

## **ARCAPITA SELLS REAL ESTATE PORTFOLIOS**

**May 8, 2005**

Arcapita, a leading Bahrain-based investment bank, announced today the sale of two multifamily real estate portfolios that generated attractive total returns, including current yield during the investment period, for the Bank's investors. The portfolios were acquired by Arcapita and its co-investors in 2000 for a total transaction value of approximately \$240 million.

Atif A. Abdulmalik, Arcapita's Chief Executive Officer, said: "We are pleased to have closed the investment cycle by exiting from two of our earliest real estate investments that have generated a total return in excess of 40% for our investors, including an attractive current yield during the investment holding period."

Arcapita's real estate investment strategy involves forming joint ventures with leading specialized real estate operators in selected asset classes. In 2000, Arcapita formed two joint ventures with Archstone-Smith, one of the leading owners, operators, and developers of multifamily housing, to acquire 11 multifamily apartment complexes, comprising approximately 3,500 rentable apartments, located in eight different metropolitan areas in the United States. Multifamily properties are garden style apartment complexes consisting of 2-3 storey buildings with certain central amenities such as children's playgrounds and clubhouses.

Asim Zafar, Head of Real Estate and Asset-Based Investments at Arcapita, said: "The US real estate market has enjoyed a boom during the last few years with prices increasing significantly. With the rising interest rate environment in the United States, we believe this is an opportune time to exit from our multifamily portfolio by selling the properties at attractive valuations."

### **About Arcapita**

Headquartered in Bahrain with offices in Atlanta and London, Arcapita's three principal lines of business are corporate investment, real estate and asset-based investment. To date, the Bank has completed 37 transactions with a total value of approximately \$8 billion and has an equity capital base in excess of \$300 million. Arcapita's mission is to provide innovative and distinctive Shari'ah compliant investment opportunities that generate superior risk-adjusted returns.

### **About Archstone-Smith**

Archstone-Smith (NYSE: ASN) is a recognized leader in apartment investment and operations. With a total market capitalization of approximately \$12 billion, Archstone-Smith owns and operates a portfolio of high-rise and garden apartment communities concentrated in the greater Washington, D.C. metropolitan area, Southern California, the San Francisco Bay area, Chicago, Boston, Southeast Florida, Seattle and the greater New York City metropolitan area.

Archstone-Smith, an S&P 500 company, was recognized as one of America's Most Admired Companies for 2004 by Fortune Magazine and ranks 991 on the Forbes 2000 List, the magazine's comprehensive ranking of the world's largest companies, for 2004. In addition, the company was recognized as Company of the Year by Colorado Biz Magazine.

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