

## CORPORATE GOVERNANCE REPORT 2015

AB | SAGAX

*AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment*

# Corporate Governance Report

*Sagax's owners govern the company directly and indirectly through various decision-making systems. The important corporate governance systems are discussed below. The corporate governance applied at Sagax meets the requirements stated in the Swedish Companies Act, the Swedish Annual Accounts Act, the Swedish Corporate Governance Code (the Code) and Nasdaq Stockholm's Rule Book for Issuers.*

## ARTICLES OF ASSOCIATION

According to the Articles of Association, AB Sagax is a public company (publ.). The Board is domiciled in Stockholm, Sweden. The company is to, directly or through subsidiaries, own, manage, buy and sell real estate and conduct other compatible operations. For further information, see the relevant section of the Articles of Association.

## SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code came into effect on July 1, 2005. As of July 1, 2008, the Code applies to all companies with shares traded on Nasdaq Stockholm. The Code is intended to serve as one component of self-regulation in the Swedish business sector. It is based on the "comply or explain" principle, meaning that it is not necessary to comply with all of the regulations all of the time, and that it is not wrong to deviate from one or more individual regulations in the Code if there is a reason which is explained. The Code addresses the decision-making systems through which the owners directly or indirectly govern the company. The main emphasis is on the Board in its capacity as the central player in corporate governance. The Swedish Corporate Governance Code is managed by the Swedish Corporate Governance Board and is available at [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se). Regulations in the corporate governance area for listed companies can be found in the Swedish Companies Act, the stock exchanges' listing requirements and regulations and opinions from the Swedish Securities Council. The most recently revised Code came into effect on November 1, 2015.

The Board has chosen to add only two members to the Audit and Remuneration Committees rather than three in accordance with the Code. The reason is that the Board of Directors consists of seven members in total, and having two members on these committees is considered more appropriate.

The entire Board of Directors has chosen to only meet the company's auditors in the presence of the CEO, which is natural since he is the company's largest shareholder.

## INTERNAL CONTROL

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for internal control. This report on the company's internal control has been prepared in accordance with the Swedish Corporate Governance Code. It concerns the company's financial statements.

## Control environment

The basis for internal control consists of the control environment, which comprises various parts that jointly form the culture and values governing Sagax. The company has a relatively small organization.

Property maintenance and on-call services have been outsourced, and a large share of the tenants are responsible for their own property maintenance. Administrative services have been purchased for the German, French and Danish operations concerning taxation and accounting. Administrative property management in Finland is handled by Sagax's Helsinki offices. Sagax also has an employee in Paris who is building up an organization to handle long-term administrative management in Paris. Control and follow-up of the business take place mainly from the Stockholm office, based on the principles of follow-up, clear divisions of responsibility and limited mandates.

Internal control is also governed by the decision-making paths, powers and responsibilities that have been documented and communicated in governing documents such as the Board's formal work plan, financial policy, authorization manuals and reporting instructions. Internal policies, guidelines and manuals are also important to internal control.

## Risk assessment

Risk management is built into the company's processes and various methods are used to evaluate and limit risks and to ensure that the risks faced by Sagax are managed in accordance with established policies and guidelines.

In accordance with the formal work plan, the Audit Committee reviews internal control at least once annually with the company's auditors, and the review is presented to the Board at the following Board meeting. Risks are identified, and measures are established to reduce these risks. The significant risks that Sagax has identified are misstatements in the accounts and the valuation of properties, financial derivatives, taxes and VAT, and the risk of fraud, losses or misappropriation of assets.

## Control activities

The identified risks concerning financial reporting are managed via the company's control structures, resulting in several control activities. These activities are intended to prevent, detect and correct errors and discrepancies and include analytical follow-up at several levels of the organization and comparison of profit/loss items, account reconciliations, follow-up and reconciliation of Board resolutions and policies adopted by the Board, approval and accounting of business transactions, proxy and authority structures, authorized signatories, Group-wide definitions, templates, reporting tools and accounting and valuation principles. Standardized reporting procedures and clear and documented formal work plans and divisions of responsibility are important parts of Sagax's control activities.

When Sagax's financial reports are prepared, significant income statement and balance sheet items are examined and analyzed with extra thoroughness. Risk management concerning these items is the top priority. In the income statement, these items are primarily rental revenue, financial items and

changes in value since these amount to significant sums, and in the case of changes in value they are highly dependent on judgments. With respect to the income statement, properties and interest-bearing liabilities are analyzed with extra care. System controls, process description and various intra-Group directives are used to prevent misstatements from occurring and to ensure that no material misstatements occur.

Having an organization abroad entails the need to coordinate administrative procedures and having systems to prevent deterioration of the control environment. Accordingly, Sagax's Helsinki office shares the same systems and procedures as the Stockholm office. Both organizations use the same IT systems on the same servers, and the two offices are in close communication.

