

Pretium and Ares Management Announce \$2.4-Billion Take-Private Transaction with Front Yard Residential

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NEW YORK and LOS ANGELES, Oct. 19, 2020 /PRNewswire/ -- Pretium and a group of its investors and funds managed by the Real Estate Equity and Alternative Credit strategies of Ares Management Corporation (NYSE: [ARES](#)) today announced a strategic partnership to acquire Front Yard Residential Corporation (NYSE: [RESI](#)) ("Front Yard"), a leading provider of high-quality and affordable single-family rental ("SFR") housing, in an all-cash transaction that values Front Yard at \$2.4 billion.

The transaction demonstrates investors' increasing demand for SFR assets and the unique investment opportunities available to operators such as Pretium that possess the requisite scale to drive margins. Pretium led the transaction and will manage the venture following closing.

Front Yard will benefit from the scale, expertise, data analytics, and operational and capital markets capabilities of Pretium and its wholly owned property and asset management platform Progress Residential. Upon completion of the transaction, Pretium will become the second-largest owner and operator of SFR properties in the United States with a portfolio of more than 55,000 cash-flowing single-family rentals throughout the country.

"This transaction further establishes Pretium as both a pioneer and a leader in the SFR space since 2012, having completed the industry's largest strategic recapitalization in 2019 and now leading the industry's first public-to-private transaction," stated Don Mullen, Chairman and CEO at Pretium. "We firmly believe that scale is paramount to outperformance and continuing to create meaningful liquidity for SFR investors is necessary to ensure robust valuations and the continued flow of institutional capital into the SFR asset class."

"The acquisition of Front Yard and its team represents a unique and strategic opportunity to leverage our differentiating scale and best-in-class operating platform to drive margins and deliver attractive returns to investors," added Dana Hamilton, Head of Real Estate at Pretium. "We look forward to working with the Front Yard team to make our resident-focused management approach available to a greater number and more diverse set of households, as well as to new markets where affordability challenges are growing."

"We look forward to partnering with Pretium on this compelling opportunity to invest in an attractive and well-diversified portfolio of single-family rental assets," said David Roth, Partner and Head of U.S. Real Estate Equity in the Ares Real Estate Group. "SFR has become a core real estate asset class that fits well within our investment strategy, and we believe Pretium's experience as one of the earliest innovators in the sector makes them an ideal partner for us."

"This transaction is a perfect example of how we collaborate and partner across our platform to offer flexible capital solutions of scale while making differentiated investments on behalf of our investors," said Joel Holsinger, Partner and Co-Head of Alternative Credit

at Ares Management. "We are excited to partner with our real estate colleagues and Pretium to benefit all of our stakeholders."

The transaction is expected to close in the first quarter of 2021, subject to the satisfaction of customary closing conditions.

Advisors

RBC Capital Markets, LLC is serving as financial advisor to Pretium. BofA Securities is serving as financial advisor to Ares. Sidley Austin is serving as M&A legal counsel, Fried Frank as partnership legal counsel, and Hunton Andrews Kurth as special tax and financing counsel to Pretium. Latham & Watkins is serving as legal counsel to Ares.

About Pretium

Pretium is a specialized alternative investment management firm focused on residential real estate, mortgage finance, and corporate credit. Pretium was founded in 2012 to capitalize on secular investment and lending opportunities arising as a result of structural changes, disruptions, and inefficiencies within the economy, the residential housing sector, and mortgage finance markets. Pretium has built an integrated analytical and operational ecosystem within the U.S. residential housing, mortgage, and corporate credit markets, and believes that its insight and experience within these markets create a strategic advantage over other investment managers. Pretium's platform has more than \$16 billion of assets under management as of October 1, 2020 and employs approximately 1,500 employees across 26 offices. Please visit www.pretium.com for additional information.

About Progress Residential

Progress Residential is a market leader in intelligent single-family rental management services, with people, technology, scale, and data-driven solutions that streamline operations, optimize asset performance, and provide an exceptional renting and living experience for our residents. Progress Residential's approximately 1,000 employees currently manage over 40,000 homes across 15 core markets. Progress Residential also offers third-party property management service for investors with mid-to-large single-family rental home portfolios and Built for Rent communities through its PR3 Management business. For more information, please visit www.rentprogress.com.

About Ares Management Corporation

Ares Management Corporation (NYSE: **ARES**) is a leading global alternative investment manager operating integrated businesses across Credit, Private Equity and Real Estate. Ares Management's investment groups collaborate to deliver innovative investment solutions and consistent and attractive investment returns for fund investors throughout market cycles. Ares Management's global platform had approximately \$165 billion of assets under management as of June 30, 2020 with approximately 1,400 employees operating across North America, Europe and Asia Pacific, pro forma for the acquisition of SSG Capital Holdings Limited which closed on July 1, 2020. For more information, please visit: www.aresmgmt.com.

About Ares Real Estate Group

The Ares Real Estate Group manages comprehensive public and private, equity and debt strategies with approximately \$14 billion of assets under management and approximately 80 investment professionals, as of June 30, 2020. The real estate team maintains a time-tested and consistent investment approach across equity and debt strategies focusing on

major property types that have value creation opportunities, located in liquid markets with diversified economies.

About Ares Alternative Credit

Ares' Alternative Credit strategy focuses on direct lending and investing in assets that generate contractual cash flows and fills gaps in the capital markets between credit, private equity and real estate. Ares Alternative Credit targets investments across the capital structure in specialty finance, lender finance, loan portfolios, equipment leasing, structured products, net lease, cash flow streams (royalties, licensing, management fees), fund secondaries and other asset-focused investments. Co-Headed by Keith Ashton and Joel Holsinger, Ares Alternative Credit leverages a broadly skilled and cohesive team of approximately 40 investment professionals as of June 30, 2020.

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