

FULL SIPP

PROPERTY QUESTIONNAIRE

Please complete this form in BLOCK CAPITALS and black ink and return it to: Embark Property, Rowanmoor House, 46-50 Castle Street, Salisbury SP1 3TS. If you need assistance in completing this form, please call our Customer Services team on 01722 443 717 or at purchase@embark.co.uk.

All sections of this form must be fully completed before we will commence work on the purchase/transfer.

A minimum of £500.00 must be available in the scheme bank account prior to instructing the solicitors. This will be paid on account to the solicitor to cover initial searches and disbursements.

IMPORTANT INFORMATION

- Our limited liability clause must be entered into all legal documents, including any existing leases, without this we are unable to purchase any property or accept the transfer.
- We will require a satisfactory environmental search. Further investigation will be required if the report indicates potential contamination. We will be unable to proceed with the purchase if environmental searches are not satisfactory.
- Ensuring there is sufficient funding to purchase the property and pay all associated costs is the responsibility of the members and their financial advisers.
- All valuations must be dated within 6 months as at completion.
- We prefer that solicitors from our approved panel are used for property transactions. We will allow other solicitors to be used although additional charges will apply. Our paneled solicitors are listed in Section 5.
- All properties will be insured on our block policy from completion. We will consider alternative insurance providers, however these will be subject to our prior approval and additional charges.

In addition to the information requested in this questionnaire, please send copies of the following documents with the questionnaire as this will avoid unnecessary delays.

Original Signed Supplemental Deed	<input type="checkbox"/>	Anti-Money Laundering Documents for the Tenants	<input type="checkbox"/>
Independent Valuation (showing purchase, rental & Insurance Reinstatement Cost Assessment) dated with the last 6 months	<input type="checkbox"/>	Copy of the Head Lease if property is to be purchased as a leasehold	<input type="checkbox"/>
Copy of Lease for existing tenant	<input type="checkbox"/>	Asbestos Report	<input type="checkbox"/>
Energy Performance Certificate	<input type="checkbox"/>	Option to Tax Notice from Vendor	<input type="checkbox"/>

Block insurance

The block insurers need the following information to provide a quote:

Building reinstatement figure	<input type="checkbox"/>	Tenant name and usage of building	<input type="checkbox"/>
Annual rent	<input type="checkbox"/>		

When completed, please return the application form together with the relevant enclosures to:
Embark Property, Rowanmoor House, 46-50 Castle Street, Salisbury SP1 3TS.

Please note that unless we have approved an insurer Embark Pensions Trustees will insure the property under our block policy for buildings reinstatement, loss of rent, terrorism and public liability. Any existing insurance in these areas will have to be cancelled from the completion date. In order to avoid under insurance we reserve the right to instruct an independent insurance reinstatement cost assessment.

NOTES AND GUIDANCE ON PROPERTY ACQUISITIONS

Please note: Embark Property will review all property purchases on a case-by-case basis. We reserve the right to refuse purchases and/or any proposed developments of property if we believe that the purchase or development may give rise to a tax charge or there are unacceptable levels of potential risk such as contamination.

'In specie' transfer or purchase

It is possible to transfer a property currently held as an asset of another pension scheme to your SIPP. As with any other transfer we would need a form completed to authorise us to contact the other scheme, and they may have paperwork of their own. The process of transferring would be similar to a purchase. We will not accept any in specie transfer where there are ongoing issues i.e. rent arrears.

Please note: full due diligence will be carried on all property transactions, including in-specie transfers and purchases from connected parties and completion will not take place until all our requirements have been satisfied.

Proposed completion date

It is vital that we have an indication at the outset. Embark Pensions will aim to meet the deadline, however, if documentation is outstanding, funds will not be released to complete the acquisition until the paperwork has been received, including a valid insurance certificate and a Property Management Agreement. If the outstanding information is in relation to a new lease, the solicitors will be instructed not to hand over the keys to the building until all required documentation is in place, including a signed standing order from the tenant.