Property managers have a clear profit responsibility for the properties in their charge. Together with the analysis performed at Group level, their regular analyses of the properties' financial statements are an important part of internal controls to ensure that the financial statements is free of material misstatements. Sagax continuously develops its system support for the operation.

### Information and communication

The aim of Sagax's information and communications policy is to provide efficient and accurate information about its financial statements. The company's insider and financial policies also address information and communication about the financial statements. Policies and guidelines for financial statements, as well as updates and amendments, are available to the relevant employees, and the executive management team annually reviews the rules and regulations with all employees. The company's rules and regulations are designed according to Swedish law, Nasdaq Stockholm regulations and the Swedish Corporate Governance Code.

Company management presents the quarterly report to all employees after it has been communicated in accordance with the rules and regulations. The Board receives additional information about risk management, internal control and financial statements from the auditors via the Audit Committee, or at Board meetings attended by the auditors.

### Governance and follow-up

Profit outcomes are continuously followed up at several levels of the company, i.e. at both the property and Group levels.

They are checked against both budget and forecasts. The result is analyzed by both the administration and accounts departments and presentations are made to both the CEO and the Board. According to the Board's instruction to the Audit Committee, the company's auditors must report directly to the Audit Committee at least twice annually. The auditors must report their observations from their examination and their assessment of the internal control. Their observations are then presented to the Board at the following Board meeting. The Board enters the presentation into the minutes and then follows up the minutes at a later meeting.

### Internal auditing requirements

The effectiveness of internal auditing largely depends on the company's organizational structure and the size of the organization. Sagax has a relatively small organization, with the administration of finance, accounting and leases managed from the company's Stockholm and Helsinki offices. Profit/loss and the balance sheet are followed up quarterly, by the various functions in the company and by company manage-

ment. As a result of these considerations, the company does not see a need for a special internal audit unit.

### BOARD OF DIRECTORS

According to the Articles of Association, the Board is to comprise at least three (3) and at most eight (8) members, not including deputies. Sagax's Board of Directors consists of seven members, who were elected at the 2015 AGM. Company CEO David Mindus is a member of the Board. The Board comprises Board Members Johan Cederlund, Filip Engelbert, Göran E Larsson, Staffan Salén, Johan Thorell, Ulrika Werdelin and CEO David Mindus. Göran E Larsson was appointed Chairman of the Board at the 2015 AGM. The term of all Board Members runs until the end of the next AGM. For further information about the Members of the Board, see page 78.

### BOARD OF DIRECTORS' WORK PROCEDURES

The Board's tasks are governed by Swedish Companies Act and the Articles of Association. The Board's work is also governed by the formal work plan adopted by the Board every year at the statutory Board meeting or the AGM. The formal work plan describes the Board's tasks and the division of responsibility between the Board and the CEO. The directive issued to the CEO and the instructions on financial reporting are adopted at the same time.

- the Board' tasks include deciding on the acquisition and disposal of companies and properties, procurement of loans and guarantees, organizational issues, forecasts and full-year and interim reports.

- According to the Board's work plan, it is the Chairman of the Board's responsibility to ensure that the Board performs its work effectively and fulfills its obligations.

In particular, the Chairman of the Board must:

- Organize and lead the Board's work, encourage an open and constructive discussion within the Board and facilitate the Board's work to the greatest possible extent.

- Ensure that the Board continuously updates and deepens its knowledge of the company and its operations, and otherwise receives the training necessary to perform Board work effectively.

- Maintain ongoing contact with and serve as a discussion partner and support for the CEO, and consult with the CEO on strategic issues.

- Ensure that the Board receives satisfactory information and decision-making support documentation for its work.

- Ensure that the CEO continuously provides Board Members with the information needed to follow the company's position and performance.

- Chair Board meetings, consult with the CEO on the agenda and ensure that the CEO summons Board Members to meetings.

- Verify that Board resolutions are effectively enacted.

- Ensure that Board matters are not handled in a way that contravenes the provisions of the Swedish Companies Act and the Articles of Association.

- Ensure that Board Members are familiar with legislation on insiders and the company's insider policy.

- Ensure that the Board's work is evaluated once a year.

According to the formal work plan, the Board must meet at least five times per calendar year in addition to the statutory meeting and strategy days. The work plan discusses the issues that must always be considered at these five meetings and the statutory meeting. Sagax's Board held 15 minuted meetings in 2015, one of which was a statutory meeting. The

main issues at the meetings for the year were acquisition and divestment of properties, financing issues and the adoption of interim reports and forecasts. The Board was also informed of the current state of the business. In addition to the minuted meetings, the Board also met once for a special discussion of the company's future strategies and financial objectives. The Chairman of the Board ensured that the Board's work was evaluated and the results then discussed by the Board. The financial objectives adopted by the Board were followed up as budgets and quarterly reports were adopted.

