



Press release

2017-03-01

Notice to the annual general meeting in Bonava AB (publ)

Welcome to Bonava AB's (publ) ("Bonava") annual general meeting on Tuesday, 4 April 2017, at 3 pm, at Hotel Rival, Mariatorget 3 in Stockholm. Registration at the general meeting will open at 1.30 pm.

Participation

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

- be listed in the shareholders' register maintained by Euroclear Sweden AB on Wednesday, 29 March 2017,
- give notice of his/her/its intention to attend the general meeting no later than on Wednesday, 29 March 2017, and inform about the number of advisors, if any, who will accompany the shareholder.

Shareholders whose shares are registered in the name of a trustee with a bank or a stock broker 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 Wednesday, 29 March 2017, and should be requested with the trustee well in advance of 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 who are physical persons are also able to give notice at the company's website 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, where 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 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 the voting list
4. Approval of the agenda
5. Election of two persons to check the minutes, in addition to the chairman
6. Determination of whether the meeting has been duly convened
7. Presentation of the annual report and the auditor's report and the consolidated annual report and the auditors' report on the consolidated annual report

8. The chairman of the board's report on the board work
9. Presentation by the CEO
10. Resolutions regarding:
 - the adoption of the income statement and balance sheet and the consolidated income statement and consolidated balance sheet,
 - allocation of profit or loss in accordance with the adopted balance sheet and the record date for any dividend, and
 - the discharge from liability of the board members and the CEO
11. Determination of the number of members of the board elected by the meeting and auditors
12. Determination of the remuneration payable to the board members elected by the meeting and auditors
13. Election of the board, chairman of the board and audit firm or auditors
14. Election of members to the nomination committee and chairman of the nomination committee
15. Resolution regarding instruction to the nomination committee
16. Resolution regarding guidelines for remuneration to senior executives
17. Resolutions regarding:
 - (a) a long-term performance-based incentive plan, and
 - (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
18. Resolution regarding amendment to the articles of association (change of registered head office)
19. Resolution regarding proposals by shareholder Thorwald Arvidsson that the annual general meeting shall resolve to:
 - a. adopt a vision on absolute equality between men and women on all levels in the company,
 - b. instruct the board to set up a working group with the task of implementing this vision in the long term and closely monitor the development both regarding gender equality and ethnicity and further,
 - c. submit a report in writing each year to the annual general meeting, as a suggestion, by including the report in the printed version of the annual report,
 - d. instruct the board to take necessary actions to set-up a shareholders' association in the company,
 - e. that members of the board shall not be allowed to invoice their board remuneration through a legal person, Swedish or foreign,
 - f. that the nomination committee during the performance of its tasks shall pay particular attention to questions related to ethics, gender and ethnicity,
 - g. instruct the board to –if possible- prepare a proposal regarding representation on the board and nomination committees for the small and medium sized shareholders to be resolved upon at the 2018 annual general meeting (or at an extraordinary general meeting if such meeting is held before the 2018 annual general meeting),
 - h. adopt a zero tolerance policy regarding accidents at work for the company,
 - i. instruct the board to set up a working group to implement this zero tolerance policy and further,

- j. submit a report of the results in writing each year to the annual general meeting, as a suggestion, by including the report in the printed version of the annual report,
 - k. instruct the board to approach the Swedish government, and draw the government's attention to the desirability of changing the Swedish Companies Act in order to abolish the possibility to have differentiated voting powers in Swedish limited liability companies,
 - l. instruct the board to approach the Swedish government and draw its attention to the need for a national provision regarding so called cooling off periods for politicians,
 - m. in relation to item (e) above, instruct the board to approach the Swedish government and / or the Swedish Tax Agency to draw their attention to the desirability of changes to the legal framework in this area, with the purpose of preventing tax avoidance, or at least make it more difficult,
 - n. in relation to item 20 below, assign to the board to send an application to the government to point out the desirability of amending the Companies Act, abolishing the possibility to vote graduation in the Swedish Companies Act, and to instruct the board to approach the Swedish government, and draw the government's attention to the desirability of a policy in area (g) above
20. Resolution regarding proposal by shareholder Thorwald Arvidsson that the annual general meeting shall resolve to amend the articles of association
21. Closing of the general meeting

Proposals

The nomination committee, that for the annual general meeting 2017 consists of Tomas Billing (chairman of the nomination committee, Nordstjernan AB), Tomas Risbecker (AMF – Försäkring och Fonder), Johan Strandberg (SEB Investment Management), and Carl Engström (adjunct member in his capacity as chairman of the board), submitted proposals in accordance with items 2, 11-13 and 15 in the proposed agenda.

