

MINUTES

Kept at the annual general meeting in Bonava AB (publ), reg.nr 556928-0380 (the "**Company**"), at Bonnier Conference Center, Torsgatan 21 in Stockholm on Wednesday 10 April 2019, between 3.00 and 4.40 pm.

1. OPENING OF THE MEETING (AGENDA ITEM 1)

The chairman of the board, Carl Engström, welcomed shareholders and others present to the annual general meeting and thereafter declared the annual general meeting open.

2. ELECTION OF CHAIRMAN OF THE MEETING (AGENDA ITEM 2)

The meeting elected Carl Engström as chairman of the meeting. It was noted that the company's general counsel Joakim Månsson had been asked to keep the minutes at today's meeting.

The meeting resolved that invited guests e.g. employees and shareholders who had not registered their shares for voting and representatives of media, if any, were entitled to attend the meeting, but without the rights to address the meeting or participate in the meeting's resolution.

3. DRAWING UP AND APPROVAL OF THE VOTING LIST (AGENDA ITEM 3)

The meeting resolved to approve the attached list of present shareholders and proxies and advisors, if any, Appendix 1, to serve as voting list for the annual general meeting.

The chairman informed that a number of foreign institutional shareholders that were represented at the meeting had, in advance of the meeting, informed the company of their voting instructions regarding certain of the proposed resolutions. Furthermore, the chairman informed that the voting instructions were available for review at the meeting, if any shareholder so requested, and that the voting instructions would only be recorded in the minutes if they would have an impact on the meeting's resolutions.

4. APPROVAL OF THE AGENDA (AGENDA ITEM 4)

The meeting resolved to approve the board's proposed agenda for the meeting, which had been included in the notice to the meeting.

The statements and reports of the board and the nomination committee, as well as the other documents to the annual general meeting, which had been held available in

accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, were presented.

5. ELECTION OF TWO PERSONS TO VERIFY THE MINUTES (AGENDA ITEM 5)

The meeting resolved that the minutes of the meeting should be verified, in addition to the chairman, by Åsa Nisell representing Swedbank Robur and Thomas Ehlin representing Fjärde AP-fonden.

6. DETERMINATION OF WHETHER THE MEETING HAD BEEN DULY CONVENED (AGENDA ITEM 6)

It was noted that notice to the annual general meeting had been made within the period stated in the articles of association by publication in the Swedish Official Gazette on 8 March 2019 and on the company's website on 4 March 2019 as well as through an announcement in Svenska Dagbladet and in Dagens Nyheter on 8 March 2019 that notice had been made.

The meeting resolved to approve the notice procedure and declared the meeting duly convened.

7. PRESENTATION OF THE ANNUAL REPORT AND THE AUDITOR'S REPORT AS WELL AS THE CONSOLIDATED ANNUAL REPORT AND THE AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL REPORT (AGENDA ITEM 7)

The annual report for the financial year 1 January – 31 December 2018 and the consolidated annual report for the financial year 1 January – 31 December 2018 were presented, including the administration report, income statement and balance sheet for the parent company and the group, as well as the auditor's report for the parent company and the group for the same period of time.

The company's auditor in charge Patrik Adolfson commented the audit work during 2018, the auditor's report and the auditor's statement regarding compliance with the previously adopted guidelines regarding remuneration to the executive management.

8. THE CHAIRMAN OF THE BOARD'S REPORT ON THE BOARD WORK (AGENDA ITEM 8)

The chairman of the board Carl Engström accounted for the work of the board during the preceding financial year.

9. PRESENTATION BY THE CEO (AGENDA ITEM 9)

The CEO of the company Joachim Hallengren accounted for the company's business and its development during the preceding financial year.

The CEO responded to questions from the shareholders concerning, among other things, the company's business in the Nordic countries and in Saint Petersburg.

10. ADOPTION OF THE INCOME STATEMENT AND BALANCE SHEET AND THE CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED BALANCE SHEET (AGENDA ITEM 10 A)

The meeting resolved to adopt the income statement and the balance sheet included in the annual report for the parent company and the consolidated income statement and the consolidated balance sheet for the group for the financial year 2018.