## PERFORMANCE MANAGEMENT

According to its investment strategy, Sagax aims to continue its growth through the acquisition of new properties and investments in existing properties. The company invests in properties that fulfill the Group's requirements for a healthy return and balanced risk. Each investment is considered separately when decisions are made.

The Board must also ensure that the company has good internal control in place, and must continuously keep itself informed of and evaluate whether the internal control systems are working. In addition, the Board must maintain an ongoing dialog with the company's auditors and management in order to further assure itself that the internal control system is working.

A simplified view of how Sagax's Board work proceeds during the course of a year and the issues that must always be considered at the Board meetings referred to in the work plan is presented below.

## NOMINATION COMMITTEE AND BOARD COMMITTEES

### Nomination Committee

The 2015 AGM resolved to assign the Chairman of the Board to contact the three largest shareholders or groups of shareholders in terms of votes, pertaining to directly registered shareholders and nominee-registered shareholders, according to Euroclear's transcript of the shareholders' register at September 30, 2015 and ask each to appoint one representative, plus the Chairman of the Board, to constitute the Nomination Committee for the period until a new Nomination Committee has been appointed according to authorization from the next AGM. The majority of the members of the Nomination

Committee are to be independent in relation to the company and company management. At least one of the Nomination Committee's members must be independent in relation to the company's largest shareholder or the group of shareholders, in terms of votes, that works together in respect of the administration of the company. The CEO or another member of executive management must not be a member of the Nomination Committee. Board members may be appointed to the Nomination Committee but are not to constitute a majority of its members. If more than one Board member is appointed to the Nomination Committee, at least one of them is required to be dependent in relation to the company's major shareholders. The Nomination Committee is to elect its chairman from among its own members. The Chairman of the Board or any other Board member is not to be elected chairman of the Nomination Committee. The composition of the Nomination Committee is to be announced no later than six months prior to the 2016 AGM.

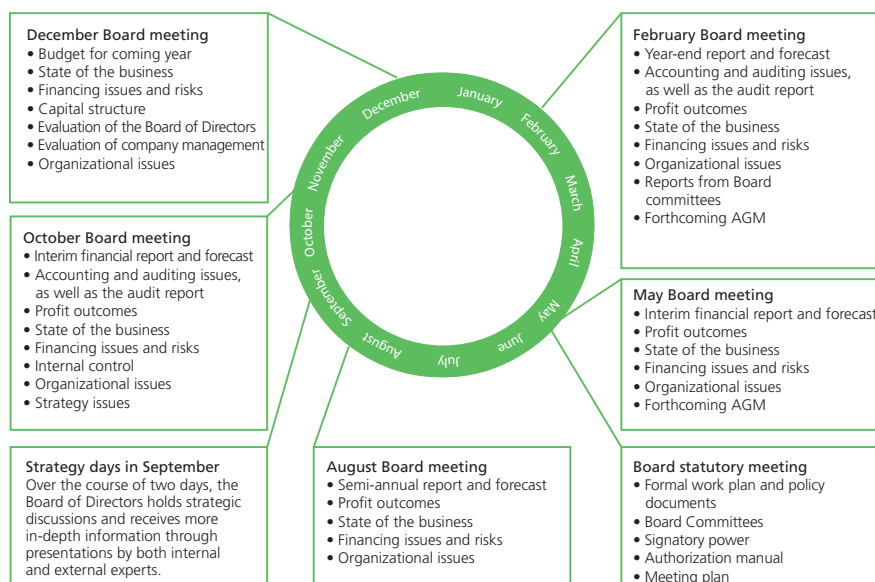
The Nomination Committee announced on November 2, 2015 has the following composition:

- Björn Alsén, representing David Mindus and companies.
  - Håkan Engstam, representing Rutger Arnhult and companies.
  - Erik Salén, representing the Salén family and companies.
  - Göran E Larsson, Chairman of the Sagax Board of Directors.
- The Nomination Committee held a minuted meeting ahead of the 2016 AGM, and also communicated with each other by telephone and e-mail.

### Remuneration Committee

At its statutory meeting on May 7, 2015, the Board appointed a Remuneration Committee consisting of Göran E Larsson and Staffan Salén. The Board has adopted an instruction concerning the work of the Remuneration Committee. The task of the Remuneration Committee is to prepare issues concerning remuneration and other terms and conditions of employment for company management. The Remuneration Committee held one meeting about remuneration, as well as conferring with one other on multiple occasions by telephone and email during the year. The Committee's report on its evaluation of senior executives is available at the Sagax website, [www.sagax.se](http://www.sagax.se).

