

Corporate Governance Report

Wihlborgs is a Swedish public limited liability company that is quoted on Nasdaq OMX Stockholm. Wihlborgs applies the Swedish Code of Corporate Governance (the Code). This report does not form part of the formal annual report but is included as a separate report. Wihlborgs' corporate governance report has been examined by the Company's auditors. The shareholders influence the governance of the Company by participating in and exercising their voting rights at the Annual General Meeting (AGM), which is Wihlborgs' highest decision-making body. Under the Swedish Companies Act, other legislation and regulations, the listing agreement with the Nasdaq OMX Exchange, the Swedish Code of Corporate Governance, the Company's Articles of Association and internal instruments of control, such as the Rules of Procedure for the Board and instructions to the Chief Executive Officer, the management and responsibilities of the Wihlborgs Group are divided between the Board and Chief Executive Officer.

Shareholders

The Wihlborgs share was listed on the Stockholm Stock Exchange on 23 May 2005. Wihlborgs has been quoted on the Mid Cap List of the OMX Nordic Exchange since October 2006. At year-end, the Company's share capital totalled SEK 192 million. The number of shares registered and outstanding totalled 38,428,364 with a quota value of SEK 5 per share. Each share entitles the holder to one vote and each person with a voting entitlement may at the AGM vote for the full number of shares held and represented by that person. All shares carry an entitlement to an equal share in Wihlborgs' profits. The major shareholders in Wihlborgs are Brinova Fastigheter AB and Sten K Johnson via company, which own 10.1 and 5.2 percent, respectively, of the shares outstanding. At the end of December 2010, the ten largest Swedish shareholders represented 30.7 percent of the shares. The number of shareholders was 26,034, which is 680 fewer than a year earlier. Of total share ownership, 78 percent was represented by legal persons and 22 percent by physical persons. At the end of December, foreign shareholders represented 38.1 percent of the total, an increase of 7.0 percentage points since the previous year-end. For further information on the share and shareholders, see Annual Report 2010 pages 29–31.

Articles of Association

Wihlborgs' Articles of Association were most recently amended at the 2006 Annual General Meeting. The purpose of the Company's operations is to acquire, manage, upgrade and sell properties mainly in the Öresund region, as well as to conduct other compatible activity. The Company's registered office is in the City of Malmö. The Company's Articles of Association are reproduced in their entirety on page 125.

Annual General Meeting 2010

Wihlborgs Annual General Meeting was held on 21 April 2010. The meeting was attended by around 260 shareholders, representing 28.9 percent of the shares outstanding. The minutes of the meeting are available on Wihlborgs' website, www.wihlborgs.se.

The most important decisions, in brief, were as follows:

Election of Board members and Auditors – It was decided that the Board shall have eight members. Kerstin Fredriksson, Anders Jarl, Sara Karlsson, Helen Olausson, Erik Paulsson, Tommy Qvarfort Johan Qviberg were re-elected to the Board. Per-Ingemar Persson was elected to the Board for the first time. Erik Paulsson was appointed Chairman.

Nomination Committee – It was decided that the Nomination Committee shall consist of representatives of the three largest shareholders wishing to participate, plus one representative of the minor shareholders, in the Company at the end of the third quarter 2010. The Nomination Committee may also resolve whether the Company's Chairman should serve on the Committee. The Chairman of the Nomination Committee shall be the member who represents the largest shareholders, unless agreed otherwise by the Committee. No fee is paid to members of the Committee, but the Company will be responsible for reasonable costs to ensure that the Nomination Committee is able to fulfil its function.

Acquisition and transfer of shares in the Company – It was resolved to authorize the Board, in the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than ten percent of the shares outstanding.

New share issue – It was resolved to authorize the Board, in the period until the next AGM, to approve a new share issue corresponding to no more than ten percent of the shares outstanding.