Property management agreement

A property manager, who can either be a Pension Scheme Member or an outside firm, must be appointed. The manager's main functions are listed on Page 5.

Option agreement

Where there are multiple investors, you must instruct your solicitor to put in place a joint ownership agreement prior to completion. This should cover the parties respective interests and liabilities in relation to the property and detail the process should a member wish to sell his share to provide for retirement or death benefits or for any other reason, including giving the other investors "first refusal" to purchase the share in the property. The agreement should also include provisions in the event of dispute between the investors. We will be unable to complete until this is in place.

Type of property

We need to ascertain that the property is genuinely commercial.

Examples of acceptable property: shops, warehouses, retail units, offices.

Examples of unacceptable property: any residential property (including freehold where there is a leasehold to a residential property), Holiday Lets, Bed and Breakfast, Leasehold property with less than 75 years remaining.

If you are unsure if a property is acceptable please contact us in the first instance.

Permitted property:

- Retail Shop
- Retail Shop (Multi-tenant)
- Retail Financial Services
- Restaurant
- Café
- Drinking Establishment
- Hot Food Takeaway
- Office (Single tenant)
- Office (Multi tenant)
- General Industrial
- Special Industrial
- Storage or distribution
- Hotel
- Non-residential institution
- Leisure
- Land for commercial purposes
- Agricultural land

Woodland may be considered Permitted property in certain circumstances – please get in touch with our team to discuss further.

Our non permitted property list includes:

- Taxable property including residential (dwelling houses), holiday apartments, beach huts, and caravans.
- Residential Institutions
- Secure Residential Institutions
- Property that benefits from an aggregated income such as hotel rooms and storage pods.
- Types of property where we are advised that there is no re-sale market or we foresee real management difficulties.
- Any property where insurance is unavailable or inadequate in the insurance market for any reason, e.g. combustible composite panels, waste transfer and recycling sites, historic flooding, subsidence.
- Land purchased from a third party which adjoins a member's personal residence where the member or connected party may gain a non-relevant benefit, e.g. being purchased to preserve a view from their house or to stop someone else building, or to increase the value of their personal residence.
- Properties at auction.
- Properties with known unremediated environmental issues.
- Properties with existing tenants with known historic rent arrears or other material breaches.
- Freehold properties where part of the building comprises long leasehold residential properties even if let to third parties with nominal ground rent.
- Land for residential development, garden land, etc.
- Certain other residential institutions, e.g. student accommodation, care homes, etc.

NOTES AND GUIDANCE ON PROPERTY ACQUISITIONS (CONTINUED)

Freehold and leasehold

By its very definition it is not permitted to invest in a depreciating asset. If the leasehold is being purchased by the Scheme, the term should not be nearing its end. HMRC consider it a "wasting asset" where its predictable life span is less than 50 years. Due to the negative impact a term of less than 75 years has on the saleability and/or mortgability of a property, if the term of a leasehold property is less than 75 years we will not be able to accept this as a suitable investment.

The Trustees' liability under any lease (including headleases, superior lease, and Occupational Leases) must be limited to the assets of your pension scheme. We will be unable to proceed with a leasehold purchase with a ground rent in excess of £250 per annum or a high service charge over £1,000 or 1% of the market value of the property per annum.

Purchase price

In accordance with pension legislation, anyone connected to the Scheme cannot receive benefits other than to provide retirement benefits. Therefore, where the vendor is connected to the Scheme Member(s), the purchase price must be in line with the open market valuation. This will need to be evidenced by an independent surveyor's valuation report.

VAT

VAT may be payable on the purchase price if the vendor has opted to tax or if the property is a new build. For the Scheme to reclaim this back from HMRC, the Scheme must register for VAT and an Option to Tax would need to be sent to HMRC prior to the purchase completing. The scheme would submit a return to reclaim VAT paid less any VAT received on rent. From when the return is submitted, it can take up to 6 weeks for the VAT to be received back from HMRC.