ALLOCATION OF PROFIT OR LOSS IN ACCORDANCE WITH THE ADOPTED BALANCE SHEET AND THE RECORD DATE FOR ANY DIVIDEND (AGENDA ITEM 10 B)

The meeting resolved, in accordance with the proposal by the board, that the earnings at the disposal of the annual general meeting, a total of SEK 6,326,843,075 are disposed as dividends to shareholders of SEK 5.20 per share (resulting in a total of SEK 559,627,957 being distributed) and that the remaining amount is carried forward to a new account. It was resolved that the dividend shall be distributed in two instalments. At the first instalment, SEK 2.60 per share shall be distributed and at the second instalment, SEK 2.60 per share shall be distributed. The record date for the first instalment shall be Friday 12 April 2019, and the payment date shall be Wednesday 17 April 2019. The record date for the second instalment shall be Friday 11 October 2019, and payment date shall be Wednesday 16 October 2019.

DISCHARGE FROM LIABILITY OF THE BOARD MEMBERS AND THE CEO (AGENDA ITEM 10 C)

The meeting resolved to discharge the board members and the CEO from liability for the management of the company's business during the preceding financial year 1 January – 31 December 2018.

It was noted that the board members and the CEO did not participate in the resolution as regarded themselves, and that all shareholders attending the meeting supported the resolution, except for those shareholders that had given instructions in advance that they will vote no or abstain voting.

11. THE NUMBER OF MEMBERS OF THE BOARD ELECTED BY THE MEETING AND AUDITORS (AGENDA ITEM 11)

The meeting resolved in accordance with the nomination committee's proposal that the number of board members elected by the meeting shall be seven (7) with no deputy directors and that the number of auditors shall be one (1) registered audit firm.

12. DETERMINATION OF THE REMUNERATION PAYABLE TO THE BOARD MEMBERS ELECTED BY THE MEETING AND AUDITORS (AGENDA ITEM 12)

The meeting resolved in accordance with the nomination committee's proposal that remuneration to the board, excluding fees for committee work, for the period until the next annual general meeting, in total shall amount to SEK 2,500,000, of which SEK 700,000 shall be paid to the chairman and SEK 300,000 to each other elected member.

The meeting resolved in accordance with the nomination committee's proposal that remuneration to the members of the audit committee shall amount to SEK 150,000 to the chairman and SEK 75,000 to the other members and that fees to the auditor shall be paid according to approved invoice.

13. ELECTION OF THE BOARD, CHAIRMAN OF THE BOARD AND AUDIT FIRM OR AUDITORS (AGENDA ITEM 13)

The meeting resolved in accordance with the with proposal by the nomination committee to re-elect the board members Carl Engström, Viveca Ax:son Johnson, Åsa Hedenberg, Samir Kamal, Mikael Norman, Frank Roseen and Anna Wallenberg for the period until the end of the next annual general meeting.

Mikael Norman was elected, in accordance with the with proposal by the nomination committee, as chairman of the board for the period until the end of the next annual general meeting. Mikael Norman introduced himself briefly to the meeting.

The audit firm PricewaterhouseCoopers AB (PwC) was elected as auditor for the period until the next annual general meeting. It was noted that PwC had announced that Patrik Adolfson would continue as the auditor in charge.

14. ELECTION OF MEMBERS TO THE NOMINATION COMMITTEE AND CHAIRMAN OF THE NOMINATION COMMITTEE (AGENDA ITEM 14)

The annual general meeting resolved on the following nomination committee for the annual general meeting 2020: Angela Langemar Olsson, Nordstjernan AB, Tomas Risbecker, AMF – Försäkring och Fonder, Caroline Forsberg, SEB and the chairman of the board as an adjunct member. Angela Langemar Olsson was elected as the chairman of the nomination committee.

15. RESOLUTION REGARDING GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES (AGENDA ITEM 15)

The board's proposal regarding guidelines for remuneration to senior executives was presented in accordance with [Appendix 2](#).

