

CORPORATE GOVERNANCE REPORT 2017

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 1 July 2005. As of 1 July 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. 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 1 December 2016.

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 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.

The date of birth of Board members and management is not presented as this information is not relevant when assessing expertise and experience. Education, Board assignments and work experience are presented as these are relevant when assessing expertise and experience.

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 organisation. Property care-taking and on-call services have been outsourced, and a large share of the tenants are responsible for their own property care-taking. 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 organisation to handle administrative management on an independent basis during 2018. There is also an intention that the office in Rotterdam will build up an organisation in 2018–2019 to independently handle all administration. The timetable for building up an organisation that can independently handle administrative management depends on the size of operations on each market. 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, authorisation 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 organisation 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, authorised signatories, Group-wide definitions, templates, reporting tools and accounting and valuation principles. Standardised 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 analysed 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 analysed 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 organisation 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 organisations 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 analysed 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. Minutes from the Audit Committee meetings are incorporated into Board materials prior to the next Board meeting.

Internal auditing requirements

The effectiveness of internal auditing largely depends on the company's organisational structure and the size of the organisation. Sagax has a relatively small organisation, with the administration of finance, accounting and leases managed from the company's Stockholm, Helsinki, Rotterdam 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 2017 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 2017 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 66.

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's tasks include deciding on the acquisition and disposal of companies and properties, procurement of loans and guarantees, organisational 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 fulfils its obligations.

In particular, the Chairman of the Board must:

- Organise 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 17 minuted meetings in 2017, 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 targets. The Chairman of the Board ensured that the Board's work was evaluated and the results then discussed by the Board. The financial targets adopted by the Board were followed up as budgets and quarterly reports were adopted.

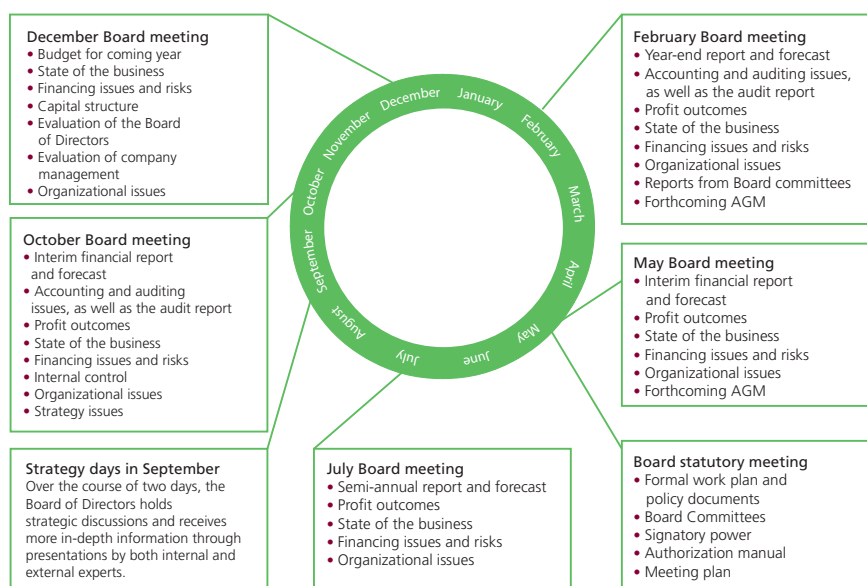
PERFORMANCE MANAGEMENT

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.

FUNDAMENTAL STRUCTURE FOR BOARD WORK AT SAGAX



NOMINATION COMMITTEE AND BOARD COMMITTEES

Nomination Committee

The 2017 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 30 September 2017 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 authorisation 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 2018 AGM. The Nomination Committee announced on 31 October 2017 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, in accordance with the requirements of the Swedish Annual Accounts Act and the Swedish Corporate Governance Code, decided on a diversity policy for election to the Board. The policy reads "The Board must have an appropriate composition in terms of expertise and experience. It is considered important that members are also shareholders in the company. It is of the utmost importance that the selection of members is non-discriminatory on age, sexual orientation, gender or religious grounds." The Nomination Committee held one minuted meeting and also maintained contact by telephone and e-mail.

