

Finance

Frogmore hits new high with £377m fund

■ Private equity firm raises record amount for fund with firepower approaching £1bn

BY GUY MONTAGUE-JONES

Frogmore has completed its largest ever fundraise of £377m for its latest UK-only value-add fund.

The private equity firm's third fund, Frogmore Real Estate Partners III (FREP III) has closed for new investment after beating its fundraising target of £350m. Based on a targeted gearing level of 60%, the new fund will have nearly £1bn to invest in UK real estate.

FREP III will be the firm's biggest fund to date. Frogmore raised just over £330m for its first fund in 2006 and £195m for its second in the wake of the financial crisis in 2009.

Frogmore has typically raised the bulk of its capital from North America and this time around US and Canadian pension funds are again among its investors. However, it has broadened the investor base, attracting Asian capital for the first time, with two Singaporean investors committing equity to the new fund.

The investment strategy and targeted returns will be in line with previous funds. FREP III will invest in properties in need of asset management across a



range of sectors and will target an internal rate of return (IRR) in the mid to high teens and an equity multiple of 1.8x.

"We will look to invest in broken and misplaced assets that we can work on and sell to core," said Jo Allen, Frogmore's chief operating officer. "We have a stable team – most of us have been working together for 15 years or more – which gives us an edge investing in today's market."

So far, the new fund has deployed

£50m of equity across three acquisitions including a 2.65-acre development site in Canary Wharf, an office-led scheme in High Holborn that it plans to refurbish and a retail park near Manchester with a number of vacant lots.

Frogmore returned all the equity investors put into FREP II after selling just six of the 10 assets in the fund, delivering an IRR of 31.6% and equity multiple of 2x on the properties sold.

IN BRIEF

Värde completes Bizspace buy

Värde Partners has completed the purchase of flexible office space specialist Bizspace. As first reported in May, the US hedge fund bought the group for £138m in a distress sale dubbed Project Spring after it was put on the market by Savills and PwC on behalf of RBS, HSBC, Nationwide and AIB.

Invesco deal to wind up company

The remaining assets of the Invesco Property Income Trust have been sold to Kildare Partners in a deal that will lead to the company being wound up. Shares in Invesco Property Income Trust were suspended last July after it became clear the fund would be unable to meet September loan repayments. According to its annual report, the company had bank borrowings of £150.8m at the end of April last year and the value of its portfolio was £119.76m.

Invista finishes Spanish sell-up

Invista European Real Estate Trust has completed the sale of its last remaining investment in Spain. The pan-European company, which is looking to sell its remaining assets, announced that it had sold a logistics asset near Girona for €2.95m (£2.09m) in a deal that will help repay its debts and leaves a portfolio located mainly in France and Germany.

Whittaker's shopping spree takes his stake in Intu over £1bn mark



John Whittaker's shareholding in Intu has passed the £1bn mark after the property billionaire bought £80m of shares in the past fortnight.

Whittaker has been building up his shareholding this year in a series of share purchases and the latest acquisition takes his holding in Intu to £1.076bn, equivalent to just over a quarter of the £4.15bn market value of the company.

The owner and chairman of

Peel Group, whose fortune was estimated at £2.37bn in this year's *Sunday Times* rich list, has been a substantial Intu shareholder since 2011 when he sold the 1.5m sq ft Trafford Centre to the listed shopping centre landlord.

As part of the deal, he took shares worth £636m in the company (then called Capital Shopping Centres) and became its deputy chairman.

Intu's shares have underperformed in the

wider REIT sector since and so far this year they are down 5% at 317.4p. But Whittaker's share purchases indicate that he continues to see value in the company.

Intu declined to comment on Whittaker's stake, but a source close to the company said it was "an encouraging sign of his continued support for the business".

The company is due to publish its half-year results on 30 July.