

CORPORATE GOVERNANCE REPORT

K-Fast Holding AB is a Swedish public limited liability company whose class B shares have been listed on the Nasdaq Stockholm exchange since 29 November 2019.

This Corporate Governance Report is not included in the formal Annual Report, but constitutes a separate report. The Corporate Governance Report has been reviewed by the company's auditor. Through great openness, K-Fast Holding AB's Board of Directors and management seek to help individual shareholders follow the company's decision-making paths and to clarify where the organization's responsibilities and authorities lie. This includes maintaining an efficient organizational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

The Corporate Governance Report has been prepared in accordance with the provisions of the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market. The Code sets a standard for good corporate governance at a higher level of ambition than the Companies Act and minimum requirements under other regulations. The Code is based on the principle of "follow or explain". This means that K-Fastigheter does not have to comply with every rule in the Code at all times, but can choose other solutions judged to better respond to the circumstances of the individual case, provided that the company openly reports every such deviation, describes the solution instead chosen by the company and states the reasons. The company has followed the Code, the Nasdaq Stockholm exchange's Regulations

K-Fast Holding AB's Articles of Association are available at www.k-fastigheter.se/bolagsstyrning. The Code, in its current wording, can be found at http://www.bolagsstyrning.se/the-code/current-code__3724

for Issuers and generally accepted stock market practices since the company's listing on the Nasdaq Stockholm exchange in 2019.

The year of birth of the members of the Board and Management is not reported as these data are of no significance in assessing expertise and experience. Education, Board assignments and work experience are reported as these are of significance in assessing expertise and experience.

Articles of Association

The company's name is K-Fast Holding AB and the company is public (publ) with the corporate ID number 556827-0390. The company's Board of Directors has its registered office in the Municipality of Hässleholm, Sweden.

The object of the company's operations shall be, directly or indirectly via subsidiaries, to own and manage properties and securities, to conduct construction operations and related operations. Amendments to the Articles of Association are to be made in accordance with the provisions of the Companies Act.

Corporate governance structure

The objective of corporate governance is to ensure that the company is managed as efficient a manner as possible for shareholders, but also to ensure that K-Fastigheter complies with applicable regulations. Corporate governance also aims to engender order and method, both for the Board of Directors and Group management. By having a clear structure and clear rules and processes, the Board of Directors is able to ensure that the focus of management and employees is on developing the business, and to thereby generate value for shareholders.

The Board of Directors and management strives for the company to live up to the requirements imposed on it by public authorities, the Nasdaq Stockholm exchange, shareholders and other stakeholder

groups. Board of Directors also follows the ongoing debate on the subject and the recommendations issued by various actors, including the Swedish Securities Council or auditors.

At K-Fastigheter, corporate governance is primarily exercised through General Meetings and Board of Directors. In a broader perspective, the issues also include Group management and its tasks, as well as the control and reporting functions within the Group.

Ultimately, the shareholders in K-Fast Holding AB make decisions regarding the Group's governance. At the Annual General Meeting, shareholders appoint the Board of Directors, the Chairman of the Board and the auditors, and determines the compensation paid to these, a decision is also made as to how the Nomination Committee shall be appointed. The Board of Directors is responsible to the owners for the Group's organization and the management of the Group's affairs. Shareholders exert their influence through Annual General Meetings and Extraordinary General Meetings. Management and responsibility is divided between the Board of Directors and the CEO in accordance with Swedish legislation, primarily the Companies Act and the Annual Accounts Act, the Nasdaq Stockholm exchange's Rules for Issuers, the Articles of Association and internal instructions and policy documents. K-Fastigheter adheres to the Code.

The auditors report on their audit at the Annual General Meeting.

Shareholders' decision-making forums

According to the Companies Act, the Annual General Meeting is the company's highest decision-making body. At the Annual General Meeting, shareholders exercise their right to vote in matters such as the adoption of Income Statements and Balance Sheets, the disposition of the company's profit, approving discharge from liability for the members of the Board and the CEO, the election

of Board Members and auditors and the determination of fees to Board members and auditors. Board are appointed and discharged in accordance with the Companies Act, and the Articles of Association contain no specific rules for this.

General Meetings

The Annual General Meeting shall be held within six months of the end of each financial year. Beyond the Annual General Meeting, Extraordinary General Meetings may be convened if the company's Board of Directors, auditors or holders of at least 10 percent of all shares in K-Fast Holding request this.

In accordance with K-Fast Holding's Articles of Association, notice of a General Meeting shall be published by means of an advertisement in advertising in Post- och Inrikes Tidningar (official Swedish gazette) and with the notice being presented accessibly on the company's website www.k-fastigheter.se. That fact that such notice has been issued shall be advertised in Swedish financial daily Dagens Industri.

Resolutions of the Annual General Meeting are normally approved through a simple majority. In certain matters, the Swedish Companies Act stipulates that proposals must be approved by a larger proportion of the shares represented and the votes cast at the Meeting.

Entitlement to attend General Meetings

Anyone wishing to attend the Annual General Meeting must, in part, be entered as a shareholder in the register maintained by Euroclear Sweden AB five working days before the Annual General Meeting and, in part, announce their intention to participate to K-Fastigheter no later than the date specified in the notice of the Annual General Meeting. Usually it is possible for shareholders to register for the Annual General Meeting in several different ways, which are stated in the notice of the General Meeting. To attend the Meeting, besides announcing their intention to attend,

shareholders having registered their shares with a nominee must have their shares registered under their own names to be included in the register maintained by Euroclear Sweden AB on the record date. Shareholders not present in person at the Annual General Meeting may exercise their rights at the Meeting through a proxy. Shareholders who are present in person at the Annual General Meeting, or proxies for absent shareholders, may have at most two assistants.

