



News release

6 August 2013

Graphite Capital sells premium quality care home provider Willowbrook

Graphite Capital, a leading UK mid-market private equity specialist, has sold its majority shareholding in Willowbrook Healthcare, which develops, owns and manages premium quality care homes for the elderly. The company was acquired by the management team with the backing of Health Care REIT Inc., a large US healthcare property investor. Graphite has exited its investment in Willowbrook completely, generating a strong return from the transaction. Willowbrook's founding management team, led by John Strowbridge and Ian Matthews, will continue to manage the homes and the company.

Willowbrook was established in October 2008 following the success of Avery Healthcare and Optimum Care, two previous Graphite investments backing the same management team. Graphite, the management team and a bank syndicate led by Royal Bank of Scotland provided funding of over £80 million to build the business. The banking syndicate also included Bank of Ireland and Allied Irish Bank.

Since its inception Willowbrook has grown to 13 freehold homes with capacity for 880 residents. All of these homes were newly built, are amongst the highest quality care homes in the UK and trade under the Avery brand name. Willowbrook also has a pipeline of further sites ready for development. Willowbrook's very high standards of care have enabled it to achieve high occupancy levels and a strong financial performance. The company now has 938 employees.

Graphite first backed John Strowbridge and Ian Matthews in October 2005 to establish Avery Healthcare. In total Graphite invested over £70 million of growth capital in the three successive companies which they established during this period (Avery, Optimum and Willowbrook). During this period the team developed, acquired and managed 46 care homes for the elderly in England with capacity for nearly 3,200 residents. Avery

Healthcare was sold in June 2007 and Optimum Care in April 2013, both investments generating strong returns for Graphite.

Over the past 20 years Graphite has invested in a total of seven care homes businesses through various stages of the economic cycle. Each of these investments generated positive returns on exit, having grown significantly by making acquisitions or developing care homes.

Commenting on the Willowbrook transaction, John Strowbridge, Willowbrook managing director, said: "Our strategy and vision since 2005 have been to develop and manage a portfolio of the highest quality care homes in the UK. Graphite's financial support and experience in providing equity to the elderly care sector have been invaluable in enabling us to establish our leading position as a provider of services to older people. We look forward to continuing Willowbrook's successful growth strategy."

Graphite senior partner Mark Hudson added: "Willowbrook, Optimum and Avery fitted perfectly with our strategy of investing in best-in-class businesses with strong growth potential. We were delighted to have contributed to their success and to have provided much needed funding for the development of new care homes in the UK. There is an ongoing need for investment in the broader healthcare sector, which we believe will continue to generate attractive opportunities for our funds."

Mark Hudson, Mark Hall, Simon ffitch and Mudassir Khan managed the investment and the transaction for Graphite.

Ends