

Annual general meeting in Magnolia Bostad 2019

The Magnolia Bostad AB board of directors has resolved to convene an annual general meeting of shareholders to be held Friday, 10 May 2019. Further details on the proposals are found in the notice convening the meeting which is found below.

The notice is expected to be published in the Swedish Official Gazette (Post- och Inrikes Tidningar) and on the company's website within the next few days.

NOTICE OF ANNUAL GENERAL MEETING MAGNOLIA BOSTAD AB

The annual general meeting of Magnolia Bostad AB will be held on Friday, 10 May 2019 at 2.00 pm at Magnolia Bostad's premises, Sturegatan 6, Stockholm. Registration begins at 1.00 pm. Light refreshments will be served at the general meeting.

RIGHT TO ATTEND AND NOTIFICATION TO THE COMPANY

Anyone wishing to attend the general meeting must

- (i) be entered as a shareholder in the share register kept by Euroclear Sweden AB on Saturday, 4 May 2019,
- (ii) give notice of their intention to attend no later than Monday, 6 May 2019.

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 72-504 68 05 on weekdays between 1.00 pm and 3.00 pm or by e-mail to bolagsstamma@magnoliabostad.se. When giving notification please state your name or company name, personal ID or company registration number, address and daytime telephone number. The registration procedure described above also applies to registration of any advisors. See below for information on the processing of personal data.

NOMINEE REGISTERED SHARES

To be entitled to attend the general 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 on Saturday, 4 May 2019. Registration in this way may be temporary. As Saturday, 4 May 2019 is not a banking day, Euroclear Sweden AB will issue the share register for the general meeting on Friday, 3 May 2019. Shareholders who want to attend the general meeting must therefore have their shares registered in their own name already on Friday, 3 May 2019.

PROXY AND PROXY FORM

Anyone who does not attend the general meeting in person may exercise their right at the general meeting via a proxy in possession of a signed and dated proxy form. Proxy forms are available on the

MAGNOLIA

company's website: www.magnoliabostad.se. The proxy form may also be obtained from the company or be ordered by telephone using the number above. If the proxy is issued by a legal person, a copy of its registration certificate or equivalent document of authorisation 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 general meeting, proxy forms, registration certificates and other documents of authorisation must be received by the company in good time before the general meeting.

PROPOSED AGENDA

1. Opening of the general meeting
2. Election of chair of the general 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 general meeting has been duly convened
7. CEO's address
8. Presentation of the annual report and auditor's report, as well as the group accounts and auditor's report for the group
9. Resolutions on
 - a) Adoption of the profit and loss account and balance sheet, as well as the consolidated profit and loss account and consolidated balance sheet;
 - b) Allocation of the company's result in accordance with the adopted balance sheet; and
 - c) Discharge from liability towards the company for the directors and the CEO for the financial year 2018
10. Resolution on the number of directors and the number of auditors
11. Resolution on remuneration payable to the directors and auditors
12. Election of directors, chair of the board and auditors
13. Resolution on guidelines for remuneration payable to senior executives
14. Resolution on warrant program and approval of transfer of warrants
15. Resolution on instructions for the nomination committee
16. Closing of the general meeting

Magnolia Bostad AB (publ), CIN 556797-7078 develops new residential properties, including rental apartments, tenant-owned apartments, residential care housing and hotels, in attractive locations in Sweden's growth areas and major cities. Our work is based on a holistic approach where the operations are conducted in a manner that promotes long-term, sustainable urban development. Magnolia Bostad's shares (MAG) are listed on Nasdaq Stockholm. More information is available at www.magnoliabostad.se

MAGNOLIA

PROPOSED RESOLUTIONS

Election of chair of the general meeting (item 2)

The nomination committee proposes that the chair of the board, Fredrik Holmström, be elected chair of the general meeting.

Resolution on allocation of the company's result in accordance with the adopted balance sheet (item 9 b)

The board proposes that no dividend be paid for the financial year 2018.

The board proposes that distributable funds of SEK 178 498 256 be carried forward.

Resolution on the number of directors and the number of auditors (item 10)

The nomination committee proposes that the board shall consist of six directors, with no deputy directors, elected by the meeting for the period up until the next annual general meeting. The nomination committee proposes that the company shall have two registered auditors and one deputy auditor.

Resolution on remuneration payable to the directors and auditors (item 11)

The nomination committee proposes that the total fees paid up until the next annual general meeting amounts to SEK 2,230,000 (previously SEK 1,900,000) including compensation for committee work, and is distributed as follows. SEK 500,000 (previously SEK 450,000) to the chair of the board and SEK 300,000 (previously SEK 250,000) to each other elected director of the board. Further, the chair of the audit committee shall be paid SEK 90,000 (previously SEK 80,000) and each other member of the audit committee shall be paid SEK 70,000 (previously SEK 60,000).