The meeting resolved to adopt the guidelines for remuneration to senior executives in accordance with the board's proposal.

16. RESOLUTION REGARDING AMENDMENTS TO THE ARTICLES OF ASSOCIATION (AGENDA ITEM 16)

It was resolved to amend the articles of association in accordance with the board's proposal, whereby the new wording of the articles of association appears in Appendix 3.

It was noted that the resolution was supported by all present shareholders.

17. RESOLUTIONS REGARDING (A) A LONG-TERM PERFORMANCE-BASED INCENTIVE PLAN AND (B) TRANSFER OF SHARES OF SERIES B IN BONAVA UNDER THE INCENTIVE PLAN (AGENDA ITEMS 17 A AND 17 B)

The chairman presented the board's proposal regarding a long term share based incentive plan and the board's proposal on transfer of shares of series B in the company under the incentive plan, Appendix 4.

The meeting resolved on a long term share based incentive plan in accordance with the board's proposal.

The meeting resolved on transfer of shares of series B in the company under the incentive plan, in accordance with the board's proposal.

It was noted that the resolution was supported by shareholders representing at least nine tenth of both the votes cast and the shares represented at the meeting.

18. RESOLUTION REGARDING AUTHORISATION FOR THE BOARD OF DIRECTORS TO RESOLVE ON EXECUTION OF ACQUISITION AND TRANSFER OF SHARES OF SERIES B IN THE COMPANY (AGENDA ITEM 18)

The chairman presented the board's proposal to authorise the board to resolve on execution of acquisition and transfer of shares of series B in the company, Appendix 5.

The meeting resolved in accordance with the board's proposal.

It was noted that the resolution was supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting.

19. CLOSING OF THE GENERAL MEETING (AGENDA ITEM 19)

The chairman declared the meeting closed. Tomas Billing thanked Carl Engström for his contributions to the company in his capacity as chairman of the board.

At the minutes:

Carl Engström

Joakim Månsson

Åsa Nisell

Thomas Ehlin

LIST OF SHARES AND SHAREHOLDERS REPRESENTED AT THE MEETING

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board proposes the following guidelines for remuneration to senior executives shall be valid until the annual general meeting 2020.

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, variable remuneration, long-term performance-based incentive plans, 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 40 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 resolved by the general meeting. At the company's general meetings in 2016, 2017 and 2018, it was resolved to introduce three-year performance-based plans, featuring payment in shares.

Participation in the these plans require a personal investment in the company's shares, to be retained throughout the vesting period of the each plan. The board of directors intends to propose that the annual general meeting 2019, introduce another three-year performance-based plan, featuring payment in shares. This plan is also intended to require a personal investment in the company's shares.

4. PENSIONS AND OTHER BENEFITS

In terms of pensions Bonava offers premium-based solutions, which means that Bonava pays a premium, representing a specific portion 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-month 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-month 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.

Stockholm in March 2019
Bonava AB (publ)
The Board of Directors

Corporate Registration Number: 556928-0380

ARTICLES OF ASSOCIATION

Article 1 Company name

The Company's registered name is Bonava AB (publ).

Article 2 Registered office of the board of directors

The board of directors shall have its registered office in Stockholm, County of Stockholm, Sweden.

Article 3 Operations

The object of the Company's operations is to – directly or indirectly through subsidiaries – develop and invest in housing, engage in trading involving properties and to conduct other operations related to the above. The Company shall also undertake certain actives common to the Group as a whole, such as the provision of staff services.

Article 4 Share capital

The share capital shall amount to not less than SEK 400,000,000 and not more than SEK 1,600,000,000.

Article 5 Number of shares

The number of shares shall be no fewer than 100,000,000 and no more than 400,000,000.

Article 6 Series of shares

The shares may be issued in two series, designated shares of series A and series B.

Shares of series A may be issued in a number not exceeding 80,000,000 shares and shares of series B may be issued in a number not exceeding 100 per cent of the Company's shares outstanding.

Each share of series A entitles the holder to ten votes and each share of series B to one vote.

