



News release

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Graphite Capital sells London Square to Ares Management

London Square, the fast-growing London house builder, has been sold by Graphite Capital, a leading UK mid-market private equity specialist, to Ares Management in a joint investment by its private equity and real estate funds, for an equity value of £110 million.

Commenting on the transaction, Adam Lawrence, chief executive, London Square, said: "London Square has grown into one of London's leading 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, with Graphite backing an industry-leading management team led by Adam Lawrence to 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 house builder, with an exceptional management team and a strong brand. In addition to completed developments at Shoreditch, Wimbledon and Ruislip, London Square has six other sites underway with significant forward sales. The development pipeline of more than £800 million provides the potential for further strong growth.

Among the current projects are a development of 40 luxury townhouses in the heart of Fulham and 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 and we are very pleased with the investment return. 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 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.

London Square is a further example of Graphite's success in providing development capital for growing businesses. Recent examples include last year's disposals of Willowbrook Healthcare and Optimum Care, for which Graphite had provided development capital to build or acquire high-quality care homes. Willowbrook was sold to the management team with backing from Health Care REIT Inc. Optimum Care was sold to Four Seasons Healthcare, the UK's leading independent health and social care group.

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