

Report of the Directors—corporate governance

With well-developed and transparent corporate governance, shareholders, the Board of Directors and other stakeholders can better understand the opportunities and challenges facing Kungsliden, while also improving the prospects of taking the company forward with a firm hand. This year's Corporate Governance Report is more extensive, because the Board of Directors has continued its work on developing governance.

A YEAR OF EXTENSIVE ANALYSIS WORK AND DEVELOPMENT OF A NEW REMUNERATION SYSTEM

In recent years, standards applying to the clarity and transparency of how companies are governed have gradually become more stringent. And this is progress that Kungsliden welcomes.

Last year, the Board reviewed and enhanced its governance. It is important that responsibilities, reporting and monitoring have a clear and well-functioning structure. Work on clear governance and monitoring is never done, but rather, requires continuous attention.

The past year was labour intensive, especially in the second half-year, with extensive evaluation and analysis work

of potential and actual transactions. Now, Kungsliden's property portfolio has a somewhat more understandable structure than a year ago.

The Board worked on designing and implementing a more stringent remuneration system, which generally includes a lower share of incentive payments, links remuneration levels to achieved targets more clearly and has some delay built into payments. The Board also worked on extending the company's funding sources by arranging two bond issues in Norway and Sweden, reducing financial exposure and enhancing flexibility.

In what follows, the Board is presenting an extended Corporate Governance

Report to make it easier for external stakeholders to monitor the work of the Board. It is important that we invest time and resources in corporate governance. Ultimately, corporate governance work is intended to build and develop long-term values for shareholders for limited risk, as effectively and transparently as possible.

Per-Anders Ovin
Chairman of the Board

CORPORATE GOVERNANCE

Kungsliden has the corporate governance of a listed company and satisfies the standards stipulated by sources including the Swedish Companies Act, the Swedish Annual Accounts Act, the Swedish Code of Corporate Governance (the Code) and NASDAQ OMX Stockholm's rules for issuers.

The company applies the corporate governance principles the AGM has adopted, and as stated in the Articles of Association and in the instructions for

the Nomination Committee. These documents are available from the company's website, www.kungsliden.se. Over and above these, a series of corporate governance structures that the Board of Directors has adopted are applied, including rules of procedure for the Board of Directors, the Chief Executive's instructions, instructions for financial reporting to the Board, instructions for the Audit Committee, Code of Conduct, Finance and Corporate Communication Policies.

COMPLIANCE WITH THE CODE

The Code should be applied by all Swedish companies whose shares are listed for trading on a regulated marketplace. In accordance with the Code's 'follow or explain' principle, Kungsliden reports all potential instances of non-compliance with the Code, explaining these instances in its annual Corporate Governance Report. In the financial year 2010, Kungsliden did not have any instances of non-compliance with the Code.

Nomination Committee

Composition from 2010 onwards

Peter Gustafsson, representing Olle Florén and companies, Chairman

Eva Godtfridsdotter-Nilsson, representing Länsförsäkringar Asset Management

Peter van Berkelom, representing Nordea Investment Management

Per-Anders Ovin, Chairman of the Board of Kungsliden

A review of the work of the Nomination Committee is available at Kungsliden's website.

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AGM

The AGM (Annual General Meeting) deals with matters ensuing from Kungsleden's Articles of Association and the Swedish Companies Act. Invitations to the AGM are as stipulated by Kungsleden's Articles of Association. The Meeting resolves pursuant to the majority requirements stated in the Swedish Companies Act. No shareholder of Kungsleden owns shares that represent one-tenth or more of the number of votes for all shares in the company directly or indirectly.

The AGM for the financial year 2009 was held on 28 April 2010. AGM resolutions included dividends, election of the Board of Directors, remuneration to the Board and Auditors, guidelines for remunerating senior managers, election of a Nomination Committee and authorisation for the Board of Directors to take decisions on the issuance of convertibles. The Chairman of the Board and the company's Chief Executive presented operations, the work of the Board of Directors and management and events in 2009. Minutes from the AGM are available from Kungsleden's website.