## FUNDAMENTAL STRUCTURE FOR BOARD WORK AT SAGAX



### **Audit Committee**

The members of the Audit Committee, who were appointed at the Board's statutory meeting on May 7, 2015, are Johan Thorell and Göran E Larsson. The Audit Committee normally meets the company's auditors twice per year. The Board has adopted an instruction concerning the work of the Audit Committee. The task of the Audit Committee is to maintain and increase the efficiency of contacts with the Group's auditors, exercise supervision over accounting and financial statements procedures, evaluate the auditors' work and monitor the development of accounting policies and requirements. The Audit Committee held two minuted meetings with the auditors in 2015, as well as one minuted meeting in 2016. During these meetings, topics including the auditors' examination of the company's financial reporting and internal controls were presented and discussed. The auditors' observations and opinions were subsequently reported to the Board.

### **AUDIT**

The auditors are required to examine the company's annual report and accounting, as well as the management by the Board and the CEO. The auditors are required to attend, and present a report at, the Board meeting where the decision is made whether to adopt the annual accounts for the preceding fiscal year. The auditors are required to submit an auditor's report to the AGM after every fiscal year. The auditors also reviewed the interim report for January-September 2015, and submitted a review report concerning the interim financial information for that period. The auditors are elected by the AGM for a one-year term.

The 2015 AGM elected the authorized accounting firm Ernst & Young AB, with Authorized Public Accountant Magnus Fredmer as the signing auditor in charge for the period until the 2016 AGM. Magnus Fredmer has been Sagax's auditor since 2012.

The company's auditors attended one Sagax Board meeting in 2015 and one in 2016.

### **STOCK MARKET INFORMATION**

The company is required to provide rapid, correct, relevant and reliable information to existing and potential shareholders and other investors that not only meet the requirements of Nasdaq Stockholm and the stock market at all times, but the company's own strict requirements as well. The company submits interim reports concerning the business on a quarterly basis, and a year-end report and annual report for the entire fiscal year. Sagax uses its website to rapidly provide information to the stock market. Significant events are announced through separate press releases.

### **POLICY DOCUMENTS**

The company's Board of Directors has adopted the following policies: a financial policy, information policy, insider policy and dividend policy and an equal opportunities plan. On an annual basis, the Board also decides on the directive it issues to the CEO, the instruction for financial statements, the authorization manual and its own work plan. Policies are to be revised when this is required in order to ensure that they are up to date and support the business in meeting its stated objectives and targets.

### **Financial policy**

The financial policy indicates guidelines and rule as to how financial operations in Sagax are to be pursued. It is adopted

by the Board and states how to limit various risks in Sagax's financial affairs and the risks that the company may take. It also states how to report on Sagax's financial affairs to the Board. The financial policy establishes the division of responsibility and administrative rules, and must also provide guidance in the daily work of the finance staff unit. The financial policy applies to all Sagax companies.

### **Information policy**

The purpose of Sagax's information policy is to ensure that stock market players receive rapid, simultaneous, accurate, relevant and reliable information about the company. The information policy must be adhered to by all employees, Board Members and externally retained consultants. Information to the public is primarily issued in the form of press releases and financial reports.

### **Insider Policy**

Sagax's insider policy is intended to reduce the risk that a Sagax employee could violate applicable insider laws. The insider policy is a supplement to the insider laws in force and, in some respects, its requirements are stricter than those of the law. The insider policy applies to all people in an insider situation, parties closely related to these insiders and other people who have been informed that the policy applies to them. All employees and consultants are obligated to report insider transactions to Sagax's CEO.

### **Dividend policy**

Sagax's dividend policy is intended to allow for continued growth and adequate preparedness to take advantage of business opportunities. As in the past, the Board also considers it to be of great importance that expansion can occur while preserving freedom of action and financial stability. Accordingly, the Board considers it to be appropriate for the dividend, including the dividend on preference shares, to correspond to about one third of profit from property management annually. The Board is also authorized to propose the distribution of non-recurring profits to shareholders.

According to Sagax's Articles of Association, holders of preference shares have first priority to a dividend of SEK 2.00 per preference share. The dividend on preference shares is paid quarterly, in the amount of SEK 0.50 on each occasion.

### **Equal Opportunities Plan**

According to the Swedish Equal Opportunities Act, every employer that employs ten or more people is obligated to prepare a plan for its equal opportunity efforts. Sagax's objective for the equal opportunities plan that it has developed is for women and men to have the same rights, opportunities and obligations in all areas of working life. Working conditions and opportunities for training and promotion must be independent of gender and the wage structure at Sagax must be equitable. Equal opportunity efforts are to be pursued as a partnership between employer and employees. Every employee bears an individual responsibility for actively participating in equal opportunity efforts.

### **OTHER DISCLOSURES CONCERNING THE BOARD AND MANAGEMENT**

There are no conflicts of interest between the Board or management on the one hand and the company on the other. Board Members Göran E Larsson, Filip Engelbert, Johan

Thorell, Ulrika Werdelin and Johan Cederlund are independent according to the Swedish Corporate Governance Code in relation to Sagax, company management and the company's principal owners. David Mindus, who is Sagax's CEO, holds in excess of 10% of the voting rights and is thereby considered to be dependent in relation to the company. Staffan Salén also represents in excess of 10% of the voting rights and is considered to be dependent in relation to the company. Independence in relation to the company and its principal owners entails that there are no extensive business connections with the company, and that the Board Members represent less than 10% of the shares or voting rights at year-end.

