

# MAGNOLIA

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## **NOTICE OF EXTRAORDINARY GENERAL MEETING IN MAGNOLIA BOSTAD AB**

An Extraordinary General Meeting of Magnolia Bostad AB will be held on Friday, 13 October 2017 at 10:00 am in the premises of Erik Penser Bank, Apelbergsgatan 27, Stockholm. Registration begins at 9:30 am.

### **RIGHT TO ATTEND AND NOTIFICATION TO THE COMPANY**

Anyone wishing to attend the meeting must

- (i) be entered as a shareholder in the share register kept by Euroclear Sweden AB as of Saturday, 7 October 2017; and
- (ii) give notice of their intention to attend no later than Monday, 9 October 2017.

Notification of attendance may be given in writing to the Company at the address Magnolia Bostad AB, PO Box 5853, 102 40 Stockholm, Sweden, or by telephone on +46 70-288 80 49 weekdays between 9:00 am and 4:00 pm or on the Company's website: [www.magnoliabostad.se](http://www.magnoliabostad.se). When giving notification please state your name or company name, personal ID or company registration number, address and daytime telephone number, together with shareholding. The registration procedure described above also applies to registration for any advisors.

### **NOMINEE REGISTERED SHARES**

To be entitled to attend the meeting, holders of nominee registered shares must instruct the nominee to have the shares registered in the holder's own name, so that the holder is entered in the share register kept by Euroclear Sweden AB as of Saturday, 7 October 2017. Registration in this way may be temporary. As Saturday, 7 October 2017 is not a banking day, Euroclear Sweden AB will issue the share register for the meeting as of Friday, 6 October 2017. Shareholders who want to attend the meeting must therefore have their shares registered in their own name already on Friday, 6 October 2017.

### **PROXY AND PROXY FORM**

Anyone who does not attend the meeting in person may exercise their right at the meeting via a proxy in possession of a written, signed and dated form of proxy. A form of proxy is available on the Company's website: [www.magnoliabostad.se](http://www.magnoliabostad.se). The form of proxy may also be obtained from the Company or be ordered over the telephone using the number above. If the proxy is issued by a legal person, a copy of their registration certificate or equivalent documentary authority must be attached. The proxy must have been issued within the past year unless a longer period of validity is specified on the form of proxy, subject to a maximum of five years. To facilitate entry to the meeting, forms of proxy, registration certificates and other documentary authority must be received by the Company in good time before the meeting.

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## PROPOSED AGENDA

1. Opening of the meeting
2. Election of Chair of the meeting
3. Preparation and approval of voting list
4. Approval of the agenda
5. Election of one or two persons to approve the minutes
6. Examination of whether the meeting has been duly convened
7. The board of directors' statement and proposal for a resolution regarding approval of a change of the current minority ownership structure
8. Closure of the meeting

## PROPOSED RESOLUTIONS

### Election of Chair of the meeting (item 2)

Shareholder representing a majority of the shares in the Company proposes that Fredrik Holmström is elected to chair the meeting.

### The board of directors' statement and proposal for a resolution regarding approval of a change of the current minority ownership structure (item 7)

In connections with the listing of Magnolia Bostad's shares on First North, the collaboration with Fredrik Lidjan AB ("**FLAB**") was incorporated and changed from the previous structure with profit sharing into an ownership structure, with a minority ownership in two of the Company's real property developing subsidiaries. FLAB and the group company Magnolia Utveckling AB established a new company, Magnolia Holding 3 AB ("**H3AB**"). 10 percent of the shares in H3AB were acquired by FLAB and the remaining 90 percent of the shares were acquired by the group company Magnolia Utveckling AB. The ownership of H3AB is governed by a shareholders' agreement according to which all real property development projects in the group, that to a majority comprise rental apartments (however subject to certain criteria) shall be allocated to H3AB up until February 2019. The corresponding structure was established for hotels in 2015, where FLAB's ownership is 24 percent. Financing is made on market terms or by the parties pro rata and on the same terms. The abovementioned description of co-investment within H3AB and a newly established company for hotels ("**Hotel 1**") is referred to below as the "**Current Minority Ownership Structure**". In the beginning of 2015, Fredrik Lidjan was appointed as CEO in order to temporary replace Andreas Rutili. Hence, the Current Minority Ownership Structure is a result of the collaboration prior to Fredrik Lidjan's appointment as CEO.