The AGM for the financial year 2010 will be held on 13 April 2011 at Hotel Rival, Mariatorget 3, Stockholm, Sweden. More information on the AGM is provided in the final section of this Annual Report, and on Kungsleden's website.

The invitation to the AGM will be available in English. Considering the company's ownership and what is financially justifiable, the Board has considered that other material for the Meeting should only be produced in Swedish. For the same reason, no remote participation or simultaneous interpretation of the proceedings of the Meeting will be provided.

An audiovisual recording of the Chief Executive's statement and minutes from the Meeting will be available at Kungsleden's website after the Meeting closes.

Nomination Committee

The Nomination Committee submits proposals for the Chairman of the AGM, the Board of Directors and its Chairman, fees and other remuneration to Board members. The Nomination Committee also submits proposals for Auditors and remuneration for the audit. In its work, the Nomination Committee should protect all shareholders' interests. The Instructions for the work of the Nomination Committee are available from the company's website.

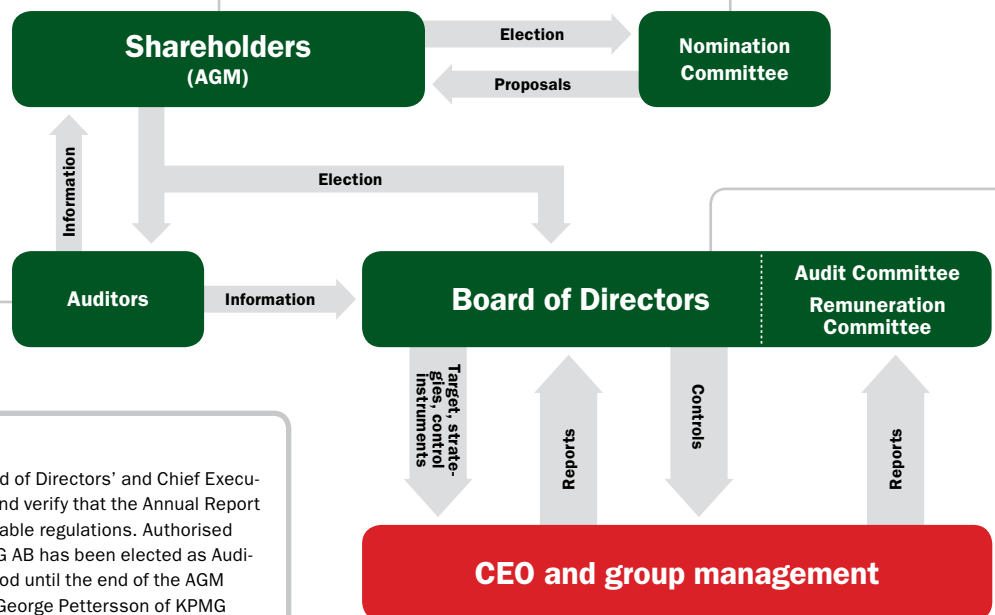
Members of the Nomination Committee are elected at the AGM for a period that extends until a new Nomination Committee has been appointed.

The Nomination Committee should consist of a minimum of three and a maximum of five members. Three of the members should represent those shareholders that are the largest shareholders in terms of the number of votes as of 31 January, and also, that wish to participate in the work of the Nomination Committee, as well as the Chairman of the Board. If there are significant changes of control after this date, the Nomination Committee's composition may be altered to reflect this. At least one of the members should not be affiliated to the company's shareholders in the manner stated in the Code. The Nomination Committee's composition will be published as soon as the Nomination Committee is appointed.

The AGM 2011 elected Olle Florén (representing Olle Florén and companies), Frank Larsson (representing Handelsbanken Fonder) and Eva Gottfridsdotter-Nilsson (representing Länsförsäkringar Asset Management) as members of the Nomination Committee. Per-Anders Ovin is a member of the Committee in his capacity as Chairman of the Board. Frank Larsson was appointed Chairman of the Nomination Committee.

In June, Peter Gustafson replaced Olle Florén as representative of Olle Florén and companies. Nordea Investment Manager became a new major shareholder in August, with Peter van Berlekom appointed as a new member. Handelsbanken Fonder reduced its ownership in November, and accordingly, Frank Larsson left the Nomination Committee. Peter Gustafsson was appointed Chairman. Åke Theblin, Kungsleden's General Counsel, served as the Nomination Committee secretary.