Item 2:

The nomination committee proposes Carl Engström as chairman of the meeting.

Item 10 B:

The board of directors proposes that the earnings at the disposal of the annual general meeting, a total of SEK 4,693,420,133, are disposed as dividends to shareholders of SEK 410,709,404¹, equal to SEK 3.80 per share and that the remaining part is carried forward to a new account. The board of directors proposes that the proposed dividend shall be distributed in two installments. At the first installment, SEK 1.90 per share shall be distributed and at the second installment, SEK 1.90 per share shall be distributed.

The board of directors proposes that the record date for the first installment shall be Thursday 6 April 2017. Should the annual general meeting resolve in accordance with the proposal, a dividend of SEK 1.90 per share is expected to be distributed by Euroclear Sweden AB on Tuesday 11 April 2017.

¹ The total amount of the proposed dividend is calculated based on the number of outstanding shares as of 28 February 2017.



The board of directors proposes that the record date for the second installment shall be Friday 6 October 2017. Should the annual general meeting resolve in accordance with the proposal, a dividend of SEK 1.90 per share is expected to be distributed by Euroclear Sweden AB on Wednesday 11 October 2017.

Item 11:

The nomination committee proposes that the number of board members elected at the annual general meeting shall be seven (7) ordinary members and no deputy members.

The nomination committee proposes that the number of auditors shall be one (1) audit firm without a deputy auditor.

Item 12:

The nomination committee proposes that board fees excluding fees for committee work, for the period until the next annual general meeting, shall in total amount to SEK 2,220,000, of which SEK 600,000 shall be paid to the chairman and SEK 270,000 to each other elected member, while remuneration for committee work is stated below.

In addition to ordinary board fees, the nomination committee proposes remuneration to the members of the audit committee with SEK 100,000 to the chairman and SEK 50,000 to the other members.

The nomination committee proposes that the board members should only be able to invoice the remuneration through companies provided that it in advance is established that (i) it is cost neutral for the company, and (ii) the tax conditions are met for invoicing. If so, the invoiced fee shall be increased by an amount corresponding to statutory social security contributions and statutory VAT.

Fees to the auditors shall be paid according to approved invoice.

Item 13:

For the period until the next annual general meeting, the nomination committee proposes re-election of Carl Engström, Viveca Ax:son Johnson, Åsa Hedenberg, Samir Kamal, Magnus Rosén and Anna Wallenberg. The nomination committee further proposes election of Mikael Norman as a member. The nomination committee furthermore proposes re-election of Carl Engström as chairman for the period until the next annual general meeting. Information about the proposed board members is available on the company's website, bonava.com.

The nominating committee proposes re-election of the audit firm Ernst & Young AB for the period until the next annual general meeting. Ernst & Young has announced that Mikael Ikonen will continue as the auditor in charge if re-elected. The proposed auditor is in accordance with the audit committee's recommendation.

Item 14:

Shareholders representing more than 50 per cent of the total amount of votes in the company proposes the following nomination committee for the annual general meeting 2018: Tomas Billing, Nordstjernan AB, Tomas Risbecker, AMF – Försäkring och Fonder, Mats Gustafsson, Lannebo Fonder and the chairman of the board as an adjunct member. Tomas Billing is proposed to be the chairman of the nomination committee.

Item 15:

The nomination committee has evaluated the current instructions for its work, and proposes that the following instruction regarding the nomination committee's composition and work in Bonava shall be valid until the annual general meeting decides otherwise.

1. DUTIES OF THE NOMINATION COMMITTEE

The nomination committee shall perform its tasks in accordance with this instruction and applicable rules. The tasks includes to, prior to every annual general meeting, prepare and present proposals regarding:

- chairman of the annual general meeting,
- number of board members and auditors to be elected by the meeting,
- chairman of the board and other board members to be elected by the meeting,
- remuneration to the board, divided between the chairman of the board and the other members of the board as well as remuneration for committee work, if any,
- election of audit firm or auditors,
- remuneration to auditors, and
- changes to the current instruction to the nomination committee, if any.

The nomination committee shall motivate its board proposal in accordance with the requirement under the Swedish Code of Corporate Governance, that versatility, diversity and gender balance should be sought for within the board. The nomination committee shall account for the diversity policy it has applied.

