



**SIPPCHOICE BESPOKE SIPP**

**INVESTMENT REQUEST (PROPERTY) FORM** (from 6 April 2012)

*If you would like to purchase a property in your SIPP, or receive a property transfer from another pension scheme, then please read the notes at the end of this form carefully. Then complete this form and return it to Sippchoice.*

**SECTION A - MEMBER'S DETAILS**

*Please complete this section in all cases*

1.	Name	
2.	Date of birth	
3.	SIPP member number	

*If the property is to be owned by more than one member's SIPP then please show the details of the lead member above.*

**SECTION B - PROPERTY DETAILS**

*Please complete this section in all cases*

1.	Tenure	Freehold/Leasehold
2.	Property description	Office/Shop/Warehouse/Other (please specify)
3.	Current use of property	
4.	Intended use of property	Same as current use/Different from current use If 'Different from current use', please provide details:
5.	Address (inc. postcode)	
6.	Land Registry Title Number	
7.	Does the member (or any person connected with the member, including the member's business) own any property that is adjacent to the property being acquired	Yes/No If 'Yes' please provide details:
8.	Does the property include any residential accommodation	Yes/No If 'Yes', please provide details:
9.	Are there any special or unusual provisions relating to the property	Yes/No If 'Yes', please provide details:
10.	Are there any known issues of an environmental nature in respect of the property or the current/intended use of the property or of any surrounding property	Yes/No If 'Yes', please provide details:
11.	Annual ground rent	£
12.	Age of property (approx.)	years
13.	Is the property being purchased with vacant possession:	Yes/No

**SECTION C - VENDOR'S DETAILS***Please complete this section in all cases*

1.	Contact name	
2.	Company	
3.	Address (inc. postcode)	
4.	Telephone number	
5.	Fax number	
6.	Email	
7.	Is the vendor connected with the member	Yes/No If 'Yes', please provide details:

**SECTION D - VENDOR'S SOLICITOR'S DETAILS***Please complete this section in all cases*

1.	Contact name	
2.	Firm	
3.	Address (inc. postcode)	
4.	Telephone number	
5.	Fax number	
6.	Email	

**SECTION E - SELLING AGENT'S DETAILS***Please complete this section in all cases*

1.	Contact name	
2.	Company	
3.	Address (inc. postcode)	
4.	Telephone number	
5.	Fax number	
6.	Email	

**SECTION F - PURCHASE DETAILS***Please complete this section in all cases*

1.	Is this an in-specie transfer from another pension scheme	Yes/No If 'Yes' please provide details:
2.	Is this an in-specie contribution by the member	Yes/No If 'Yes', please provide details:
3.	Proposed date of exchange of contracts	
4.	Proposed date of completion of purchase	
5.	Are there any special or unusual provisions relating to the transaction	Yes/No If 'Yes', please provide details:
6.	Is the property subject to VAT	Yes/No If 'No', is Sippchoice Trustees Limited to 'VAT opt' the property: Yes/No
7.	If the property is, or will be, subject to VAT then is it to be treated as a transfer of a going concern	Yes/No

**SECTION G - JOINT OWNERSHIP DETAILS**

Please complete this section only if the property is to be owned by more than one SIPP member

Name of joint owner	Member of the Sippchoice Bespoke SIPP?	Percentage of property
	Yes/No	
	Yes/No	
	Yes/No	
	Yes/No	
	Yes/No	
	Yes/No	

**SECTION H - TENANT DETAILS**

Please complete this section in all cases

1.	Is this an existing or a new tenant	Existing tenant/New tenant
2.	Contact name	
3.	Company	
4.	Address (inc. postcode)	
5.	Telephone number	
6.	Fax number	
7.	Email	
8.	Annual/proposed rent	£
9.	Details of any rent-free period or other new tenant inducement	
10.	Frequency of rent payments	
11.	Date lease commenced/to commence	
12.	Date lease expires	
13.	Date of next rent review	
14.	Copy of lease enclosed	Yes/No
15.	Tenant's VAT status	Registered for VAT/Not Registered for VAT/Exempt from VAT
16.	Is the tenant connected with the member	Yes/No If 'Yes', please provide details:

Please provide this information in respect of each tenant if the property has more than one tenant.