Shareholders that wish to submit proposals to the Nomination Committee can do so on the company's website or by sending a letter to the Nomination Committee. The Nomination Committee's proposals and justified statements are uploaded to the company's website by no later than the issuance of the invitation to the AGM.



External Auditors

The external Auditors review the Board of Directors' and Chief Executive's administration of Kungsleden and verify that the Annual Report is prepared in accordance with applicable regulations. Authorised Public Accountant Björn Flink of KPMG AB has been elected as Auditor of the parent company for the period until the end of the AGM 2011. Authorised Public Accountant George Pettersson of KPMG has been appointed as Deputy Auditor for the parent company for the period until the end of the AGM 2011. Over and above auditing, in recent years, KPMG has also provided other services, mainly tax advice. Fees are payable according to approved account. In 2010, audit fees for the group were SEK 7 (7) m.

Board of Directors

The company's Articles of Association state that the Board of Directors should consist of a minimum of three and a maximum of eight members with a maximum of two deputies. The Board members and potential deputies are appointed by the AGM and for the period until the end of the next AGM. Kia Orback was elected as a Board member by the AGM 2010 and Thomas Erséus, Per-Anders Ovin, Magnus Meyer, Jan Nygren, Jonas Nyrén, Charlotta Wikström and Leif Garph were re-elected. No deputies were elected. The Board was not quorate before the AGM 2010 after former Chairman of the Board Bengt Kjell resigned during the mandate term. Per-Anders Ovin was appointed Chairman of the Board in 2009 and was re-elected by the AGM.

Board composition

The Board consists of eight members. The Board is composed to be able to support management in developing Kungsliden actively and effectively. The Board of Directors should also monitor and control operations. Accordingly, skills and experience of the property sector, finance, business development and capital markets issues are especially important on the Board. According to the Code's definitions, one Board member, Thomas Erséus, is considered as affiliated because he is Chief Executive of the company. Other members are not affiliated to Kungsliden, management or shareholders that directly or indirectly control 10 per cent of the shares or votes of the company.

The Board of Directors adopts rules of procedure for their activities each year. These rules of procedure formalise matters including the areas of responsibility of the Board of Directors and Chief Executive, the duties of the Chairman, how and when Board meetings are arranged, agendas for meetings and include instructions for Remuneration Committee and Audit Committee. The work of the Board of Directors conforms to the rules of procedure adopted, instructions issued regarding the division of responsibility between the Board of Directors and Chief

Executive, and the forms of financial reporting to the Board. The Board must meet a minimum of six times annually, with each meeting following an approved agenda. Decision support data for each proposal on the agenda is sent to each Board member in advance. The rules of procedure also stipulate that the Board ensures that Kungsliden's Auditors personally attend at least one Board meeting per year, presenting their observations from their review of the company, and their evaluation of the company's internal controls.

Responsibilities of the Chairman

The Chairman of the Board leads the work of the Board of Directors and should ensure that the Board's decisions are executed. The Chairman also represents the company in ownership-related matters.

The Chairman maintains ongoing dialogue with the Chief Executive and is responsible for other Board members receiving the information and supporting data required to be able to reach well-founded decisions.

Responsibilities of the Board of Directors

The Board is responsible for the company complying with the Swedish Companies Act, rules for listed companies including the Code and other ordinances and laws, the Articles of Association and internal control instruments. The Board decides on strategies and goals, internal control

instruments, large-scale purchases and sales of properties, other major investments, and regarding investments and funding. The Board is responsible for the continuous monitoring of operations; for guidelines, organisational resources and management being expedient and for good internal controls. The Board is also responsible for appraising executive management and planning for leadership succession.

The Board works to ensure the high and consistent quality of financial reporting, through means including instructions for financial reporting to the Board and corporate communications policy and by considering potential observations, recommendations or proposals from Auditors or the Audit Committee.

The Annual Report and all interim reports are considered and approved by the Board. The Board has delegated the quality-assurance of commercial presentations and press releases to management.