No special agreements have been reached between Sagax and major shareholders, customers, suppliers or other parties that caused any Board members or executive management to be chosen for these posts. There are no restrictions on the rights of Board Members or senior executives to sell their Sagax securities. None of the Group's member companies has entered into agreements that entitle Board Members or members of executive management to benefits after their respective assignments end. However, members of executive management are entitled to a salary for a certain period after their employment has been terminated by the company; see Note 5, page 103.

#### REMUNERATION OF THE BOARD AND SENIOR EXECUTIVES

The AGM on May 7, 2015 resolved to pay a total of SEK 1,125,000 in director fees, of which SEK 300,000 to the Chairman of the Board and SEK 165,000 to each other non-executive Board member elected by the AGM. The CEO receives no remuneration for his Board assignment for AB Sagax. Fees to the auditors are to be paid based on approved invoices.

Board fees to five of the Board members were paid to companies in accordance with agreements reached between the individuals in question and Sagax, which are cost-neutral for Sagax.

The 2015 AGM passed the following guidelines for remuneration of senior executives:

"Remuneration paid to the CEO is prepared by the Remuneration Committee and established by the Board at a scheduled Board meeting. The CEO does not participate in this decision. The Board assigns the CEO the task of negotiating with other senior executives in accordance with the guidelines below. Agreements with other senior executives are reached by the CEO jointly with the Chairman of the Board.

The company is to offer commercially competitive remuneration levels and terms and conditions of employment in order to retain and, where necessary, recruit senior executives with the necessary expertise and experience. Remuneration to the company's management is to essentially take the form of cash salary. Remuneration may comprise a combination of fixed and variable salary. Remuneration is to mainly comprise fixed salary and be considered to correspond to commercially competitive compensation for doing an adequate job. The variable salary supplement is to pertain to additional compensation for work that has been exceptionally well performed, an exceptional workload or another similar circumstance. Unless there are special reasons for not applying this rule, the variable salary supplement is not to exceed 50% of the fixed annual salary. In addition, the Board is to annually assess whether or not a share-based or share-price-based incentive plan is to be proposed to

the AGM. Termination salary must not exceed six monthly salaries. Severance pay is not to be applied.

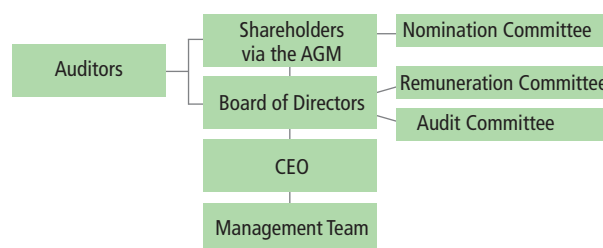
The Board is entitled to deviate from the aforementioned guidelines if it finds specific reasons to motivate this in isolated cases."

AB Sagax has complied with the guidelines resolved by the AGM. For further information about remuneration of company management, see Note 5. The Board will propose to the 2016 AGM that corresponding guidelines also apply in the future.

#### ANNUAL GENERAL MEETING (AGM)

The AGM is the company's highest decision-making body. At the AGM, all shareholders are given the opportunity to exercise influence over the company represented by their respective shareholdings. Considering the current ownership group, it has not been viewed as justified to implement such measures as simultaneous interpretation at the AGM or translating presentations into other languages.

#### MANAGEMENT STRUCTURE



#### AGM on May 7, 2015

At the AGM of AB Sagax on May 7, 2015, it was resolved that:

- the income statements and balance sheets, and the Board's proposed appropriation of profits be adopted.
- the Board's proposed dividend of SEK 0.80 per Class A and Class B common share and SEK 2.00 per preference share for the 2014 fiscal year, with quarterly payments of SEK 0.50 per preference share, be adopted. May 11, 2015 be adopted as the record day for payment of dividends on common shares; Tuesday June 30, 2015; Wednesday September 30, 2015; Wednesday December 30, 2015 and Thursday March 31, 2016 be adopted as the record days for the payments of dividends on preference shares. The dividend is expected to be paid by Euroclear on the third working day after each record day.
- the Board members and the CEO be discharged from personal liability for the 2014 fiscal year.
- the number of Board members was to amount to seven for the period until the next AGM.
- Board members Johan Cederlund, Filip Engelbert, Göran E Larsson, David Mindus, Staffan Salén, Johan Thorell and Ulrika Werdelin be reelected. Göran E Larsson be appointed Chairman of the Board.
- fees be paid in the amount of SEK 300,000 to the Board Chairman and SEK 165,000 to each other non-executive Board member elected by the AGM. The fees also include remuneration for committee work.