Nomination Committee and proposals for Annual General Meeting 2011

The Code sets forth that the AGM's decisions on nominations for the Board and of auditors should be prepared by a transparent process that is controlled and structured by the owners, such as to provide all shareholders with the opportunity of stating their view on and proposals for the issue concerned and to create the conditions for properly based decisions. The Nomination Committee is the body responsible for preparing the AGM's decisions on nomination issues. Wihlborgs' Nomination Committee has on that basis prepared proposals for Chairman of the AGM, Board Chairman, Board members, fees to the Board and auditors and fees to the auditors. In accordance with the resolution of the AGM, the names of the members of the Nomination Committee were published in October 2010. The Nomination Committee comprises Anders Silverbåge of Brinova Fastigheter AB, Karolina Qvarnström of Länsförsäkringar Fondförvaltning, Sten K Johnson of Tibia Konsult AB and Krister Eurén, representing the minor shareholders. The members of the Nomination Committee representing the three largest shareholders account for 19.0 percent of the votes in Wihlborgs. Anders Silverbåge was appointed Chairman of the Nomination Committee. The Nomination Committee met three times. As preparation for its work, the Nomination Committee held telephone meetings with the Chairman and CEO. In addition, the Committee was in contact with the Company's auditors. The Nomination Committee was informed of the Company's strategy, risk management and control functions. The Committee was also acquainted with the Board's own assessment. Prior to the AGM on 28 April 2011, the Nomination Committee proposes that the Board shall consist of eight members. The Committee also proposes that Kerstin Fredriksson, Anders Jarl, Sara Karlsson, Helen Olausson, Erik Paulsson, Per-Ingemar Persson, Tommy Qvarfort and Johan Qviberg be re-elected as members of the Board. Erik Paulsson is proposed as Chairman.

It is proposed the total fees of SEK 940,000 (940,000) be paid to the Board. It is proposed that a fee of SEK 220,000 (220,000) be paid to the Chairman and SEK 120,000 (120,000) be paid to the other Board members, apart from CEO Anders Jarl.

According to the rules, the Company's auditor Torbjörn Svensson cannot be re-elected. The Nomination Committee proposes that Deloitte AB be re-elected as the Company's auditing firm, with Johan Rasmusson to be elected as senior auditor for the first time, until the 2012 AGM.

Board of Directors

The overall duty of the Board is, on behalf of the owners, is to manage the Company's affairs in a way that meets the interests of the owners for satisfactory long-term return on capital in the best possible way, in accordance with set rules of procedure. According to Wihlborgs' Articles of Association, the Board shall consist of no less than four and no more than eight members. At the AGM held in April 2010, Erik Paulsson was re-elected Chairman of the Board and at the subsequent Board meeting Kerstin Fredriksson was appointed Deputy Chairman. The Company's Chief Financial Officer, Christer Johansson, served as Secretary to the Board. Wihlborgs' Board has competence and experience in areas that are of major importance in terms of its ability to support, monitor and control the activities of a leading property company in Sweden. Among the Board members in-depth knowledge of properties, the property market, finance and business development is available.

The Board satisfies the requirement of the Code and the listing requirements of the Nasdaq OMX Exchange that no more than one Board member may work in an operational role in the day-to-day business. Chief Executive Officer Anders Jarl is a member of the Board. The majority of Board members are independent of any relationship with the Company and the Company's management. In 2010, the Board held eight meetings, including statutory and per capsulam meetings. Of the eight meetings held, seven were ordinary Board meetings.

Committees

In view of the Company's size, Wihlborgs does not have separate Audit and Remuneration Committees. To monitor developments in the credit market, Wihlborgs has an Interest Rate Committee. The Interest Rate Committee meets once a month and makes proposals and delivers reports to the Board on an ongoing basis. The Interest Rate Committee is made up of Sara Karlsson, Per-Ingemar Persson and Tommy Qvarfort, as well as Anders Jarl and the CFO. The Committee has no mandate to take decisions on financial issues.

Rules of Procedure and instructions

The Board operates under Rules of Procedure that comprise instructions on delegation of work and financial reporting. The Rules of Procedure, which supplement the provisions of the Swedish Companies Act and Wihlborgs' Articles of Association, are reviewed annually. In accordance with the Rules of Procedure, the Board is required to ensure that the CEO fulfils his obligations. The performance of the CEO is evaluated annually against set long- and short-term objectives. The Board is further required, on an ongoing basis, to evaluate Wihlborgs' administrative routines and guidelines on property management and investment of the Company's assets. The Board is required to establish objectives, major policies and strategic plans for the Company and to continuously monitor not only compliance with the same but also that they are updated and reviewed on reports from the CEO. In addition to the statutory meeting, six ordinary Board meetings shall be held per calendar year. The meetings shall consider economic and financial reports and sales and investments, as well as addressing current market issues and personnel issues. Extraordinary meetings may be held to discuss and resolve matters that cannot be referred to ordinary Board meetings. According to the Rules of Procedure, the Chairman is required via contacts with the CEO to monitor developments at Wihlborgs and ensure that the Board members receive the information they need through the agency of the CEO. The Chairman is also required to consult with the CEO on strategic issues and ensure that the conduct of business does not conflict with the provisions of the Swedish Companies Act, the Article of Association or the Code of Corporate Governance.

