

PRESS RELEASE

March 23, 2017

Annual general meeting in Magnolia Bostad 2017

The Magnolia Bostad AB board of directors has resolved to convene an annual general meeting of shareholders to be held Wednesday April 26, 2017. 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 Wednesday, 26 April 2017 at 2.00pm at Berns, Berzelii Park, Stockholm. Registration begins at 1.00pm. Light refreshments will be served at the meeting.

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 Thursday, 20 April 2017,
- (ii) give notice of their intention to attend no later than Thursday, 20 April 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 9.00am and 4.00pm or on the Company's website: www.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 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 Thursday, 20 April 2017. Registration in this way may be temporary.

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 signed and dated form of proxy. Forms of proxy are available on the Company's website: 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

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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.

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. Presentation of the annual report and auditor's report, and also the group accounts and auditor's report for the group
8. CEO's address
9. Resolutions on
 - a) Adoption of the profit and loss account and balance sheet, and also 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 determination of the record day for dividends; and
 - c) Discharge from liability towards the Company of the directors and the CEO for the financial year 2016
10. Resolution on the number of directors and the number of auditors
11. Resolution on remuneration payable to the directors and auditor
12. Election of directors, Chairman of the Board and auditor
13. Resolution on instruction for the Nomination Committee
14. Resolution on guidelines for remuneration payable to senior executives
15. Resolution on alteration of the articles of association
16. Resolution on warrant program and on approval of transfer of warrants
17. Closure of the meeting

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PROPOSED RESOLUTIONS

Election of Chair of the meeting (Item 2)

Shareholders representing a majority of the shares in the Company propose that Fredrik Holmström be elected to chair the meeting.

Resolution on allocation of the Company's result in accordance with the adopted balance sheet and determination of the record day for dividends (Item 9b))

The Board proposes that the distributable funds of roughly SEK 89 825 545 be allocated as follows.

A dividend of SEK roughly 66 188 995 will be paid to the shareholders, equal to SEK 1.75 per share. The remaining sum of roughly SEK 23 636 550 will be carried forward. The proposed record day for dividends is Friday, 28 April 2017. If the resolution is passed at the AGM, it is expected that dividends will be distributed by Euroclear Sweden AB on Thursday, 4 May 2017.

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

Shareholders representing a majority of the shares in the Company propose that the Board should be composed of 6 directors elected at the AGM, with no alternates, for the period until the next AGM. It is further proposed that the Company have one auditor, with no alternate.

Resolution on remuneration payable to the directors and auditor (Item 11)

Shareholders representing a majority of the shares in the Company propose that a total fee of SEK 1,700,000 be paid for the period until the end of the next AGM, comprising SEK 450,000 for the Chairman of the Board, and SEK 250,000 each for other directors elected at the AGM. Further total fee of SEK 200,000 be paid for the audit committee, comprising SEK 80,000 for the Chairman of the audit committee, and SEK 60,000 each for other members of the audit committee. It is further proposed that fees will be payable to the auditor in accordance with approved invoices.

Election of directors, Chairman of the Board and auditor (Item 12)

Shareholders representing a majority of the shares in the Company propose re-election of Viveka Ekberg, Fredrik Holmström, Jan Roxendal, Andreas Rutili, Risto Silander and Fredrik Tibell as directors. It is proposed that Fredrik Holmström be re-elected Chairman of the Board.

It is further proposed that the registered audit company Ernst & Young AB be reappointed auditor. Ernst & Young AB has given notice that if the proposal is adopted at the AGM, Ingemar Rindstig, Authorised Public Accountant, will be the person appointed to have main responsibility for the audit.

Resolution on instruction for the Nomination Committee (Item 13)

The Board proposes that the meeting resolves on instruction for the Nomination Committee, essentially as follows.

The following instructions should apply to a future Nomination Committee until new instructions are decided.

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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, together with the Chair of the Board, who will also convene the first meeting of the Nomination Committee. The member representing the shareholder holding the highest percentage of voting rights will be appointed Chair 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.

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).

* The shareholder data to be used must be sorted according to percentage of voting rights per shareholder, and include the largest shareholders registered as such in Sweden, i.e. shareholders having an account at Euroclear Sweden AB in their own name or shareholders with a custody account with a custodian that has notified Euroclear Sweden AB of the shareholder's identity.

Resolution on guidelines for remuneration payable to senior executives (Item 14)

The Board proposes essentially the following guidelines for determining terms of employment and remuneration payable to senior executives.

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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 remuneration should be at market level, competitive and comprise a fixed salary. The fixed 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 should be taken into account that the Company is in a highly expansive phase rather than in an administrative phase. The Company may engage a consultant in the management team for a salary at market level.

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.

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.

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

For 2017, the Board has proposed the general meeting to resolve on a share-based incentive programme for inter alia the senior executives. The conditions is set out in item 16 in the notice to the AGM.

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

The Board should propose to every annual general meeting, guidelines for remuneration payable to senior executives. The Board should take into account changes in the Company's size, business, management and ownership structure that may motive alterations of the guidelines.

Estimated cost for variable payments

The total cost for the variable payments to senior executives in accordance with the Board's proposal, is estimated to an amount of maximum total MSEK 9.4 (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.