Remuneration Committee

At its statutory meeting on 4 May 2017, 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.

Audit Committee

The members of the Audit Committee, which was appointed at the Board's statutory meeting on 4 May 2017, 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 2017, as well as one minuted meeting in 2018. 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.

Ahead of the 2017 AGM, the Audit Committee 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 2017, 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 2017 AGM elected the authorised accounting firm Ernst & Young AB, with Authorised Public Accountant Magnus Fredmer as the signing auditor in charge for the period until the 2018 AGM. Magnus Fredmer has been Sagax's auditor since 2012. The company's auditors attended one Sagax Board meeting in 2017 and one in 2018.

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 rules 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 shares and preference shares, suitably correspond to about one third of profit from property management annually. The Board is also authorised 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 share provides entitlement to a

maximum of SEK 2.00 per share. The dividend on preference shares and Class D shares is paid quarterly, in the amount of SEK 0.50 on each occasion.

Anti-corruption policy

The policy aims to clarify the company's views on corruption and to reduce any uncertainty about what can be regarded as corruption. The policy states that Sagax must never be involved in or permit corruption. Nor will the company accept that employees allow themselves to be bribed or receive gifts that can be equated with bribes. Violation of the policy constitute grounds for dismissal by the company. In cases of doubt, the company's CEO must always be consulted.

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 4 May 2017 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.

Board 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.

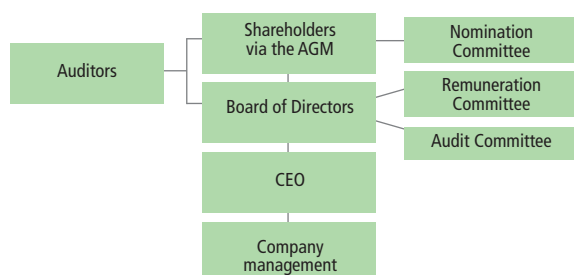
The 2017 AGM passed the following guidelines for remuneration of senior executives: Remuneration paid to the CEO is prepared by the Remuneration Committee and established by the Board at a scheduled Board meeting. The CEO does not participate in this decision. The Board assigns the CEO the task of negotiating 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 2018 AGM that corresponding guidelines also apply in the future.

MANAGEMENT STRUCTURE



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.

AGM 4 May 2017

The AGM of AB Sagax on 4 May 2017 resolved:

- the income statements and balance sheets, and the Board's proposed appropriation of profits be adopted.
- to adopt the Board's proposed dividend of SEK 1.45 per Class A and Class B common share and SEK 2.00 per preference share and Class D common share for the 2016 fiscal year, with quarterly payments of SEK 0.50 per preference share and Class D common share. Friday 30 June 2017; Friday 29 September 2017; Friday 29 December 2017 and Friday 29 March 2018 were resolved as the record dates for the payments of dividends on preference shares and Class D common shares.
- that the new Class D common shares and the new preference shares that may be issued under the authority 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.
- to discharge the Board Members and the CEO from personal liability for the 2016 fiscal year.
- that the number of Board Members amount to six for the period until the next AGM.
- to reelect the Board Members Johan Cederlund, Filip Engelbert, David Mindus, Staffan Salén, Johan Thorell and Ulrika Werdelin. Staffan Salén was appointed Chairman of the Board.
- to pay fees 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.
- to establish principles for the composition of a Nomination Committee for the 2018 AGM.
- to re-elect Ernst & Young AB as auditors for the forthcoming one-year period, with Magnus Fredmer as the auditor-in-charge. Fees to the auditors are to be paid based on approved invoices.
- to establish guidelines for remuneration of senior executives.
- to implement the Incentive Plan 2017/2020, based on the issue of a maximum of 400,000 Series 2017/2020 warrants. 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 2017/2020 series to employees, or to have control over the warrants

in some other manner in order to secure obligations pursuant to Incentive Plan 2017/2020. 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.