At any general meeting other than the annual general meeting, if relevant, the nomination committee's proposal shall concern the election of board members or auditors to take place at that meeting.

The nomination committee's proposal shall, at least six weeks before the annual general meeting, be presented to the company through the chairman of the board and shall be formulated in accordance with the requirements in the Companies Act and the Swedish Code of Corporate Governance.

2. MEMBERS

The nomination committee shall consist of at least three members, elected at the annual general meeting as representatives for the largest shareholders in the company. Members shall be appointed for the period until the next annual general meeting. The chairman of the nomination committee shall also be appointed at the annual general meeting. If a member should resign or die during the current term, the duties of the nomination committee shall be carried out by the remaining members. If the number of members should be less than two, the nomination committee shall be dissolved and a new nomination committee shall be appointed at the next annual general meeting. The chairman of the board shall be an adjunct member of the nomination committee, without a voting right.

3. MEETINGS

The nomination committee shall meet as often as required in order for the committee to fulfil its duties, however at least once a year. Notice to meetings shall be issued by the chairman of the nomination committee. If a member requests a meeting, the request must be complied with.

The nomination committee is quorate if at least two members are present. Resolutions by the nomination committee shall be adopted by a simple majority of the members present. In the event of a tied vote, the chairman shall have the casting vote.

4. REMUNERATION

The members of the nomination committee shall not be paid any remuneration from the company. The company shall however defray all reasonable costs required for the work of the nomination committee.

5. THE NOMINATION COMMITTEE'S ATTENDANCE AT GENERAL MEETINGS

At least one member of the nomination committee shall always attend the annual general meeting.

6. AMENDMENTS TO THESE INSTRUCTIONS

The nomination committee shall continuously evaluate these instructions and its work and to the annual general meeting present proposals for amendments to these instructions, which the nomination committee has considered to be appropriate.

Item 16:

The board proposes the following guidelines for remuneration to senior executives in Bonava shall be valid until the annual general meeting 2018. The guidelines encompass the CEO and other members of the company's executive management. The objective of the guidelines for remuneration to the company's executive management is to enable the company to offer a remuneration in line with market conditions that facilitates the recruitment and retention of the best possible competence within the company. The total remuneration package shall support the company's long-term strategy. The remuneration to the company's executive management comprises fixed salary, short-term variable remuneration, long-term performance-based incentive plan, pension and other benefits.

1. FIXED SALARY

When determining the fixed salary, the individual executive's areas of responsibility, experience and achieved results shall be taken into account. The fixed salary is to be revised either annually or every second year.

2. SHORT-TERM VARIABLE REMUNERATION

The short-term variable remuneration shall have a maximum limitation and be related to the fixed salary, as well as the outcome in relation to established targets, of which the financial targets account for the, by far, greatest proportion. The purpose of the variable remuneration is to motivate and reward value-adding activities that support the achievement of the company's long-term operational and financial targets.

The short-term variable remuneration for the CEO will have a maximum limitation at 50 per cent of the fixed salary. For other members of the company's executive management, the short-term variable remuneration will have a maximum limitation at between 30 and 50 per cent of the fixed salary. The variable short-term remuneration is to be revised annually.

3. LONG-TERM VARIABLE REMUNERATION

An additional part of the total compensation to the company's executive management is long-term incentive plans which are decided by the general meeting. At the company's extraordinary general meeting 2016, it was decided to introduce a three-year performance-based plan, featuring payment in shares. To participate in the plan the participants are required to make a personal investment in the company's shares, to be held throughout the vesting period. The board of directors intends to propose to the annual general meeting 2017, to introduce another three-year performance-based plan, featuring payment in shares. This plan will also contain a requirement to make a personal investment in the company's shares.

4. PENSIONS AND OTHER BENEFITS

The company aims to move gradually towards premium-based solutions, which means that the company pays a premium, representing a specific per cent of the employee's salary. Members of the company's executive management, employed in Sweden but who do not receive pension benefits pursuant to a collective agreement (ITP plan), are entitled to receive a maximum of 30 per cent of the fixed annual salary in the form of an annual pension provision. Members of the company's executive management, who are employed in another country, are covered by pension solutions in accordance with local practices.

The retirement age of members of the company's executive management shall be 65 years.

The company provides other benefits to members of the company's executive management in accordance with local practices. The aggregate value of such benefits in relation to the total remuneration shall represent a limited value and correspond to customary terms on the market.