Shareholder initiatives

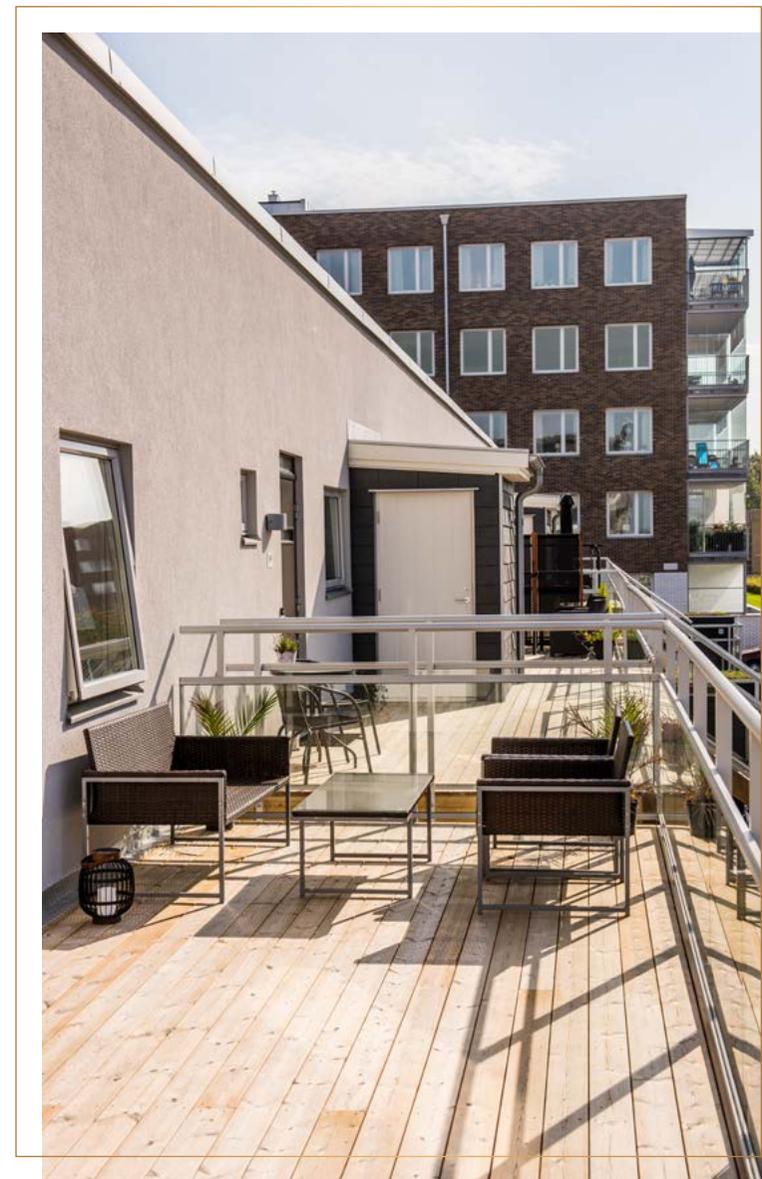
A shareholder wishing to have a matter addressed by a General Meeting must request this in writing from K-Fastigheter's Board of Directors. The matter is raised at the Annual General Meeting if the request has been received Board of Directors no later than one week before the date on which notice of the Meeting shall be issued under the Companies Act or at a later date, but in sufficient time that the matter can be included in the notice of the General Meeting.

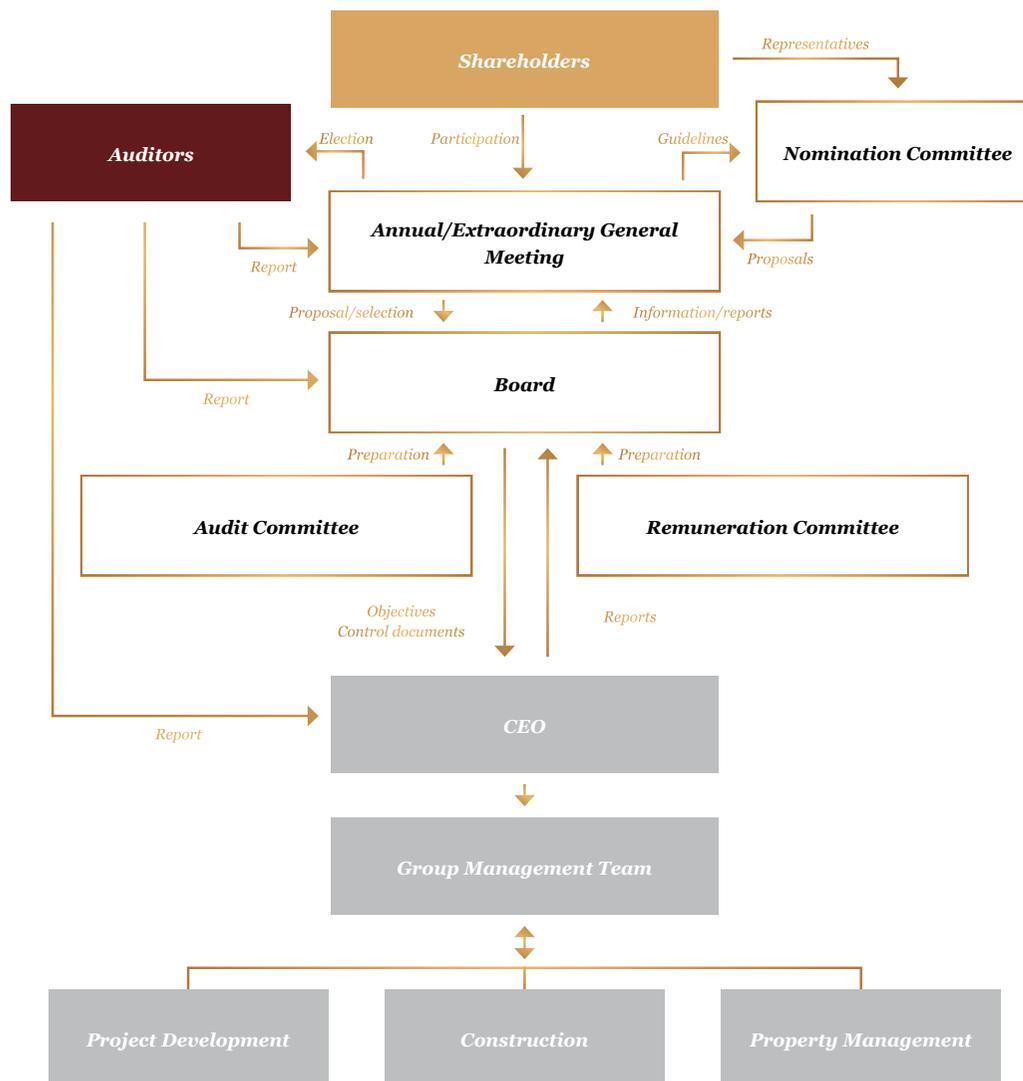
Voting rights

K-Fast Holding AB has two share series: class A shares and class B shares. A class A share entitles the holder to five votes and a class B share entitles the holder to one vote. Both class A shares and class B shares entitle the holder to an equal participation in the company's assets and earnings.

On 31 December 2019, there was a total of 33,888,528 shares, of which 3,750,000 were class A shares and 30,138,528 were class B shares. The total number of votes amounted to 48,888,528. The class B shares represented 16.4 percent of the votes and 88.9 percent of the share capital.

Additional information about the share and shareholders can be found on page 44 in the 2019 Annual Report.





External regulations

The external framework for corporate governance includes:

- The Swedish Companies Act
- Nasdaq Stockholm's Rules for Issuers
- Swedish Code of Corporate Governance (the Code)
- IFRS
- EU Audit Regulation
- Global Compact
- EU Market Abuse Regulation (MAR)

Key internal regulations

- Articles of Association
- Board of Directors' Rules of Procedure
- Decision-making procedures and authorization structure Policy regarding signing on the company's behalf, proxies and authorizations
- Communications Policy, Finance Policy, Insider Policy and Code of Conduct
- Manuals and guidelines for essential parts of the operations
- Processes for internal control and risk management

2019 Annual General Meeting

The Annual General Meeting was held on 2 April 2019 in Hässleholm, Sweden. All shareholders attended the meeting, representing 100 percent of the number of shares and votes. Present at the Meeting were Chairman of the Board Jesper Mårtensson and Board members Jacob Karlsson, Åsa Fredin and Erik Selin. At the Meeting shareholders reached resolutions regarding matters including:

- not to pay a dividend for the 2018 financial year
- the number of Board members. The Board of Directors shall comprise six members without deputies
- Re-election of Jesper Mårtensson, Jacob Karlsson and Erik Selin
- new election of Ulf Johansson, Christian Karlsson and Sara Mindus
- appointment of Erik Selin as Chairman of the Board
- re-election of Ernst & Young Aktiebolag as auditor until the end of the next Annual General Meeting with Stefan Svensson as the Authorized Public Accountant responsible
- Board fees of SEK 200,000 for the ensuing term of office for Board members not employed by K-Fastigheter. Erik Selin will not receive any Board fees.

