Hluthafafundur FL Group

14. desember 2007

Dagskrá

1. Tillaga um að hluthafafundur samþykki að veita stjórn félagsins heimild til að hækka hlutafé félagsins um allt að kr. 3.659.265.291 að nafnverði með útgáfu nýrra hluta til að efna samning við Baug Group og tengd félög um kaup á hlutum í fasteignafélögum og -sjóðum
2. Tillaga um breytingu á heimilisfangi félagsins
3. Tillaga um breytingu á tilgangi félagsins
4. Stjórnarkjör
5. Önnur mál

1. Tillaga um að veita stjórn heimild til að hækka hlutafé félagsins

- Stjórn félagsins gerir að tillögu sinni að hluthafafundur í FL Group hf. samþykki að veita stjórn félagsins heimild til að hækka hlutafé félagsins um allt að kr. 3.659.265.291 að nafnverði með útgáfu nýrra hluta á genginu 14,7. Hlutirnir verða eingöngu nýttir til að fjármagna kaup FL Group hf. á hlutum í fasteignafélögum og -sjóðum af Baugi Group hf. og tengdum félögum og afhentir Baugi Group hf. í því skyni samkvæmt samningi dags. 4. desember 2007. Hluthafar hafa ekki forgangsrétt að hinum nýju hlutum og með vísan til framangreinds er heimilt að greiða fyrir hlutina með öðru en reiðufé.

- Lagt er til eftirfarandi breytingar verði gerðar á 2. mgr. 4. gr. samþykkta félagsins.
  - „Stjórn félagsins er heimilt að auka hlutafé félagsins um allt að 5.675.999.576 króna að nafnverði með sölu nýrra hluta þannig:

[Liðir a-c verði óbreyttir, en inn komi nýr d-liður, svohljóðandi:]

  - Stjórn félagsins er heimilt að hækka hlutafé félagsins um allt að kr. 3.659.265.291 að nafnverði með útgáfu nýrra hluta á genginu 14,7. Hlutirnir verða eingöngu nýttir til að fjármagna kaup FL Group hf. á hlutum í fasteignafélögum og –sjóðum af Baugi Group hf. og tengdum félögum og afhentir Baugi Group í því skyni, samkvæmt samningi dags. 4. desember 2007. Stjórninni er heimilt að gefa út aukningarhlutaféð án þess að forgangs-réttar-ákvæði 34. greinar laga nr. 2/1995 um hlutafélög og ákvæði 4. gr. samþykkta félagsins eigi við. Að teknu tilliti til framangreinds ákveður stjórn félagsins þau atriði sem tilgreind eru í 36. gr. hlutafélagalaga, þ.á m. frest til áskriftar, fresti til greiðslu og frá hvaða tíma nýir hlutir veita réttindi í félaginu. Samkvæmt framangreindu er heimilt að greiða hina nýju hluti með öðru en reiðufé.“

Jón Ásgeir Jóhannesson

Stjórnarformaður FL Group

Helstu breytingar

- Eigið fé félagsins aukið í 180 ma.kr.
- Endurfjármögnun sem styrkir félagið verulega og eykur lausafjárstöðu
- Kaup á fasteignafélögum fyrir 54 ma.kr.
- Breytingar í yfirstjórn
- Mikil tækifæri í lykileignum félagsins, Glitnir, TM og Landic
- Áframhaldandi áhersla á Private Equity svið félagsins
  - Markmið að stofna sjóð árið 2008 með aðkomu utanaðkomandi fjárfesta
- Markaðsáhætta minnkuð verulega
- Rekstrarkostnaður verður lækkaður

Jón Sigurðsson

Forstjóri FL Group

ACQUISITION OF PROPERTY ASSETS

Key highlights of property transaction

- **Acquisition of a diversified property portfolio from Baugur Group**
  - Acquisition of 12 property companies and funds spread across Europe for ISK 53.8 bn
  - Selected assets intended to be sold back-to-back to Landic Property for ISK 13.7 bn
    - Purchase of property and back-to-back sale to Landic Property is subject to final consents and approvals
  - In line with increased focus on Private Equity
  - Companies with a leading market position, generating strong cash flows
  - Kaupthing Bank & KPMG have provided a fairness opinion on the valuation methodology and assumptions
- **A new platform for further growth**
  - Landic Property will be FL Group's platform for investments in property

LANDIC PROPERTY Smáralind IMMO CROISSANCE WCC Europe prestbury ÞYRPING EIK FASTEIGNAFÉLAG CATALYST CAPITAL TERRA FIRMA INDIA

Landic Property | A strong diversified property company

LANDIC PROPERTY

- Largest investment by value, a 39.8% holding in the company
- Landic Property is a leading Nordic real estate company with a substantial market share in Iceland, Sweden and Denmark
    - Circa 500 properties with approximately 2.7m sqm of rental space, split into office space, retail, industrial and hotels
    - Assets valued at over ISK 400 bn
    - More than 3,800 lease agreements
    - Over 270 employees
- A key strategic asset for FL Group
    - A platform for further growth
    - Valuable experience in deals with a property angle

Landic Property | A strong diversified property company

LANDIC PROPERTY

- Strong tenant base includes both governmental bodies, leading retail companies, airlines and banks:
  - Swedish Police Department and Stockholm County Council
  - Hagar, Magasin, Illum
  - TeliaSonera, Nordea, LM Ericsson
  - Scandinavian Airlines
  - Hilton Nordica Hotel
- Diversified asset portfolio:
  - Revenues for 2008 estimated approx. ISK 30 bn
  - 78% of rental income outside of Iceland
  - 10 largest properties account for only 20% of revenues
- Favourable valuation:
  - Valuation represents a pro-forma estimated 2007 yield of approx. 8% (excl. Keops development)
  - Double overhead cost structure and high expenses in relation to acquisition and integration of Keops
  - Nordic peers are trading in a yield range of 4.3-7.9%
  - Valuation in line with Keops transaction this summer

Kringlan
(Reykjavík, Iceland)

Haninge Söderbymalm
(Haninge, Sweden)

Huddinge Medicinaren 19
(Huddinge, Sweden)

Söderbymalm 3:488
(Haninge, Sweden)

Østergade 52
(Copenhagen, Denmark)

Tulpanen 3
(Mölndal, Sweden)

Kungsängen 15:1
(Kungsängen, Sweden)

Holtagardar
(Reykjavík, Iceland)

Alleen & Amager Strandvej
(Copenhagen, Denmark)

Hilton Nordica Reykjavik
(Reykjavík, Iceland)

Other assets | Solid assets with development potential

- Fasteignafélag Íslands (32.3%) is the parent company of Smáralind and some of the prime development plots adjacent to the Smáralind shopping mall
- Key figures:
  - Total assets around ISK 25 bn, equity of ISK 13 bn
  - Around 63,000 sqm in the premium shopping complex of Smáralind
  - Currently 16,000 sqm are under construction at Norðurturninn with further development potential of around 100,000 sqm
  - Transaction yield of Smaralind is 7.7% using next year's estimated rent revenues

Smáralind

- Thyrping (49.7%) is Iceland's leading property development company, specialising in regional planning and construction. The company has ISK 8.5 bn in total assets
- Current principal development projects are:
  - Borgartun 26, a high-profile office and service complex in the heart of Reykjavik's CBD
  - 101 Skuggi (Phase 2 and 3), a high-rise residential tower of 250 luxury apartments on the seafront in downtown Reykjavik
  - Nesgarðar, where 190 luxury apartments will be built on a prime location the north side of the town of Seltjarnarnes, adjacent to Reykjavik
- Valuation of asset:
  - Conservative valuation assumptions: A fully leased office building in Borgartún valued at multiples below city centre standards for new offices; e.g. Skuggahverfi valued at 20% discount to the current estimated price per sqm
  - No specific value attributed to development pipeline and expertise

ÞYRPING

Other assets to be acquired by FL Group

- Eik fasteignafelag is a property company in Iceland focusing on commercial real estate
- The company was acquired in April 2007 by a consortium led by FL Group
- Main figures:
  - Total assets around ISK 19 billion
  - Over 100,000 sqm are in the company's portfolio
- Valuations
  - Strong asset sales and rent enhancement implies favourable valuation

EIK FASTEIGNAFÉLAG

- Two funds focusing on the booming Indian market
- Credit turmoil in Europe and US does not appear to have impacted the Indian property market
- Valuations:
  - Funds were recently put in place and are valued at investment cost in the transaction
  - No premium payable for value created since investment

CATALYST CAPITAL

TERRA FIRMA INDIA

Other assets to be sold to Landic

» The LXB funds are primarily invested in assets that have development potential.
  » Retail, warehousing, edge of town developments, shopping centres, garden centres, mixed use properties and residential

» Strong tenants, including Tesco, Morrisons, Sainsbury's and House of Fraser

» Fund manager has an excellent track record within the UK market

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prestbury

» The Prestbury 1 fund is comprised mostly of three different asset portfolios:
  » A portfolio of 18 pub properties in the UK
  » A portfolio of 23 hospitals based in the UK
  » A portfolio of 8 UK and German hotel and leisure properties, including Madame Tussauds in London and Thorpe Park in Surrey

» Yields differ from one portfolio to another

» Investment made at investment cost of seller

WCC Europe

» The WCC Europe Sarl invests primarily in retail, office and warehouse property across Continental Europe

» The portfolio currently comprises:
  » 4 properties in Italy
  » 4 properties in Poland
  » 3 properties in Germany
  » 1 property in Hungary

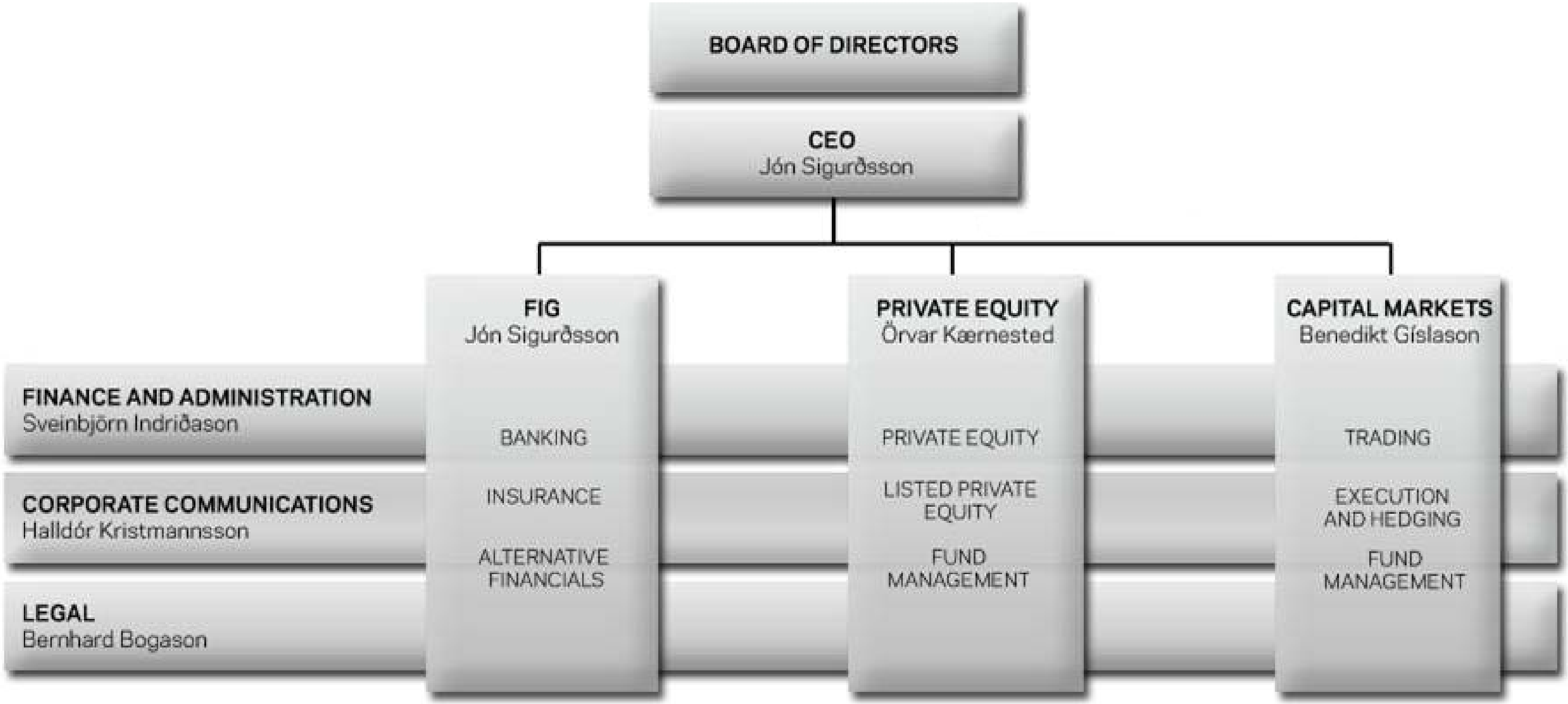
» Investment made at investment cost of seller