**SECTION I - TENANT'S SOLICITORS DETAILS**

Please complete this section in all cases

1.	Contact name	
2.	Firm	
3.	Address (inc. postcode)	
4.	Telephone number	
5.	Fax number	
6.	Email	

**SECTION J - LENDER'S DETAILS***Please complete this section only if a loan is being taken out to finance the purchase*

1.	Contact name	
2.	Company	
3.	Address (inc. postcode)	
4.	Telephone number	
5.	Fax number	
6.	Email	

**SECTION K - LOAN DETAILS***Please complete this section only if a loan is being taken out to finance the purchase*

1.	Amount of loan	£
2.	Term of loan	years
3.	Interest rate for loan	
4.	Monthly repayment amount	£
5.	Is a copy of the loan offer enclosed	Yes/No
6.	Mortgage brokers contact details	
7.	Is the interest rate being fixed using a SWAP	Yes/No If 'Yes', please provide details:

**SECTION L - FINANCING DETAILS***Please complete this section in all cases*

		Expected total cost of the property
1.	Purchase price (excluding VAT)	£
2.	plus: VAT (if applicable)	£
3.	plus: stamp duty land tax	£
4.	plus: legal and other professional costs (inc. VAT)	£
5.	plus: any other costs	£
6.	TOTAL	£
<i>Note: Please ensure that, inter alia, allowance is made for any mortgage broker's fees, lender's legal fees, lender's procuration and security fees, property valuation fees and selling agent's fees, etc.</i>		
		How will this cost be met
7.	Cash held in SIPP	£
8.	Existing investments to be sold	£
9.	Transfer payments from other pension schemes	£
10.	Personal contributions – net (see note below)	£
11.	Employer contributions	£
12.	Borrowing	£
13.	TOTAL	£

*Note: Personal contributions must be paid net of basic rate income tax and it can take up to 11 weeks before this tax is reclaimed from HMRC.*

## SECTION M - MEMBER'S DECLARATION AND REQUEST TO SIPPCHOICE

Please complete this section in all cases

1.	I hereby request Sippchoice Trustees Limited to proceed with this investment request.
2.	I understand that neither Sippchoice Limited nor Sippchoice Trustees Limited will be liable for any claim concerning the suitability of the property for investment purposes or for any loss or the performance arising from the investment
3.	I agree that Sippchoice Trustees Limited should arrange an environmental desktop report in respect of the property.
4.	I accept responsibility for arranging the financing of the purchase of the property.
5.	I accept responsibility for all tax aspects (including VAT) of the transaction.
6.	I understand that Sippchoice Trustees Limited will appoint Trethowans to act as its solicitor for the purchase of the property and Strettons to manage the property.
7.	I acknowledge that if the purchase does not proceed for whatever reason then I will personally meet all of the costs incurred up to that point in the event there are insufficient funds in my SIPP.
8.	I declare that every statement made in this questionnaire is to the best of my knowledge and belief true and complete.
9.	I confirm that I have read and understood the notes attached to this investment request and agree to be bound by their provisions
10.	If the purchase proceeds then I hereby undertake to indemnify and keep indemnified Sippchoice Limited and Sippchoice Trustees Limited from all claims, actions, proceedings, losses, damages, liabilities, costs and expenses including fines, penalties, legal and other professional fees which may arise at any time in connection with the above property other than those which would not have arisen but for, or have been increased in amount by, the negligence of Sippchoice Limited or Sippchoice Trustees Limited but only to the extent that Sippchoice Limited or Sippchoice Trustees Limited is not able to indemnify itself out of the funds held in my SIPP.

