Grosvenor Financial

Grosvenor ‘pension to peer’ fund invests in £10m Doncaster development

Specialist IFA Grosvenor Financial Consultants has agreed funding of £3.45m for Leeds-based Prospect Property Group’s new £10m environmentally sustainable office scheme at Doncaster International Business Park through the firm’s peer to pension lending scheme.

The Fountain Court scheme is in its second phase of development with a further nine ‘workpod’ office units of 1,450 sq ft and 1,600 sq ft, under construction and due to be completed this September.

Mark Pepper, founder of York-based Grosvenor, established the commercial lending fund backed by his clients’ pensions, after working extensively with HMRC and pension law experts. He is believed to be the first IFA in the country to have developed the pension-to-peer lending platform in 2009.

The system enables private and company pension pots to be lent commercially against secured investments, typically commercial property developments that require funding for building work.

Grosvenor’s clients have been invited to make loans in 21 separate ventures, lending a total of £47m so far, with £27m being lent on high profile projects in the past year.

“The success of the first completed loans has been well received by our lenders, and many have backed further issues and opportunities,” said Mark Pepper. “We average interest rate returns over 9 per cent per annum to our lending clients, and our structure retains the tax efficiency of the pension, and secures the loans with first ranking security against safe assets, mitigating the risk.”
He added: “Investors like to understand the businesses we lend to, and to have an idea of the investment location and market appeal, and they tell us that they feel better knowing the exact project we are backing. In some cases investors like to personally keep an eye on progress, and keep track of how the projects are developing.”

Group managing director of Prospect Property Group, Warren Hill, said: “I think it’s important, now more than ever, to have a portfolio of lending rather than have all our eggs in one basket. Prospect uses a combination of its own capital, traditional bank lending and private investment. This is the first time we have looked at pension-to-peer finance, but it offered us very competitive finance that blends with our own capital investment and bank lending.”

We had to present a strong business model in order to work with Grosvenor, and copper-bottomed security was a prerequisite.”

He added: “The main benefit of sourcing funding from Grosvenor is that they are a local lender and we like that because they understand the market and the assets. They also invest in their relationship with our business and we value that. And they are entrepreneurial – just like us.”

In total, Fountain Court will cover 62,000 sq ft and is expected to create more than 130 jobs, providing environmentally sustainable ‘workpod’ office accommodation for 134 staff. Environmental criteria are a key consideration in the scheme, which will deliver the most energy efficient office accommodation in the area.