Article 7 Conversion

Holders of shares of series A are entitled to request that shares of series A be converted to shares of series B. Requests for conversion, which must be made in writing and specify the number of shares to be converted, are to be submitted to the Company. The Company shall without delay provide notification of the conversion to the Companies Registration Office for registration. Conversions become effective when the shares have been registered and a note of this has been entered in the record register.

Article 8 Preferential right

If the Company decides, through a new issue of shares that is not effected against payment in the form of a non-cash issue, to issue shares of series A and series B, holders of shares of series A and series B shall have preferential rights to the subscription of new shares of the same type in relation to the number of shares already held (primary preferential right). Shares that are not subscribed for on the basis of primary preferential rights will be offered to all shareholders for subscription (subsidiary preferential right). If the number of shares offered on this basis is insufficient for subscription based on subsidiary preferential rights, the shares shall be distributed in relation to the number of shares already held and, insofar as this is not possible, by lottery.

If the Company decides, through a new issue of shares that is not effected against payment in the form of a non-cash issue, to issue shares of series A or series B alone, all shareholders, irrespective of whether their shares are of series A or series B, shall have preferential rights to subscribe for new shares in proportion to the number of shares owned prior to the issue.

The aforementioned stipulations shall not constitute any infringement on the possibility to make a decision regarding a cash or an offset issue whereby the shareholders' preferential rights are disappplied.

What is stated above concerning the shareholders' preferential rights shall apply in a corresponding manner to the issuance of warrants and convertible debentures.

In the event of an increase in share capital through a bonus issue, in which new shares are to be issued, new shares of each series are to be issued in relation to the number of shares of the same series already held. In this context, old shares of a certain series shall carry rights to new shares of the same series. The aforementioned stipulation shall not constitute any infringement on the possibility, following the requisite amendment of the articles of association, to issue shares of a new series through a bonus issue.

Article 9 Board of directors and auditors

Apart from persons who, pursuant to Swedish law, may be appointed in accordance with other provisions, the board of directors shall consist of three to eight directors.

The Company shall have at least one and a maximum of three auditors with a maximum of three deputy auditors, or a registered public accounting firm.

Article 10 Official notice of general meeting of shareholders

Official notice convening a general meeting of shareholders is to be issued through an advertisement being placed in Post- och Inrikes Tidningar (Official Swedish Gazette) and on the Company's website. Confirmation that the Official notice has been issued will be announced in Dagens Nyheter.

Article 11 Registration to and right to participate in general meeting of shareholders

Shareholders wishing to participate in the general meeting must be registered in a transcript or some other presentation of the entire shareholder register pertaining to the conditions pertaining to five weekdays prior to the meeting, and notify the Company of their intention to attend not later than the day stated in the notice to attend the meeting. This may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, nor may it fall less than five working days prior to the meeting.

Article 12 General meetings of shareholders

The annual general meeting is held every year within six months of the end of the financial year.

The following items of business shall be addressed at the annual general meeting:

1. Election of chairman of the Meeting.
2. Preparation and approval of the list of shareholders entitled to vote at the Meeting.
3. Approval of the agenda.
4. Election of two minute-checkers.
5. Determination of whether the Meeting has been duly convened.
6. Presentation of the annual report and the auditors' report and, where appropriate, the consolidated financial statements and the auditor's report on the consolidated financial statements.
7. Resolutions
 - (a) regarding the adoption of the income statement and the balance sheet, and the consolidated income statement and the consolidated balance sheet;
 - (b) regarding the disposition to be made of the Company's profits or losses as shown in the adopted balance sheet; and
 - (c) regarding the discharge of the members of the board of directors and of the CEO from personal liability.
8. Determination of the number of members of the board and the number of auditors and, where applicable, deputy auditors.
9. Determination of the fees to be paid to the members of the board and, where applicable, the auditors.
10. Election of members of the board and audit firm or auditor, or if applicable, audit firms or auditors, as well as any deputy auditors.
11. Election of members of the Nomination Committee and of the chairman of the Nomination Committee.
12. Determination of the guidelines for remunerating senior executives.
13. Other business to be addressed by the Meeting in accordance with the Swedish Companies Act or the Articles of Association.