Where the property is being sold as a going concern (the existing tenant will continue to be the tenant) so long as an option is in place, the VAT does not need to be paid to the vendor.

The buyer's solicitor will check whether the property is already opted for VAT. If not, it may be advantageous to opt to tax if development work is proposed. However, once the property is opted, VAT will be charged on rent and on the selling price if and when the property is sold.

When considering the funding for your property investment, please note Stamp Duty Land Tax is calculated on the purchase price including VAT.

The purchaser can always choose not to opt. VAT would not be charged on the rent and the property can be sold without VAT. However, you would not be able to reclaim any VAT paid on the purchase price, or on any development work.

You are reminded of the following points:

- Embark Pensions Trustees Limited will not provide advice in relation to whether or not a property should register for VAT purposes.
- If you are in any doubt as to whether the scheme ought to be, or must be, registered for VAT purposes then you must seek VAT advice from an appropriate adviser.
- If an Option to Tax has been taken in respect of a given property, the option cannot be reversed for a period of 20 years.

There will be occasions when we will require specialist VAT Advice, this will include: Transfer of Going Concern, where there is a Non-SIPP Owner, or if the tenant is a Connected Party but "Exempt" for VAT purposes.

Embark Property has an experienced VAT Team and, where a request to opt a property to tax is made, will submit the necessary paperwork to deal with any application to opt the property. They will also deal with any ongoing filing of VAT returns for your SIPP. Additional fees will be payable.

Funding

Please advise us how the purchase is to be funded.

Where the property is to be funded by Transfers from other pension schemes or by contributions you are responsible for ensuring that there are sufficient funds available to complete the transactions, including the payment of all associated fees and costs.

If you are making a personal contribution, please be aware that the tax reclaim can take 6-11 weeks to be received from HMRC. This timescale is out of our control.

Amount of borrowing

The maximum borrowing is limited to 50% of the net fund value of your SIPP. The test is done prior to the borrowing being taken and hence will not take into account the property (as this becomes an asset of the scheme post borrowing). We would expect the rental income to cover the borrowing repayments.

The Trustees' liability under any borrowing arrangement or mortgage must be limited to the assets of your pension scheme in order for us to proceed with the transaction.

Property development

Any development works that are to be carried out at the property must be agreed by Embark Property prior to any works commencing.

We will need full plans, anticipated costs for any development work and cashflow forecast. A project manager may need to be appointed to oversee the development and sign off any works as complete.

The development must produce a genuine increase in the value of the property and a valuation of the property would need to be carried out once the work had completed. The scheme cannot pay for any material enhancements to the property.

Invoices must be submitted and approved by the project manager and addressed to the scheme quoting the supplier's VAT registration number and the VAT amount.

Tenants' details and lease requirements

A fully insuring and repairing lease must be put in place on completion. The lease must be drafted by a solicitor. The landlord will be the Member Trustee and Embark Pensions Trustees Limited as Trustees of The Options SIPP* re [Member name]. The tenant will be responsible for paying for insurance and ongoing repairs of the property for the duration, including asbestos duty holder. The lease will specify three or five yearly upward only rent reviews.

* The Options SIPP is the name of the Scheme of which you are a member.

NOTES AND GUIDANCE ON PROPERTY ACQUISITIONS (CONTINUED)

Where there is a any family or business connection between the tenant and the Scheme Members, the rent must be set as the amount supported by an independent RICS qualified surveyor's report. If this is not in line with the valuer's recommendations or if the rent is unpaid, it will be treated as an "unauthorised payment" by HMRC and the Scheme will be taxed. The Trustees liability under the lease must be limited to the assets of the pension scheme. We will be unable to proceed without this clause.

We will carry out anti-money laundering checks on tenants.

Property contacts

In accordance with the Data Protection Act, before we are able to correspond with third parties about your membership to the scheme, you must give us adequate authorisation. Please provide full details of all parties who are involved with this investment transaction.