*Note: If the property is to be owned by more than one member's SIPP then each member concerned must sign this declaration.*

Member's signature(s)	
Member's name(s)	
Date	

*The Sippchoice Bespoke SIPP has been registered with HM Revenue & Customs under the Pension Scheme Tax Reference 00738995RG. Sippchoice Limited is the Provider and Scheme Administrator of the Sippchoice Bespoke SIPP and it is authorised and regulated by the Financial Services Authority under reference number 496250. Sippchoice Trustees Limited is the Trustee of the Sippchoice Bespoke SIPP.*

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## **SIPPCHOICE BESPOKE SIPP**

### **INVESTMENT REQUEST (PROPERTY) - NOTES**

#### **Introduction**

1. Your SIPP can purchase freehold or leasehold commercial property. This can be purchased from a third party or from a 'connected party' (e.g. you personally or your business) provided that this takes place on an open market arm's length basis. Your SIPP cannot acquire fixtures, fittings or equipment.
2. Your SIPP can also receive an in specie transfer of property from you or from a connected party (e.g. you personally or your business) or, alternatively, from an existing pension scheme provided that this takes place on an open market arm's length basis.
3. The property can be leased to a third party or to your business provided that:
  - the lease is granted on commercial terms; and
  - the rent payable is at an open market level (supported by a professional valuation if the property is leased to your business or to a connected party).

#### **Property purchase at auction**

4. It will not be possible for your SIPP to purchase property at auction.

#### **Residential property**

5. Your SIPP cannot purchase, or receive an in-specie transfer of, residential property except in very limited circumstances, e.g.
  - a residential part of a property occupied by an employee as part of their employment; or
  - a caretaker's residence.
6. Hotels, guest houses and nursing homes are permitted provided that you, as the SIPP member, or persons connected to you, do not use the facilities other than at a commercial rate.

#### **Legal ownership**

7. The property (and any associated borrowing - see 15. below) will be held by our trustee company, Sippchoice Trustees Limited, for your benefit in the Sippchoice Bespoke SIPP.

#### **Joint ownership**

8. It is possible for your SIPP to jointly own commercial property with yourself, a person connected to you or a third party. In these circumstances a joint owners agreement must be put in place to identify and protect your interests. This needs to reflect the relationship between the parties and should, as a minimum, include provisions such as:
  - ownership proportions
  - proportionate sharing of income and expenditure
  - dealing with the sale of a party's interest in the property
  - dispute resolution procedure.

#### **Appointment of solicitor**

9. We will instruct our solicitors (Trethowans) to deal with the property purchase/in-specie transfer and any associated lease(s). Trethowans have considerable experience in dealing with property transactions for SIPPs.

10. Details of Trethowans' indicative fees for a property purchase are as follows:

Property Value	Trethowans' Fee
up to £300,000	£1,050 plus VAT and disbursements
£300,000-£400,000	£1,400 plus VAT and disbursements
£400,000-£750,000	£2,650 plus VAT and disbursements.
£750,000 and £1 million	£3,300 plus VAT and disbursements
over £1 million	by negotiation

*The indicative fees shown above do not include the creation of a new lease to a tenant or the review of an existing lease:*

- *if a new lease is required, or if there is an existing lease that requires review, then the above fees will be increased by £250 (plus VAT)*
- *if any defects in the lease require rectification then an additional negotiated fee will be payable for the required deed of variation*
- *if a new lease is to be created and this is not in the form of Sippchoice's standard documentation then Trethowans reserves the right to charge an additional and separate negotiated fee.*

*If borrowing is required then an additional fee of £325 (plus VAT) will apply.*

11. Details of Trethowans' indicative fees for a property in-specie transfer are as follows:

Property Value	Fee
up to £1 million	£1,250 (increased to £1,575 if a mortgage is involved) plus VAT and disbursements
over £1 million	by negotiation