Article 13 Financial Year

The Company's financial year shall extend from 1 January – 31 December.

Article 14 Record day provision

The Company's shares shall be recorded in a CSD register pursuant to the Swedish Central Securities Depositories and Financial Instrument Accounts Act (1998:1479).

Shareholders or trustees who, on the record date, are entered in the shareholders' register and noted in a control register in accordance with Chapter 4 of the Swedish Central Securities Depositories and Financial Instrument Accounts Act (1998:1479) or those listed in a control account in accordance with Chapter 4, Section 18, paragraph 1, lines 6-8 of the aforementioned Act shall be deemed authorised to exercise the rights set out in Chapter 4, Section 39 of the Swedish Companies Act (2005:551).

Adopted at the annual general meeting on 10 April 2019.

THE BOARD'S PROPOSAL REGARDING (A) A LONG-TERM PERFORMANCE-BASED INCENTIVE PLAN AND (B) TRANSFER OF SHARES OF SERIES B IN BONAVA UNDER THE INCENTIVE PLAN

The board of directors proposes that the annual general meeting resolves on a long-term performance-based incentive plan (LTIP 2019) for Bonava AB (publ) ("**Bonava**") and 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 Bonava's previous long-term performance-based incentive plans, but with performance criteria more focused on the total shareholder return. Participation in LTIP 2019 requires a personal investment in Bonava-shares and in addition, the maximal short-term variable compensation 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, LTIP 2017 or LTIP 2018.

A. LONG-TERM PERFORMANCE-BASED INCENTIVE PLAN

1.1 LTIP 2019 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 2019 provides 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 2019 comprises approximately 50 employees consisting of the executive management and certain key personnel. To participate in the LTIP 2019, a personal investment in Bonava-shares 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 investment in Bonava-shares must have been continuously maintained during the same period of time. Further, allocation of shares of series B relates to the fulfilment of three performance targets, related to Bonava's average return on capital employed (ROCE), the total shareholder return (TSR) on Bonava's shares of series B, i.e. change in share price plus dividends, and the total shareholder return on Bonava's shares of series B relative to a pre-defined peer group (relative TSR). The maximum number of shares of series B in Bonava which may be allocated under the LTIP 2019 shall be limited to 228,552¹ which represents approximately 0.21% of all shares and approximately 0.10% 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 2019.

¹ Subject to any recalculation.

1.2 Participants in LTIP 2019

The LTIP 2019 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 Chief Executive Officer (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 fourth 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 and number of share rights

To participate in the LTIP 2019, the participant must invest in a personal shareholding in Bonava ("**Investment Shares**"), which shall be allocated to the LTIP 2019. The Investment Shares shall be acquired specifically for the LTIP 2019, or alternatively, for participants who fulfil Bonava's shareholding recommendation below, an existing shareholding that does not constitute investment shares in another ongoing LTIP may be used as Investment Shares. The participant can invest a maximum of one month's salary (according to salary levels on 1 January 2019) before taxes in the LTIP 2019. 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 share rights, for the second category of participants, each Investment Share entitles to five share rights, for the third category, each Investment Share entitles to four share rights, and for the fourth category, each Investment Share entitles to three share rights.

Participants in Bonava's LTI programs are recommended to, by way of allocation of LTI shares and personal investments, over time accumulate and retain shares in Bonava to the extent that their respective shareholdings amount to a value corresponding to at least six (6) months' salary before taxes. For the CEO the recommendation is instead a shareholding corresponding to at least twelve (12) month's" salary before taxes.

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.
- Allocation of shares of series B in Bonava, if any, will normally take place within two weeks after the disclosure of Bonava's interim report for the third quarter of 2022. 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 until the publication of Bonava's interim report for the third quarter of 2022. Allocation also requires that Bonava fulfils the performance targets as described under the heading "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 through allocation of shares of series B is limited to 400% of the share price (including any compensation that the participants receive for paid dividends). The share price shall then be calculated as the average last price paid for Bonava's share of series B on Nasdaq Stockholm during a period of twenty (20) trading days immediately following the annual general meeting.