Extraordinary General Meetings in 2019

An Extraordinary General Meeting was held on 19 August 2019 in Hässleholm. Among other things, the Meeting decided:

- amendment to the Articles of Association, change of company category from private to public limited liability company, amendment of the limits for share capital and number of shares, amendment of the provision regarding the composition of the Board
- share split, increase in share capital and authorization of the Board of Directors to issue shares in connection with stock-market listing
- guidelines for the appointment of the Nomination Committee and instructions regarding its work to be valid until a decision to amend is made by the Annual General Meeting

- guidelines for remuneration to the CEO and other members of Group management
- private placement targeting four senior executives in the company
- on one or more occasions and with or without deviation from the priority rights of existing shareholder to decide to issue a maximum of 3,700,000 new class B shares. It shall be possible to pay for subscribed shares in cash, in kind or through offsetting.

An Extraordinary General Meeting was held on 16 September 2019 in Hässleholm. Among other things, the Meeting decided:

- private placement targeting a senior executive in the company.

2020 Annual General Meeting

Shareholders in K-Fast Holding AB are invited to attend the 2020 Annual General Meeting, which will take place at Hotel Statt, Frykholmogatan 13 in Hässleholm, Sweden on 19 May at 5:00 p.m. CEST. Information regarding the Annual General Meeting will be published at www.k-fastigheter.se.

Ahead of the 2020 Annual General Meeting, the Board of Directors proposes that no dividend be paid for the 2019 financial year.

Nomination Committee

At the Extraordinary General Meeting on 19 August 2019, resolutions were reached regarding principles for the appointment of a Nomination Committee. K-Fastigheter's Nomination Committee was appointed in accordance with these principles after the completion of the stock exchange listing in November 2019. When the Nomination Committee was appointed in December 2019, the names of the members of the Nomination Committee were published after the date specified in the Code (at least six months before the Annual General Meeting), which thus was a deviation from the Code. The reason for the deviation was that the Nomination Committee was appointed taking into account the ownership conditions following K-Fastigheter's shares being admitted for trading on the Nasdaq Stockholm exchange.

The Extraordinary General Meeting resolved that the Nomination Committee ahead of the 2020 Annual General Meeting should be appointed as follows. Each year, the Chairman of the Board shall contact the three largest shareholders in terms of voting rights, including known shareholder groupings, who each have the right to appoint one member. If any of the shareholders chooses to waive its right to appoint a member to the Nomination Committee, that right passes to the next-largest shareholder in terms of voting rights, and so forth.

From among its number, the Nomination Committee appoints a chairman of the Committee. The Chairman of the Board shall not be the chairman of the Nomination Committee. If a member leaves the Nomination Committee before the work of the Committee has been completed, and the Nomination Committee considers there to be a need to replace this member, the replacement shall be appointed by the same shareholder loans who appointed the member who stepped down or, if the shareholder is no longer among the three largest shareholders in terms of voting rights, by a shareholder belonging to that group and that has not appointed a member of the Nomination Committee. If a shareholder having appointed a certain member substantially reduces its holding in the company, and the Nomination Committee considers it inappropriate in view of any need for continuity before the upcoming General Meeting, a member appointed by that shareholder shall step down from the Nomination Committee and the Nomination Committee shall offer the largest shareholder not having appointed a member of the Nomination Committee the opportunity to appoint a new member. The majority of the members of the Nomination Committee shall be independent in relation to the company and Group management. Neither the CEO nor any other member of Group management should be a member of the Nomination Committee. At least one of the members of the Nomination Committee shall be independent in relation to K-Fast Holding AB's largest shareholder in terms of voting rights or group of shareholders who collaborate regarding the management of the company.

Board members shall not constitute a majority of the members of the Nomination Committee. If the Nomination Committee includes more than one Board member, at most one of them may be dependent in relation to K-Fast Holding AB's major shareholders.

In other regards, the Nomination Committee shall have the composition set out in the Code and shall fulfil the duties stated there. The members of the Nomination Committee shall not receive fees from the company. Any expenses incurred in connection with the work of the Nomination Committee shall be paid by the company, provided that these have been approved by Chairman of the Board.

The composition of the Nomination Committee has been published through a separate press release on 23 December 2019, as well as on K-Fastigheter's website, where shareholders can also read about their opportunity to submit proposals to the Nomination Committee.

The Nomination Committee is tasked with preparing and submitting proposals to the next Annual General Meeting regarding the appointment of the Chairman of the Board and other Board members, as well as on remuneration to the Chairman of the Board and other members. The Nomination Committee is also tasked with assessing the Board of Directors, based primarily on the report that Chairman of the Board submits to the Nomination Committee. The Nomination Committee also proposes auditors for election and the fees to be paid to them.

For their work on K-Fast Holding AB's Board of Directors, members should have appropriate experience and skills in the operations conducted, to be able to identify and understand the risks that can arise in the operations and the regulations governing the operations conducted. The Nomination Committee must take into account K-Fastigheter's diversity policy, which agrees with item 4.1 of the Code, in its proposal regarding the election of Board members.

The Nomination Committee shall take the policy into account with the aim of achieving a suitable composition of the Board of Directors. When new Board members are elected, the suitability of the individual member shall be scrutinized to achieve a Board of Directors with a combined expertise sufficient for the company to be governed effectively.

In addition to Jacob Karlsson AB and Erik Selin Fastigheter Aktiebolag, each representing 40.9 percent of the votes, there is no other shareholder representing more than 10 percent of the votes.

Nomination Committee ahead of the 2020 Annual General Meeting

Name / representing	Percentage of votes, 31 December 2019
Stefan Alvarsson / Jacob Karlsson AB	40.9%
Shahram Rahi / Erik Selin Fastigheter AB	40.9%
Jonas Eixmann / AP2	1.8%
Erik Selin, Chairman of the Board of K-Fast Holding AB	

External auditors

In accordance with the company's Articles of Association, adopted on 19 August 2019, the Annual General Meeting of the company shall appoint one or two auditors, with or without deputy auditors, or one or two registered firms of auditors. The company's auditors are appointed for the period extending until the end of the next Annual General Meeting.

The auditor shall review K-Fastigheter's Annual Report and accounting, as well as the administration of the company by the Board of Directors and the CEO. Because K-Fast Holding AB is the Parent Company in a group, K-Fastigheter's auditor shall also review the consolidated accounts, as well as the mutual relationships between the Group companies. After each financial year, the auditor shall submit an Audit Report and an Audit Report on the Consolidated Accounts to the Annual General Meeting.

The most recent election of auditor took place at the Annual General Meeting on 2 April 2019, when Ernst & Young AB was re-elected, with Stefan Svensson as the principal auditor.



Stefan Svensson

Auditor for K-Fastigheter and principal auditor since 2016.
Authorized Public Accountant and member of FAR.
Other major assignments: Bergendahl & Son, Fitness24seven and Executive Property.
Former major assignments: IKEA Centres.