The nomination committee proposes that fees to the auditor shall be paid in accordance with approved invoices.

Election of directors, chair of the board and auditors (item 12)

The nomination committee proposes that Fredrik Holmström, Fredrik Tibell, Andreas Rutili, Risto Silander, Jan Roxendal and Viveka Ekberg be re-elected as directors of the board. The nomination committee proposes that Fredrik Holmström be re-elected as chair of the board. Information about the proposed directors, in accordance with Section 2.6 in the Swedish Corporate Governance Code, can be found on the company's website www.magnoliabostad.se.

The nomination committee proposes that the registered accounting firm Ernst & Young AB shall be re-elected as auditor. Ernst & Young AB has informed the company that, if Ernst & Young AB be elected as auditor, the authorised public accountant Fredric Hävrén will be the principally responsible auditor. Further, the nomination committee proposes that Ingemar Rindstig be elected as auditor with Mikael Ikonen as deputy auditor.

The nomination committee's proposal is in accordance with the audit committee's recommendation. The nomination committee and the audit committee have not been influenced by a third party and no clause of

MAGNOLIA

a contract entered into with a third party has been imposed which restricts the choice of certain auditors or audit firms.

Resolution on guidelines for remuneration payable to senior executives (item 13)

The board proposes that the following guidelines for remuneration payable to senior executives be adopted at the general meeting.

Senior executives means members of the company's management team. The guidelines apply to agreements entered into after the resolution by the general meeting and if changes are made in existing agreements after this time.

The company has chosen, considering the size and the scope of its business, not to establish a remuneration committee and has concluded that remuneration matters are more appropriately handled by the board as a whole.

In order to attract and retain competent employees and executives the salary should be competitive and be at market level and it should comprise a fixed part and a variable part.

The fixed part of the salary is revised at the beginning of the calendar year. The fixed salary should be based on factors such as position, competence, experience and performance. In this assessment it should be taken into account that the company is in an expansive phase rather than in an administrative phase.

Senior executives may receive variable remuneration in the form of a bonus that may total at most 12 months' fixed base salary. The bonus should be based on defined targets, related to the company's financial result as well as to individual performance. Variable remuneration is paid as non-pensionable salary.

The total cost for the payments to senior executives amounted in 2018 to a total of approximately MSEK 6 (including costs for social security contribution). Conditions governing pension should accord with market practice and be based on defined contribution pension agreements. There are conditions for the CEO, governing non-compete obligations and remuneration after served employment. Remuneration due to the non-compete obligation should not exceed a total amount of 60 per cent of one years fixed salary. The company's period of notice for the CEO is 12 months.

All senior executives should, in addition to salary, variable remuneration and pension, receive health care insurance and in some cases a company car. These benefits should comprise a minor portion of total remuneration and should be in line with market practice.

The board may deviate from the guidelines adopted by the general meeting in individual cases where particular reasons or needs exist.

The board shall propose guidelines for remuneration payable to senior executives to every annual general meeting. The board should take into account changes in the company's size, business, management and ownership structure that may motive alterations of the guidelines. The guidelines are adopted by the annual general meeting. Remuneration to the senior executives are proposed and approved in accordance with the board's rules of procedure.

MAGNOLIA

Estimated cost for variable payments

The total cost for the variable payments to senior executives in accordance with the board's proposal, may in 2019 amount to a total of MSEK 15 (including costs for social security contribution). Costs are based on existing remuneration levels and maximum utilization, and that defined targets required for remuneration are achieved. The estimated costs are based on the current number of senior executives. The employment agreement of the CEO, Fredrik Lidjan, does not allow for any variable remuneration.

According to the guidelines for remuneration payable to senior executives resolved by the annual general meeting 2018 the board of Magnolia Bostad AB was authorised to deviate from the guidelines adopted by the general meeting if particular reasons exists in an individual case. The authorisation has been used once in 2018 when appointing a new head of business generation. See The board's report on its evaluation of remuneration payable to senior executives.

Resolution on warrant program and approval of transfer of warrants (item 14)

The board proposes that the general meeting resolves to issue warrants and on approval of transfer of warrants according to the following.

A. Issue of warrants

The board of Magnolia Bostad AB (the "**Company**") proposes that the general meeting resolves of a directed issue of not more than 200,000 warrants, entailing an increase in the share capital of not more than SEK 800,000 if the issue is fully subscribed. In addition, the resolution shall be governed by the following terms and conditions.

1. The right to subscribe for the warrants shall, with deviation from the shareholders' pre-emption rights, be vested in the Company's wholly-owned subsidiary Magnolia Utveckling AB (the "**Subsidiary**"). The Subsidiary shall transfer the warrants to key employees in accordance with Section B below.
2. Oversubscription may not occur.
3. The reason for not applying the shareholders' pre-emption rights is that the warrants are part of an incentive program for certain key employees who are or will be employed in the Company or its subsidiaries. The opinion of the board is that the Company should support the Company's long-term financial interest by encouraging an ownership interest in the Company by key employees.
4. The warrants will be issued to the Subsidiary without any consideration.
5. Subscription of the warrants shall take place no later than 28 June 2019. The board may prolong the subscription period.
6. Subscription for shares when exercising the warrants may occur during the period from 1 November 2022 up until and including 26 April 2024. During the subscription period, the board may compile, allot and register subscribed shares on a quarterly basis, but may also do it on other occasions.
7. Each warrant gives a right to subscribe for one (1) new share in the Company to a subscription price of SEK 84.

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MAGNOLIA

8. The new shares will be entitled to dividends for the first time on the first record date for dividend after the subscription has been executed.
9. Warrants held by the Subsidiary which have not been transferred in accordance with Section B or later on has been repurchased from the participants may either be transferred to employees in the Company or its subsidiaries or be cancelled by the Company after resolution by the board with the consent of the board in the Subsidiary. Cancellation are to be reported to the Swedish Companies Registration Office.

B. Approval of transfer of warrants

1. Participants entitled to acquire warrants

The right to acquire warrants from the Subsidiary shall vest in key employees in the Magnolia group with a maximum of 50,000 warrants each. The right to acquire warrants from the Subsidiary shall only vest in employees who, at the time of the allocation, have not resigned or whose employment have not been terminated.

Warrants shall also be able to be offered to future employees in case the Subsidiary has unsold and/or re-purchased warrants. For such transactions, the terms and conditions shall be in accordance with or equivalent to what is set out in this resolution. This means, inter alia, that any acquisition shall be at the then current market value.

Any allocation presumes, that an acquisition is legal and that an acquisition, according to the board, is possible to execute without unreasonably high administrative or financial costs.

2. Right of first refusal at transfer and termination of employment

In addition, the warrants shall be governed by customary terms meaning, inter alia, that the warrants shall be subject to an obligation for participants who wishes to transfer or sell the warrants to a third party to first offer the Company or its subsidiaries to acquire the warrants at the acquisition value. The warrants shall also include a right for the Company or its subsidiaries to re-purchase the warrants at the acquisition value if the participant's employment in the Company or any subsidiary is terminated, or if the employee has resigned or had their employment terminated during the duration of the program.

3. Sales period

The warrants shall be transferred to key employees in the Magnolia group. The intention is that the majority of the warrants shall be transferred to existing key employees in connection to the annual general meeting. However, there shall be a flexibility which enables unsold warrants and/or re-purchased warrants to be transferred to future employees, at latest on 26 February 2021, whereby application to acquire warrants shall be made at latest on 29 January 2021. When acquisitions are made after 31 October 2019 the Company shall make sure that the purchaser does not have the right to exercise the warrants for subscription of shares for a period of three years from the acquisition date.

MAGNOLIA

4. Price and payment

The warrants shall be transferred on market terms at a price (premium) that has been established on the basis of a calculated market value for the warrants by applying an established evaluation model (Black & Scholes). For any transfers to additional employees a new market price shall be established based on equivalent principles. The value has preliminarily been calculated to SEK 2.42 per warrant based on a share price of SEK 32.50 and a subscription price of SEK 84 per share.

C. Additional information about the warrant program

1. Dilution

In the event all warrants are exercised, 200,000 new shares will be issued which corresponds to a dilution of approximately 0.5 per cent of the total number of shares and votes in the Company after subscription of all the warrants, with the reservation that any warrant may be recalculated according to the terms for the warrants and other dilution that may occur, e.g. issues.

2. Costs for the Company

Since the warrants will be transferred at market value, the Company should not be burdened by any costs for social security contributions due to the warrant program. Given this background, there are no reasons for the Company to arrange any hedging or other financial arrangement in this respect. It can be noted that the board does not expect any other costs for securing the warrant program. Besides the cost for administration, implementation and valuation of the program, no other costs are expected to arise relating to the warrant program.