1.1 Performance targets

The share rights are divided into Series 1, Series 2 and Series 3. The following applies to the share rights received by the participant; 30% shall be of Series 1, 35% shall be of Series 2, and 35% shall be of Series 3. Allocation of shares of series B based on the participants' holding of share rights shall be determined by to what extent the performance targets in each series are fulfilled.

Series 1 The performance target is related to Bonava's average return of capital employed (ROCE) during the period 2019-2021. The average ROCE of the financial years 2019-2021 is based on capital employed measured quarterly from and including the fourth quarter of 2018 through the fourth quarter of 2021. The minimum level for the performance target shall amount to a ROCE of 12% and the maximum level to a ROCE of 15%. Where the level of fulfilment is in line with the minimum level, allocation will be made corresponding to $\frac{1}{4}$ of the maximum allocation for the performance target. Where the level of fulfilment is between the minimum and the maximum level, allocation will be made on a linear basis.

Series 2 The performance target is related to the total shareholder return (TSR)² on Bonava's shares of series B on Nasdaq Stockholm during a certain measurement period as set out below. The minimum level for the performance target shall amount to a TSR of 19.1% over three years (based on an annual TSR of 6%). The maximum level for the performance target shall amount to a TSR of 40.5% over three years (based on an annual TSR of 12%). Where the level of fulfilment is in line with the minimum level, allocation will be made corresponding to $\frac{1}{4}$ of the maximum allocation for the performance target. Where the level of fulfilment is between the minimum and the maximum level, allocation will be made on a linear basis.

Series 3 The performance target is related to a total shareholder return (TSR)³ on Bonava's shares of series B on Nasdaq Stockholm during a certain measurement period as set out below, relative to a peer group of approximately 25 chosen companies within the residential development, building

² Including returned dividends.

³ Including returned dividends.

or building material sector, on markets where Bonava is active. The minimum level for the performance target shall amount to an annual TSR equal to the TSR of the median in the peer group (top 50%) and the maximum level to an annual TSR equal to the TSR of the premier quartile in the peer group (top 25%). Where the level of fulfilment is in line with the minimum level, allocation will be made corresponding to ¼ of the maximum allocation for the performance target. Where the level of fulfilment is between the minimum and the maximum level, allocation will be made on a linear basis.

The measurement period for measuring absolute TSR (Series 2) as well as relative TSR (Series 3) shall be calculated as follows. The starting value shall be the volume weighted average price on the company's shares of series B on Nasdaq Stockholm during the five (5) days of trading following the publication of Bonava's interim report for the second quarter of 2019 and the end value shall be the volume weighted average price on the company's shares of series B on Nasdaq Stockholm during the five (5) days of trading following the publication of Bonava's interim report for the second quarter of 2022.

1.6 Formulation and administration

The board of directors shall be responsible for the formulation and administration of the LTIP 2019, within the scope of terms and directions set out. The board of directors shall be entitled to make adjustments to fulfil specific regulations or market prerequisites in other jurisdictions. The board of directors shall be entitled to introduce an alternative long-term incentive plan for participants of LTIP 2019 employed in such countries where participation in LTIP 2019 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 2019 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 2019 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 2019 shall be limited to 228,552,⁴ which represents approximately 0.21% of all shares and approximately 0.10% of all votes in the company. The number of shares of series B included in the LTIP 2019 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.

⁴ Subject to any recalculation.

1.8 Hedging

The board of directors has considered two alternative hedging methods for the LTIP 2019; 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 2019. 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 resolve on transfer of shares of series B in Bonava that are held by the company as well as to authorise the board of directors to execute acquisition of shares of series B in Bonava (see item B below and item 18 in the agenda). 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, 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 2019.