*If borrowing is required by the receiving scheme, or is to be discharged by the transferring scheme, then an additional fee of £325 (plus VAT) will apply.*

### **Appointment of valuer**

12. If the property is to be acquired from you, your business or any other connected party, or if it is to be transferred to your SIPP from another SIPP, then it will be necessary to appoint a Chartered Surveyor to prepare a valuation report in respect of the property. This valuation report must include details of:
- the open market value of the property
  - the open market rental value; and
  - the building insurance reinstatement cost.
13. If the property is acquired on arm's length terms and will be rented to your business or any other connected party then it will be necessary to appoint a Chartered Surveyor to prepare a valuation report on the open market rental value of the property.
14. If there will be any borrowing to finance the purchase of the property then the lender will normally appoint a valuer to provide a valuation of the property. It will normally be possible for Sippchoice to use the valuation provided to the lender as long as the valuation report is addressed to Sippchoice Trustees Limited and Sippchoice Limited as well as to the lender.

### **Borrowing**

15. Your SIPP can borrow money in order to finance the purchase of commercial property subject to the following conditions:
- the total amount borrowed must not exceed 50% of the net value of your SIPP (after deducting all existing loans)
  - the borrowing must normally be secured on the property and must be repaid when the property is subsequently sold
  - our liability in respect of any borrowing must be restricted to the value of the property.

16. You will need to arrange any proposed borrowing and you may use any lender of your choice for this purpose. It will be your responsibility to agree the commercial terms of the borrowing (e.g. interest rate, arrangement fee, etc.) and you will need to ensure that:
  - the lender's offer letter is addressed to Sippchoice Trustees Limited and Sippchoice Limited; and
  - it restricts Sippchoice Trustees Limited's and Sippchoice Limited's liability in respect of any borrowing to the value of the property.
17. The lender will normally require the expected rental income to be sufficient to cover the mortgage interest and any capital repayments.
18. Any borrowing must be available and in place before exchange of contracts for the property purchase – see 23. and 24.

### **Property management**

19. We will appoint our property manager (Strettons) to manage the property on our behalf once it has been purchased. They will be responsible for ensuring that all the provisions of the occupational lease and, where appropriate, the headlease are complied with and their services will include:
  - collecting all rents, insurance premiums and service charges when due and chasing any arrears
  - preparing quarterly accounts in relation to the property
  - providing all information required to complete the VAT returns
  - providing guidance on the level of insurance required
  - all tenant liaison
  - dealing with health and safety and statutory regulations affecting the property
  - bringing forward key dates for action, e.g. rent reviews and lease expiries
  - dealing with routine enquiries.

20. We have negotiated special property management fees with Strettons and these are as follows:

Annual fee:                   The greater of:  
                                       (i) 1% of all money (excluding service charges) collected from the tenant(s) disregarding concessions granted to the tenant, such as reduced rent or rent-free periods; and  
                                       (ii) £625 plus VAT for a single let property (increased to £975 plus VAT for properties with 2 tenants, £1,325 plus VAT for properties with 3 tenants and by agreement for properties with 4 or more tenants).

Insurance fee:               Nil if the property is insured under Strettons' block policy with Aviva (see 27.)  
                                       £125 per annum plus VAT if the property is not insured under Strettons' block policy  
                                       (note: this includes leasehold properties where the insurance is arranged by the freeholder)

Additional fees will apply for property valuations, rent reviews, lease renewals, new lettings and service charge administration, etc.

*Note: These fees will be deducted from the rents collected and are subject to annual RPI increases.*

### **VAT**

21. If you use your SIPP to acquire a property that is already registered for VAT then it will normally be possible to register your SIPP for VAT. This will allow your SIPP to reclaim any VAT payable on the purchase price. In these circumstances VAT will be charged on the rent and any other associated charges relating to the occupational lease (e.g. service charges and insurance).
22. Furthermore, you should take advice on whether the transaction could be structured as a 'transfer of a going concern' for VAT purposes. This could not only save cash flow for VAT but also save Stamp Duty Land Tax.

