

Ares Management Funds To Acquire Graphite Capital's Stake in London Square

Written by Australian Business

LONDON & LOS ANGELES--([BUSINESS WIRE](#))--London Square, the fast-growing London residential developer and house builder, announced today that private equity and real estate funds managed by Ares Management, L.P. (NYSE:ARES) have entered into definitive agreements to acquire the majority stake in the company from Graphite Capital, a leading UK mid-market private equity specialist, for an equity value of £110 million. Ares Management's funds, investing alongside management, will also deploy incremental capital to London Square's development in Greater London, with the target of building 1,000 homes a year. The transaction is expected to close by the end of July 2014.

Commenting on the transaction, Adam Lawrence, Chief Executive, London Square, said: "London Square has grown into one of London's leading residential developers and house builders, with the invaluable support of Graphite, which backed us at a challenging time for the property market. As we move on to the next stage in our plans for growth, the backing of Ares Management is a tremendous vote of confidence to support our expansion and the delivery of homes at all levels of the London market in areas where people want to live."

London Square was founded in April 2010 at the height of the recession by an experienced management team led by Mr. Lawrence with a focus on sites within the M25. Graphite supported the business with £50 million of equity capital, which was drawn down over the following two years. London Square quickly established itself as a high-quality residential developer and house builder and a strong brand. In addition to completed developments at Shoreditch, Wimbledon and Ruislip, London Square has six other sites under way with significant forward sales, plus a development pipeline of more than £800 million, which provides the potential for further strong growth.

Among the current projects is a development of 40 luxury townhouses in the heart of Fulham as well as the restoration and conversion of the historic Grade II listed Royal Star & Garter Home on Richmond Hill, both being jointly developed with Ares. In 2013, its Wimbledon development won the Best Family Home award at The Evening Standard New Homes Awards.

Graphite Senior Partner Mike Innes commented: "With Graphite's support, the London Square management team has performed strongly since we established the company in 2010. In four years, they have created a market-leading group with an extensive pipeline of new sites. The first stage of London Square's development has now been completed, and

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we wish Adam and the team every success for the next stage.”

“As an existing partner in the Fulham townhouse developments, we have been particularly impressed by Adam and his team as well as the quality of homes that London Square has brought to Central London,” said Bill Benjamin, Senior Partner in the Real Estate Group at Ares Management.

“We look forward to supporting London Square’s future growth and committing more capital to the business as it continues to meet the growing demand for quality homes for a broad range of homebuyers,” said Charles Steel, Partner in the Private Equity Group at Ares Management.

Notes to editors:

About London Square

London Square takes its name from the ethos of London’s famous squares - the sense of community and enduring legacy they have provided over the centuries.

By focusing solely on the capital and its surrounding areas, London Square, founded in 2010, specialises in developing homes which reflect the aspirations of the capital’s residents.

Its achievements have been recognised by the industry with numerous awards, including Newcomer of the Year at the 2012 RESI Awards and Norwood Property Awards. In 2013, London Square was recognised at both the Evening Standard New Homes Awards and the What House Awards. In 2014, it was highly commended at the RESI Awards in the Best Small Developer category. London Square won a Gold Medal at RHS Chelsea 2014 for the garden it sponsored, designed by Jo Thompson.

About Ares

Ares Management, L.P. (NYSE:ARES) is a leading global alternative asset manager with approximately \$77 billion of assets under management and approximately 700 employees in more than 15 offices in the United States, Europe and Asia as of March 31, 2014. Since its inception in 1997, Ares has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares believes each of its four distinct but complementary investment groups in Tradable Credit, Direct Lending, Private Equity and Real Estate is a market leader based on assets under management and investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole.

For more information, visit www.aresmgmt.com

Statements included herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future events or future performance or financial condition. These statements are not guarantees of future performance, condition or results and involve a number of risks and uncertainties.

Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in Ares’ filings with the Securities and Exchange Commission. Ares’ undertakes no duty to update any forward-looking statements made herein.

About Graphite Capital

Graphite is a specialist provider of private equity finance to mid-market companies in the UK. Graphite focuses on management buy-outs and also invests in replacement capital, expansion finance and turnaround opportunities. It backs companies with enterprise values of £25 million to £200 million. Graphite manages £1.5 billion through four private funds and the publicly-quoted Graphite Enterprise Trust PLC.

See the website: www.graphitecapital.com