- to authorise 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 Annual General Meeting, to make decisions to increase the company's share capital on the basis of a new issue of Class A common shares, Class B common shares, preference shares, Class D common shares, warrants and/or convertibles in the company. The total number of shares encompassed by such new 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 when Board first utilises the authorisation.
- to authorise the Board, on one or more occasions prior to the next Annual General Meeting, to make decisions to acquire a total of as many Class A common shares, Class B common shares, preference shares, Class D common 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.
- to authorise 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, Class D common 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, preference shares and/or Class D common

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.

- to implement a redemption offer, whereby the company's holders of preference shares were offered an opportunity to redeem preference shares with repayment to the holders of preference shares taking the form of a redemption claim and cash payment or, alternatively, the form of solely a redemption claim. The redemption claim may only be used to pay for the subscribed Class D common shares by means of offsetting. As part of the redemption offer, the AGM resolved to reduce the company's share capital by not more than SEK 102 M by cancellation of not more than 58,250,000 preference shares, and authorise the Board to increase the share capital through a new issue of Class D common shares to holders of redemption claims (offset issue). Such authorisation disappplied the shareholders' preferential rights and encompasses an issue of not more than 66,987,500 Class D common shares in the company at a subscription price of SEK 28.45 per Class D common share. Accordingly, the AGM resolved to amend the Articles of Association's limits for the company's share capital from at least SEK 320 M and at most SEK 1,280 M to at least SEK 300 M and at most SEK 1,200 M. For each redeemed preference share, redemption payment will be defrayed of (i) a redemption claim on the company of a nominal amount of SEK 32.72 ("redemption claim 1"), which exceeds the quotient value of the share by approximately SEK 30.97, or alternative (ii) SEK 4 in cash plus a redemption claim on the company of a nominal amount of SEK 28.45 ("redemption claim 2"), which exceeds the quotient value of the share by approximately SEK 30.70. The acceptance period for the redemption offer is expected to extend from 15 May 2017 through 30 May. The Board was given the right to extend the acceptance period and authorised to set the record date.

Ahead of the AGM on 7 May 2018

The 2018 AGM of Sagax will be held on 7 May 2018 at 4:00 p.m. at Spårvagnshallarna, Birger Jarlgatan 57 A, Stockholm, Sweden. Shareholders intending to participate in the AGM must:

- be registered in the shareholders' register maintained by Euroclear Sweden AB ("Euroclear") on Monday, 30 April 2018.
- notify the company of their intention to participate at the following address: AB Sagax, attention: Coco Thorin, Engelbrektsplan 1, SE-114 34 Stockholm or by e-mail to: coco.thorin@sagax.se, not later than Monday 30 April 2018 at 4:00 p.m.

Notification should include name, personal identification number or corporate registration number, address and telephone number.

Notice to convene the AGM, including resolution proposals, is presented on page 142.



The Finnish artist Marja Kanervo has created the sculpture ÅR TAL for Engelbrektsplan in Stockholm, Sweden. The piece was created within the framework of the "Two countries – one future" project and was officially opened on 25 August 2017. The Swedish artist Eva Lange is creating a piece that will be opened at Erottaja Square in Helsinki in 2018. These permanent public pieces are to remind new generations of a 600-year shared history, of current solidarity and of looking to the future. Some of the blocks of stone at Engelbrektsplan have been halved and dates have been engraved that reflect Sweden's and Finland's shared history and some of the blocks have not been engraved and represent the future of the two countries. Sagax is taking part in the project as one of the several sponsors. The company's properties in Finland had a market value exceeding SEK 9 billion at year end.

Board of Directors

STAFFAN SALÉN

Board Member since 2004 and Chairman of the Board since 2016. Member of the Audit and Remuneration Committees.

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

Other Board assignments: Chairman of eWork Scandinavia AB and Amapola AB. Board Member of companies including Westindia AB, Strand Kapitalförvaltning AB and Landauer Ltd.

