



INVESTOR & ANALYST BRIEFING

London Square Acquisition &
Investment in European Private Real Estate Credit

14 December 2023

LONDON SQUARE OVERVIEW



Premier and leading residential developer in the UK

- Established in 2010, London Square (LSQ) is a **leading multi-tenure developer** operating in Greater London.
- Renowned for creating high-quality residential developments** ranging from luxury apartments to single-family houses, with supporting commercial uses.
- London Square plays a **pivotal role in regenerating the areas and communities** it serves through its developments including delivering affordable housing.
- Diverse portfolio across Greater London** with low/mid-rise apartment and standalone houses across a range of price points on primarily brownfield sites.



Core 'build-to-sell', higher margin offering, developing homes across Greater London (and the Southeast) for sale to private individuals.



'Build-to-rent' capital light offering, centered on a partnership approach with institutional investors and capital partners for forward-funding.



Affordable housing offering, leveraging partnership approach and ability to retain management of completed units (for fees) as a 'registered provider'.



Commercial offering, serves as a key enabler to placemaking – ensuring vibrant mixed-use schemes while also satisfying planning conditions.

100% Acquisition (closing date 30 November 2023)

Equity Value

AED 560mn
(GBP 120mn)

Enterprise Value

AED 1.07bn
(GBP 230mn)

EV/TGAV

1.0x

Facts & Figures

AED 1.2bn¹
Revenue
(GBP 252mn)

AED 93mn¹
Gross Profit
(GBP 20mn)

>20%
Target
Gross Margin

25²
Projects under
construction or
contract

855²
Backlog Units

AED 1.9bn²
Backlog Value
(GBP 410mn)

~ 4k²
Landbank units

AED 9.3bn²
GDV Landbank
(GBP 2bn)

¹ FY 2023 (year-end March 2023)

² as at 30 November 2023

GBP/AED: 4.67 at 30.11.2023

LSQ STRATEGIC RATIONALE



Establishing a foothold in the UK market

UK market entry aligns with Aldar's international expansion strategy

- International expansion strategy aims to boost scale, broaden market reach and diversify revenue streams beyond home markets
- UK presence supports Aldar's global recognition and relevant to Aldar's HNWI/residential customer base
- Expansion of Aldar Development franchise to accelerate UAE sales growth and drives synergies through international sales growth
- Aligns with strategy to deploy capital, invest and diversify into "growth" real estate sectors

UK housing market fundamentals are strong

- Though interest rate increases have put downward pressure on house prices, UK house prices remain relatively stable in a longer-term context
- High interest rates expected to moderate over next two years
- There remains a long-term structural undersupply of UK Housing
- Correction in the land market represents an attractive opportunity for land acquisition-led growth with the right delivery platform
- London considered a global hub and 'winning city' with strong work-live-play elements that attract high growth business & talent

London Square focused in high-density residential Central London

- High quality platform centered around well-located sites in Greater London with an upper-mid income to high-income customer base
- Strong management team, track record & close cultural fit with Aldar
- Operating model focused on "Living" products (BTS, BTR, Affordable Housing) with opportunities to further diversify product offering
- Renowned for its appeal to global investors presenting two-way customer flow into the UAE market and Aldar's offering.

Current cyclical market provides **right opportunity to expand international footprint into UK** and London specifically.

Capitalise on the **UK's long-term favourable real estate sector** trends.

Gain a foothold in a market where Aldar can **tap into adjacent and non-traditional real estate sectors**.

Scale Aldar's reputation as a **globally relevant**, active and integrated real estate player.

Enable Aldar to **bring the best of its platform to bear to the UK market**.