Composition of the Board of Directors

Board members are normally appointed by at the Annual General Meeting for the period until the end of the ensuing Annual General Meeting. In accordance with K-Fast Holding AB's Articles of Association, the Board of Directors shall comprise at least three and at most eight members without deputies. In accordance with the Code, the Chairman of the Board shall be appointed by the Annual General Meeting. At most one Board member elected by the Annual General Meeting may be a member of K-Fastigheter's management or the management of a subsidiary. The majority of the members elected by the Annual General Meeting shall be independent in relation to K-Fastigheter and Group management. At least two of the Board members who are independent in relation to K-Fastigheter and Group management should also be independent in relation to K-Fastigheter's major shareholders. More information about the company's Board of Directors can be found on page 61.

Work and responsibilities of the Board of Directors

The Board of Directors is the company's second-highest decision-making body after the Annual General Meeting. In accordance with the Companies Act, the Board of Directors is responsible for K-Fastigheter's organization and the management of the company's affairs.

The Board of Directors shall continuously assess K-Fastigheter's financial situation. The Board of Directors shall ensure that the accounting, management of funds and financial conditions of K-Fastigheter in other regards are controlled in a satisfactory manner.

In accordance with the Code, the tasks of the Board of Directors include determining the company's overarching objectives and strategy, appointing, evaluating and where necessary dismissing the CEO, identifying how sustainability issues affect the company's risks and business opportunities, establishing required guidelines for the company's conduct in society to ensure its long-term capacity to add value, ensuring that there are appropriate systems for the evaluation and control of the company's operations and the risks associated with the company's operations, ensuring there is satisfactory control of the company's compliance with laws and other regulations that apply to the company's operations, as well as the company's compliance with internal guidelines and ensuring that the company's publication of information is characterized by openness and is correct, relevant and reliable.

Board of Directors 2019

Since the Annual General Meeting on 2 April 2019, the Board of Directors has comprised six members. The Board of Directors has a

quorum when more than half of the number of Board members are present. In the event of a tied vote, the Chairman of the Board has the casting vote.

The Board of Directors of K-Fast Holding AB consists of individuals with broad experience and expertise from the property industry, business development, sustainability issues and financing. A number of the members have experience of board work in other listed companies.

All of the Board members have undergone Nasdaq Stockholm's training for Boards of Directors and senior executives. The Board of Directors has thereafter received information on an ongoing basis regarding, for example, rule changes and issues related to operations and Board of Directors' responsibilities in a listed company.

In addition to the complete Board of Directors acting as signatory for K-Fastigheter, two Board members in unison may sign or one Board member in unison with the company's Deputy CEO and CFO.

Read more about the company's Board of Directors on page 13 and on <https://www.k-fastigheter.se/en/corporate-governance/>.

Board of Directors, composition, attendance and compensation 2019

Name	Independent in relation to:		Attendance			Fees
	The company and senior executives	Major shareholders	Board meetings	Audit Committee	Remuneration Committee	Meetings of the Board of Directors and committees
Erik Selin, Chairman of the Board	Yes	No	16 of 16	3 of 3	2 of 2	-
Åsa Fredin, member (stepped down 2 April 2019)	No	Yes	3 of 3	-	-	-
Ulf Johansson, member (elected 2 April 2019)	Yes	Yes	14 of 14	3 of 3	2 of 2	SEK 200,000
Christian Karlsson, member (elected 2 April 2019)	No	No	13 of 14	-	-	SEK 200,000
Sara Mindus, member (elected 2 April 2019)	Yes	Yes	14 of 14	3 of 3	2 of 2	SEK 200,000
Jesper Mårtensson, member	Yes	No	16 of 16	-	-	SEK 200,000
Jacob Karlsson, member	No	No	16 of 16	-	-	-

If certain tasks are delegated to one or more of Board members or to others, the Board of Directors proceed with care and continuously assess whether the delegation of responsibility can be maintained. The Chairman of the Board shall ensure that the work of the Board of Directors is performed efficiently and that the Board of Directors fulfils its duties.

Board of Directors' Rules of Procedure

In its work, the Board of Directors follows written Rules of Procedure. The Rules of Procedure are adopted annually and, among other things, regulate functions and the distribution of work between the Board members and the CEO and between the Board of Directors and its various committees, as well as certain procedural issues concerning the convening of Board meetings. The Rules of Procedure also stipulate that the Board of Directors shall have an Audit Committee and a Remuneration Committee. The Chairman of the Board is also the Chairman of the committees.

The Board of Directors meets in accordance with a schedule set annually. In addition to these regular meetings, Board of Directors convenes if the Chairman considers it necessary or if a Board Member or the CEO requests it. In accordance with the Companies Act, the Board of Directors has also established instructions for the CEO, including instructions on both internal reporting to the Board of Directors as well as on the company's external reporting to the market.

Board year 2019

First quarter

Meeting 1 – February
Upcoming and potential transactions, the listing process, the adoption of a number of policies, the adoption of the Instructions to the CEO.

Meeting 2 – March
Completed transactions and transactions under negotiation, status in the listing process.

Second quarter

Meeting 3 – April
Statutory Board meeting.

Meeting 4 – May
Listing process, interim report, completed transactions and transactions under negotiation, forecast for the financial year, market and competition situation.

Third quarter

Meeting 5 and 6 – August
Listing process, interim report, completed transactions and transactions under negotiation.
Change of company category, share split, bonus issue, new Articles of Association; a proposal for a decision on authorizations to issue new shares, decision on election principles and

instructions regarding the Nomination Committee and decisions regarding guidelines for remuneration to senior executives.

Meetings 7, 8 and 9 – September
Listing process, adoption of business plan, internal control and risk management, a proposal for a decision on authorizations to issue new shares regarding private placements targeting key individuals

Fourth quarter

Meeting 10 – October
Listing process, completed and planned transactions, interim report, decision regarding Related-Parties Policy

Meetings 11, 12, 13 and 14 – November
Decision to complete the listing, agreements with anchor investors, approval and publication of prospectus, completion of listing, investment agreements, issue (listing) and allotment of shares

Meetings 15 and 16 – December
New issue and allotment of shares, budget, evaluation of the work of the Board of Directors and the CEO, evaluation of grounds for bonuses and salary review.

Audit Committee

The Board of Directors has set up an Audit Committee consisting of three members: Erik Selin (Chairman of the Board), Sara Mindus and Ulf Johansson. Erik Selin is the Chairman of the Board and Sara Mindus is the Deputy Chairman of the Committee.

The Audit Committee shall, without this affecting the Board of Directors' responsibilities and tasks in other regards, including the monitoring of the company's financial reporting, monitor the efficiency of the company's internal control, internal audit (if such a function is established in the future) and risk management, keep itself informed regarding the audit of the Annual Report and consolidated accounts and on the conclusions of the Swedish Inspectorate of Auditors' quality control. The Committee shall also review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with other services than auditing. To the extent that the Nomination Committee is not assigned this task, the Committee shall assist in the preparation of proposals for the Annual General Meeting's decision on the election of auditors.

Remuneration Committee

The Board of Directors has established a Remuneration Committee consisting of three members: Erik Selin (Chairman of the Board), Sara Mindus and Ulf Johansson. Erik Selin is the Chairman of the Committee.

