

PRESS RELEASE

KAUPTHING, AVIVA INVESTORS AND EXEMPLAR ANNOUNCE DEVELOPMENT PLANS FOR FORMER MIDDLESEX HOSPITAL SITE

Joint venture will create a new mixed-use community in the heart of Fitzrovia

London, 9 December 2010 – Kaupthing Bank, Aviva Investors and Exemplar Properties have entered into a development agreement to develop the former Middlesex Hospital site on Mortimer Street in Fitzrovia, London.

The three-acre site will be transformed into an integrated sustainable mixed-use community, centred on a new landscaped public realm that embraces the listed hospital chapel. The high-quality scheme is expected to be complete by late 2014.

To be designed by leading architectural practice Sheppard Robson, the site's new master plan will include a mix of open market residential apartments, affordable homes, retail, Grade A commercial space, and amenity for local occupiers including a health centre and an education facility. Kaupthing, Aviva Investors and Exemplar Properties intend to submit a new planning application to Westminster City Council in mid-2011. Following the grant of planning permission, work will commence on site immediately.

The development will deliver high quality residential accommodation in to a prime location with excellent local amenities. The constriction of supply and increase in buyer demand means there is excellent capital growth potential with little competition from other residential developments. The project will also be timed to perfectly capture the benefit of strong anticipated office rental growth as the West End performs strongly

during the economic recovery. It will offer new space of a quality and scale rarely found in the central West End market and will undoubtedly generate strong occupier interest from an early stage.

Clive Bush, Co-Founding Partner of Exemplar, said:

“The former Middlesex Hospital site offers a rare and exciting opportunity to promote and define an important part of Central London. Fitzrovia is a thriving established and harmonious community with an interesting heritage and the new master plan will reflect this.

“We will be engaging with local stakeholders including the nearby school to ensure we deliver a high quality, sustainable scheme that enhances and adds value to this well connected and desirable part of London.”

Steinar Thor Gudgeirsson, Chairman of Kaupthing’s Bank Resolution Committee, commented:

“We are confident that this partnership will bring the utmost value to the development of the Middlesex site and therefore to the Bank’s creditors. Earlier this year, there were signs that the London real estate market was starting to recover so we initiated a sales process.

“The conclusion following a rigorous process was to partner up with Aviva investors and Exemplar and we look forward to continuing the development site for the benefit of our creditors as well as for the benefit of the Westminster community.”

Joel Lindsey, Head of Aviva Life Funds, Aviva Investors, said:

“We will be working with Kaupthing and Exemplar to deliver an exciting mixed-use scheme in the heart of Fitzrovia. We believe the Central London residential market has a compelling investment case and the offices will benefit from the anticipated strong West End rental growth.”

CB Richard Ellis acted as advisors for Kaupthing Bank and Savills acted for Aviva Investors and Exemplar Properties.

ENDS

Notes to editors

About Kaupthing Bank

Kaupthing Bank is currently winding-up proceedings and is headed by a Resolution Committee, which is responsible for maximising the value of the Bank's assets to the benefit of its creditors and a Winding-up Committee, which handles the claiming process.

About Aviva Investors

Aviva Investors is the global asset management business of Aviva plc. The business delivers investment management solutions, services and client-driven performance to clients worldwide. Aviva Investors operates in 14 countries in Asia Pacific, Europe, North America and the United Kingdom with assets under management of almost £249 billion at 30 June 2010.

About Exemplar

Formed in 2003, Exemplar is one of the most active and successful property companies in London. The privately-owned company based in Fitzrovia has worked on 25 projects totalling in excess of 4 million sq ft to date. Other current projects include a new 145,000 sq ft mixed use development in St James Square SW1 being undertaken in joint venture with Rio Tinto, and the 300,000 sq ft redevelopment of the London Fruit and Wool building in Brushfield Street, E1 in joint venture with the City of London Corporation.