manager at GE Capital Real Estate Nordic.

MBA from Gothenburg School of Economics.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons): 2,000 as well as 30,000 warrants.



Gurmo Endale

CIO and Dep. CEO

Employed 2015–2017 and since 2018 member of Executive Management since 2019
Born 1983

Previously Business Developer and Chief Investment Officer at Magnolia Bostad. Has 10 years of experience in the property industry, including transactions at CBRE and Business Development at Veidekke Bostad. MSc from the Royal Institute of Technology (KTH), Stockholm.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons): 6,235 as well as 40,000 warrants.

Data reported above are as of 31 December 2020.



Suzana Bossel

Head of Marketing and Communications
Employed and member of Executive Management since 2014
Born 1973

Extensive background in PR and Communications from the housing industry, for example with JM AB. In addition, she was PR and marketing manager for Et-telva Arkitekter and the terraced house developers Arkitekthus and Svenska Husgruppen.

Market Economist from IHM Business School and Higher Degree in Technical Editorial Work from Mälardalen University.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons): 105,000 as well as 25,000 warrants.



Hanna Jessing

General Counsel
Employed since 2017
Member of Executive Management since 2018
Born 1971

Former legal counsel at Vasakronan AB. Before that, attorney at Lindskog Malmström Advokatbyrå and district court lawyer.

Master of Laws (LL.M) from Stockholm University.

Shareholding in Magnolia Bostad (owned personally and by closely-related persons): 1,000 and 22,000 warrants.

Auditors

Ernst & Young AB

Chief Auditor:

Fredric Hävrén
Authorized Public Accountant

Data reported above are as of 31 December 2020.

Articles of association

Magnolia Bostad AB
Sturegatan 6
Box 5853, 102 40 Stockholm
Switchboard: +46 8 470 50 80
magnoliabostad.com

ARTICLES OF ASSOCIATION OF MAGNOLIA BOSTAD AB Reg nr 556797-7078

Adopted at the Annual General Meeting on 27 April 2018

§ 1 Name

The Company's name is Magnolia Bostad AB. The Company is public (publ).

§ 2 Domicile of the Board of Directors

The Board of Directors is domiciled in Stockholm.

§ 3 Operations

The company will – either directly or indirectly through subsidiaries – acquire, own, manage, develop and sell properties, carry on project activities relating to properties and own and manage securities and other associated activities.

§ 4 Share capital and the number of shares

The share capital consists of at the least SEK 120,000,000 and at the most SEK 480,000,000. The total number of shares shall be at the least 30,000,000 and at the most 120,000,000.

§ 5 Board of Directors

The Board of Directors shall consist of three to seven members.

§ 6 Auditors

The Company shall have one to two auditors, of which one can be a registered accounting firm, with a maximum of two deputy auditors.

§ 7 Notice of Annual General Meeting

Notice of the Annual General Meeting shall be announced in Post- och Inrikes Tidningar and by publishing the notice on the Company's website. At the same time as the notice is published, the Company shall advertise in Dagens Industri that a notice has been published.

§ 8 Participants at the Meeting

Shareholders who wish to participate in the proceedings at the General Meeting shall be registered in the transcript or other representation of the complete share register pertaining to the circumstances five days prior to the General Meeting, and they shall notify the Company thereof no later than on the date specified in the notice to the General Meeting. That date may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth ordinary business day prior to the General Meeting. Shareholders may not have more than two assistants at the General Meeting, and only when they notify the Company of the number of assistants prior to the Meeting as indicated in the previous paragraph.

§ 9 Opening of the meeting

The Chair of the Board or a person appointed by the Board opens the Annual General Meeting and leads the proceedings until the Chair of the Meeting is elected.

§ 10 Annual General Meeting

The Annual General Meeting is held annually within six months after the end of the financial year. At the Annual General Meeting the following business is conducted.

1. Election of the Chair of the Meeting;
2. Preparation and approval of the voting list;
3. Approval of the meeting agenda;
4. Election of one or two adjusters;
5. Resolution concerning the due convening of the meeting;
6. Presentation of the annual report and the auditor's report and, where appropriate, consolidated financial statements and consolidated auditor's report;
7. Resolution regarding
 - a. adoption of the income statement, balance sheet and, where appropriate, consolidated income statement and consolidated balance sheet,
 - b. dispositions concerning profit or loss as stated in the adopted balance sheet,
 - c. discharge of the members of the Board and the CEO from liability;
8. Determination of the number of members for the Board of Directors, auditors and deputy auditors, who shall be appointed by the Meeting;
9. Adoption of fees paid to members of the Board and auditors;
10. Election to the Board of Directors and auditor;
11. Resolution on guidelines for remuneration payable to senior executives;
12. Any business that arises at the Meeting in accordance with the Swedish Companies Act or the Articles of Association of the Company.

§ 11 Fiscal year

The Company's fiscal year shall be a calendar year.

§ 12 Record day provision

The Company's shares shall be registered in a securities register according to the Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages 131–148 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 30th of March 2021
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant