

*English translation for information purposes only. If there are differences between the English translation and the Swedish original, the Swedish text will take precedence.*

## Magnolia Bostad gives notice of the 2020 AGM

The Board of Directors of Magnolia Bostad AB gives notice the Annual General Meeting will be held on Monday, 27 April 2020. Details of the proposals for the Annual General Meeting can be found in the notice, which is presented in full below.

The notice will be published in Post- och Inrikes Tidningar and on the company's website within the next few days.

**Magnolia Bostads Annual General Meeting will be carried out as planned, but due to the uncertainty surrounding the corona virus, decisions have been made to take certain precautionary measures.**

In addition to the Chairman of the Board and the CEO, Board members and persons in the management group will attend the Annual General Meeting to a limited extent. If you who are registered at Magnolia Bostad's Annual General Meeting experience illness symptoms such as a cold, cough, sore throat or fever, Magnolia Bostad wishes you to refrain from attending. This is to avoid further spread of infection. We would therefore like to remind you of the opportunity not to attend in person at the Annual General Meeting but instead to attend via a representative. A proxy for representatives to represent shareholders and exercise their voting rights is available for download at <http://ir.magnoliabostad.se/en>

Magnolia Bostad will, if necessary, update the precautionary measures described above before the AGM and ask anyone who intends to attend the AGM to stay updated via <http://ir.magnoliabostad.se/en>

### NOTICE OF THE ANNUAL GENERAL MEETING OF MAGNOLIA BOSTAD AB

The Annual General Meeting of Magnolia Bostad AB will be held on Monday, 27 April 2020 at 2.00 pm at Magnolia Bostad's premises, Sturegatan 6, Stockholm. Registration begins at 1.30 pm.

#### 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 Tuesday, 21 April 2020,
- (ii) give notice of their intention to attend no later than Tuesday, 21 April 2020.

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 70-775 57 57 on weekdays between 1.00 pm and 3.00 pm or by e-mail to [bolagsstamma@magnoliabostad.se](mailto:bolagsstamma@magnoliabostad.se). When giving notification please state your name or company name, personal ID or company registration number,

# MAGNOLIA

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 Tuesday 21 April 2020. Such registration may be temporary.

## 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 company's website: <http://ir.magnoliabostad.se/en>. 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 2019
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 salary and other remuneration
14. Closing of the general meeting

## 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 2019.

The Board proposes that available funds of SEK 265 223 560 carried forward in a new account.

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

The nomination committee proposes that the board shall consist of seven 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 one registered auditor and no 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 2,530,000 (previously SEK 2,230,000) including compensation for committee work and is distributed as follows. SEK 500,000 (unchanged) to the chair of the board and SEK 300,000 (unchanged) to each other elected director of the board. Further, the chair of the audit committee shall be paid SEK 90,000 (unchanged) and each other member of the audit committee shall be paid SEK 70,000 (unchanged).

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 and the new election of Anna-Greta Sjöberg. 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 <http://ir.magnoliabostad.se/en>.

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.

# MAGNOLIA

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 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 salary and other remuneration (item 13)**

The Board of Directors proposes that the Annual General Meeting on 27 2020, resolves on the following guidelines for salary and other remuneration to the members of the Board of Directors, the company's CEO, Deputy CEO and other senior executives, until new guidelines are adopted by a general meeting, but not until the end of the AGM 2024. Senior executives refers to members of the company's management team. The guidelines apply to agreements concluded after the meeting's resolution, and in the event of changes being made to existing agreements after this date. The guidelines do not include board fees decided by the AGM or issues and transfers covered by Chapter 16. Of the Swedish Companies Act.

### *Guidelines for promoting the company's business strategy, long-term interests and sustainability*

The company's business strategy is briefly the following. Magnolia Bostad is an urban developer who works with rental accommodation, community service properties, hotels and tenant-owner apartments. We develop our accommodation as individual projects or as part of a larger project when we create a whole new neighbourhood. Magnolia Bostad will, with good profitability, develop efficient, attractive and functional accommodation. By working with several forms of tenure and by focusing on long-term partnerships, the company achieves good risk diversification. In order to achieve our targets within the framework of our business concept, the following strategic direction has been established: development will take place in locations with good long-term demographic conditions; properties will be developed for sale as residential units, community service properties or hotels, based on prevailing market conditions and the individual potential and quality of each property; projects will also be developed for self-management, to strengthen the balance sheet, generate a continuous cash flow and create long-term value growth; the production process will start as demand is secured; collaboration will be with long-term partners and the balance sheet should be utilized effectively, mainly through a high turnover rate throughout the project chain.

