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American giant in UK property push

■ AIG to team up with ex-St Modwen man Froggatt's new group, London & Wharfedale

BY DANIEL THOMAS AND MARK SHEPHERD

THE WORLD'S LARGEST INSURER AIG HAS TEAMED up with a former St Modwen executive as part of a full-scale drive into UK property.

Richard Froggatt is to launch development company London & Wharfedale with Asda's former property chief, and has agreed a first joint venture with AIG Global Real Estate to look for development sites in the UK.

Although AIG would not comment, the company is preparing to push into the UK and is seeking further joint venture opportunities.

As one of the world's biggest companies, with revenue last year of \$108bn (£56.6bn), its arrival in UK real estate only reinforces the flood of cash coming into the British market.

AIG is one of the biggest development funders in Europe, and was shortlisted last month for European Funding Partner of the Year at the European Property Awards. However, it has been relatively quiet so far in UK property.

The London & Wharfedale team is investing its own equity, and has offers of finance from at least one other big investor.

The company has also secured a joint venture with developer Broadhall, led by Mike Davies. Broadhall Wharfedale has a mandate to buy and develop sites in Wales.

Froggatt said London & Wharfedale is working on two opportunities through the Broadhall joint venture, and is in talks with AIG Global Real Estate on potential schemes.

Froggatt, a former main board executive director of St Modwen, has founded London & Wharfedale with Stephen Clark who, as property director at Asda for 12 years, doubled the supermarket's retail floorspace.

Nic Mellor, a financial executive at St Modwen, has also joined the founding team.

The company has opened offices in Wharfedale in Yorkshire, Birmingham and London.

Froggatt told *Property Week* he hopes to emulate St Modwen's success by specialising in large regeneration projects around the UK.

Froggatt said that although there is a relatively unlimited amount of funding, the company has targeted an initial portfolio of development sites of around £100m.

'After 12 or 18 months, if we can secure a handful of partnerships and an equal number of outright acquisitions, I would be delighted,'

he said. 'We have tremendous support from two or three sources, which can support more deals than we're likely to find. We are in the very fortunate position of finance not being an issue.'

Froggatt said the company's acquisition programme would be 'opportunity driven'. He said his expertise as an investor and developer would be matched by Clark's experience on the occupier side.

Law firm Lawrence Graham advised on the formation of London & Wharfedale.

£110,000,000 PLUS



Irish investor D2 Private this week emerged as the buyer of Fortress House, the former English Heritage headquarters at 23 Savile Row in London's West End. The 100,000 sq ft (9,290 sq m) building is being sold by Legal & General for more than £110m. The block was expected to sell for £85m. CB Richard Ellis is advising on the sale.