Group Management

The Chief Executive Officer – is responsible for overseeing the Company's day-to-day management and for leading the organization in accordance with the Board's guidelines, instructions and indications. Wihlborgs' Rules of Procedure for the Board include an instruction to the CEO, who is required to ensure that the Board receives the necessary information and supporting documentation for decisions, that the Board is kept informed between Board meetings and that financial reporting is conducted in such a way that the Board can make a properly based judgement. It also includes a separate instruction on reporting, specifying timetables.

Principles for conditions of employment for CEO and Group Management

Under the Code of Corporate Governance, the Board shall at the AGM present proposals for principles for remuneration and other conditions of employment for the CEO and Group Management. Wihlborgs' Board of Directors proposes that remuneration and other conditions of employment should be in line with the market, and competitive. Remuneration is paid in the form of fixed salary to all members of Group Management. Any remuneration over and above the fixed salary shall be subject to a maximum and related to the fixed salary; it is to be paid in the form of cash. Where appropriate, remuneration in addition to the fixed salary shall be based on outcomes relative to set goals and must accord with the interests of the shareholders. The conditions for other benefits shall, where available, represent a limited proportion of the remuneration components and shall in the main consist of company car benefits. Wihlborgs has a profit-sharing fund for which all employees are eligible, apart from the CEO. Any allocation to the fund is based on the return on equity and is subject to a maximum of one base amount per year per employee.

The pensionable age is 65 years for all members of the Company's management. The costs of the CEO's pension are paid in the form of a premium amounting to 35 percent of the pensionable salary per year during the CEO's period of service. In the case of members of the Company's management, the ITP Plan or equivalent applies. Notice-period salary and severance pay shall not exceed 24 monthly salary payments. The severance pay is offset against other sources of income. The principles for remuneration and conditions of employment for the Company's management and the remuneration to and conditions of the CEO are decided by the entire Board except the CEO. The principles for the conditions of employment are unchanged.

Auditing

Under the Swedish Companies Act, the Company's auditor is required to examine the Company's annual accounts and day-to-day accounting records, as well as the administration of the Company by the Board of Directors and the CEO. This examination results in an audit report that is presented, after the end of the financial year, to the AGM.

The Nomination Committee proposes auditors to the AGM. At the 2008 AGM, Deloitte AB was re-elected as the Company's auditor, with Johan Rasmusson as senior auditor, for a period of three years. The next election of auditors will therefore be at the 2011 AGM. Torbjörn Svensson is responsible for the auditing assignment at Wihlborgs. He has no assignments with companies that are closely related to Wihlborgs' major owners or to the CEO. Torbjörn Svensson is responsible for the following major assignments, alongside the auditing assignment on behalf of Wihlborgs: Malmö Aviation, Flextronics, Ballingslöv, Mellby Gård and Skånemejerier. At the meeting to discuss the year-end accounts, Torbjörn Svensson is personally in attendance and delivers a report on the final examination of the Company's accounts. In addition, the auditor continuously presents information to the Board

and the Audit Committee regarding the examinations performed during the year. The fee paid to the auditors is shown in Note 9 on page 103.

In addition to performing its auditing function, Deloitte has assisted Wihlborgs on tax and accounting issues. At the 2011 AGM, the Nomination Committee proposed that Deloitte AB be re-elected as the Company's auditing firm, and that Johan Rasmusson be elected as senior auditor for the first time. He has no assignments with companies that are closely related to Wihlborgs. Johan Rasmusson serves as auditor on behalf of the following companies: Acap Invest, Atea, Aller Media, Skånska Energi, Karolinska Universitetssjukhuset and Locum.

Code of Corporate Governance

The overall aim of the Code is to promote positive development in governance of Swedish companies so that they meet their owners' requirements for return on the capital invested. Any deviations from the rules of the Code must be described and justified, on the principle of "comply or explain". The reasons for every deviation must be clearly presented. Wihlborgs' deviations were as follows:

A separate audit committee has not been established. Instead, the functions of an audit committee were performed by the entire Board except for the CEO. A separate remuneration committee has not been established. Instead, the functions of a remuneration committee were performed by the entire Board except for the CEO. During discussion of the matters concerned, no-one from Group Management was present. The reason why the Board did not establish an audit or remuneration committee is that it is not justified by the size of the Company. It is possible to deal with the issues on the occasion of an ordinary meeting.