Property market considerations

Scandinavia and Iceland	» Yields are significantly above financing costs, and provide potential for future contraction » Turmoil in financial and credit markets has impacted transaction volumes and pricing, although less so than markets such as the UK » Opportunities for consolidation of a number of sub-sectors, such as development
UK	» Significant reduction in volume of property transactions, resulting in uncertainty as to yield movements in some sub-sectors » Increased pricing differentiation between classes of assets
Continental Europe	» Attractive pricing of property assets » Value creation opportunities as markets are internationalised (e.g. shopping malls in Italy) » Yield movements have differed by geography, with limited movements in Eastern Europe
India	» Property fundamentals are strong, primarily supported strong economic growth » Significant opportunities in markets such as hotels » Market insulated from US and European credit difficulties

CORPORATE OVERVIEW

Organization structure and management team



Business units

FIG

- 50% of total assets

PRIVATE EQUITY

- 25% of total assets

CAPITAL MARKETS

- 25% of total assets

FINANCIALS

Company financials

- Financial performance of the company has been very strong in recent years
- Market turbulence in recent months has significantly impaired this year's results
- Diversification of income sources is already underway with emphasis on reducing impact of market fluctuations on P&L:
  - Increased Private Equity activity
  - Consolidation of TM
  - Decrease market risk
  - Possible equity method accounting of key strategic assets
  - Fund management revenues
- Increased focus on operational efficiency:
  - Copenhagen office closed
  - Operational cost will decrease in 2008

