

Notice to extra general meeting in Bonava AB (publ)

Welcome to Bonava AB's (publ) extra general meeting on Monday, 26 September 2016, at 4 pm, at Hotel Rival, Mariatorget 3 in Stockholm. Registration at the general meeting will open at 3 pm.

Participation

To be entitled to participate at the general meeting, shareholder must:

- be listed in the shareholders' register maintained by Euroclear Sweden AB on Tuesday, 20 September 2016,
- give notice of his/her/its intention to attend the general meeting no later than on Tuesday, 20 September 2016, and, where appropriate, inform about the number of advisors who will accompany the shareholder.

Shareholder whose shares are registered in the name of a trustee with a bank or a stockbroker must, in order to be entitled to participate at the general meeting, register such shares temporarily in the shareholder's own name with Euroclear Sweden AB. Such registration must be completed no later than Tuesday, 20 September 2016, and should be requested with the trustee well in advance to this date. Notice of intention to attend the general meeting can be made in writing by mail to the following address: Bonava AB, c/o Euroclear Sweden AB, P.O. Box 191, 101 23 Stockholm, Sweden, or by telephone +46 8 402 92 26. Shareholders that are physical persons are also able to give notice at the company's website www.bonava.com. Name, personal identification number or corporate registration number, address, telephone number and registered shareholding as well as information about attorney and advisors (maximum two), if any, should be stated when notice is made. If participation is to be based on a power of attorney, such document must be evidenced in writing and be dated. If the power of attorney is issued by a legal entity, a certified copy of a certificate of registration or corresponding document for the legal entity shall be appended. If participation is to be based on a power of attorney, such a document and, when applicable, certificate of registration, should be submitted in connection with the notice of intention to attend the general meeting. Power of attorney forms are available on Bonava's website www.bonava.com and will be sent free of charge to those shareholders who so request and notify their postal address.

Proposed agenda

1. Opening of the meeting.
2. Election of chairman of the meeting.
3. Drawing up and approval of voting list.
4. Approval of the agenda.
5. Election of two persons to verify the minutes, in addition to the chairman.
6. Determination of whether the meeting has been duly convened.
7. Resolution regarding:
 - A. A long-term performance-based incentive plan.
 - B. Authorisation for the board of directors to resolve on execution of acquisition of shares of series B in Bonava and resolution to transfer shares of series B in Bonava.

Proposals

Item 7:

The board of directors proposes that the extra general meeting resolves on a long-term performance-based incentive plan (LTIP 2016) for Bonava AB (publ) ("**Bonava**") and authorisation for the board of directors to resolve on execution of acquisition of shares of series B in Bonava as well as the general meeting resolves on transfer of shares of series B in Bonava according to items A. and B. below.

A. Long-term performance-based incentive plan

Participants in LTIP 2016

LTIP 2016 comprises approximately 25 employees consisting of members of the senior management and certain key personnel within the Bonava group, divided into three categories. The first category comprises Bonava's managing director (CEO), the second category comprises the CFO and the BU-managers and the third category comprises the rest of the senior management and other persons who have been considered to have a direct or indirect impact on the results of Bonava. New personnel that have been recruited but not yet commenced their employment with the Bonava group when the notification of participation in the plan has to take place, can be offered participation on the condition that their employment starts (wherefore the number of participants in the different categories might be adjusted).

The personal investment, number of share rights and vesting period

To participate in the LTIP 2016, the participant must invest in a personal shareholding in Bonava ("**Investment Shares**"), which shall be allocated to the LTIP 2016. The Investment Shares shall be acquired specifically for the LTIP 2016. The participant can choose to invest a maximum of two months' salaries (according to level of monthly salary in August 2016) before taxes in the LTIP 2016.¹ The investment can be made at any of the following investment levels: 25, 50, 75 or 100 per cent of the maximum investment. For the CEO, each Investment Share entitles to six (6) share rights, for the second category of participants, each Investment Share entitles to five (5) share rights and for the third category, each Investment Share entitles to four (4) share rights. Allocation of shares of series B in Bonava, if any, shall normally occur within two weeks after the announcement of Bonava's interim report for the third quarter 2019 (the "**Vesting Period**", which commence when the participant enters into an agreement of participation in the plan).