Successful implementation of the company's business strategy and the safeguarding of the company's long-term interests and sustainability requires that the company can recruit and retain skilled employees. This requires the company to be able to offer competitive remuneration. These guidelines enable senior executives to be offered a competitive total remuneration.

### *Previously decided incentive schemes*

In previous years, the Board has used long-term incentives with the aim of promoting the company's long-term financial interests by encouraging an ownership interest in the company. This promotes the company's business strategy and gives shareholders and employees concerned the same long-term goals as well as a common view on sustainability issues. They have been approved by the AGM and are therefore not covered by these guidelines.

The Annual General Meeting held on 26 April 2017, resolved to issue 350,000 warrants to the subsidiary, Magnolia Utveckling AB. Every warrant entitles the holder to subscribe to one share

and will be transferred to employees in accordance with the warrant programme. During 2018, 260,500 warrants were transferred to employees at the market-based price in accordance with the warrant programme. 28,000 warrants were redeemed in 2019. Other warrants are still in the ownership of the subsidiary Magnolia Utveckling AB. 89,500 unexercised warrants were canceled

# MAGNOLIA

during 2019 year. Each warrant entitles the holder to the right to subscribe for 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 on 10 May 2019 resolved to issue 200,000 warrants to the subsidiary Magnolia Utveckling AB. During 2019, 170,000 warrants were transferred to key people at Magnolia Bostad at the market-based price in accordance with the warrants program. Unutilized warrants remain in the ownership of the subsidiary Magnolia Utveckling AB and can, according to the AGM's decision, later be offered to employees within Magnolia Bostad (which may include senior executives). Each warrant entitles the holder to the right to subscribe for one share at a strike price of SEK 84 per share. The subscription period is from 1 November 2022 to 26 April 2024.

There are no incentive schemes that have not fallen due for payment, i.e. there is no commitment for the company to pay the decided schemes.

## *Remuneration and forms of remuneration*

Remuneration to senior executives shall be market-based and competitive and can consist of a fixed part and a variable part, as well as pensions and other benefits. In addition, the Board can prepare, and the AGM decide, on share- and share price-related incentive schemes. With a combination of remuneration forms, it is possible to achieve both short and long-term target management that works for fulfilling targets. The various forms of remuneration that can be paid out are described below.

### *Fixed part*

The fixed salary (monthly salary) should be attractive in relation to the market and based on the employee's skills, experience and performance. The salary is evaluated annually. Senior executives do not receive remuneration for board assignments in the Group.

### *Variable part*

In addition to the fixed salary, variable remuneration can be paid to senior executives (however, the CEO only has a fixed salary). Variable remuneration can be paid at an amount corresponding to a maximum of 12 monthly salaries. At the maximum outcome, the variable portion represents 50 per cent of the total remuneration (fixed and variable salary).

Variable remuneration shall be linked to set targets and shall be partly based on individual performance and partly on the company's development and earnings and shall be designed to promote the company's business strategy and long-term interests, including the company's sustainability targets. The targets for variable remuneration should be related to the outcome of the company's financial targets as well as individual targets. The financial targets are set by the Board with a view to ensuring that they are in line with the company's business strategy and financial targets. The individual targets are used to ensure focus on non-financial targets of particular interest. The set targets should be measured over a calendar year. After the end of the calendar year, the extent to which the set targets have been met through an overall assessment. The Board is responsible for this overall assessment; however, the CEO assesses the outcome regarding individual targets for reporting to and decision by the Board.

Additional variable remuneration may be paid in exceptional circumstances, provided that such extraordinary arrangements are time-limited and made only at an individual level, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary work in addition to the person's ordinary duties. Such remuneration may not exceed an amount corresponding to a maximum of 50 per cent of the total fixed portion of the remuneration and may not be paid more than

# MAGNOLIA

once a year and per individual. A decision on such remuneration shall be made by the Board (where applicable after preparation by the remuneration committee).

## *Remuneration to Board members*

In special cases, Board members elected by the AGM shall be able to receive remuneration and other remuneration for work performed on behalf of the company, in addition to the work of the Board. If necessary, such services shall be subject to a market-based fee, which shall be approved by the Board.

## *Pensions and other benefits*

Pension conditions must be market-based and based on defined contribution pension solutions. Individuals in the group of senior executives have a defined contribution pension, with no other obligations from the company other than paying an annual premium during the period of employment.