The work of the Board in 2010

In 2010, the Board met on 16 occasions. Per capsulam meetings were also held on six occasions to deal with purchase, sale and funding issues. Attendance at each Board meeting is stated in the table on page 59. The Board considered issues including Kungsliden's strategy, targets, business plan, market, external reporting, property purchases and sales, investments in existing properties, raising loans and other funding issues, preparing sales mandates and the principles incentive payments. The Deputy Chief Executive and the General Counsel, also the Board Secretary, also attended Board meetings.

Board Committees

The Board has inaugurated two internal committees, a Remuneration Committee and an Audit Committee, responsible for consulting on issues in each respective segment. The Board of Directors appoints their members internally.

Remuneration Committee

The Remuneration Committee submits proposals to the Board regarding the Chief Executive's employment terms, the terms for the group management and principle issues relating to pensions, salaries, fees, benefits and severance pay. This Committee works from the guidelines for remunerating senior managers resolved by the AGM. The Remuneration Committee elected at the Board meeting following election has the following members: Per-Anders Ovin (Chairman), Jan Nygren and Charlotta Wikström. In 2010, the Committee met on five occasions.

Audit Committee

The purpose of the Audit Committee is to provide a dedicated forum for accounting and audit issues. The Committee works on items including Kungsliden's internal control and governance systems and quality-assuring external financial reporting. The Audit Committee also supports the Nomination Committee in its work on proposing the election of Auditors, and for proposing audit fees.

The Audit Committee elected at the Board meeting following election has the following members: Leif Garph (Chairman), Magnus Meyer and Kia Orback Pettersson. The Committee held four meetings in 2010. Kungsliden's Chief Executive, Chief Financial Officer and Auditor attended meetings.

Group management

Group management consists of Kungsliden's Chief Executive, Deputy Chief Executive/CFO, Divisional Managers, HR and Corporate Communications Manager and General Counsel. They are each responsible for their areas of responsibility within Kungsliden, and consult on matters for the Board jointly with the Chief Executive. Group management takes decisions on operating activities that are within the auspices of their mandate. Group management structures and ensures that the company has a skilled organisation and work on organisational development for the future.

Chief Executive

Kungsliden's Chief Executive is responsible for the practical management and co-ordination of operating activities. The Chief Executive does his work on the basis of instructions adopted by the Board each year. These formalise matters including the Chief Executive being responsible for the company's administration, reporting to the Board and matters requiring a decision by, or reporting to, the Board, such as adopting interim reports and annual reports, decisions on major acquisitions, divestments, investments and allocations of capital, and arranging major loans or guarantees above a threshold level. These instructions also cover the approval of remuneration and employment terms for senior managers.

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APPRAISAL OF THE WORK OF THE BOARD

Each year, the Board undertakes an appraisal of its working methods and processes. This appraisal is intended to ensure well-functioning processes for collating information, reporting, analysis, planning and decision-making. The appraisal is also intended to ensure that the Board has the necessary skills. The results of this evaluation are reported to the Nomination Committee and constitute the supporting data for work on nominations.

REMUNERATION TO THE BOARD

Fees are payable to the Board as resolved by the AGM. No fees are paid to members employed by Kungsleden.

Fees approved by the AGM 2010

SEK	Chairman	Member
Board of Directors	525,000	220,000
Remuneration Committee	25,000	25,000
Audit Committee	50,000	25,000

REMUNERATION TO SENIOR MANAGERS

Each year, the AGM adopts guidelines for remuneration and other employment terms for senior managers. According to these guidelines, Kungsleden should offer the remuneration levels and employment terms necessary to be able to hire and retain management with high skills levels and the capacity to achieve established targets. The types of remuneration should motivate group management to do their utmost to protect shareholders' interests.

Accordingly, remuneration should be on market terms, straightforward, long-term and measurable. Normally, remuneration to group management should include a fixed and incentive payment component. The incentive payment component should reward improvements clearly related to targets in straightforward and transparent structures, and with a predetermined ceiling.

The fixed salary of group management should be on market terms and based on skills, responsibility and per-

formance. Normally, management's incentive payments should not exceed 12 months' salary and be related to the satisfaction of forecasts and goals for levels of the company's and each segment's results of operations.