Terms for the share rights

For the share rights the following conditions shall apply:

- The share rights are allocated free of charge after some time following the general meeting.
- The share rights may not be transferred or pledged.
- The right to receive shares of series B pursuant to the share rights requires that the participant has not sold any of the Investment Shares and, with some limited exceptions, that the participant remains employed within the Bonava group during

¹ The possibility to invest two months' salaries in LTIP 2016, and not just one months' salary, is given as the LTIP 2016 is the first incentive plan for employees in Bonava. Accordingly, there are no former incentive plans that expire during 2017 and 2018.

the Vesting Period. Allocation also requires that Bonava fulfils the performance targets as described under "*Performance targets*" below.

- In order to align the participants' interests with those of the shareholders, Bonava will compensate the participants if Bonava's dividends, viewed over the whole Vesting Period, exceed the level stipulated in the company's dividend policy. Dividend compensation is made in relation to the shares of series B that the participants receive.
- The maximum value that a participant can receive in connection with allocation of shares of series B is limited to 400 per cent of the share price (including any compensation that the participants receive for paid dividends). The share price shall be calculated as the average last price paid for Bonava's share of series B on Nasdaq Stockholm during a period of twenty trading days immediately following the date of the extra general meeting.

Performance targets

Allocation of shares of series B based on the participant's holding of share rights relates to the level of fulfilment of two performance targets, whereof one relates to Bonava's operating profit (EBIT) and the other relates to Bonava's average return of capital employed (ROCE). The measurement period for measuring to which extent the performance targets are fulfilled runs during the period 1 July 2017 – 30 June 2019 (the "**Measurement Period**"). A minimum level and a maximum level for each of the performance targets have been established by the board of directors. It is required that the maximum level for both performance targets have been fulfilled, in order for every share right to entitle to one share of series B in Bonava. Where the level of fulfilment is between the minimum and maximum levels, allocation will be made on a linear basis, with 70 per cent weighting on the performance target for Bonava's operating profit (EBIT) and 30 per cent weighting on Bonava's average return on capital employed (ROCE). Allocation of shares of series B requires that the minimum levels for both performance targets are fulfilled. Bonava intends to present the level of fulfilment of the performance targets after the closure of the plan.

If the total shareholder return (TSR) on the company's shares of series B is negative during a measurement period, the allocation of shares of series B shall be reduced by 50 percent. This measurement period runs from and including 26 September 2016 (i.e. the day for the extra general meeting) up to and including the date of the announcement of Bonava's interim report for the third quarter 2019.

Scope and hedging

The maximum number of shares of series B in Bonava which may be allocated under the LTIP 2016 shall be limited to 338,903 (excluding compensation for dividend, if any) which represents approximately 0.3 per cent of all shares and approximately 0.1 per cent of all votes in the company. The number of shares of series B included in the LTIP 2016 shall, in accordance with the detailed conditions that the board of directors stipulates, be subject to recalculation if Bonava implements a bonus issue, a reversed share split or a share split, a rights issue or similar actions, taking into account customary practice for similar incentive plans.

The board of directors has considered two alternative hedging methods for the LTIP 2016; either a hedging arrangement (equity swap) with a bank securing delivery of shares of series B under the plan or transfer of shares of series B in Bonava to entitled participants in the LTIP 2016. The board of directors considers the latter alternative to be the main alternative. The board of directors has therefore proposed that the general meeting shall authorise the board of directors to resolve on execution of acquisition of shares of series B in Bonava as well as resolve on transfer of shares of series B in Bonava that are held by the company in accordance with item B. below. The board of directors also proposes that the board of

directors shall have the right to execute transfer of shares of series B in Bonava, which are held by the company, on Nasdaq Stockholm to cover social security costs under the plan. Should the general meeting, however, not approve of the board of directors' proposal under item B., the board of directors may enter into the hedging arrangement described above with a bank to secure the obligation of the company to deliver shares of series B under the plan. Such a hedging arrangement with a bank may also be used for the purpose to cover social security costs that accrue under the LTIP 2016.

Based on a constant share price during the plan's term, a Vesting Period of three (3) years as well as some additional assumption, the total cost of the LTIP 2016 including social security costs is estimated to amount to approximately MSEK 40, which on an annual basis corresponds to approximately 1.6 per cent of Bonava's total staff costs during the financial year 2015.