Taken as a whole, the board has assessed that the subscription price and the term of the warrants, as well as the maximum allocation of the warrants to the key employees may be considered as reasonable taking into consideration market practice and the Company's need to be able to stimulate the performance of the participants through the offer of participation in the warrant program.

3. Other share related incentive program

The annual general meeting 26 April 2017 resolved to issue 350,000 warrants to the Subsidiary for transfer to employees in the Magnolia group. In 2018, 260,500 warrants have been transferred to employees in accordance with the warrant program. Unused warrants are still in the Subsidiary's possession but can no longer be exercised under the warrant program. Each warrant gives a right to subscribe for a share in the Company at a price of SEK 84 per share. Subscription of shares in accordance with the warrants may be made during the period commencing 2 November 2020 up until and including 26 April 2022. Such right may be exercised on the 30th each quarter, commencing 30 November 2020 and ending 30 March 2022.

4. Preparation of the matter

The warrant program has been prepared by the board of the Company with the assistance of external advisors.

MAGNOLIA

5. Authorisation

The board proposes that the general meeting authorises the board to execute the proposal pursuant to Section A above and to ensure that the board of the Subsidiary implements the transfer of warrants in accordance with Section B above.

The board or a person appointed by the board shall be authorised to make minor adjustments that are required for the registration with the Companies Registration Office, Euroclear Sweden AB or because of other formal requirements.

Resolution on instructions for the nomination committee (item 15)

The nomination committee proposes that the following instructions shall apply as instructions for the nomination committee in Magnolia Bostad AB until new instructions are adopted.

Before the next AGM the nomination committee will be composed of representatives of the three shareholders holding the highest percentage of voting rights as shown in the share register kept by Euroclear Sweden on 30 September each year. The member representing the shareholder holding the highest percentage of voting rights will be appointed chair of the nomination committee. The chair of the board should attend the nomination committee's meetings, though not as member of the nomination committee. If, more than three months before the AGM, any shareholder that has appointed a member of the nomination committee is no longer one of the three shareholders holding the highest percentage of voting rights, the member appointed by that shareholders must stand down, and any shareholder that has then become one of the three shareholders holding the highest percentage of voting rights will then be entitled to appoint a member. If a member leaves the nomination committee before its work is completed, and the nomination committee finds it desirable that a replacement be appointed, that replacement will represent the same shareholder or, if the shareholder is no longer one of the three shareholders holding the highest percentage of voting rights, the shareholder holding the next highest percentage of voting rights. Changes in membership of the nomination committee must be made public immediately.

The identity of nomination committee members before each AGM must be made public no later than six months before the AGM. No remuneration is payable to members of the nomination committee. The company will pay necessary overheads incurred by the nomination committee in its work. The nomination committee's term of office runs until the identity of the next nomination committee members has been made public.

The nomination committee will draw up proposals on the following matters to be decided at the AGM:

- a) Proposed chair of the AGM;
- b) Proposed number of directors;
- c) Proposed directors and chair of the board;
- d) Proposed fees for directors elected at the AGM who are not employed by the company, divided between the chair and other directors. Remuneration for committee work, per member;
- e) Proposed auditor(s) and auditor's fee; and
- f) Where considered necessary, proposed amendments to these instructions for the nomination committee.

MAGNOLIA

In performing other aspects of its work the nomination committee must perform the duties incumbent on it under the Swedish Code of Corporate Governance (including accompanying instructions).

SPECIAL MAJORITY REQUIREMENT

A resolution according to item 14 (resolution on warrant program and approval of transfer of warrants) is valid only if supported by shareholders holding at least nine tenths of both the votes cast and the shares represented at the meeting.

DOCUMENTS

The complete proposals, along with financial statements and the auditor's report for 2018 will be available at the company and on the company's website www.magnoliabostad.se as from 19 April 2019, at the latest, and will be sent immediately without charge to any shareholders who so request and state their postal address. The documents will also be available at the general meeting.

NUMBER OF SHARES AND VOTING RIGHTS

The total number of shares in the company as of the date of this notice is 37,822,283 shares, representing a total of 37,822,283 voting rights. At this date the company does not own any of its own shares.

INFORMATION AT THE GENERAL MEETING

If any shareholder so requests and the board considers it possible without material harm to the company, the board and the CEO must provide information at the annual general meeting on any circumstances that may influence determination of an item on the agenda, circumstances that may influence determination of the financial position of the company or any of its subsidiaries, the group accounts and the company's relationship to another group company. 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.

PROCESSING OF PERSONAL DATA

For information on how your personal data is processed, please see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Stockholm in April 2019
Magnolia Bostad AB (publ)
The Board of Directors

For more information, please contact:

Marita Björk, IR Manager
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