Internal control related to financial reporting

Under the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. Wihlborgs uses COSO, Internal Control – Integrated Framework, an internationally recognized and very widely accepted system for internal control, to describe the Company's control structure. COSO describes internal control as being divided into five components: control environment, risk assessment, control activities, information and communication and follow-up. The control environment is represented by the Board, Group Management and the Company's personnel, in order to ensure that the Company observes laws and regulations and has an efficient organization, and that the Company operates an effective system of financial reporting.

Control environment – has an important part to play in the organization and provides the foundation for effective internal control. To be able to assure adequate internal control and perform an accurate risk assessment, Rules of Procedure have been established. These describe the allocation of responsibilities between Board and CEO to provide for an effective assessment of risks in the organization and its financial reporting. The Rules of Procedures and the ethical guidelines that apply to the Board and the Company's employees are updated annually. In its Rules of Procedure, the Board has clearly set out its delegation of decision-making to management for financial reporting. The organizational structure at Wihlborgs enables effective internal control to be performed. The Company's organization into property management areas, led by a property management executive, shows defined responsibilities with powers. This is described in an instruction governing the signing of leases, rules on authorization and project applications. Consolidated reporting for Wihlborgs' 140 subsidiaries is standardized. Internal accounting is reconciled with external accounting on every reporting occasion. In accordance with Wihlborgs' personnel policy, employees working in the financial area have individual training plans to ensure competence in the field.

Overall policies are in place for finance, IT, communication, purchasing, equal opportunity and personnel. During the past year, Wihlborgs signed the UN's Global Compact, which means that the Company has signed up to support the ten principles in human rights, labour law, the environment and anti-corruption. As a result, the Company will be reporting annually on the current status in the "Communication On Progress". Wihlborgs also decided to begin sustainability reporting in accordance with GRI (Global Reporting Initiative). Sustainability reporting will be made at C+ level. This reporting will be integrated with that required for the Global Compact.

Risk assessment – Wihlborgs continuously conducts risk assessment in its financial reporting. A risk analysis indicates that internal control is especially important with regard to:

- Routines for rent invoicing, including supplementary charge invoicing
- Buying and selling properties, individually and via companies
- Property costs, mainly energy costs
- Financing and interest rates
- the IT function
- Property valuation
- Project activities
- Taxes

These risks are assessed annually in consultation with the management and the auditors
Control activities – are intended to create methods enabling the Company to manage risks. The aim is that the activities should prevent, record and rectify any faults that may arise. The purpose of control activities to secure the Company's income and assets, check the accuracy and reliability of its financial reports and also ensure that systems of rules established are observed. Reports are submitted monthly from the operations. The financial outcome is followed up relative to budget. Every month, Group Management and senior property managers meet to report on deviations and major new lets and lease terminations. In addition, project managers and property management executives meet once a quarter to coordinate redevelopment and newbuild issues with day-to-day management. Every quarter, a central unit prepares consolidated accounts and financial reporting. On these occasions, a table of properties is also drawn up showing details of: rental value, current rental income, vacancies, operating surplus, property valuation and return at the particular point in time.

Information and communication – The Communications Department is responsible for ensuring that external information is provided in accordance with the Nasdaq OMX Exchange agreement. The Company's communication policy describes for example how financial reporting should be performed. The Board receives information about risks of error in the Company's financial reporting and the internal control by the auditors in connection with the year-end accounts and their auditing of the Company's interim reports. Wihlborgs employees receive continuous information on updated guidelines and policies via the Company's intranet. Over the year, Wihlborgs' website has been overhauled in order to adapt and improve the provision of external information in line with market requirements.

Follow-up – To guarantee the quality of the control system, it is monitored and evaluated on an ongoing basis. Reports on continuous follow-up per investment area are made to management and any shortcomings that may have arisen in internal control are rectified.

Group Management reports to the Board in accordance with the instructions on financial reporting. The Company's auditors examine the financial reporting in connection with the year-end accounts and carry out a general review of the accounts for the third quarter. At least twice a year, the auditors present to the Board their judgement on the Company's internal control.

Internal audit – Because the organization is simple and the business is geographically limited, the Board has concluded that appointment of an internal auditor is not necessary. To complement the external audit, work started during the year on internal assessments of the internal control for the most important routines in the Company.

Malmö, 17 March 2011

Erik Paulsson
Chairman

Kerstin Fredriksson
Deputy Chairman

Anders Jarl
Chief Executive Officer

Sara Karlsson

Helen Olausson

Per-Ingemar Persson

Tommy Qvarfort

Johan Qviberg