B. Authorisation for the board of directors to resolve on execution of acquisition of shares of series B in Bonava and resolution to transfer shares of series B in Bonava

The board of directors' proposal to authorise the board of directors to resolve on execution of acquisition of shares of series B in Bonava and resolution to transfer shares of series B in Bonava as set out below, provides that the general meeting first has resolved on a long-term performance-based incentive plan (LTIP 2016) in accordance with item A. above.

Acquisition of shares of series B in Bonava

The board of directors proposes that the general meeting resolves to authorise the board of directors, for the period until the next annual general meeting, on one or several occasions, to resolve on execution of acquisition of shares of series B in the company in accordance with the following.

- A maximum of 411,386 shares of series B may be acquired (or a higher number of shares of series B due to recalculation as a result of a bonus issue, a share split, a rights issue or similar actions).
- Acquisition of shares of series B shall be conducted on Nasdaq Stockholm and to a price per share of series B that is within the registered range for the share price prevailing at the time (the so-called spread), i.e. the range between the highest purchase price and the lowest selling price, taking into consideration the, from time to time, applicable rules set out in the Nasdaq Stockholm Rule Book for Issuer. When an acquisition is made by a stock broker on behalf of the company, the price for shares of series B may, however, correspond to the volume weighted average price during the time period within which the shares of series B were acquired, even if the volume weighted average price on the day of delivery to the company falls outside the spread.
- Payment for shares of series B shall be made in cash.
- Acquisition shall be made for the purpose of securing the company's obligations (including costs for social security costs) under the LTIP 2016 and other, at any time, performance-based incentive plans resolved by a general meeting.

Transfer of shares of series B in Bonava to participants in the LTIP 2016

The board of directors proposes that the general meeting resolves to transfer shares of series B in the company in accordance with the following.

- Not more than 338,903 shares of series B in Bonava may be transferred (or the higher number of shares of series B due to recalculation as a result of a bonus issue, share split, rights issue or similar actions).

- The shares of series B may be transferred to participants in the LTIP 2016 who under the terms for the LTIP 2016 are entitled to receive shares.
- Transfer of shares of series B shall be made at the time and according to the other terms pursuant to which participants in the LTIP 2016 are entitled to receive shares of series B.

The reason for deviating from the shareholders' preferential rights is that the transfer of shares of series B is part of the execution of the LTIP 2016. Therefore, the board of directors considers the transfer of shares of series B in accordance with the proposal to benefit the company.

Transfer of shares of series B in Bonava on Nasdaq Stockholm

Further, the board of directors proposes that transfer also may take place of a maximum of 72,483 shares of series B on Nasdaq Stockholm to cover costs related to social security costs under the LTIP 2016. Transfer in accordance with this section shall be made prior to the next annual general meeting on Nasdaq Stockholm within the registered range for the share price for Bonava's share of series B from time to time. The reason for deviating from the shareholders' preferential rights are the same as set out under the heading "*Transfer of shares of series B in Bonava to participants in the LTIP 2016*" above.

Majority requirements

A resolution by the general meeting in accordance with item 7. B. above is valid when supported by shareholders representing at least nine tenth of both the votes cast and the shares represented at the general meeting.

Shareholder's right to request information

The shareholders are hereby reminded of their right to request information from the board of directors and the managing director in accordance with the Swedish Companies Act Ch. 7 § 32 at the general meeting.

Shares and votes

At the day of this notice the total number of shares in the company amount to 108,435,822 shares, of which 14,522,665 are shares of series A and 93,913,157 are shares of series B. Each share of series A represents ten (10) votes and each share of series B represents one (1) vote. The total number of votes in the company amounts to 239,139,807 votes at the day of this notice. Bonava does not hold any own shares.

Documents

The board of directors' complete proposal and other documents that shall be made available under the Swedish Companies Act, will be available to the shareholders at the company's office at Vallgatan 3 in Solna, Sweden, and on the company's website www.bonava.com no later than three weeks before the general meeting and will also be distributed to shareholders who have requested it and have stated their postal address.

Solna in August 2016

Bonava AB (publ)
The Board of Directors