In August 2017, in connection with the contemplated listing on Nasdaq Stockholm and since Fredrik Lidjan is still the CEO, the Company's board of directors initiated a change of the agreement with FLAB into a more clear structure. Within the scope of the new structure, FLAB and Magnolia Utveckling AB acquired the shares in a newly established company, Magnolia Holding 4 AB ("**H4AB**"). 8 per cent of the shares in H4AB were acquired by FLAB and the remaining shares were acquired by Magnolia Utveckling AB. Thereto, FLAB, Clas Hjort AB and Magnolia Bostad have acquired the shares

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in Magnolia Hotellutveckling 2 AB ("**Hotel 2**"). 8 percent of the shares in Hotel 2 are owned by FLAB, 16 percent by Clas Hjort AB and the remaining part of the shares by Magnolia Bostad. The ownership of each of the two companies is governed by a shareholders' agreement. According to these shareholders' agreements, all hotel development projects, managed by Magnolia Bostad directly or indirectly, shall be allocated to Hotel 2 up until 31 December 2020 and all other investments in the group (i.e. not only projects that to a majority comprise rental apartments, as was the case in the Current Minority Ownership Structure) shall be allocated to H4AB up until 31 December 2022. Hence, all new projects within the group will be allocated to either H4AB or Hotel 2, meaning that no new projects will be allocated to H3AB or Hotel 1. Once the projects held by H3AB or Hotel 1 have been completed, sold and settled, both H3AB and Hotel 1 will be liquidated. Financing of each of H4AB and Hotel 2 is made on market terms or by the parties pro rata and on the same terms. Any granting of collateral is made on corresponding terms. The abovementioned description of the co-investment within H4AB and Hotel 2 is referred to below as the "**New Minority Ownership Structure**". The rationale behind the New Minority Ownership Structure, and the replacement of the Current Minority Ownership Structure, is that FLAB, through the decrease of its ownership from 10 and 24 percent, respectively, to 8 percent, during the term of the agreement, will have the same ownership in all new investments in the group, regardless of type, meaning that the potential risk of conflict of interest is mitigated.

The board of directors has, after consultation with external expertise, made the following assessment:

- The terms for financing of projects in the New Minority Ownership Structure, when financing is made by one of the parties, are in themselves made on market terms;
- The assessed value of the ownership and rights that FLAB is entitled to through the New Minority Ownership Structure is well-calibrated and balanced in relation to the value of the ownership and rights that FLAB will lose by prematurely close the Current Minority Ownership Structure, and that the transaction is deemed not to be disadvantageous in terms of value for the shareholders in Magnolia Bostad. The board of directors assessment is supported by an external market evaluation confirming that the terms of the transaction are fair for the shareholders in Magnolia Bostad from a financial point of view; and
- That the risk for tax consequences for the Company, as a result of the closing of the Current Minority Ownership Structure and the establishment of the New Minority Ownership Structure, is deemed as low.

Furthermore, the closing of the Current Minority Ownership Structure and the establishment of the New Minority Ownership Structure are not deemed not to have any effects on Magnolia Bostad's financial position, results or key ratios.

In sum, the board of directors believes that the establishment of the New Minority Ownership Structure will benefit the shareholders and have a positive effect on the group's continuously development. Hence, the board of directors propose that the shareholders shall approve the New Minority Ownership Structure.

In order for the resolution to be consistent with good stock market practice in accordance with the Swedish Securities Council's (Sw. Aktiemarknadsnämnden) statement 2017:29, the resolution must be supported by shareholders holding at least 9/10 of both the votes cast and the shares represented at the meeting. The principal shareholder F. Holmström Fastigheter AB, holding more than 56 percent of the shares and votes in the Company, supports the proposal.

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## DOCUMENTS

The statement, including the proposal in accordance with item 7 in the agenda, as well as the Fairness Option issued by the independent expert (BDO), stating that the transaction is fair for the shareholders in Magnolia Bostad from a financial point of view, will be available at the Company (Magnolia Bostad AB, Sturegatan 6, 102 40 Stockholm). Copies of the documents will be sent, free of charge, on request to such shareholders who provide their address. The documents will also be available at [www.magnoliabostad.se](http://www.magnoliabostad.se) and be presented at the meeting.

## INFORMATION AT THE MEETING

The shareholders are reminded of their right to require information from the Board and the CEO in accordance with Chapter 7, Section 32 of the Swedish Companies Act. Any shareholder wishing to submit questions in advance may do so by post to the Company's address above or by e-mail to the address [bolagsstamma@magnoliabostad.se](mailto:bolagsstamma@magnoliabostad.se).

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Stockholm, September 2017

**Magnolia Bostad AB (publ)**

*Board of Directors*