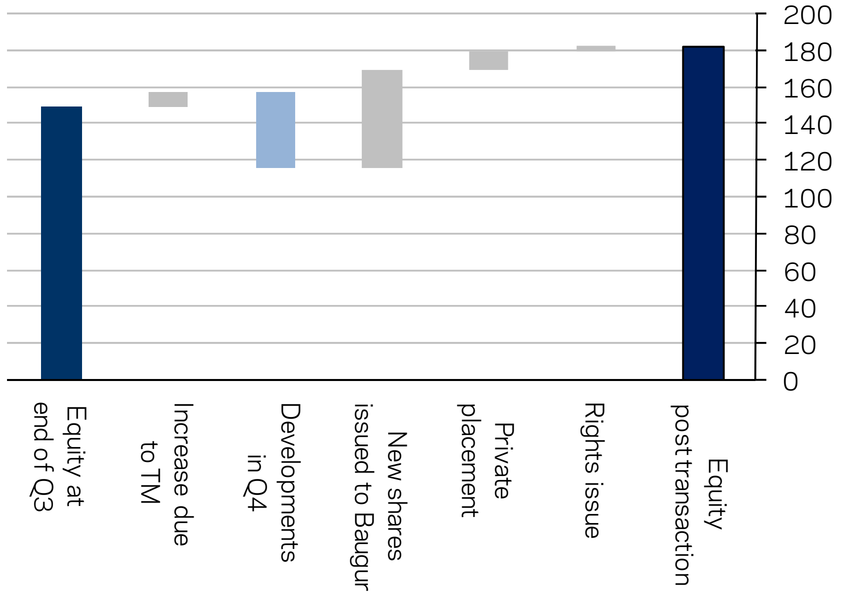
ISK million	**FY 2005**	**FY 2006**	**9M 2007**
Investment income	21,958	23,956	-3,520
Net income, securities and derivatives	1,270	854	2,944
Interest income	-2,258	-4,948	-11,252
Interest expenses	-621	-2,371	5,713
Net foreign exchange gain/loss	**20,349**	**17,491**	**-6,115**
Operating expenses	-1,652	-2,771	-3,098
Profit before income tax	**18,697**	**14,720**	**-9,213**
Income tax	-3,292	2,631	5,193
Discontinued operations (net)	1,846	27,208	0
Profit for the year	**17,251**	**44,559**	**-4,020**

Financial strength

- Transaction and equity increase changes balance sheet significantly
  - Share capital increases by 49%
- FL Group secured ISK 45 bn long-term financing
  - A part of the financing will be used to repay the Company's short-term debt
- Strong financial position:
  - Total equity of ISK 180 bn
  - Total assets of ISK 440 bn
  - Cash and cash equivalents of circa ISK 35 bn
- Equity ratio to increase to approximately 41%

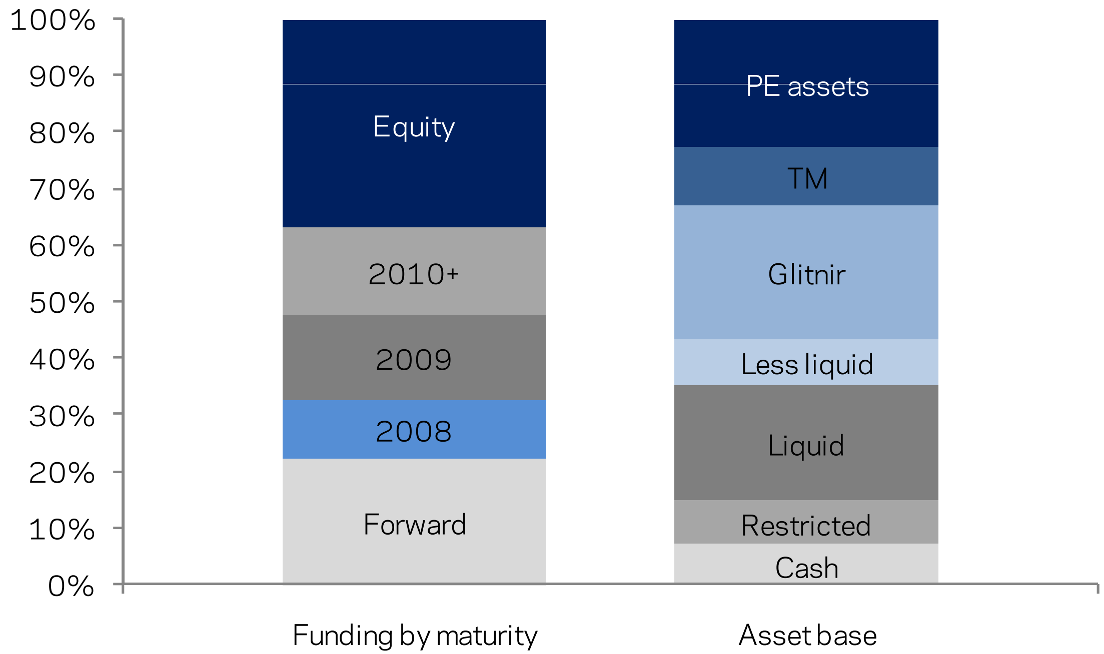
ISK million	2006	30 / 09	30 / 11 e
Total assets	**262,871**	**369,440**	**440,000**
Cash, equivalents and restricted cash	56,594	56,491	35,000
Listed securities	166,960	234,432	
Unlisted securities	14,201	31,777	
Total equity	**142,676**	**149,187**	**180,000**
Total liabilities	**120,195**	**220,253**	**260,000**