Long-term incentive schemes in the company should primarily relate to the share price and involve senior managers of the company that have a material impact on factors including the results of the company's operations, financial position and growth, and the satisfaction of predetermined goals. Incentive schemes should ensure long-term commitment to the company's progress and be implemented on market terms. There was no long-term incentive scheme for 2010.

The scale of remuneration payable for 2010 is stated in Notes 7 and 8 of the Annual Report. These notes also offer information on the terms of incentive payments and the stock option plan for 2007.



Proposed guidelines for remuneration and other employment terms that will be proposed to the AGM 2011 correspond to those adopted at the most recent AGM with one amendment. This relates to the structure of performance-related pay, which is payable in cash, whereby, for the future, the Board of Directors will consider introducing reservations that

(I) make payments of a portion of such remuneration conditional on the performance on which vesting is based proving sustainable over time and (II) offers the company a facility to claim such remuneration back on the basis of information that later proves manifestly inaccurate.

Attendance at Board and Committee meetings in 2010

	Board of Directors	Audit Committee	Remuneration Committee
Per-Anders Ovin	O 22/22	O 5/5	1/1
Leif Garph	X 22/22		O 4/4
Magnus Meyer	X 20/22		X 3/3
Jan Nygren	X 22/22	X 5/5	
Jonas Nyrén	X 22/22		1/1
Kia Orback Petttersson ¹	X 14/15		X 3/3
Charlotta Wikström	X 20/22	X 5/5	
Thomas Erséus	X 22/22		

O – Chairman of Board/Committee

X – Member of Board/Committee

1. Elected at AGM 2010



Board of Directors

Jan Nygren. Board member. Born in 1950, senior high school graduate. Elected to the Board in 2006. Main employment: independent consultant. Other assignments: Chairman of PrimeKey Solution AB, CombuTech AB and University West. Board member of GE Moneybank, Tiohundra AB and Novus Opinion AB. Member of E.ON Sverige AB's Advisory Board. Kungsliden shareholding: 1,600. Affiliation: this member is considered as not affiliated to the company, its management or major shareholders.

Per-Anders Ovin. Chairman of the Board. Born in 1956, B.Sc. (Econ.) from the Stockholm School of Economics. Elected to the Board in 2003. Main employment: self-employed. Other assignments: Chairman of Mengus Stockholm AB. Kungsliden shareholding: 0. Affiliation: this member is considered as not affiliated to the company, its management or major shareholders.

Charlotta Wikström. Board member. Born in 1958, B.Sc. (Econ.) Elected to the Board in 2009. Main employment: HR Director of Eniro AB. Kungsliden shareholding: 10,000. Affiliation: this member is considered as not affiliated to the company, its management or major shareholders.

Jonas Nyrén. Board member. Born in 1951, B.Sc. (Econ.) from the Stockholm School of Economics. Elected to the Board in 2001. Main employment: Chief Executive of Bonnier Holding AB and Albert Bonnier AB. Board member of Hemsö Fastighets AB, Bisnode AB and a number of Bonnier group companies, including chairmanship of Bonnier Fastigheter AB. Kungsliden shareholding: 22,050. Affiliation: this member is considered as not affiliated to the company, its management or major shareholders.

Kia Orback Petttersson. Board member. Born in 1959, B.Sc. (Econ.) Elected to the Board in 2010. Main employment: Partner of Konceptverkstaden. Chairman of NAI Svefa AB and Ponderus Invest. Board member of Forsen Projekt AB, Hemtex AB, Jernhusen AB, JM AB, Tengbomgruppen AB and Springtime AB. Kungsliden shareholding: 1,700. Affiliation: this member is considered as not affiliated to the company, its management or major shareholders.

Thomas Erséus. Board member and Chief Executive. Elected to the Board in 2007. See page 60. Affiliation: in his capacity as Chief Executive, this member is considered affiliated to the company.

