

CORPORATE GOVERNANCE REPORT 2016

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 December 1, 2016.

The Board has chosen to appoint only two members of the Audit and Remuneration Committees rather than three in accordance with the Code. The reason is that the Board of Directors consists of six 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 procured for the taxation and accounting of German, French, Dutch and Danish operations. Administrative property management in Finland is handled

by Sagax's Helsinki offices. The company's office in Paris is building up an organization to eventually handle all long-term administrative management on an independent basis. There is also an intention that the office in Rotterdam will build up an organization to independently handle all administration. 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 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 offices in Helsinki, Stockholm, Paris and Rotterdam essentially share the same systems and procedure. The four organizations use the same IT systems on the same servers, and the offices are in close communication. However, the Paris and Rotterdam offices are still dependent on external competencies for ongoing accounting and for the accounting of taxes and fees. The intention is that ongoing accounting will ultimately be moved over to the systems used at the Stockholm and Helsinki offices.

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, Helsinki and Paris offices. Profit/loss and the balance sheet are followed up quarterly, by the various functions in the company and by company management. 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 six members, who were elected at the 2016 AGM. Company CEO David Mindus is a member of the Board. The Board comprises Board Members Johan Cederlund, Filip Engelbert, Staffan Salén, Johan Thorell, Ulrika Werdelin and CEO David Mindus. Staffan Salén was appointed Chairman of the Board at the 2016 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 68.

### 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 18 minuted meetings in 2016, 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 2016 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, 2016 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 must be announced no later than six months prior to the 2017 AGM.

The Nomination Committee announced on October 25, 2016 has the following composition:

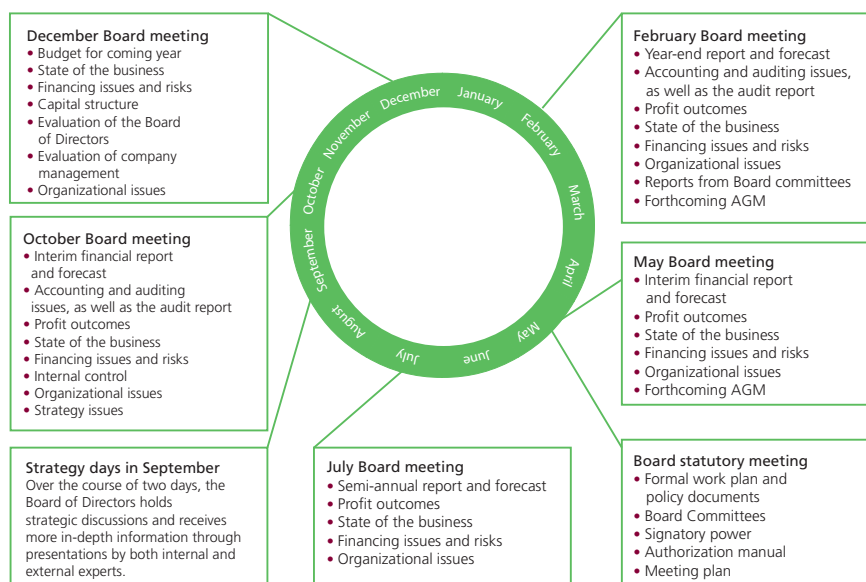
- Björn Alsén, representing David Mindus and companies.
- Håkan Engstam, representing Rutger Arnhult and companies.
- Erik Salén, representing the Salén family and companies.
- Staffan Salén, Chairman of the Sagax Board of Directors.

The Nomination Committee has taken into account the expertise, independence, gender distribution, experience and background of the proposed Board Members. The Nomination Committee held one minuted meeting and also maintained contact by telephone and e-mail.

### Remuneration Committee

At its statutory meeting on May 3, 2016, the Board appointed a Remuneration Committee consisting of Ulrika Werdelin 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, which was appointed at the Board's statutory meeting on May 3, 2016, are Johan Thorell and Staffan Salén. 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 2016, as well as one minuted meeting in 2017. 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.

The Audit Committee has also implemented a procurement of auditing services for the Group which, following an overall assessment, resulted in a proposal to the Nomination Committee to re-elect Ernst & Young as the company's auditor.

### **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 2016, 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 2016 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 2017 AGM. Magnus Fredmer has been Sagax's auditor since 2012.

The company's auditors attended one Sagax Board meeting in 2016 and one in 2017.

### **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: financial policy, information policy, insider policy, dividend policy and equal opportunities plan. On an annual basis, the Board also decides on the directive it issues to the CEO, the instruction for preparing the financial statements, the attestation manual, the Board's work plan and instructions for the Board's Audit and Remuneration Committees. 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 that the dividend, including the dividend on Class D share and preference shares, suitably 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 the Articles of Association, each preference share confers a preferential right to SEK 2.00 in annual dividends. Each Class D shares provides entitlement to a maximum of SEK 2.00 per share. The dividend on preference shares and Class D share 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 salary structure must be equitable at Sagax. 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 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.

