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## **MERCHANT INVESTORS PENSION PROPERTY SYNDICATE DELIVERS 48 PER CENT RETURN FOR INVESTORS OVER THREE YEARS**

Merchant Investors, the specialist investment and pension's provider, today announced the sale of a £4.47 million commercial property held as an asset of a Merchant Investor's Pension Property Syndicate.

The property, a new, purpose-built car dealership showroom, was bought for an 18-member syndicate in 2003 for £3.45 million, with £1.65 million funding raised via a commercial mortgage and the balance from the syndicate members' pension funds held with Merchant Investors.

Each syndicate member via their personal pension invested an average of £100,000 and on sale of the property received a return of just over 48 per cent on their original investment, or an average of around 16 per cent per annum over the three years.

Merchant Investors now operates over 20 other pension property syndicates for its policyholders with a combined value of over £30 million. The syndicate, established in 2003, was Merchant Investor's first syndicate.

**Richard Ellis, head of sales and marketing at Merchant Investors said:** "We are delighted the members of our first syndicate have benefited from such a successful return on their investment."

“I expect syndicated property purchase to grow substantially over the next few years. The tangibility of the investment, the fact investors can see, touch, and even conduct friends’ visits to their chosen property, means it has significant attractions over other investments, such as shares for example.”

“Indeed, as a nation we are obsessive when it comes to bricks and mortar. That, coupled with the fact that commercial property can be a shrewd portfolio choice for diversification purposes, as well as its excellent performance over the past 10 years, makes for a compelling argument.”

### **The benefits of pension property syndication**

Historically the best risk-adjusted return has often been found at the higher end of the commercial property market - one far out of reach for many individual investors. Merchant Investor’s property syndicates bring together like-minded people to pool their pension and take advantage of the opportunities available in this tax efficient environment.

In contrast to the residential sector syndicates investing in commercial property give investors increased opportunities for growth and access to a wider choice of investments. Residential property also carries with it additional stresses and strains – tenancies tend to be on a short term basis leading to the possibility of a vacant property and, as landlord, the owner is generally responsible for all maintenance and repairs. In addition, rent increase review structures in the commercial sector help secure a rising income or rent throughout the term of the lease.

Future investment returns are however, uncertain. A high return from one property does not mean that all properties will produce similar returns. There is always a risk that investors will get back less than they invested.

**Ellis added:** “Naturally, syndicated property purchase is not usually intended to be as short-lived as our example; instead investors should typically expect to hold an investment for around seven to 10 years. However, the syndicate was made a sale offer it could not refuse, and it took the strategic decision to sell the property for a substantial return. ”

Merchant Investor’s pension property syndicates offer investors access to specialist lenders, access to higher value commercial properties, an independent, RICS qualified property manager for each property within the syndicate, specialist conveyancing, valuation and environmental reports and full documentation on all properties.

ENDS

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