The principal tasks of the Remuneration Committee are to prepare decisions by the Board of Directors on matters of compensation principles, remunerations and other terms of employment for Group management, and to follow and evaluate ongoing programmes of variable remuneration and similar programmes discontinued during the year, and to follow and evaluate the application of any guidelines for remunerations for senior executives adopted by the Annual General Meeting, as well as applicable remuneration structures and remuneration levels.

Chairman of the Board

The Board of Directors' Rules of Procedure state, among other things, that the Chairman of the Board shall ensure that the work of the Board of Directors is carried out efficiently and that the Board of Directors fulfils its obligations. This includes organizing and leading the work of the Board of Directors and fostering the best possible conditions for that work. In addition, the CEO shall ensure that Board members continuously update and deepen their knowledge of the company and that new members receive appropriate introduction and training. The Chairman of the Board shall be available as an adviser and discussion partner for the CEO, but shall also evaluate the work of the CEO and report on this assessment to the Board of Directors. In addition, the Chairman of the Board is tasked with ensuring that the work of the Board of Directors is evaluated annually and to inform the Nomination Committee regarding this evaluation.

At the Annual General Meeting on 2 April 2019, Erik Selin was elected Chairman of the Board. The Chairman of the Board does not participate in the operational management of the company.

Work of the Board of Directors

Since the Annual General Meeting on 2 April 2019, the Board of Directors held 14 minuted meetings prior to the adoption of this Corporate Governance Report. The company's CEO and/or Deputy CEO and CFO should, as a general rule, attend Board meetings in a reporting role. Company employees, the auditor or other external consultants shall be co-opted to Board meetings to participate and to present matters when necessary. Board member Christian Karlsson is the Secretary of the Board of Directors.

At its meetings, the Board of Directors addressed fixed agenda items to be included in each Board meeting in accordance with the Board of Directors' Rules of Procedure. These include the business situation, budget, interim reports and annual accounts. In other regards, work focused on further developing previously established documents, such as business plans and market strategies.

In addition to the scheduled meetings, the work of the Board of Directors includes ongoing financial review, evaluations of strategy,

recommendations regarding remuneration levels, acquisition matters, as well as accounting and auditing issues.

The Board of Directors evaluated its work during the autumn of 2019. The evaluation revealed an open and constructive Board climate and a well-functioning decision-making process. The evaluation examined, among other things, the working climate, working methods regarding the introduction of new procedures, business processes, strategic issues, evaluation and control systems, access to and the need for specific Board expertise, succession planning, and morals, ethics and communication.

The evaluation and the subsequent discussion by the Board of Directors serves as basis for the ongoing development of the Board of Directors' working methods and for ensuring that the Board of Directors can make decisions that are as well-informed as possible. The evaluation of the Board of Directors follows the guidelines for Board evaluation in the Code.

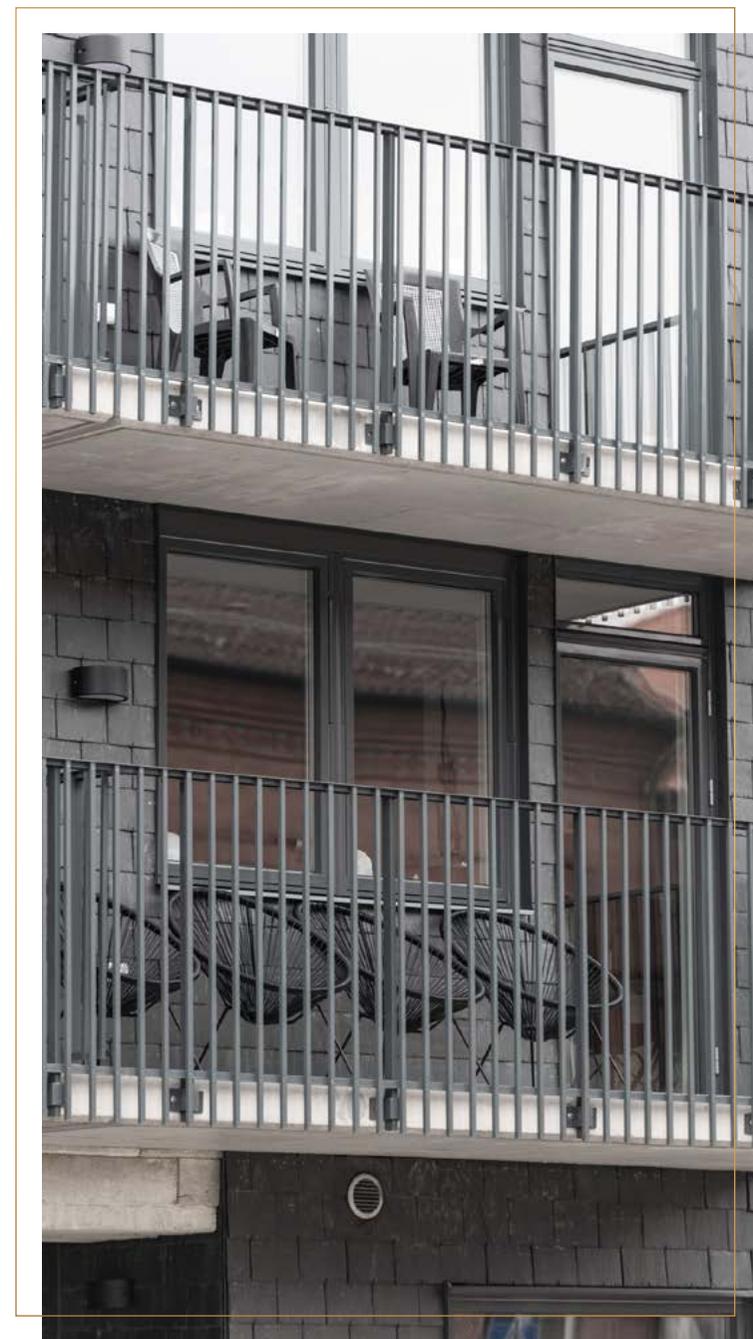
Attendance at Board meetings

See information on page 6.

CEO

In accordance with the provisions of the Companies Act, the company's CEO is responsible for the ongoing management of K-Fastigheter in accordance with the Board of Directors' guidelines and instructions. Measures that, in view of the scope and nature of the company's operations, are unusual or of great importance, fall beyond the ongoing management and should therefore, as a general rule, be prepared and presented to the Board of Directors for decision. The CEO shall also take the actions necessary for the company's bookkeeping to be performed in accordance with the law and for assets to be managed satisfactorily.

In relation to the Board of Directors, the CEO is a subordinate corporate body, and the Board of Directors itself can also determine matters included in the ongoing management. The work and role of the CEO and the division of work between the Board of Directors and the CEO is set out in written Instructions to the CEO from the Board of Directors and the Board of Directors continuously evaluates the work of the CEO.



REMUNERATIONS

Remuneration to the Board of Directors

At the Annual General Meeting on 2 April 2019, it was determined that Board fees for the period until the end of the next Annual General Meeting should be paid in the amount of SEK 200,000 to each of the members appointed by the Annual General Meeting, with the exception of the Chairman of the Board, Erik Selin, as well as Jacob Karlsson, to whom no fees are to be paid. These fees include remuneration for possible committee work.