Surveyor

If there is borrowing, the surveyor will normally be appointed by the lender. If not, we will ask you to contact a local surveyor, who must be FRICS qualified. As well as commenting on the property and its particular circumstances the survey must quote the current market value, the replacement value for insurance purposes and the rental value.

Trustees' solicitor

Working with many different professionals has taught us the value that experience can add. For this reason Embark Property prefers to choose a solicitor from our panel who is familiar both with SIPP property purchases and our way of working.

Over the years we have used "non-panel" solicitors and have come up against delays, incorrect documentation and excessive charges. For this reason additional charges apply for using non-panel solicitors (please refer to our Fee Schedule).

Due to the complexities of commercial properties together with HMRC and Pension Regulations and Rules surrounding owning a commercial property in a SIPP, we will insist that a panel solicitor is used if we encounter any issues with using a non-panel solicitor.

Property investigations

Whether the SIPP is purchasing the property from you, your business, a third party or it is a transfer from another pension provider, we require the solicitor acting on behalf of the pension fund to carry out detailed property investigations. This is important as the trustees need to know of any problems before we reach a binding agreement to buy the property.

Environmental reports

Unless one has recently been produced and addressed to Embark Pensions Trustees Limited will always instruct the solicitor to obtain a desktop report showing the history of the site. Under the Environmental Liability Directive, it is the owner who inherits the liability of any environmental contamination claim irrespective of whether the current owner was responsible for the contamination. As a means of protecting your SIPP, the trustees require an environmental survey so as to be aware of any potential liability they may be taking on.

The cost of this report will be met from your SIPP and will be in the region of £300.

If the environmental report highlights a potential issue, further reports such as Phase One report, will be required at an additional cost.

Any environmental issues will need to be resolved prior to completion. If we consider a property has unacceptable environmental risks, we will not be able to proceed with the purchase.

Asbestos

This may be an issue with properties built before 1999 and we will ask the trustees' solicitor to investigate as part of our instructions. It may be necessary to put an Asbestos Management Plan in force if there is no existing one. If the vendor is unable to provide clear evidence that the property is free from asbestos, then an asbestos surveyor may be required in addition to the management plan.

Energy Performance Certificate (EPC)

An EPC provides a rating, with 'A+' being the most efficient and 'G' being the least efficient, of the environmental efficiency of a commercial building, much the same as the certificates that are given to white goods. It is based on the energy efficiency of the building fabric, heating, ventilation, lighting and any cooling systems and must be accompanied by a report containing recommendations for improving the energy performance of the building.

The owner of a commercial building who sells or lets it, (or markets it for either purpose) must by law obtain an EPC and make it available to prospective purchasers or tenants at the earliest opportunity.

When a property is being purchased or transferred (including inspecie) we will require an EPC to be produced before the transaction can complete.

It is our understanding that an EPC is not required for listed buildings, places of worship, workshops or industrial or agricultural buildings with low energy usage, however as this is a legal issue we will follow the guidance of the SIPP's solicitor.

Since April 2018 it has been illegal to sell or rent out commercial property with a rating of F or G (the 2 lowest ratings). Properties that are rated F or G will need to be brought up to standard using the recommendations report. We will consider the investment viability of properties rated F or G on a case by case basis. Further investigations may be required before we can agree to the transaction, such as obtaining quotes for the work required to increase the rating. If the EPC rating can not be improved to the minimum standard we will need confirmation that the property has been registered on the PRS Exemptions Register.

Limitation of liability

We can only proceed if the Trustees' liability under any loan, mortgage or lease (including headleases, superior lease, and occupational leases) is limited to the assets of your SIPP.

We suggest where there are existing leases in place that the requirement for our limited liability clause is discussed with relevant parties prior to completing this property questionnaire in order that the parties are aware of this prior to commencing this transaction.

Purchase by multiple SIPP Members

Please detail all the Scheme Members who are purchasing this property. Where there is more than one scheme investor, a joint account will be set up which will receive all property income. Periodically we will distribute funds to members' individual accounts, proportionately to their share in the property.

