



SPECHT

Ares Real Estate Group and Specht Development Acquire 1,000,000-Square-Foot Industrial Facility

MILWAUKIE, Ore. — November 7, 2018 — A joint venture between real estate funds managed by Ares Management, L.P. (NYSE: ARES) and an affiliate of Specht Development, Inc. announced today the \$48.5 million purchase of an industrial facility located on 62 acres at 6433 SE Lake Road in Milwaukie, Oregon, a submarket of the greater Portland, Oregon area. The transaction closed on October 26, 2018.

The property is currently used as a distribution center for grocery wholesaler and retailer SUPERVALU, which will continue to occupy the facility. At the end of SUPERVALU's lease, the joint venture plans to renovate and modernize the property, including such improvements as new roofing, dock doors, and structural upgrades.

The 992,190-square-foot property includes warehouse, distribution and manufacturing space, freezer/cooler space, and ample room for truck maneuvering and excess trailer storage. It also has a separate 48,000-square-foot office on the site.

"This investment makes sense for many reasons. Located inside the I-205 freeway, it is well-situated to the Portland metropolitan core and the buildings can be utilized in a multitude of ways," said Greg Specht, CEO of Specht Development. "Both our acquisition costs and our expected renovation costs will allow for extremely competitive rental rates to be offered to future tenants. General industrial market vacancy rates, combined with historically low vacancy in the Clackamas/Milwaukie area, bode well for this property's future absorption."

"This acquisition fits the Ares Real Estate Group's longstanding investment strategy of identifying high-quality, infill properties in need of substantial repositioning and improvement. It also continues our practice of partnering with best-in-class developers and sponsors like Specht Development," said Jay Glaubach, Partner in the Ares Real Estate Group.

Don Ossey, SIOR, with Portland-based Capacity Commercial Group, served as the sole real estate broker on the transaction and brought the off-market opportunity to the joint venture. Josh Katzin, Managing Director at ACORE Capital, a leading commercial real estate finance company, originated the acquisition loan. JLL served as Capital Markets Broker, represented by Buzz Ellis, Paige Morgan, Brian Halpern, Alex Kane, and Mark Detmer in sourcing both the debt and equity for the property.

About Ares Management, L.P.

Ares Management, L.P. is a publicly traded, leading global alternative asset manager with approximately \$125 billion of assets under management as of September 30, 2018 and 18 offices in the United States, Europe, Asia and Australia. 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 three distinct but complementary investment groups in Credit, 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.

About Specht Development, Inc.

Specht Development, Inc. was formed in 1992 as the development services arm for all related Specht entities, and has been responsible for developing or providing project and construction management on over 11 million square feet of commercial and industrial real estate with a cost basis in excess of \$1 billion. For more information, visit www.spechtprop.com.

About ACORE Capital

ACORE Capital, LP is a commercial real estate finance company focused on originating, acquiring and managing first mortgages, B-notes, mezzanine debt and preferred equity throughout the United States. ACORE, which is an acronym for Alpha Commercial Real Estate, specializes in providing borrowers with customized financing solutions at competitive rates and flexible terms. For investors, ACORE is focused on generating alpha through attractive commercial real estate debt investments coupled with superior risk management. ACORE is led by commercial real estate finance veterans Boyd Fellows, Stew Ward, Chris Tokarski and Warren de Haan. For more information, please visit www.acorecapital.com.

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