Remuneration to external auditors

At the 2019 Annual General Meeting, Ernst & Young AB (EY) was elected as the company's external auditor for a one-year period until the 2020 Annual General Meeting. The choice of EY had been preceded by a thorough procurement process. EY issues Audit Reports for K-Fast Holding AB, the annual reports of the company's subsidiaries, the consolidated accounts and the administration of K-Fast Holding AB.

The auditors also conduct a comprehensive review of the company's financial report for the third quarter. The audit is conducted in accordance with the Annual Accounts Act, International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden.

For the 2019 financial year, total remuneration to the company's auditor amounted to SEK 8.0 million (of which, SEK 6.6 million was attributable to the Parent Company). SEK 4.2 million was attributable to work prior to the listing of K-Fast Holding on the Nasdaq Stockholm exchange and SEK 3.8 million pertained to services related to the audit. See also Note 9 Remunerations to the auditors.

Guidelines for remunerations to senior executives

In these guidelines, "senior executives" refers to the CEO and other members of Group management. At the Extraordinary General Meeting on 19 August 2019, it was decided to adopt guidelines for remunerations to senior executives for the period until the end of the 2020 Annual General Meeting.

According to the guidelines, salaries and other terms of employment shall be market-based and competitive, but not wage-leading in comparison to comparable companies.

Compensation to the CEO is paid only in the form of fixed basic salary. Remuneration to other members of Group management is paid primarily in the form of fixed base salary, but can also be paid as variable salary or performance-based compensation corresponding to a maximum 50 percent of the fixed salary per calendar year. The retirement age of the CEO and other members of Group management is 65. Pension commitments are premium-based, meaning that the company has no further obligation beyond payment of the annual premiums.

CEO

For the CEO, a mutual notice period of 12 months shall apply. On termination by the company, the CEO is also entitled to severance pay amounting to six months' salary. For other members of Group management, customary, market-based termination conditions shall be sought, with no severance pay. On termination by the company, the notice period shall not exceed 12 months and, on resignation by the employee, at most six months. In other regards, the same conditions apply for members of Group management as for other Group employees, either in accordance with collective agreements or in accordance with unilateral commitments from the company to the employees.

The guidelines may be waived if there are specific reasons for doing so in an individual case.

Fees to the Board of Directors 2018-2019 (valid from respective Annual General Meeting)

SEK	2019	2018
Chairman of the Board	-	-
Member	200,000	-
Chairman of the Audit Committee	-	-
Member of the Audit Committee	-	-
Chairman of the Remuneration Committee	-	-
Member of the Remuneration Committee	-	-

Read more on page 63 in the Annual Report about the Board of Directors' proposal for decision by the 2020 Annual General Meeting on guidelines for remuneration to the CEO and other senior executives.

Share-related incentive programme

At the Extraordinary General Meeting on 19 August 2019, a decision was made to target a private placement to the four senior executives Martin Larsson, Åsa Fredin, Niklas Larsson and Eric Johansson, or companies owned by them, amounting to at most 73,529 class B shares each. At the Extraordinary General Meeting on 16 September 2019, a decision was made to target another private placement of at most 2,941 class B shares to senior executive Tonnie Karlsson.

Within the framework of the above-mentioned new share issues, a total of five key individuals in the company, personally or through companies owned by them, have subscribed for a total 263,528 class B shares at the subscription price SEK 68 per share.

No other specific programmes currently exist for employees to acquire shares or similar instruments nor are there any share-related incentive programmes outstanding. There are currently no bonus programmes or any corresponding entitlements to variable remunerations for senior executives beyond the following.

Other benefits

The company offers others benefits for senior executives. Such benefits may include, for example, wellness allowances, a mobile phone, a work car and a travel allowance.

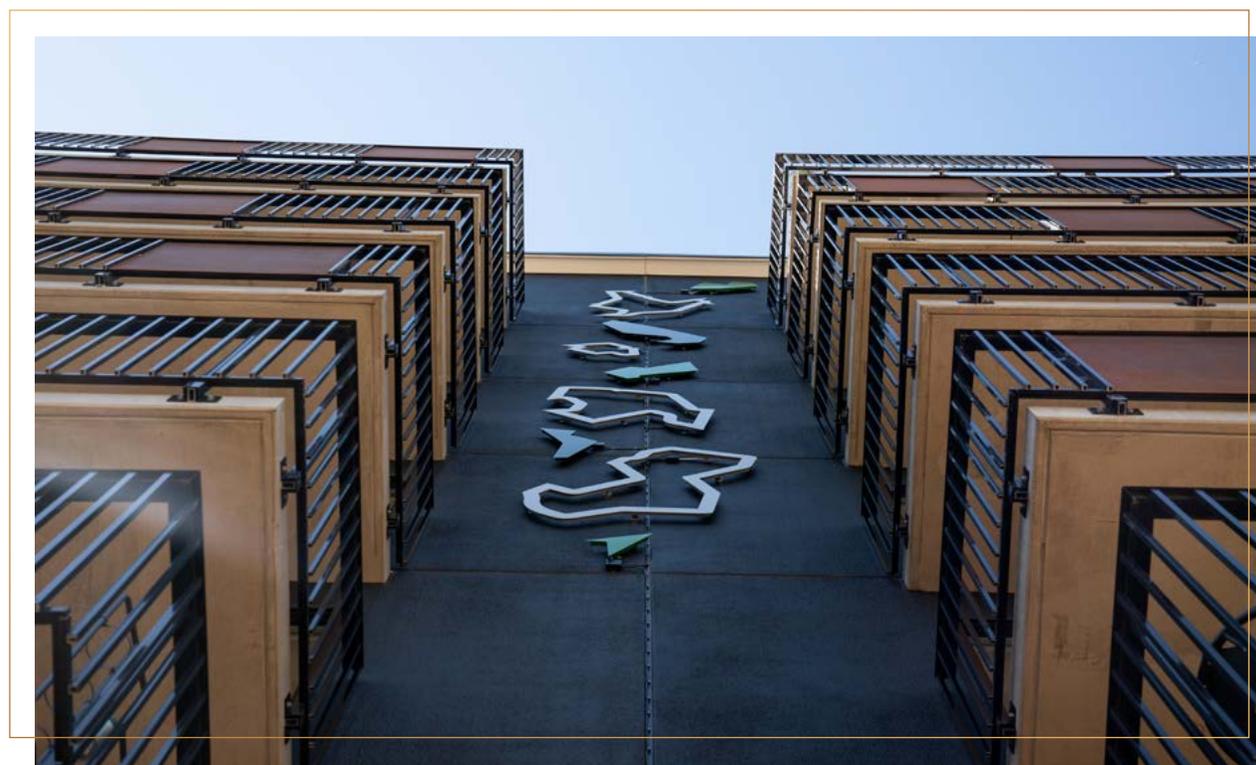
Retirement compensation agreements

The company provides compensations following retirement from employment through both defined-contribution and defined-benefit pension plans. Defined-contribution pension plans entail K-Fastigheter paying fixed fees to third-party suppliers for several insurance policies for individual employees. The company has no obligations to pay additional fees beyond the set fee, which is recognized as an expense in the period in which the relevant service is performed. Define-benefit pension plans follow the so-called ITP plan, with fees being paid to third-party providers.