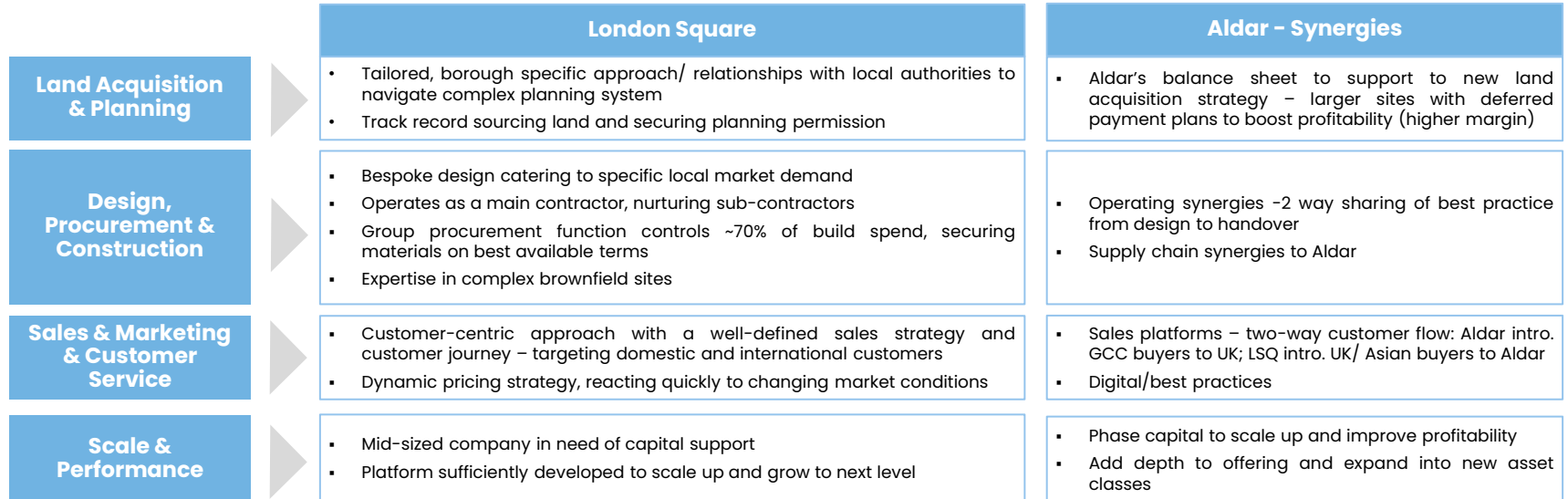
Maximise synergies from **2-way customer flow & operational efficiencies**

LSQ COMPATIBILITIES & SYNERGIES



Leveraging Aldar & LSQ strengths to drive scale and performance

Governance, Brand Reputation & Management Team	Employees & Culture	ESG & Sustainability
<ul style="list-style-type: none"> Leading developers with strong track records Highly experienced management teams Robust governance policies and processes 	<ul style="list-style-type: none"> Mature company culture Strong employee engagement scores 	<ul style="list-style-type: none"> ESG deeply embedded in operating models Delivering positive impact to respective communities Promote sustainable resources to reduce CO2 footprint



INVESTMENT IN EUROPEAN PRIVATE REAL ESTATE CREDIT



Strategic partners form a USD 1 billion private credit platform, which will invest in senior secured debt across diverse real estate segments in the UK and European Union.

Platform Summary

Security	Inv. Mandate	Target Returns
Senior Secured Debt	Europe & UK	11-15% Net IRR
1 st Lien on Real Estate Asset	Commercial Real Estate Mortgages	

Strategic Partners

MUBADALA	ALDAR	ARES
50% Stake	30% Stake	20% Stake

Capital Deployment

	Platform	Aldar
Existing Equity	USD 319mn ¹	c. USD 100mn
Future Equity	USD 1.0bn ¹	USD 300mn

Why Private Real Estate Credit

Confluence of [market dynamics, including rising benchmark interest rates, widening credit spreads](#) in the real estate sector

Resetting of property valuations have [created attractive investment opportunities](#)

[Banks reducing exposure due to stricter capital and liquidity requirements](#), the commercial real estate sector is increasingly turning to [non-bank providers of credit](#)

€390 billion of [real estate debt is due to mature](#) in 2024 in the UK and the EU

By reaching similar penetration levels to that of the USA, the [UK and European alternative lending markets could see market growth of €270 billion and €540 billion respectively](#), highlighting the [scalability](#) of the product

Strategic Rationale

Aligns with – and adds weight to – Aldar’s strategy to diversify its operations and [exposure into new geographies and real estate asset classes](#)

Broadens Aldar focus from the traditional equity investments it is known for in the region, to [diversifying its investment portfolio across the capital structure](#)

[Partnership with leading, experienced and reputable players and an existing platform](#) with strong track record, robust governance policies and processes

Leverages [Ares’ highly experienced private credit teams](#) – that will handle origination, monitoring and pipeline execution – with over \$64 billion invested across real asset strategies and \$13 billion in global real estate debt

Gain [meaningful foothold in a high growth market](#) and the opportunity for Aldar to [build skillset, expertise and track record](#) from joint Ares-Mubadala teams ahead of [exploring development of a regional Aldar-owned product](#)

¹ Unleveraged