

Frogmore fund collects £45.5m repayment

Paul White's Frogmore has banked £45.5m following the repayment of debt it provided to help buy a sprawling estate in Oxfordshire.

The Dorchester group has repaid the loan, secured against the 1,200-acre Heyford Park, after clinching a refinancing deal with a syndicate including Lloyds Banking Group and an unnamed Swiss investor. Terms of the refinancing are undisclosed but the deal is a rare example of traditional lending to a development outside London.

Frogmore bought the former RAF base jointly with the Dorchester Group in 2009 via its second fund, the £200m Frogmore Real Estate Partners II (FREP 2) fund.

The loan repayment is another coup for Frogmore's FREP 2, returning a gross leveraged IRR of 33% and enabling it to keep up a track record of delivering high returns on investments. The fund's DPI, a measure of returns distributed to investors relative to the amount of money committed, now stands at 54%, eight months after the end of the commitment period.

FREP 2 is fully invested in a portfolio of 10 assets, two of which have now been sold.

The fund's first asset sale was a portfolio of 20 retirement parks in the South of England in 2011, which produced a gross leveraged IRR of 37.5%. The second was Marconi House in the Strand, WC2, an 85-flat scheme, producing an IRR of 37.5%.

Stuart Jenkin, director of fund management at Frogmore, said the repayment of the Dorchester loan was a sign that the market was "creating the right environment on good returns on equity" for "value-add" managers.

Frogmore is invested in some of London's most prominent landmarks, including, the Gherkin, at 50 St Mary Axe, via its first fund, the £330m FREP 1 fund. The company also owns a 25% stake in Centre Point in the West End.