



Press Release (13 October 2006)

**JER PARTNERS SELLS ARROW PROPERTIES TO A £500 MILLION
MANAGEMENT BUY-OUT**

Arrow Properties Ltd ("Arrow"), the holding company of Allied London Properties Ltd ("Allied"), owned by JER Partners ("JER"), RREEF and the management of Allied, has been sold to Capital Holdco Ltd ("Capital") in a £500 million management buy-out.

Arrow was delisted from the London Stock Exchange in 2000. Capital, which is owned by The Royal Bank of Scotland plc ("RBS"), Delancey and Allied's management, financed the acquisition through a mix of debt and equity, the debt being provided by RBS.

Malcolm Le May, President Europe, JER Europe commented:

"The financing of this buy-out highlights the success of the business and its management team, particularly in relation to mixed use city-centre development projects. In the six years since Allied London was privatised, the company's value has increased significantly, with the average equity employed effectively being tripled. We are delighted that this achievement can be replicated going forward."

Allied, winner of several important awards over the last three years, is best known for its highly successful mixed use city-centre redevelopment projects in Manchester (Spinningfields), Glasgow (Skypark) and London (The Brunswick). Allied has a property development and investment portfolio with a gross value and cost of circa £500 million which, upon completion of its current commercial property developments, will grow to circa £800 million. Allied also owns Pelham Homes, where a potential 5,000 dwellings are being planned in substantial Community Developments in Essex, Kent, Sussex and Norfolk.

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NOTES TO EDITORS

About JER Partners

JER Partners is the private equity investment arm of J.E. Robert Companies, a real estate investment management company with 25 years of experience in sourcing, underwriting and managing a broad spectrum of real estate, debt products and equity.

JER Partners has been active in Europe since 1995. As European President of JER Partners, Malcolm Le May heads a team of 25, based at Berkeley Square, London.

In Europe, JER Partners has invested in the United Kingdom, France, Germany, Italy, Sweden and Finland. JER's first European real estate fund has mostly invested in the UK and France.

Since the inception of JER's second pan-European real estate fund in May 2003, JER Partners has made six investments in regional offices in the United Kingdom, acquired the Great Eastern Hotel and a site for residential development on the River Thames in Greenwich, London. In France, JER has acquired an hotel and an apartment building in Paris. In Germany, JER has made five investments, one portfolio of offices and four residential portfolios. In Finland, JER has so far acquired one portfolio of commercial assets. In Sweden, JER has bought and subsequently sold a portfolio of supermarkets across the country. In Italy, JER has acquired a retail portfolio.

For more information on JER, please visit www.jer.com.