- Ernst & Young AB be reelected as auditors for the forthcoming one-year period, with Magnus Fredmer as the auditor in charge.
- guidelines for remuneration of the company's senior executives be adopted.
- the Incentive Plan 2015-2018, based on the issue of a maximum of 400,000 Series 2015/2018 warrants be implemented. Disapplying the preferential rights of shareholders, subscription entitlement will accrue to the wholly owned subsidiary, Satrap Kapitalförvaltning AB. The warrants will be issued free of charge. Each warrant entitles the holder to subscribe for one new Class B common share in the company.
- Satrap Kapitalförvaltning be permitted to transfer a maximum of 400,000 warrants in AB Sagax of the 2015/2018 series, to employees, or to have control over the warrants in some other manner in order to secure obligations pursuant to Incentive Plan 2015-2018. It is estimated that the maximum number of additional Class B common shares will not exceed 400,000, corresponding to approximately 0.27% of the total number of Class B common shares in the company, subject to full subscription and full exercise of all warrants. The increase in share capital in such a case will amount to a maximum of SEK 700,000. The Incentive Plan is targeted at individuals who are or will be employees of AB Sagax or its subsidiaries, except for the CEO.
- authorization be granted to the Board, within the framework of the applicable Articles of Association, with or without disapplying the shareholders' preferential rights, on one or more occasions prior to the next AGM, to make decisions to increase AB Sagax's share capital through the new issue of Class A common shares, Class B common shares, preference shares, warrants and/or convertibles in the company. The total number of shares encompassed by such share issues may not exceed 10% of the number of votes in the company, based on the total number of votes in the company on the date of the 2015 Annual General Meeting.
- the new preference shares that may be issued under the authorization granted by the Meeting are to provide entitlement to dividends from the date on which they are entered into the shareholders' register administered by Euroclear Sweden AB.
- authorization be granted to the Board, on one or more occasions prior to the next AGM, to make a decision to acquire a total of as many Class A common shares, Class B common shares, preference shares, warrants and/or convertibles as necessary so that the company's holdings at any time do not exceed a tenth of the total number of shares in the company. Acquisitions of treasury shares are to take place on Nasdaq Stockholm and may only take place at a price within the price span applicable at any time, meaning the span between the highest bid and lowest offer price, or on the basis of an acquisition offering directed to all shareholders, whereby the acquisition is to take place at a price that on the decision date corresponds to a minimum of the applicable share price and a maximum of 150% of the applicable share price. Acquisition of treasury warrants and/or convertibles is to take place at a price that on the decision date corresponds to a maximum of the market value.
- authorization be granted to the Board, on one or more occasions prior to the next AGM, to make decisions to transfer,

with or without disapplying the shareholders' preferential rights, all or portions of the company's holding of treasury Class A common shares, Class B common shares, preference shares and/or warrants as payment for acquisitions of properties or property companies, or parts of properties or property companies, at a price corresponding to the share price or, regarding warrants the market value, on the date of sale. Transfer of all or portions of the company's holdings of treasury Class A common shares, Class B common shares and/or preference shares may also occur, on one or more occasions prior to the next AGM, to finance such acquisitions, for which shares are to be sold on Nasdaq Stockholm at a price that is within the price interval applicable at any time.

#### *Ahead of the AGM on May 3, 2016*

Ahead of the AGM on May 3, 2016, at 5:00 p.m., the Board proposes the AGM resolve:

- to pay a dividend to shareholders of SEK 1.15 per common share for Class A and Class B shares.
- to pay dividend to shareholders of SEK 2.00 per preference share for the 2015 fiscal year, with quarterly payments of SEK 0.50 per preference share.
- that AB Sagax's non-restricted fund and unappropriated earnings, less dividend, be carried forward. to authorize the Board for the period until the next AGM to acquire and transfer Sagax shares or warrants, or a combination thereof, to a maximum amount corresponding to 10% of shares outstanding.
- to authorize the Board for the period until the next AGM to decide on the new issue of shares, warrants or convertible promissory notes, or a combination thereof, to a maximum amount corresponding to 10% of votes outstanding.
- guidelines for remuneration of senior executives and
- the proposed the Incentive Plan Incentive Plan 2016-2019. Notice to convene the AGM, with decision proposals are presented on page 132.

The Nomination Committee proposes that the AGM resolve as follows:

- the number of Board members be six and no deputies be appointed. Board members David Mindus, Filip Engelbert, Johan Cederlund, Johan Thorell, Staffan Salén and Ulrika Werdelin be reelected. Göran E Larsson has declined reelection to the Board.
- Staffan Salén be elected as the new Chairman of the Board.
- that fees be paid in the unchanged amount of SEK 300,000 to the Board Chairman and SEK 165,000 to each other non-executive Board member elected by the meeting for the period between the 2016 and 2017 AGMs. Accordingly, Board fees will total SEK 960,000.
- appointment of Ernst & Young AB as auditors for the forthcoming one-year period, with Magnus Fredmer as the signing auditor in charge.
- auditors' fees are to be paid in accordance with a company-approved invoice.
- the principles for the appointment of the Nomination Committee remain unchanged.