*Note: We do not provide any tax advice (including on VAT) on property transactions. It is, therefore, strongly recommended that you seek independent tax advice on any property transaction before contracts are exchanged.*

## **Financing**

23. It is your responsibility to ensure that there are sufficient funds available on exchange of contracts for the property purchase to cover the purchase price, if any, of the property (including VAT, if applicable) and all the associated purchase costs, including professional fees, stamp duty land tax, borrower's fees, disbursements and our fees, etc.
24. It will not be possible to exchange contracts if the funding for the property purchase is not fully in place.

## **Environmental matters**

25. It is important to establish any environmental liabilities to:
- protect the value of your pension fund; and
  - avoid any environmental liability for Sippchoice.

Therefore, before instructing solicitors to act for a property purchase or in-specie transfer we will complete an environmental desktop search to establish whether there are any environmental risks or contamination issues attached to the property. If there are any environmental/contamination issues then we may request additional information to establish the level of risk involved and whether the property purchase can proceed and we may have to charge an additional fee for the extra work involved to establish the level of environmental/contamination risk.

26. Furthermore, you, or the seller, will also need to provide a recent Asbestos Survey (for properties built before 2000) and Energy Performance Certificate in respect of the property.

## **Property insurance**

27. In order to ensure that the property is insured, we will normally arrange for the property to be insured under a block policy with Aviva arranged by Strettons from the date that contracts are exchanged (note: this normally applies to freehold properties since the insurance for leasehold properties is usually arranged by the freeholder). The policy will be a bespoke landlord's policy covering the following:
- property owner's liability
  - material damage to the building (e.g. fire, explosion and terrorism); and
  - rent receivable cover (i.e. to ensure that your SIPP continues to benefit from an amount equal to the rent in the event of insurance damage to the property rendering it uninhabitable).

## **Procedure for purchasing property**

28. The procedure for purchasing a property in your SIPP is set out below.
- (a) The attached Property Investment Request form, setting out full details of the proposed property purchase, must be completed and sent to us.
  - (b) If the Property Investment Request form is satisfactory then we will carry out an environmental desktop search.
  - (c) If the environmental desktop search is satisfactory then we will confirm to you that the purchase can proceed and ask you to arrange:
    - for a property valuation to be prepared if this is required as per 12. above
    - any proposed borrowing required to finance the proposed purchase.
  - (d) We will appoint our solicitor to deal with the property purchase or in-specie transfer and any associated leases. Note that your SIPP cannot acquire any fixtures, fittings or equipment.
  - (e) We will review the valuation (if required) when we receive it to ensure that it is satisfactory.
  - (f) The solicitor will send us and you their report on title together with confirmation that the mortgage documentation is satisfactory and the documentation required to exchange contracts. The solicitor will also advise us on whether we need to register your SIPP for VAT.
  - (g) We will check that there are sufficient funds available to cover the purchase price, if any, of the property (including VAT, if applicable) and all the associated purchase or in-specie transfer costs, including professional fees, stamp duty land tax, disbursements and our fees, etc.

- (h) If the funding for the property purchase is fully in place then we will arrange the exchange of contracts for a purchase, or for the completion of an in-specie transfer, and at the same time we will arrange for the property to be insured under our block insurance policy arrangement.
- (i) Following exchange of contracts for a purchase, or the completion of an in-specie transfer, we will arrange for:
  - your SIPP to be registered for VAT if applicable and for a 'transfer of a going concern' application to be made so that VAT is not payable on the purchase of the property
  - the property manager to be appointed
  - the property to be insured.
- (j) We will then arrange for completion of the purchase.

*Notes:*

1. *We will not be liable for any claim concerning the suitability of the property for investment purposes, nor for any loss or the performance arising from the investment.*
2. *We reserve the right to decline any application for a property purchase.*

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