5. PERIODS OF NOTICE AND SEVERANCE PAY

A member of the company's executive management who terminates his or her employment at the company's initiative is normally entitled to a nine-months period of notice combined with severance pay corresponding to nine months of fixed salary. The company shall be entitled to make deductions from the severance pay for remuneration received from a new employer during the aforementioned nine-months period. In relation to the CEO and the CFO, a notice period of twelve months and severance pay corresponding to twelve months may be applied instead. The period of notice is normally six months if the employment is terminated at the initiative of the employee.

6. EXEMPTIONS

These guidelines may be deviated from by the board if there are specific circumstances in an individual case.

Item 17:

The board of directors proposes that the annual general meeting resolves on a long-term performance-based incentive plan (LTIP 2017) for Bonava and on an authorisation for the board of directors to resolve on execution of acquisition of shares of series B in Bonava and that the annual general meeting resolves on transfer of shares of series B in Bonava in accordance with items A. and B. below. The structure of the plan is in all material respects consistent with the long-term performance-based incentive plan, adopted by the general meeting on 26 September 2016. A consequence of the introduction of LTIP 2017 is that the maximal short-term variable compensation for those offered to participate, will be adjusted downwards with 5-15 percentage points, to the

extent the participant's maximum short-term variable compensation has not already been adjusted downwards as a consequence of participation in LTIP 2016.

A. LONG-TERM PERFORMANCE-BASED INCENTIVE PLAN

1.1 LTIP 2017 in brief

The primary reason for implementing a long-term performance-based incentive plan is to align the interests of the shareholders with the interests of the executive management and other key personnel to ensure maximum long-term value creation. The LTIP 2017 will furthermore create a long-term group-wide focus on value growth among the participants. The incentive plan is also considered to facilitate Bonava's recruitment and retention of executive management and other key personnel.

The LTIP 2017 comprises of approximately 50 employees consisting of the executive management and certain key personnel. To participate in the LTIP 2017, a personal shareholding in Bonava is required. Following the defined vesting period, the participants will, free of charge, be allocated shares of series B in Bonava provided that certain conditions are fulfilled. The participant shall remain employed within the Bonava group and the personal shareholding in Bonava must have been continuously maintained during the same period of time. Further, allocation of shares of series B relates to the fulfilment of two performance targets, whereof one relates to Bonava's average yearly growth in earnings per share (EPS CAGR) and the other relates to Bonava's average return on capital employed (ROCE). Allocation of shares of series B shall, however, be reduced by 50 per cent if the total shareholder return (TSR) on Bonava's shares of series B has not been positive, during a measurement period. The maximum number of shares of series B in Bonava which may be allocated in total under the LTIP 2017 shall be limited to 174,798² which represents approximately 0.16 per cent of all shares and approximately 0.07 per cent of all votes. The board of directors intends to propose that future annual general meetings in Bonava adopts long-term incentive plans based on principles similar to those of the now proposed LTIP 2017.

1.2 Participants in LTIP 2017

The LTIP 2017 comprises approximately 50 employees consisting of members of the executive management and certain key personnel within the Bonava group, divided into four categories. The first category comprises Bonava's CEO, the second category comprises the CFO and the BU-managers, the third category comprises regional heads and the rest of the executive management, and the forth category comprises employees who are responsible for certain functions in 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.

1.3 The personal investment, number of share rights and vesting period

To participate in the LTIP 2017, the participant must invest in a personal shareholding in Bonava ("Investment Shares"), which shall be allocated to the LTIP 2017. The Investment Shares shall be acquired specifically for the LTIP 2017. The participant can invest a maximum of one months' salary (according to salary levels on 31 December 2016) before taxes in the LTIP 2017. The investment can be made at any of the following investment levels: 50 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, for the third category,

² Subject to any recalculation.



each Investment Share entitles to four (4) share rights, and for the forth category, each Investment Share entitles to three (3) 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 2020 (the "**Vesting Period**", which commences when the participant enters into an agreement regarding participation in the plan).

1.4 Terms for the share rights

For the share rights the following conditions shall apply:

- The share rights are allocated free of charge a certain time after the annual 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 the Vesting Period. Allocation also requires that Bonava fulfils the performance targets as described under item 1.5.
- 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 annual general meeting.