For the CEO and other senior executives, pension benefits and private health insurance must be premium-determined. Variable cash remunerations (bonuses) should not be pensionable. The pension premiums for defined contribution pension correspond to the ITP plan and amount to 4.5 per cent of the fixed annual cash remuneration up to 7.5 income base amounts and 30 per cent of the fixed annual cash remuneration exceeding 7.5 income base amounts. However, the pension premiums for defined contribution pensions shall amount to a maximum of 35 per cent of the fixed part of the remuneration.

Other benefits shall be of limited scope and may, amongst others, include life insurance and car insurance. These benefits shall constitute a minor part of the total remuneration and be in line with what is market-based.

The company has no employment conditions that are governed by rules other than Swedish.

## *Conditions for termination of employment*

The retirement age should normally be 65. The notice period for the CEO from the company shall not exceed 12 months. The notice period for other senior executives shall not exceed 6 months. In the event of termination by the CEO, the period of notice is 12 months and from senior executives a maximum of 6 months.

Conditions for a non-competition clause and remuneration after termination of employment are available to the CEO. Remuneration as a result of the non-competition clause shall, in total, not exceed an amount corresponding to 60 per cent of the previous monthly income at the time of termination of employment (average monthly income for the twelve months preceding the termination of employment). Such remuneration shall compensate for any loss of income during the period covered by the restriction of competition, which shall not exceed twelve months after termination of employment.

## *Incentive schemes*

In order to strengthen long-term decision-making and ensure long-term target fulfilment, the Board of Directors may propose the AGM to decide on incentive schemes.

## *Salaries and terms of employment for other employees*

In preparing this proposal for guidelines, the salaries and terms of employment of all the Company's employees have been taken into account by the fact that information on employees' total

# MAGNOLIA

remuneration, remuneration components and the increase and increase ceiling in remuneration over time, has formed part of the Board's decision basis when evaluating the reasonableness of the guidelines and the limitations that follow these. The development will be reported in the remuneration report prepared before the AGM 2021.

## *The decision-making process to establish, review and implement the guidelines*

Given the size of the company and the scope of the business, the company has chosen not to set up a remuneration committee but has found that it is more appropriate that issues regarding remuneration and terms of employment for the company management be handled by the Board in its entirety. If a Board member is a member of the executive management, he/she must not participate in this part of the work. The Board of Directors shall have a remuneration policy regarding remuneration and terms of employment for senior executives.

The Board of Directors has to prepare proposals for new guidelines at least every four years and submit the proposals for resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by the AGM. It is also the Board's responsibility to monitor and evaluate any schemes for variable remuneration for the company management, the application of the guidelines, as well as applicable remuneration structures and remuneration levels in the company.

In the Board's treatment of, and decisions on, remuneration-related issues, the CEO or other members of the company management do not attend, insofar as they are affected by the questions. In all decisions, it is ensured that conflicts of interest are counteracted and that any conflicts of interest are handled in accordance with the company's conflict of interest policy.

## *Deviation from the guidelines*

The Board of Directors may decide to temporarily deviate from the guidelines in whole or in part, if there are special reasons for this in an individual case and a deviation is necessary to meet the company's long-term interests.

## *Information about remuneration decided on that had not been due for payment and about deviations from the guidelines for remuneration decided by the Annual General Meeting 2019*

At previous Annual General Meetings, guidelines were set for remuneration and other terms of employment for senior executives for the period leading up to the next Annual General Meeting. The guidelines adopted by the Annual General Meeting 2019 have been followed and all previously decided remuneration that has not yet been paid remains within the above framework. A fixed bonus agreement exists in one case, but is based on an agreement entered into prior to the AGM's decision on relevant remuneration guidelines.

## *Description of significant changes to the guidelines*

The content of the guidelines has been reviewed and adapted to reflect the legal requirements imposed by Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36 / EC as regards encouraging long-term involvement of shareholders.

## *Other*

The annual report for 2019 lists the total remuneration and other benefits paid to the senior executives during the year.

## **DOCUMENTS**

# MAGNOLIA

The complete proposals, along with financial statements and the auditor's report for 2019 will be available at the company and on the company's website <http://ir.magnoliabostad.se/en> as from Monday 6 April 2020, 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 ANNUAL 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 Magnolia Bostad AB, PO Box 5853, 102 40 Stockholm, Sweden, or by e-mail to the address [bolagsstamma@magnoliabostad.se](mailto: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 March 2020  
**Magnolia Bostad AB (publ)**  
*The Board of Directors*