In addition to what is stated above in this section, the company has not entered into agreements with any member of the Group's administrative, management or control functions entitling that individual to pension or similar benefits on retirement from employment. The company has made no provisions or accrued any amounts for pensions and similar benefits on retirement from employment or completion of assignment.

Further information on K-Fastigheter's remuneration structure can be found in Note 6 Salaries, other remunerations and social security expenses, as well as on the company's website.

SEK million	Fixed salary and other remuneration (including benefits)		Pension		Total	
	2019	2018	2019	2018	2019	2018
President and CEO	1.3	0.7	0.0	0.0	1.3	0.7
Other members of Group management	4.1	2.1	0.7	0.2	4.8	2.3
Total	5.4	2.8	0.7	0.2	6.1	3.0



INTERNAL CONTROL AND RISK MANAGEMENT

Board of Directors report on internal control

The Board of Directors' responsibility for internal control is regulated by the Companies Act, the Annual Accounts Act – which includes a requirement to provide information on the most important elements of K-Fastigheter's system for internal control and risk management in conjunction with the financial reporting to be included each year in the Corporate Governance Report – as well as by the Code. Among other things, the Board of Directors shall safeguard that K-Fastigheter has good internal control and formalized procedures ensuring that established principles for financial reporting and internal control are complied with and that appropriate systems are in place for the assessment and control of K-Fastigheter's operations and the risks with which the company and its operations are associated.

The overall purpose of internal control is to ensure, to a reasonable extent, that K-Fastigheter's operational strategies and objectives are reviewed up and that the owners' investment is protected. Internal control should further ensure that the external financial reporting is, with reasonable certainty, reliable and prepared in accordance with generally accepted accounting principles, that applicable laws and regulations are complied with and that the requirements made of listed company are complied with. The control environment constitutes the basis for internal control, which also includes risk assessment, control activities, information and communication, as well review.

Control environment

The Board of Directors bears the overall responsibility for internal control regarding financial reporting. To create and maintain a functioning control environment, the Board of Directors has adopted a number of policies and governance documents regulating financial reporting. These consist primarily of the Board of Directors' Rules of Procedure, instructions for the CEO,

instructions for the committees established by the Board of Directors and instructions for financial reporting.

The Board of Directors has also adopted a specific authorization structure and a financial policy. K-Fastigheter also maintains a finance manual containing principles, guidelines and procedural outlines for accounting and financial reporting. The Board of Directors has also established an Audit Committee tasked primarily with overseeing the company's financial reporting, monitoring the efficacy of K-Fastigheter's internal control, internal audit (if such a function has been established) and risk management, as well as with reviewing and monitoring the auditor's impartiality and independence.

The responsibility for the day-to-day work of maintaining the control environment rests primarily with K-Fastigheter's CFO and Deputy CEO, who reports to the Board of Directors via the CEO on an ongoing basis and in accordance with established instructions. The Group's finance department plays an important role with regard to reliable financial information. It is responsible for complete, accurate and timely financial reporting. The CFO reports to the company's CFO and Deputy CEO who, in turn, reports to the CEO and the Board of Directors.

In addition to internal review and reporting, K-Fastigheter's external auditors are required to report to the CEO and Board of Directors during the financial year. The auditors' reports provide the Board of Directors with a good comprehension of, and reliable data regarding, the financial reporting in the Annual Report.

Need for internal audit

The efficacy of internal auditing is largely dependent on the company's organizational structure and the size of the organization. K-Fastigheter has a relatively small organization, the administration of which is managed from the company's offices in Hässleholm. Group management reviews income statements and balance sheets monthly. Combined, this means that maintaining a specific internal audit unit is not considered to be justified.

Risk assessment and control activities

The risk assessment includes identifying and evaluating the risk of material errors in K-Fastigheter's business processes, which include accounting and reporting at the Group and subsidiary levels. Risk assessment is performed on an ongoing basis and in accordance with established guidelines, focusing on the company's essential business processes. Within the Board of Directors, the Audit Committee is primarily responsible for the continuous assessment of the company's risk situation, after which the Board of Directors conducts an annual review of the risk situation.

Control activities are aimed at identifying and limiting risks. The Board of Directors is responsible for internal control and the review by Group management. This involves both internal and external control activities, as well an analytical review of the company's policies and governance documents. Control activities are reviewed and documented at the process and role levels by means of a web application developed by the company, referred to as ICT (Internal Control Tools). ICT ensures that, in their specific roles, K-Fastigheter's employees have access to relevant information (and knowledge) at the right time to be able to conduct the stipulated control activities, and that assessment can be conducted systematically to ensure that the control system is maintained. The Group-wide guidelines for internal control are reviewed within all business areas and central units during the year, partly through an ongoing review of essential processes, partly through ICT for internal control, after which a report is presented to the Board of Directors.

Uniform accounting and reporting instructions are applied by all units within K-Fastigheter.

Information and communications

K-Fastigheter has information and communication paths aimed at promoting the accuracy of its financial reporting and enabling reporting and feedback from the operations to the Board of Directors and management, through, for example, governance documents in the form of internal policies, guidelines and instructions regarding financial reporting having been made

available and known to the employees affected. Financial reporting occurs through a Group-wide system with predefined report templates.

Internal communications to K-Fastigheter's employees take place through formal documents, as well as various policies and instructions and through emails and shared resources.

K-Fastigheter ensures that all employees acquaint themselves with the policies and instructions relevant to their work in the company. Among other things, such policies include laws and regulations applicable to the company's dissemination of information and the specific requirements imposed on individuals active in a listed company regarding, for example, insider information and trading. To prevent market abuse, K-Fastigheter has established procedures for appropriate handling and limiting the dissemination of information that has yet to be made public.

The Board of Directors tasks K-Fastigheter's CEO with overall responsibility for dealing with issues of insider information and the Board of Directors has appointed the company's Deputy CEO and CFO as responsible for managing insider logging. To coordinate and determine matters involving the assessment of possible insider information, the company maintains an Insider Committee consisting of the CEO, the Deputy CEO and CFO, the Head of Investor Relations and Board Member Christian Karlsson.

K-Fastigheter's IR function is managed and supervised by the company's Deputy CEO and CFO and the company's Communications and IR Manager. The principal tasks of the IR function are to support the CEO and other senior executive in relation to various stakeholders, primarily players in the capital market. The IR function also works together with the CEO in preparing K-Fastigheter's financial reports, General Meetings, capital market presentations and other regular reporting.

The Board of Directors has adopted a Communication Policy specifying what is to be communicated, by whom and in what

manner that information is to be published, ensuring that external information is accurate and complete. Instructions have also been prepared regarding how financial information should be communicated between management and other employees. Good information security procedures are also prerequisite to the accurate dissemination of information.

Financial information is provided in the form of:

- Interim and Year-end Reports, which are published as press releases
- Annual Report
- such press releases that K-Fastigheter is required to publish under applicable laws or the Rules of the Nasdaq Stockholm exchange
- presentations and telephone conferences for financial analysts, investors and the media in connection with Year-end and Interim Reports being published
- meetings with analysts and investors.

All financial reports, presentations and press releases are published on the company's website in direct connection with publication.