30/11 numbers are pro-forma estimates for FL Group including TM's 30/9 numbers



Funding and capital structure

- Capital structure and funding options differ substantially between business units
- Primary objectives of funding policy is to:
  - Minimise maturity mismatch between assets and liabilities
  - Diversify funding sources to fulfil the needs of each business unit
  - Maintain a healthy balance of cash or cash instruments and have liquid assets to cover maturing liabilities for the next 12 months



SUMMARY

Well positioned for future growth

- **Financial strength increased**
  - Equity of ISK 180 bn and cash of ISK 35 bn
  - Opportunities in current market conditions can be better exploited with a strong equity base
- **Solid asset base**
  - High quality assets in the portfolio
  - Property assets complement current asset base very well
  - A new platform investment positioned for growth
- **Operational improvements**
  - Operating expenses will decrease next year
- **Better managed market risk**
  - Decreased market exposure on high beta sectors
- **Strong investment platform going forward**
  - Operations run from London and Reykjavik
  - Rigorous risk and capital management

Nick Leslau

Stjórnarformaður og forstjóri Prestbury Investment Holdings

1. Tillaga um að veita stjórn heimild til að hækka hlutafé félagsins

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2. Tillaga um breytingu á heimilisfangi félagsins

- Stjórn félagsins gerir að tillögu sinni að hluthafafundur í FL Group samþykki að 2. gr. samþykkta félagsins verði breytt og verði svohljóðandi eftir breytingar:

- „Heimili félagsins er að Síðumúla 24, 108 Reykjavík.“

3. Tillaga um breytingu á tilgangi félagsins

- Stjórn félagsins gerir að tillögu sinni að hluthafafundur í FL Group samþykki að 3. gr. samþykkta félagsins verði breytt og verði svohljóðandi eftir breytingar:

- „Tilgangur félagsins er að starfa sem fjárfestingafyrirtæki þ.e. að ávaxta fé, sem hluthafar hafa bundið í starfseminni með fjárfestingum, þar á meðal í dóttur- og hlutdeildarfélögum.“

4. Framboð til stjórnar

» Eftirtaldir aðilar hafa gefið kost á sér í stjórn félagsins

Aðalmenn:

» Gunnar S. Sigurðsson, kt. 091169-3559

» Hannes Smárason, kt. 251167-3389

» Jón Ásgeir Jóhannesson, kt. 270168-4509

» Kristín Edwald, kt. 150471-5329

» Pálmi Haraldsson, kt. 220160-3789

» Þórður Már Jóhannesson, kt. 080773-5529

» Þorsteinn M. Jónsson, kt. 180263-3309

Varamenn:

» Peter Mollerup, kt. 220173-2759

» Smári S. Sigurðsson, kt. 030847-3349

5. Önnur mál

- Önnur mál:

FL GROUP