## REMUNERATION OF THE BOARD AND SENIOR EXECUTIVES

The AGM on May 3, 2016 resolved to pay a total of SEK 960,000 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.

Director fees to four 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 2016 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.

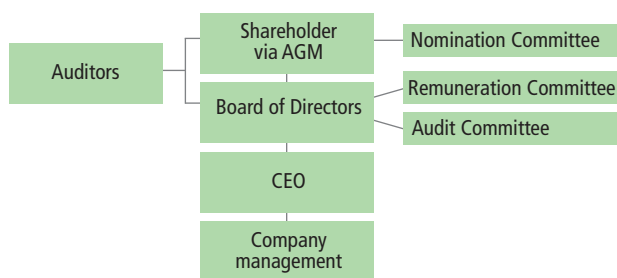
The Board of Directors is entitled to deviate from the aforementioned guidelines if the Board finds specific reasons to motivate this in isolated cases. If the Board of Directors deviates from the remuneration guidelines for senior executives, a report on this must be made to the immediately following AGM."

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 2017 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 May 3, 2016

At the AGM of AB Sagax on May 3, 2016, 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 1.15 per Class A and Class B common share and SEK 2.00 per preference share for the 2015 fiscal year, with quarterly payments of SEK 0.50 per preference share, be adopted. May 6, 2016 be adopted as the record day for payment of dividends on common shares. Thursday June 30, Friday September 30, 2016, Friday December 30, 2016 and Friday March 31, 2017 be established as the record days for the payments of dividends on preference shares. The dividend is expected to be paid by Euroclear Sweden AB on the third working day after each record day.
- the Board Members and the CEO be discharged from personal liability for the 2015 fiscal year.
- the number of Board Members amount to six for the period until the next AGM.
- the Board Members Johan Cederlund, Filip Engelbert, David Mindus, Staffan Salén, Johan Thorell and Ulrika Werdelin are to be re-elected. Staffan Salén be appointed Chairman of the Board. Göran E Larsson, who had served as a Board Member since 2001 and been Chairman of the Board since 2004, had declined re-election and was thanked for his service by the AGM.
- 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.

- principles be established for the composition of a Nomination Committee for the 2017 AGM.
  - 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 senior executives be established.
  - the Incentive Plan 2016/2019, based on the issue of a maximum of 400,000 Series 2016/2019 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 AB Sagax.
  - Satrap Kapitalförvaltning be permitted to transfer a maximum of 400,000 warrants in AB Sagax of the 2016/2019 series, to employees, or to have control over the warrants in some other manner in order to secure obligations pursuant to Incentive Plan 2016/2019. Each Employee is to be offered an opportunity to acquire warrants in an amount corresponding to a maximum of one twelfth of the Employee's annual salary before income tax. 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. The company's Board of Directors and the CEO are not covered by the offer.
  - 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 on the date of the 2016 AGM.
  - the new preference shares that may be issued under the authorization outlined above 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 the 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 asked 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 4, 2017**
- Notice to convene the Annual General Meeting, including resolution proposals, is presented on page 138. Ahead of the AGM at 4 p.m. on May 4, 2017, the Board proposes that the AGM resolve:
- to pay a dividend to shareholders of SEK 1.45 per Class A and Class B common share,
  - to pay dividends to shareholders of SEK 2.00 per Class D common share, with quarterly payment of SEK 0.50 per share.
  - to pay dividends to shareholders of SEK 2.00 per preference share, with quarterly payment of SEK 0.50 per 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, warrants and/or convertible debentures or a combination thereof, up 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.
  - an offer to holders of preference shares to redeem their preference shares for one Class D share plus cash payment of SEK 4.00 per preference share or, alternatively, 1.15 Class D shares per preference share.
  - guidelines for remuneration of senior executives and proposal concerning Incentive Plan 2017/2020.
- The Nomination Committee proposes that the AGM resolve as follows:
- that the number of Board Members be six and that no deputies be appointed,
  - that Board Members David Mindus, Filip Engelbert, Johan Cederlund, Johan Thorell, Staffan Salén and Ulrika Werdelin be reelected,
  - re-election of Staffan Salén as the Chairman of the Board,
  - that fees be paid in the unchanged amount of SEK 300,000 to the Chairman of the Board and SEK 165,000 to each other non-executive Board Member elected by the meeting for the period between the 2017 and 2018 AGMs. Accordingly, director fees will total SEK 960,000,
  - appointment of Ernst & Young AB as auditor for the forthcoming in charge.
  - that auditors' fees be payable in return for a company-approved invoice,
  - that the principles for the appointment of the Nomination Committee remain unchanged.

# Board of Directors

## **STAFFAN SALÉN**

Board Member since 2004 and Chairman of the Board since 2016. Member of the Audit and Remuneration Committees 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 Finanstidningen financial magazine and financial analyst at Proctor & Gamble.

Dependent in relation to the company and its principal owners.