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 118.20. This estimate is based on the average closing price of Bonava's share of series B between 7-11 January 2019. 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% fulfilment of the three performance targets, the aggregate estimated cost of the share rights is approximately MSEK 27. The cost is equivalent to approximately 0.21% of the market capitalisation for Bonava based on the average closing price for Bonava's share between 7-11 January 2019. Based on a constant share price during the program's term, a vesting period of three (3) years as well as some additional assumptions, the maximum cost of the LTIP 2019 including social security costs is estimated to amount to approximately MSEK 31.8, which on an annual basis corresponds to approximately 2.2% of Bonava's total staff costs during the financial year 2018.

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.

1.10 Effects on important key ratios

In the event of full participation in the LTIP 2019, Bonava's staff costs may increase with a maximum of approximately MSEK 10.6 annually (including social security costs) based on the assumptions above. On a pro-forma basis for 2018, these costs represent a negative effect on Bonava's operating margin of approximately 0.08% 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 in-

creased commitment, lock-in and shareholding by the participants as well as from the possibility to be allocated further shares under the program, outweighs the costs related to the LTIP 2019.

1.11 The preparation of the proposal

The LTIP 2019 has been processed at board meetings and prepared in accordance with the guidelines adopted to be applied in LTIP 2018. However, some changes have been made to, inter alia, the detailed wording of the performance targets.

1.12 Other incentive plans in Bonava

There are share-related incentive plans that has previously been implemented in Bonava, LTIP 2016, LTIP 2017 and LTIP 2018, see note 4 in Bonava's 2018 annual report, which is available at Bonava's website, bonava.com at the latest from 20 March 2019.

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 2019.

1.14 Majority requirements

A resolution to introduce the LTIP 2019 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. TRANSFER OF SHARES OF SERIES B IN BONAVA UNDER THE INCENTIVE PLAN

The board of directors' proposal on a 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 2019) in accordance with item A. above.

2.1 Transfer of shares of series B in Bonava to participants in the LTIP 2019

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 228,552 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 2019 who under the terms for the LTIP 2019 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 2019 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 2019. Therefore, the board of directors considers the transfer of shares of series B in accordance with the proposal to benefit the company.

2.2 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.

Stockholm in March 2019
Bonava AB (publ)
The Board of Directors

THE BOARD'S PROPOSAL REGARDING AUTHORISATION FOR THE BOARD OF DIRECTORS TO RESOLVE ON EXECUTION OF ACQUISITION AND TRANSFER OF SHARES OF SERIES B IN BONAVA

The board of directors proposes that the annual general meeting authorises the board of directors to, on one or several occasions for the period until the end of next annual general meeting, acquire a maximum number of shares of series B so that the company's holding following the acquisition does not exceed 10 per cent of all the shares of series B in Bonava at any time. Acquisitions shall be conducted on Nasdaq Stockholm and at a price per share of series B that is within the price range for the share price prevailing at any time (the so-called spread), i.e. the range between the highest ask price and the lowest bid price. In the event that the acquisitions are effected by a stock broker as assigned by the company, the share price 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 Bonava falls outside the price range. Payment for the shares of series B shall be made in cash.

Furthermore, the board of directors proposes that the annual general meeting authorises the board of directors to, on one or more occasions for the period until the end of the next annual general meeting, resolve on the transfer of own shares of series B. The number of shares of series B transferred may not exceed the total number of shares of series B held by Bonava at any time. Transfers may be conducted on or outside Nasdaq Stockholm, including a right to resolve upon deviations from the shareholders' pre-emption right. The transfer of shares of series B on Nasdaq Stockholm shall be conducted at a price within the registered price range at the time of the transfer. The transfer of shares of series B outside Nasdaq Stockholm shall be made at a price in cash or value in property received that corresponds to the share price at the point in time of the transfer of the Bonava shares of series B that are transferred with the deviation, if any, that the Board deems appropriate in each case.

The purpose of the above authorisations regarding acquisition and transfer of own shares of series B is to enable financing of acquisitions of companies and businesses by payment with own shares of series B and to continuously be able to adjust the capital structure of Bonava and thereby create added value to the shareholders as well as to enable that costs (including costs for social security costs) delivery are secured in connection with the implementation of Bonava's incentive plan at any time.

A resolution by the general meeting in accordance with 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.

Stockholm in March 2019
Bonava AB (publ)
The Board of Directors