Leif Garph. Board member. Born in 1955, B.Sc. (Eng.) in property finance and graduate studies in economics. Elected to the board in 2009. Main employment: Chief Executive of Sparbössan Fastigheter AB. Other assignments: Chairman of the Board of Stockholm student accommodation provider SSSB and Board member of Svenska Bostadsfond Management AB. Kungsliden shareholding: 0. Affiliation: this member is considered as not affiliated to the company, its management or major shareholders.

Magnus Meyer. Board member. Born in 1967, B.Sc. (Eng.) and Licentiate of Technology from the Royal Institute of Technology, Stockholm. Elected to the Board in 2008. Main employment: CEO of Tengbomgruppen AB. Other assignments: Board member of Hemsö Fastighets AB, Tengbomgruppen AB and Culmen AB. Kungsliden shareholding: 0. Affiliation: this member is considered as not affiliated to the company, its management or major shareholders.

The above information is for shareholdings as of 31 December 2010, and includes holdings through companies and related parties.

Management

Thomas Erséus. Chief Executive. Born in 1963, B.Sc. (Eng.) in Civil Engineering from Chalmers University of Technology, Gothenburg. Kungsliden employee since 2006. Other assignments: Board member of Hemsö Fastighets AB, Bravida AB, Chalmersfastigheter AB and DSV Miljö A/S of Denmark. Previous experience: President and CEO of WSP Europe AB, CEO of AB Jacobson & Widmark. Kungsliden shareholding: 90,000.

Johan Risberg. Deputy Chief Executive/ Chief Financial Officer. Born in 1961, B.Sc. (Econ.) from the Stockholm School of Economics. Kungsliden employee since 1996, in current position since 1998. Previous experience: Group Controller, Securum AB, CFO/Business Controller, Convector Fastighets AB. Kungsliden shareholding: 208,000.

Göran Linder. Divisional Manager, Public properties. Born in 1968, B.Sc. (Econ.) from the University of Örebro. Kungsliden employee since 1998, has been in current position since 2006. Previous experience: Management Consultant, Ernst & Young, Controllor, ABB. Kungsliden shareholding: 18,000.

Cecilia Gannedahl. HR & Corporate Communications Manager. Born in 1962, B.Sc. (Econ.) from the University of Linköping. Kungsliden employee since 2007. Previous experience: Chief Executive of GCI Stockholm AB, Marketing/ Business Area Manager, Roche AB. Kungsliden shareholding: 1,600.

Per Johansson. Divisional Manager, Nordic Modular. Born in 1959, B.Sc. (Eng.) Civil Engineering, from the Royal Institute of Technology, Stockholm. Kungsliden employee since 2007. Previous experience: Chief Executive of Spokesman AB and of Skanska Modul AB. Kungsliden shareholding: 5,000.

Åke Theblin. General Counsel and Board Secretary. Born in 1961, LL.B. from the University of Stockholm. Kungsliden employee since 2001. Previous experience: General Counsel, AP Fastigheter AB, Advokat Hellström Advokatbyrå AB. Kungsliden shareholding: 20,500.

Eskil Lindér. Divisional Manager, Commercial properties. Born in 1959, B.Sc. (Eng.) in Civil Engineering from the University of Technology, Lund. Kungsliden employee since 1999, has been in current position since 2006. Previous experience: Property Manager, JM AB, Property Manager, Nordbanken Fastigheter AB. Kungsliden shareholding: 24,440.

The above information is for shareholdings as of 31 December 2010, and includes holdings through companies and related parties.

INTERNAL CONTROLS AND RISK MANAGEMENT

Internal controls are important to ensure that the goals and strategies decided produce the desired results, that laws and regulations are complied with and the risk of undesirable events and misstatements in reporting are minimised.

The organisation of internal controls over financial reporting is described below.

Control environment

The Board of Directors has overall responsibility for the company's internal controls. The Chief Executive has ongoing responsibility for maintaining and establishing internal governance and controls. Kungsliden's internal controls rest on the control environment the Board and management operate from on a continuous basis, but also the decision-paths, authorisations and areas of responsibility communicated within the organisation.