Resolution on alteration of the articles of association (Item 15)

The Board proposes that the meeting resolves to alter the articles of association, essentially as follows.

- (i) Section 3 is altered to have the wording as follows:

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“The Company shall - directly or indirectly through subsidiaries - acquire, own, manage, develop and sell properties, carry out project activities regarding properties and own and manage securities as well as any related operations.”

- (ii) Section 5 is altered to have the wording as follows:

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

- (iii) Section 10, second paragraph, item 8 is altered to have the wording as follows:

“Determination of the number of members for the Board of Directors, auditors and deputy auditors, who shall be appointed by the Meeting;”

- (iv) New item 11 in Section 10, second paragraph, given the wording as follows:

“Resolution on guidelines for remuneration payable to senior executives;”

- (v) Section 12 is altered to have the wording as follows:

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

A resolution under this item regarding resolution on amendment of the article of association, will not be valid unless supported by shareholders representing at least two-thirds of the votes cast and shares represented at the meeting.

Resolution on warrant program and on approval of transfer of warrants (Item 16)

The Board proposes that the meeting resolves to issue and to transfer the warrants, essentially as follows.

A.

The Board proposes that the Company shall issue not more than 350,000 warrants. The right to subscribe for the warrants shall, with deviation from the shareholders' pre-emption rights, be vested in Magnolia Utveckling AB (the “Subsidiary”), a fully owned subsidiary of the Company. Subscription shall take place no later than 30 June 2017, such date which may be extended. The warrants shall be issued without any consideration. The Subsidiary shall transfer the warrants in accordance with paragraph B below.

Each warrant gives a right to subscribe for one (1) new share in the Company. Subscription for shares in accordance with the terms and conditions may occur during the period from 2 November 2020 up until to 26 April 2022.

The Subscription Price per Share shall correspond to either (i) an amount corresponding to 160% of the weighted average of all transactions in the Company's Shares during December 1, 2017 up and until December 31, 2017 or (ii) an amount corresponding to 160% of the weighted average of all transactions in the Company's Shares during first 10 trading days after the Company has been listed on Nasdaq OMX, whichever occurs first however, not lower than the quota value of the Share.

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The increase of the share capital of the Company, if all warrants are subscribed for, will amount to SEK 1,400,000 at the highest, which would represent a dilution of 0.9 percent of the total number of shares and votes in the Company. The reason for deviating from the shareholders' pre-emption rights is so each employee, by implementing this incentive programme, through their own investment, will be able to take part and work for a continuous growth of the share value of the Company.

B.

The Board propose that the general meeting approves the transfer of warrants from the Subsidiary on the following terms and conditions.

The right to acquire warrants from the Subsidiary shall be vested in three categories of employees (including new employees). Adjustments between categories can occur with +/- 10 percent deviation in order to adjust to actual conditions when the allocation is carried out, but the basis for allocation shall be as set out below.

Category	Maximum number of options / person	Maximum number per category
Executive management	87.500	175.000
Specialist	30.000	87.500
Other employees	10.000	87.500

Any allocation presumes, that an acquisition is legal and that an acquisition, according to the Board, is possible to execute without unreasonable high administrative as well as financial costs. A notification to acquire warrants shall be submitted during the period between 1 May 2017 and 31 December 2017 and in sets either corresponding to the highest number of warrants which are offered or reduced by sets of 1.000 warrants. Allocation shall be made in complete sets of 1.000 warrants.

The warrants shall be transferred on market terms at a price (premium) that has been based on the basis of an estimated market value for the warrants by applying the Black-Scholes model. When estimating such market value, the value of a share in the Company, shall be considered to be the average stock-exchange rate of the shares in the Company according to an official stock-exchange list during a period of 10 trading days prior to the transfer. Other than costs for administration, implementation and evaluation of the programme, no other costs are expected to arise in connection to the program.

In addition, the warrants shall be subject to competitive and standard market terms and conditions including a right for the Company or the Subsidiary to repurchase the warrants at the then current market value at the time of the repurchase, if the employment of the participant in the Company or the Subsidiary would terminate.

The Board of the Company may cancel the warrants that have not been transferred to or that have been repurchased from employees. Cancellation are to be reported to the Swedish Companies Registration Office. The Subsidiary shall be able to transfer repurchased warrants to employees at the current market value and in accordance with the terms and conditions of the incentive program.

C.

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The Board proposes that the general meeting resolve to authorize the Board of the Company to execute the decision in paragraph A above and to see to that the Board in the Subsidiary execute the transfers of warrants in accordance with paragraph B above. A resolution according to this paragraph is valid, only if it is supported by shareholders holding at least nine-tenths (9/10) of votes casted as well as shares represented at the general meeting.

The general meeting of the Subsidiary shall also approve the resolution regarding the transfer as described above.

DOCUMENTS

The complete proposals, along with financial statements and the auditor's report for 2016 will be available at the Company and on the Company's website www.magnoliabostad.se as from 5 April 2017 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 AGM.

INFORMATION AT THE 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 AGM 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.

Stockholm, March 2017

Magnolia Bostad AB (publ)

Board of Directors

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

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The information in this press release is such information that Magnolia Bostad is required to reveal according to the European Union's market abuse regulation, (EU) No 596/2014. The information was published through the above mentioned contact person on March 23, 2017 at 08:00 am.

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