Evaluation

Compliance with, and the efficacy of the internal controls are monitored on an ongoing basis through K-Fastigheter's ICT. The CEO ensures that the Board of Directors continuously receives reports on the development of the company operations, including the development of its earnings and financial position, as well as information on significant events, including the development of individual projects. The CEO also reports on these matters at each Board meeting.

The Board of Directors and the Audit Committee review the annual and quarterly reports and conduct financial assessments in accordance with and approved plan. The Audit Committee reviews the financial reporting and other related issues and discusses these regularly with the external auditors.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders of K-Fast Holding AB (publ), corporate identity number 556827-0390

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2019 on pages 49–62 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, 2 April 2020

Ernst & Young AB

Stefan Svensson

Authorized Public Accountant

BOARD OF DIRECTORS



Name	Erik Selin	Ulf Johansson	Christian Karlsson	Sara Mindus	Jesper Mårtensson	Jacob Karlsson
Position	Chairman of the Board since 2019. Member of the Board of Directors since 2018. Chairman of the Audit and Remuneration Committees.	Board Member since 2019. Member of the Audit and Remuneration Committees.	Board Member since 2019.	Board Member since 2019. Member of the Audit and Remuneration Committees.	Board Member since 2018.	Board Member since 2010.
Nationality	Swedish.	Swedish.	Swedish.	Swedish.	Swedish.	Swedish.
Selection of other ongoing assignments	Board Member and CEO of Fastighets AB Balder. Chairman of the Board in Brinova Fastigheter AB, Board Member and Deputy Chairman of the Board in Collector Bank AB, Board Member of the West Sweden Chamber of Commerce, Hexatronic Scandinavia AB, Hedin Bil and Ernström & Co.	Board Member in Stensborg Konsult AB and GUL Förvaltning AB.	Lawyer, partner and Chairman of the Board in Advokatfirman VICI AB. Board alternate in Betongteknik i Västervik AB.	Board Member and CEO in Sara Mindus AB. Board Member in Besqab AB (publ), Dreams Nordic AB, Colibri Ventures AB and Faboss Invest AB. Deputy Board Member in several companies in the Mindustri AB Group.	Business developer in Erik Selin Fastigheter AB. Chairman of the Board in Alnova Balkongsystem AB, BOBO Fastigheter AB and Tommy Byggare AB. Board Member in several companies within Erik Selin Fastigheter AB, Swedish Logistic Property AB etc.	President and CEO of K-Fast Holding AB. Chairman of the Board in Käglinge Projekt AB, Käglinge Holding AB and Pk Property AB. Board Member in Jacob Karlsson AB, Jacob Karlsson Fastigheter AB, Beatus Projekt AB, Öllsjö Projekt AB, Invest By KÅ AB, Monlux Intl AB, Novum Samhällsfastigheter AB, HOMEstate AB, Fosie mark skåne AB and Jacob Karlsson Real Estate S.L.
Education	Upper-secondary education focusing on business administration.	MBA from Uppsala University.	Master of Laws from Lund University.	Master of Laws and Bachelor of Business Administration from Stockholm University.	MA degree in economics from University of Gothenburg.	Courses with financial orientation at Mid Sweden University, Kristianstad University and Lund University.
Dependency status	Independent in relation to the Company and its management. Not independent in relation to major shareholders.	Independent in relation to the Company, its management and major shareholders.	Not independent in relation to the Company, its management or major shareholders.	Independent in relation to the Company, its management and major shareholders.	Independent in relation to the Company and its management. Not independent in relation to major shareholders.	Not independent in relation to the Company, its management or major shareholders.
Shareholding i K-Fast Holding AB*	1,875,000 class A shares and 10,625,000 class B shares through Erik Selin Fastigheter Aktiebolag.	9,500 class B shares.	4,672 class B shares.	275,000 class B shares.	63,500 class B shares.	1,875,000 class A shares and 10,625,000 class B shares through Jacob Karlsson AB.

* Own shares and those of related parties. The above Board assignments and shareholdings in K-Fast Holding AB account for the situation as of 31 December 2019. The information is updated on www.k-fastigheter.se/en.

GROUP MANAGEMENT



Name	Jacob Karlsson	Martin Larsson	Anders Antonsson	Åsa Fredin	Eric Johansson	Tonnie Karlsson	Niklas Larsson	Ola Richard
Position	President and CEO. Board Member.	Deputy CEO and CFO.	Head of Investor Relations.	Business Area Manager, Project Development.	Business Area Manager, Construction.	Financial Manager.	Business Area Manager, Property Management.	HR Manager
Employed since	2010.	2018.	Consultant since 2019.	2016.	2017.	2015.	2014.	2019.
Nationality	Swedish.	Swedish.	Swedish.	Swedish.	Swedish.	Swedish.	Swedish.	Swedish.
Education	Courses with financial orientation at Mid Sweden University, Kristianstad University and Lund University.	Bachelor's degree in international macroeconomics and a Master's degree in international financial economics from Lund University.	BA from Lund University.	Upper-secondary education in Business Administration from Linnéskolan School in Hässleholm.	Upper-secondary education in Technology & Business from Tycho Braheskolan School in Helsingborg.	Economics at Växjö University.	Degree in Property Business from Malmö University.	Officer training and further training on the Captains' programme at the Swedish Military Academy.
Other ongoing assignments	Chairman of the Board of Käglinge Projekt AB, Käglinge Holding AB and Pk Property AB. Board Member in Jacob Karlsson AB, Jacob Karlsson Fastigheter AB, Beatus Projekt AB, Öllsjö Projekt AB, Invest By KÅ AB, Monlux Intl AB, Novum Samhällsfastigheter AB, HOMEstate AB, Fosie mark skåne AB and Jacob Karlsson Real Estate S.L.	Owner and Board Member in Martin Larsson Holding AB.	Owner and CEO in circle360 communication AB.	Owner and Board Member in Åsa Fredin AB. Partner and Deputy Board Member in Invest by KÅ AB.	Owner, Board Member and CEO of AALTO Holding AB. Board Member in Senipar Entré Laröd AB.	-	Owner and Board Member in Niklas Larsson Invest AB.	Owner and CEO of Effektuera i Hässleholm AB.
Selection of previous positions	Investment Adviser at Länsförsäkringar.	Head of Danske Bank Finanscenter Malmö.	Head of Investor Relations for Cherry AB and Railcare Group AB.	Administrator, planning permission matters, Municipality of Hässleholm.	Calculation Engineer and Project Developer, Peab PGS AB.	Financial Manager at G. Larsson Starch Technology AB, LB-Hus AB and ESAB Perstorp AB.	Property Manager at K-Fastigheter.	CEO of Mårtenssons Bil i Hörby AB, MMKS Fastighet AB and Hässleholm Teknik AB.
Shareholding i K-Fast Holding AB*	1,875,000 class A shares and 10,625,000 class B shares.	78,529 class B shares.	3,000 class B shares.	73,529 class B shares.	40,000 class B shares.	4,941 class B shares.	73,629 class B shares.	2,860 class B shares.

* Own shares and those of related parties. The above Board assignments and shareholdings in K-Fast Holding AB account for the situation as of 31 December 2019. The information is updated on www.k-fastigheter.se/en.