Risk assessment

Having a clear view of the risks of the misstatements that may arise in

external reporting, and that an organisation and processes are in place to manage these risks, is an important component of internal controls. Kungsliden works continuously and actively on mapping, assessing and managing the risks a company is exposed to in its financial reporting. Kungsliden is a process-oriented company and integrates risk assessment routines in its business processes.

A judgement of the risk of misstatement in financial reporting is conducted each year for each line of the Income Statement, Statement of Financial Position and Cash Flow Statement. For those items that are significant and/or are subject to increased risk of misstatement, there are processes in place to minimise this risk. These processes do not only apply to actual accounting processes but also encompass activities including operational control and business planning processes, as well as IT systems.



The tool for operational monitoring that has been prepared is an example of a governance document. Such documents are used partly for consultations ahead of purchases and sales of properties, partly for the overall updates of operations and supporting data for valuations.

The risks in funding and operations otherwise and management of these risks are reviewed on pages 37–44.

Control activities

Kungsleden has prepared internal controls so that control activities are conducted as a routine matter at an overall level, or alternatively, are of a more process-oriented nature. Examples of overall controls include ongoing profit analysis based on the operational and legal group structure, and by analysing key figures. Formal reconciliations, certification and similar controls are examples of routine or process-oriented controls that are intended to prevent, discover and rectify misstatements and variances. The

control activities have been designed to manage the significant risks regarding financial reporting.

Information and communication

The Board receives continuous financial reporting, and each scheduled Board meeting considers the group's financial position. The company's Auditor personally reports his observations from his review and assessment of internal controls once yearly.

All potentially share price-sensitive information is reported to the market via press releases. The company has ensured that this information reaches the market simultaneously. The Chief Executive and Chief Financial Officer are the appointed spokespeople on financial matters.

Kungsleden has a policy that guarantees that its staff can contact a third party to report actions or other anomalies that imply breaches or suspected breaches of laws or other guidelines and regulations anonymously and without consequences.

Monitoring

In recent years, Kungsleden has appointed external parties to verify how its most significant financial reporting processes are applied in practice. This applies mainly to accounting and reporting work, the execution of property transactions and preparation of business plans. The outcome of comparisons based on the prepared processes are compiled in a report and presented for the Audit Committee.

On assignment from the Board, management is also running a project to document internal controls of financial reporting in the company. Kungsleden has no internal audit function. Internal controls are considered satisfactory and expedient for an organisation of Kungsleden's size, and accordingly, the Board and management do not see any need for an internal audit function.



Audit Report

TO THE ANNUAL GENERAL MEETING
OF KUNGSLEDEN AB (PUBL.)

Corporate identity number 556545-1217

I have audited the annual accounts, the consolidated accounts, accounting records and the administration of the Board of Directors and the Chief Executive of Kungsleden AB (publ) for the year 2010. The annual accounts and consolidated accounts are included in the printed version of this document on pages 55–93. These accounts and the administration of the company, and the application of the Swedish Annual Accounts Act when preparing the annual accounts, and the application of IFRS (International Financial Reporting Standards) as endorsed by the EU and the Swedish Annual Accounts Act when preparing the consolidated accounts, are the responsibility of the Board of Directors and the Chief Executive. My responsibility is to express an opinion on the annual accounts and consolidated accounts, as well as the administration, based on my audit.

I conducted my audit in accordance with generally accepted accounting principles in Sweden. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual accounts and consolidated accounts are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes

assessing the accounting principles used and their application by the Board of Directors and the Chief Executive and significant estimates made by the Board of Directors and the Chief Executive when preparing the annual accounts and consolidated accounts, as well as evaluating the overall presentation of information in the annual accounts and consolidated accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the Chief Executive. I also examined whether any Board member or the Chief Executive has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with IFRS as endorsed by the EU and the Swedish Annual Accounts Act and give a true and

fair view of the group's financial position and results of operations. A corporate governance report has been prepared. The statutory administration report and corporate governance report are consistent with the other parts of the annual accounts and consolidated accounts.

I recommend to the Annual General Meeting that the Income Statement and Balance Sheet for the parent company and the Income Statement and Statement of Financial Position for the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive be discharged from liability for the financial year.

Stockholm, Sweden, 17 March 2011



Björn Flink
Authorised Public Accountant