# Board of Directors

## **GÖRAN E LARSSON**

Board member since 2001 and Chairman of the Board since 2004. Member of the Remuneration and Audit Committees. Born 1943.

*Education:* Civil engineer from the Royal Swedish Institute of Technology, Stockholm. Bachelor's degree in Business Administration from the Stockholm School of Economics.

*Other Board assignments:* Board member of Effnetplattformen AB, Habia Cable AB and OrganoClick AB. Senior Advisor of Evli Bank.

*Work experience:* Previously CEO of the Effnet Group AB, Micronic Laser Systems AB, Tidningarnas Telegrambyrå AB, Norstedts Tryckeri AB, Interforward AB, Salén & Wicander Marin AB and Ferag Inc. Previously Chairman of the Board of AB Readsoft, Bygg-Oleba Olle Engqvist AB, QlikTech International AB, Tidningstryckarna Aftonbladet/Svenska Dagbladet AB, Sandrew Metronome AB, Standard Radio AB and Stiftelsen Hildur Nordins Minnesfond.

Independent in relation to the company and its principal owners. Holding in AB Sagax as of December 31, 2015: 102,400 Class A shares, 1,024,000 Class B shares and 112,164 preference shares.

## **JOHAN CEDERLUND**

Board member since 2010. Born 1970.

*Education:* Bachelor's degree in Business Administration and Graduate in Law from Stockholm University.

*Other Board assignments:* Including Chairman of the industrial and retail group Lotorp and Chairman and Board member of other companies in the Lotorp Group.

*Work experience:* Previously lawyer and partner of the law firm Vinge, with a focus on company acquisitions, financing and the stock market.

Independent in relation to the company and its principal owners. Holding in AB Sagax as of December 31, 2015: 77,080 Class B shares.

## **FILIP ENGELBERT**

Board member since 2007. Born 1969.

*Education:* Bachelor of Science from Babson College, USA.

*Other Board assignments:* President of Avito AB, with board assignments in the Avito Group. Board member of Matterhorn Advisors AB and Gornetgrat Capital AB.

*Work experience:* Previously CEO of Kontakt East Holding AB and Remium AB.

Independent in relation to the company and its principal owners. Holding in AB Sagax as of December 31, 2015: 122,500 Class A shares and 1,090,892 Class B shares.

## **DAVID MINDUS**

Board member and CEO since 2004.

Born 1972.

*Education:* Bachelor's degree in Business Administration from Stockholm University.

*Other Board assignments:* Hemsö Fastighets AB.

*Work experience:* Previously analyst and business developer in property companies and consulting companies.

Dependent in relation to the company and its principal owners. Holding in AB Sagax as of December 31, 2015: 5,015,795 Class A shares, 37,854,595 Class B shares, 821 preference shares and 37,500 Class B share futures (sell).

## **STAFFAN SALÉN**

Board member since 2004. Member of the Remuneration Committee. Born 1967.

*Education:* Bachelor's degree in Business Administration from Stockholm University.

*Other Board assignments:* Chairman of eWork Scandinavia AB and Amapola AB. Board member of Westindia AB, Strand Kapitalförvaltning AB, Landauer Ltd and SNS (the Center for Business and Policy Studies).

*Current position:* CEO of Salénia AB.

*Work experience:* Previously Executive Vice President and Communications Director of FöreningsSparbanken AB, Managing Editor of the financial magazine and financial analysts company Proctor & Gamble.

Dependent in relation to the company and its principal owners. Holding in AB Sagax as of December 31, 2015: 1,998,733 Class A shares, 17,485,330 Class B shares and 78,595 preference shares.

## **JOHAN THORELL**

Board member since 2004. Member of the Audit Committee. Born 1970.

*Education:* Bachelor's degree in Business Administration from the Stockholm School of Economics.

*Other Board assignments:* Board member of Tagehus Holding AB, Hemsö Fastighets AB, Delarka Holding AB, Oscar Properties Holding AB, Kallebäck Property Investors AB, K2A Knaust & Andersson Fastigheter AB and Nicoccino Holding AB.

*Current position:* CEO of Gryningskust Holding AB.

*Work experience:* Active in property management since 1996.

Independent in relation to the company and its principal owners. Holding in AB Sagax as of December 31, 2015: 101,627 Class A shares and 1,016,270 Class B shares.

## **ULRIKA WERDELIN**

Board member since 2010. Born 1969.

*Education:* Bachelor's degree in Business Administration from the Stockholm School of Economics.