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 31 December 2017: 1,998,733 Class A shares, 17,485,330 Class B shares and 467,742 Class D shares.

JOHAN CEDERLUND

Board Member since 2010.

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 31 December 2017: 77,080 Class B shares and 5,138 Class D shares.

FILIP ENGELBERT

Board Member since 2007.

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 Gornergrat 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 31 December 2017: 122,500 Class A shares, 1,059,892 Class B shares and 33,933 Class D shares.

DAVID MINDUS

Board Member and CEO since 2004.

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 31 December 2017: 5,137,400 Class A shares, 37,693,025 Class B shares, 1,886,745 Class D shares, 775 preference shares and 56,250 Class B share futures (sell).

JOHAN THORELL

Board Member since 2004. Member of the Audit Committee.

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 31 December 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.

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 31 December 2017: 24,661 Class A shares, 547,995 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 31 December 2017.



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 ¹⁾	Remuneration, SEK	Participation in total number of Board meetings		
					Board meetings	Remuneration Committee	Audit Committee
Staffan Salén	Chairman	2004	No	300,000	17 of 17	1 of 1	2 of 2
Filip Engelbert	Member	2007	Yes	165,000	16 of 17		
David Mindus	CEO/Member	2004	No	–	17 of 17		
Johan Thorell	Member	2004	Yes	165,000	17 of 17		2 of 2
Ulrika Werdelin	Member	2010	Yes	165,000	17 of 17	1 of 1	
Johan Cederlund	Member	2010	Yes	165,000	17 of 17		

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 66.



BJÖRN GARAT

Head of Finance and Executive Vice President since 2012.

Education: International economics program at Linköping University.

Work experience: Partner and Head of corporate finance at Remium Nordic AB and financial analyst.

Holding in AB Sagax as of 31 December 2017: 60,765 Class A shares, 866,474 Class B shares, 28,148 Class D shares, 148 preference shares and 67,216 Class B share futures.



PETER LARSEN

CFO of Sagax since 2004.

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.

Holding in AB Sagax as of 31 December 2017: 9,586 Class A shares, 104,660 Class B shares, 7,617 Class D shares, 44 preference shares and 35,091 Class B share futures.

Auditor

**MAGNUS FREDMER**

Born 1964.

Auditor of the company since 2012.

Authorised 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 holding in AB Sagax as of 31 December 2017.

Magnus Fredmer

The holding includes own holdings, those of related parties and holdings in related companies as of 31 December 2017. Sagax has incentive plans for all employees, which do not include the company's CEO.

Other executives



ROMAIN AUTREAUX

CEO of Sagax in France since 2014.

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 31 December 2017: 21,300 Class B shares and 59,323 warrants for Class B shares.

**ANELI CILIC**

Business Developer at Sagax since 2015.

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 31 December 2017: 2,500 Class B shares, 8,737 Class D shares, 44,792 warrants for Class B shares and 18,500 Class B share futures (buy).

**AREND DEN BOEF**

CEO of Sagax Nederland BV since 2017.

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 positions at Jones Lang LaSalle.

Holding in AB Sagax as of 31 December 2017: 10,500 Class B shares, 18,500 Class B share futures (buy) and 13,990 warrants for Class B shares.

**JOHAN HEDANDER**

Business Developer at Sagax since 2007.

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 31 December 2017: 100 Class A shares, 1,000 Class B shares, 7,620 Class D shares and 34,643 warrants for Class B shares.

**URBAN SJÖLUND**

Head of Asset Management since 2015.

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 31 December 2017: 21,610 Class A shares, 3,000 Class D shares and 52,693 warrants for Class B shares.

**VINCENT SPRUIJT**

CEO of Sagax Nederland BV since 2017.

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 31 December 2017: 10,500 Class B shares, 18,500 Class B share futures (buy) and 13,990 warrants for Class B shares.

**JAAKKO VEHANEN**

CEO of Sagax Finland Oy since 2007.

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 31 December 2017: 50,000 Class B shares and 44,759 warrants for Class B shares.

AB | SAGAX

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