Holding in AB Sagax as of March 31, 2017: 1,998,733 Class A shares, 17,485,330 Class B shares, 377,358 Class D shares and 78,595 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 March 31, 2017: 77,080 Class B shares and 5,138 Class D 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 March 31, 2017: 122,500 Class A shares, 1,090,892 Class B shares and 943,394 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 March 31, 2017: 5,015,000 Class A shares, 37,693,025 Class B shares, 1,886,745 Class D shares, 775 preference shares and 93,000 Class B share futures (sell).

## **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 March 31, 2017: 101,627 Class A shares, 1,016,270 Class B shares and 748,707 Class D shares.

## **ULRIKA WERDELIN**

Board Member since 2010. Member of the Remuneration Committee. 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 March 31, 2017: 24,661 Class A shares, 512,045 Class B shares and 188,408 Class D shares.

The holding includes own holdings, those of related parties and holdings in related companies as of December 31, 2016.



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

#### 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
Staffan Salén	Chairman since 2016 AGM	2004	No	300,000	18 of 18	1 of 1	2 of 2
Filip Engelbert	Member	2007	Yes	165,000	18 of 18		
David Mindus	CEO/Member	2004	No	–	18 of 18		
Johan Thorell	Member	2004	Yes	165,000	18 of 18		2 of 2
Ulrika Werdelin	Member	2010	Yes	165,000	17 of 18	1 of 1	
Johan Cederlund	Member	2010	Yes	165,000	18 of 18		

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.

2) Göran E Larsson stepped down at the AGM on May 3, 2016 and attended five of five possible Board meetings up to that time. He also attended the committee meetings that were held during 2016 prior to the AGM.

# Company management

## **DAVID MINDUS**

See page 68.

## **BJÖRN GARAT**

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

*Education:* International economics program at Linköping University.

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

Holding in AB Sagax as of March 31, 2017: 60,765 Class A shares, 798,474 Class B shares, 246,469 Class D shares, 148 preference shares and 123,128 Class B share futures (sell).

## **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 such companies as HSB Bank AB, HSB Produktion AB and HSB Förvaltning AB. Previously auditor at Ernst & Young AB

Holding in AB Sagax as of March 31, 2017: 9,586 Class A shares, 104,660 Class B shares, 7,617 Class D shares, 44 preference shares and 92,391 Class B share futures (sell).



Sagax's company management consists of Peter Larsen, David Mindus and Björn Garat.

# Auditor



## **MAGNUS FREDMER**

Born 1964.

Auditor of the company since 2012.

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

Other audit assignments include Heba Fastighets AB, Rikshem AB, Niam Fonder and Svenska Bostäder AB.

No AB Sagax shares were held as of March 31, 2017.

Magnus Fredmer

The holding includes own holdings, those of related parties and holdings in related companies as of December 31, 2016. Sagax has incentive plans for all employees, which do not include the company's CEO.

## Other executives



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### ROMAIN AUTREAUX

CEO of Sagax in France since 2014. Born 1978.

*Education:* Civil Engineer from Ecole Spéciale des Travaux Public and Masters' degree from ESSEC Business School.

*Work experience:* Director at LBO France and Asset Manager at DTZ Asset Management.

Holding in AB Sagax as of March 31, 2017: 109,552 warrants for Class B shares.

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### ANELI CILIC

Business Developer at Sagax since 2015. Born 1975.

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

*Work experience:* Portfolio Manager at SEB Investment Management, Risk Manager Nordic region at GE Capital Real Estate, Associate Director at Jones Lang LaSalle.

Holding in AB Sagax as of March 31, 2017: 2,500 Class A shares, 8,737 Class D shares, 32,292 warrants for Class B shares and 18,500 Class B share futures (buy).

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### AREND DEN BOEF

CEO of Sagax Nederland BV since 2017. Born 1977.

*Education:* Engineer from Delft University of Technology and Masters' degree from Amsterdam School of Real Estate.

*Work experience:* Partner in Titan Real Estate Investment Management, Head of Asset Management at De Groene Groep and several positioner at Jones Lang LaSalle.

Holding in AB Sagax as of March 31, 2017: 10,500 Class B shares and 18,500 Class B share futures (buy).

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### 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 March 31, 2017: 100 Class A shares, 1,000 Class B shares, 7,620 Class D shares and 71,506 warrants for Class B shares.

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### 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 Fabege AB, executive positions in Storheden and Wihlborgs.

Holding in AB Sagax as of March 31, 2017: 20,536 Class A shares, 1,369 Class D shares and 36,948 warrants for Class B shares.

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### VINCENT SPRUIJT

CEO of Sagax Nederland BV since 2017. Born 1977.

*Education:* Masters' degree in Business Economics at Erasmus University, Rotterdam.

*Work experience:* Asset manager at The iO Group, Portfolio Director at TeeslandiOG, Associate Director for Pan-European Investment Team at Valad and partner in Titan Real Estate Investment Management.

Holding in AB Sagax as of March 31, 2017: 10,500 Class B shares and 18,500 Class B share futures (buy).

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### 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 March 31, 2017: 8,400 Class B shares, 74,800 warrants for Class B shares and 37,500 Class B share futures (buy).

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# AB | SAGAX

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