

Frogmore goes on mobile home holiday

Fund manager invests £17m in residential across the south

By Laura Chesters

Fund manager invests £17m in residential across the south

Frogmore's second fund made its debut purchase this week by investing in mobile retirement homes.

The purchase is also a new property asset class for Frogmore.

The fund, Frogmore Real Estate Partners II, has teamed up with retirement home operator Britannia Parks Group to invest £17m in a portfolio of 20 freehold residential retirement parks.

The fund, which had its first closing in July, has raised more than £200m of equity. The Royal Bank of Scotland provided senior debt for the Britannia purchase.

The portfolio has been assembled over the last three years to specifically target the over-fifties and comprises 1,430 mobile home pitches that house 1,225 income-producing homes.

The portfolio stretches across the south of England and covers Littlehampton, Bognor Regis and Tunbridge Wells.

The mobile retirement home sector has been a popular asset class for institutional investors because of the UK's ageing population and the

sector's secure income stream. In 2007, Rockspring Hanover and RREEF both invested in the sector.



To purchase a mobile home, buyers make one upfront payment, move on to the park and then pay a pitch fee or ground rent, often on a monthly basis.

Occupiers must also enter into an agreement with the operator whereby, if the home is sold by the occupier, the operator will be paid a percentage of the sale value, which cannot exceed 10%.

The mobile homes, which are more akin to bungalows than caravans, have fully fitted bathrooms and kitchens and central heating.

Paul White, managing director of Frogmore, said: 'Since our first closing in July last year, we have seen a huge number of potential deals but we have been patiently watching the market and seeking the right opportunity.'

White added: 'The homes offer equity release in return for a mobile home and a lifestyle change to move into a community of similar age groups with associated activities and values. We think that this concept is set to become increasingly popular in the retirement sector.'

Stuart Jenkin, Frogmore managing director of joint ventures, said:

'The demographics show we are an ageing population. There are growing worries over pensions that mean equity-release options will become more important.'

'We really like this sector and think there are a variety of opportunities for growth.'

'Current vacant pitches can be developed, older homes can be redeveloped and spare land can be developed for more homes or even, in the long term, for services on the sites if planning was gained.'