1.5 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 average yearly growth in earnings per share (EPS CAGR) 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 2018 – 30 June 2020 (the "**Measurement Period**"). A minimum level and a maximum level for each of the performance targets have been established by the board of directors. 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 average yearly growth in earnings per share (EPS CAGR) and 30 per cent weighting on Bonava's average return on capital employed (ROCE). Bonava intends to present the level of fulfilment of the performance targets after the closure of the plan. Full allocation of shares of series B requires that the total shareholder return (TSR) of the company's shares of series B is positive during a measurement period running from 1 July 2017 up to and including the date of the announcement of Bonava's half-yearly report 2020 (the end value compared to the start value including reinvested dividends). Otherwise, the scope of the plan and any allocation of shares of series B shall be reduced by 50 per cent.

1.6 Formulation and administration

The board of directors shall be responsible for the formulation and administration of the LTIP 2017, within the scope of terms and directions set out. The board of directors shall be entitled to make adjustments to fulfil specific regulation or market prerequisites in other jurisdictions. The board of directors shall be entitled to introduce an alternative long-term incentive plan for participations employed in such countries where participation in LTIP 2017 is not appropriate. If material changes occur in the Bonava group or in its business environment, that would entail that the decided terms for allocation and the possibility to exercise the share rights in accordance with the LTIP 2017 no longer are appropriate, the board of directors shall be entitled to make other adjustments. Before finally determining allocation of shares of series B on the basis of the share rights, the board of directors shall assess whether the outcome of the LTIP 2017 is reasonable. This assessment is made in relation to Bonava's financial earnings and position, conditions on the stock market and other circumstances. If the board of directors assesses that the outcome is not reasonable, the board of directors shall reduce the number of shares of series B to be allocated.

1.7 Scope

The maximum number of shares of series B in Bonava which may be allocated under the LTIP 2017 shall be limited to 174,798 which represents approximately 0.16 per cent of all shares and approximately 0.07 per cent of all votes in the company. The number of shares of series B included in the LTIP 2017 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, compensation for divided or similar actions, taking into account customary practice for similar incentive plans.

1.8 Hedging

The board of directors has considered two alternative hedging methods for the LTIP 2017; 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 2017. The board of directors considers the latter alternative to be the main alternative. The board of directors has therefore proposed that the annual 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 annual 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 2017.

1.9 Scope and costs under the plan

The share rights may not be pledged or transferred to others. Though, an estimated value for each share right may be calculated. The board of directors has estimated the average value of each share right to SEK 140.30. This estimate is based on the share price of the Bonava share on 14 February 2017. Based on the assumption that all persons who have been offered participation in the plan participate, that they make the maximum investment and that there is a 100 per cent fulfilment of the two performance targets, the aggregate estimated value of the share rights is approximately MSEK 24.5. This value is equivalent to approximately 0.16 per cent of the market capitalisation for Bonava as of 14 February 2017.

The costs are recognised as staff costs in the profit and loss account during the Vesting Period, in accordance with IFRS 2 Share-based Payment. Social security costs shall be charged to the profit and loss account in accordance with UFR 7 during the Vesting Period. The size of these costs will be calculated based on the Bonava share price development during the Vesting Period and allocation of the share rights. Based on a constant share price during the plan's term, a Vesting Period of three (3) years as well as some additional assumptions, the maximal cost of the LTIP 2017 including social security costs is estimated to amount to approximately MSEK 28.4, which on an annual basis corresponds to approximately 1.01 per cent of Bonava's total staff costs during the financial year 2016.

1.10 Effects on important key ratios

In the event of full participation in the LTIP 2017, Bonava's staff costs may increase with a maximum of MSEK 9.5 annually (including social security costs) based on the assumptions above. On a pro-forma basis for 2016, these costs represent a negative effect on Bonava's operating margin of approximately 0.07 per cent per units and a decrease of earnings per share of approximately SEK 0.09. However, the board of directors considers that the positive effects on Bonava's financial performance which are expected from an increased shareholding by the participants and the possibility to be allocated further shares in Bonava under the LTIP 2017, outweighs the costs related to the LTIP 2017.

1.11 The preparation of the proposal

The LTIP 2017 has been processed at board meetings and prepared in accordance with the guidelines adopted to be applied in LTIP 2016. The proposed changes are mainly that number of participants in the incentive plan increases from 25 to 50, the performance target related to Bonava's earnings before interests and taxes (EBIT) changes to a performance target related to Bonava's average yearly growth in earnings per share (EPS CAGR) and that the two performance targets in the future shall be weighted 70 % EPS CAGR and 30 % ROCE.