*Other Board assignments:* Board member on the boards of all Altor Funds GP.

*Current position:* Advisor and Project Manager in the financial sector through her company Werdelin Advisory.

*Work experience:* Most recently as COO of the Lapithus Group, which manages loan portfolios for the European Principal Finance Fund (EPF), one of the funds managed by the US company Apollo Capital Management, which invests in private equity and property loans. Previously Managing Director of Goldman Sachs International, COO in Europe for Goldman Sachs Principal Investment Area, the division within Goldman Sachs that operates Goldman Sachs Capital Partners and Goldman Sachs Mezzanine Partners funds.

Independent in relation to the company and its principal owners. Holding in AB Sagax as of December 31, 2015: 24,661 Class A shares and 518,300 Class B shares.

The holding includes own holdings, those of related parties and holdings in related companies as of December 31, 2015.



Sagax's Board of Directors consists of Johan Thorell, Staffan Salén, David Mindus, Ulrika Werdelin, Johan Cederlund, Filip Engelbert and Göran E Larsson.

#### Remuneration paid to the Board

Name	Assignment	Elected	Independent <sup>1)</sup>	Remuneration, SEK	Participation in total number of Board meetings		
					Board meetings	Remuneration Committee	Audit Committee
Göran E Larsson	Chairman	2001	Yes	300,000	15 of 15	1 of 1	2 of 2
Filip Engelbert	Member	2007	Yes	165,000	14 of 15		
David Mindus	CEO/Member	2004	No	–	15 of 15		
Staffan Salén	Member	2004	No	165,000	14 of 15	1 of 1	
Johan Thorell	Member	2004	Yes	165,000	15 of 15		2 of 2
Ulrika Werdelin	Member	2010	Yes	165,000	15 of 15		
Johan Cederlund	Member	2010	Yes	165,000	15 of 15		

*1) Independent in relation to the company and its principal owners means that there are no extensive business connections with the company and that Board members represented less than 10% of the shares or votes at the end of the year.*

# Company management

## **DAVID MINDUS**

See page 78.

## **BJÖRN GARAT**

Finance Director and Executive Vice President since August 2012. Born 1975.

*Education:* International economics program at Linköping University.

*Work experience:* Responsible for Corporate Finance at Remium Nordic AB and financial analyst.

Holding in AB Sagax as of December 31, 2015: 60,765 Class A shares, 800,000 Class B shares and 211,000 warrants for Class B shares.

## **JOHAN HEDANDER**

Business Developer at Sagax since 2007. Born 1980.

*Education:* Civil Engineer from the Royal Swedish Institute of Technology.

*Work experience:* Investment analysis and transactions in the property sector.

Holding in AB Sagax as of December 31, 2015: 100 Class A shares, 1,000 Class B shares and 126,200 warrants for Class B shares.

## **PETER LARSEN**

CFO of Sagax since 2004. Born 1961.

*Education:* Bachelor's degree in Business Administration from Stockholm University.

*Work experience:* CEO of HSB Sverige AB and Chairman of the Board of HSB Bank AB, HSB Produktion AB, HSB Fastighets AB, HSB Förvaltning AB och HSB Data AB.

Holding in AB Sagax as of December 31, 2015: 9,586 Class A shares, 104,660 Class B shares, 44 preference shares and 147,800 warrants for Class B shares.

## **URBAN SJÖLUND**

Head of Asset Management since 2015. Born 1962.

*Education:* Civil Engineer from the Royal Swedish Institute of Technology.

*Work experience:* Head of Asset Management and Leasing Manager at Fabega AB, executive positions in Storheden and Wihlborgs.

Holding in AB Sagax as of December 31, 2015: 20,536 Class B shares and 21,500 warrants for Class B shares.

## **JAAKKO VEHANEN**

CEO of Sagax Finland Oy since 2007.

Born 1976.

*Education:* Certified engineer from Helsinki University of Technology.

*Work experience:* Responsible for the Finnish operation at Addici Facility Management Oy and property management for Sponda Abp.

Holding in AB Sagax as of December 31, 2015: 4,000 Class B shares, 113,700 warrants for Class B shares and 37,500 Class B share futures (buy).

The holding includes own holdings, those of related parties and holdings in related companies as of December 31, 2015. Sagax has incentive plans for all employees, which do not include the company's CEO.



Sagax's company management consists of Jaakko Vehanen, Peter Larsen, David Mindus, Björn Garat, Johan Hedander and Urban Sjölund.

## Auditors

### **MAGNUS FREDMER**

Born 1964.

Auditor of the company since 2012.

Authorized Public Accountant at Ernst & Young and member of FAR.

Other audit assignments include Castellum AB, Heba Fastighets AB, Vasakronan AB, Jernhusen AB, Niam Fonder and Svenska Bostäder AB.

No holding in AB Sagax as of December 31, 2015.



Magnus Fredmer

# AB | SAGAX

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