

Press release from Landic Property:

Financial restructuring of Icelandic property operations completed

- **Vidar Thorkelsson appointed as CEO of Landic Property Island**
- **Parent company ceases operations and seeks composition with creditors**

Reykjavík 6 November 2009: Landic Property hf. has completed the financial restructuring of the Icelandic property operations together with NBI, New Kaupthing, Islandsbanki, Glitnir Bank, Haf Funding and Byr.

The restructuring and financing agreements with the banks strengthen and secure the Icelandic property operations that operate under the name Landic Property Island ehf. Landic Property Island is the largest property company in Iceland and the portfolio consists of 120 properties totalling more than 400 thousand squares meters of retail and office premises in Iceland. Landic Property Island is now majority owned by Icelandic banks and financial institutions. Vidar Thorkelsson has been appointed as CEO and Einar Thorsteinsson as CFO of the company. The company's total assets are valued at approximately ISK 90 billion.

The operation of the parent company, Landic Property hf., has been ceased and the board has requested authorization to seek composition with its creditors.

Landic Property hf. was a Nordic property company that had a large property portfolio in Iceland, Denmark and Sweden. The fall of the Icelandic banking system, the depreciation of the Icelandic krona and decreasing property prices in various markets had adverse affect on the company and the company has been in a moratorium since 16 April 2009. At that time the company's equity was negative and a new board was elected, representing the company's main creditors. Landic Property hf. has for the past year been working on the financial restructuring of the company in co-operation with its creditors. During that process the company has been able to secure the Icelandic operation and finalized the sale of its Danish and Finnish subsidiaries as a part of this restructuring.

Currently Landic Property hf.'s unpledged assets amount to around ISK 5 billion and unsecured debt is estimated ISK 120 billion. The management and the board of the company believe that the interests of unsecured creditors are best served by entering a composition agreement with the creditors. Landic Property hf.'s creditors, holding 76% of the company's debt, support the board's request for authorization to seek composition with creditors, that was filed at the District Court of Reykjavík today.

Vidar Thorkelsson, CEO of Landic Property: "It is positive that we have been able to secure the Icelandic property operations, which has been one of the key goals of the restructuring process. Landic Property Iceland has a distinctive property portfolio and a solid operation. At the same time, the losses, that creditors and shareholders of the parent company have suffered, are a major disappointment. However, I believe that close co-operation with the creditors and the hard work of Landic Property's employees has resulted in highest possible overall recovery, for secured and unsecured creditors."

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