1.12 Other incentive plans in Bonava

There is a share-related incentive plan that has previously been implemented in Bonava, LTIP 2016, see note 3 in Bonava's 2016 annual report, which is available at Bonava's website, bonava.com at the latest from 10 March 2017.

1.13 The proposal by the board of directors

Referring to the description above, the board of directors proposes that the annual general meeting resolves on the LTIP 2017.

1.14 Majority requirements

A resolution to introduce the LTIP 2017 in accordance with the board of directors' proposal is valid when supported by shareholders holding more than half of the votes cast at the annual general meeting.

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 annual general meeting first has resolved on a long-term performance-based incentive plan (LTIP 2017) in accordance with item A. above.

2.1 Acquisition of shares of series B in Bonava

The board of directors proposes that the annual 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 202,423 shares of series B may be acquired.
- 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 2017 and other, at any time, performance-based incentive plans resolved by a general meeting.

2.2 Transfer of shares of series B in Bonava to participants in the LTIP 2017

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

- Not more than 174,798 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, a reversed share split or a share split, rights issue, compensation for divided or similar actions).
- The shares of series B may be transferred to participants in the LTIP 2017 who under the terms for the LTIP 2017 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 2017 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 2017. Therefore, the board of directors considers the transfer of shares of series B in accordance with the proposal to benefit the company.

2.3 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 37,386 shares of series B on Nasdaq Stockholm to cover costs related to social security costs under the LTIP 2017 and other, if any, at each time existing and by a general meeting approved, performance-based



incentive plan. Transfer in accordance with this item 2.3 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 item 2.2 above.

2.4 Majority requirements

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

Item 18:

The board of directors proposes that the annual general meeting resolves to amend the articles of association in accordance with the following:

1. The company's registered head office is changed from Solna to Stockholm by amending § 2 in the articles of association, giving it the following wording:

The registered head office of the company shall be in *Stockholm*, Stockholm County.

2. Furthermore, the board proposes that the first paragraph in § 12 of the current articles of association (see below), shall be deleted from the articles of association since the company's head office is proposed to be moved to Stockholm. Other parts of § 12 shall be unchanged.

Part proposed to be deleted from the articles of association

"The general meeting of shareholders shall be held in the city where the board of directors has its registered office or in Stockholm."

Item 20:

The shareholder Torwald Arvidsson proposes that the annual general meeting shall resolve to amend the articles of association in accordance with the following:

1. Amend § 9 by adding a new paragraph in accordance with the following: "Former ministers of state may not be elected as members of the board until two years have passed since he / she resigned from the assignment. Other full-time politicians, paid by public resources, may not be elected as members of the board until one year has passed from the time that he / she resigned from the assignment, if not extraordinary reasons justify a different conclusion",
2. Amend § 6, third paragraph, by giving it the following wording "Share of series A as well as share of series B, shall carry one vote."

Special majority requirements

A resolution by the general meeting in accordance with item 17 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. A resolution by the general meeting in accordance with items 18 and 20 section 1 above is valid when supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the general meeting. A resolution by the general meeting to amend the articles of association in accordance with item 20 section 2, is valid when supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the general meeting as well as at least half of all shares of series A in the company and at least nine tenth of the shares of series A represented at the general meeting.

Shareholders' right to request information

The shareholders are hereby reminded of their right to request information from the board of directors and the CEO 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 amounts to 108,435,822 shares, of which 13,470,317 are shares of series A and 94,965,505 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 229,668,675 votes at the day of this notice. Bonava owns 354,400 own shares of series B at the day of this notice, corresponding to 354,400 votes, which cannot be represented at the meeting.

Documentation

The board of directors' complete proposals and other documents that shall be made available under the Swedish Companies Act and the Swedish Code of Corporate Governance, will be made available to the shareholders at the company's office at Lindhagensgatan 72 in Stockholm and on the company's website 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 February 2017

Bonava AB (publ)

The Board of Directors

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Bonava is a leading residential development company in Northern Europe. Born out of NCC, Bonava has been creating homes and neighbourhoods since the 1930s. Today, Bonava has 1,600 employees and operates in Sweden, Germany, Finland, Denmark, Norway, St Petersburg, Estonia and Latvia with sales of SEK 13.5 billion. Bonava's shares are listed on Nasdaq Stockholm. For more information about us: bonava.com