NOTES AND GUIDANCE ON PROPERTY ACQUISITIONS (CONTINUED)

Please note: We are only able to purchase jointly with other pension members or business or family members connected to SIPP Members. It is not possible to purchase jointly with an unrelated third party. Where the property is to be co-owned with a non SIPP member, please provide details.

Please provide details of each investors intended share of the investment. This should be reflected in the amount each party is contributing to the purchase price. All professional costs will be split proportionately to the share of the investment with the exception of the pension administration costs which will be split proportionately between the scheme members.

We are unable to purchase a property with a non SIPP owner where borrowing is required by either party due to the restriction imposed by the lenders in respect of registering the property at Land Registry.

Ongoing obligations

Management

The day to day management of the property will be the responsibility of the property manager. Full details of the responsibilities of the property manager are detailed in the property management agreement.

Liquidity

It is your responsibility to ensure that there are sufficient funds within your SIPP to meet the liabilities associated with the property, such as mortgage payments, third party bills (including service charges, business rates, utility bills and insurance) and your SIPP fees. This is particularly important to consider if the property is vacant as no rent will be being received by your SIPP. If funds are not available you will need to sell other assets held within your SIPP, make a contribution, if allowed, or transfer funds from another pension plan to meet your obligations.

The property will need to be valued when you take pension benefits (as well as regular income reviews for capped drawdown plans), loan requests and when rent reviews or lease renewals are required. On these occasions your SIPP will incur the associated professional costs and fees.

Leases

The property manager must notify us when there are any change in tenant for any reason. There must be a lease for each tenant occupying the property and this must be drafted by a solicitor. As detailed above there are certain requirements we must meet prior to agreeing a new tenancy.

Connected parties & HMRC rules

A 'connected tenant' is, briefly:

- Scheme members, their spouses or relatives; or
- A company, where one of the Directors or shareholders is a member or a relative of a scheme member.

HMRC Rules

- A full commercial lease must be in place;
- Rent must be at a market rate;
- The landlord must enforce the lease as a 3rd party would. This includes pursuing outstanding rent and any "late payment interest" if the lease dictates.

When a SIPP leases property to a 'connected' tenant and the tenant reduces or ceases paying rent, significant tax charges could result if HMRC rules aren't followed. If at any time a tenant has difficulties in meeting the rental obligations they must contact us immediately so that we can discuss a suitable way forward.

Valuations

Throughout the time you hold a property within your SIPP you may wish to request formal valuations to help with your financial planning. There will also be times that Embark Pensions will require valuations of the property, either as a result of pension regulations or due to the terms of the lease.

Events include:

- Taking retirement benefits or, if you are already in capped drawdown, reviewing your income limits. Income limit reviews will be required every three years prior to age 75 and annually thereafter.
- When you reach 75.
- In accordance with the terms of insurance – at least every 5 years.
- Lease renewals or new leases.
- Rent reviews in accordance with the terms of the lease.

You can nominate a valuer of your choice to carry out the report.

Once a valuation has been conducted we can rely on the values within the report for pension and legislative requirements for a period of up to six months. The cost of any valuations will be met by your SIPP.

1 PURCHASER DETAILS

Is the property being purchased with other Scheme Members? Yes No

All Scheme Members:

SIPP Reference:

Where there are multiple members, please nominate one of the above Scheme Members to be our main contact in respect of this investment.

Name of Main Contact:

Will the main contact be appointed the property manager? Yes No

If 'No', please provide details of the property manager?

Property Manager:

Full Address:

Postcode:

Contact Name:

Is the property being purchased or jointly owned with another party? Yes No

Name and Address:

Share of property (%):

Are the Scheme Member(s) and the other parties above connected? Yes No

2 PROPERTY DETAILS

The Scheme is acquiring PART of the property

Full Address of property:

Postcode:

Land Registration Title:

Is the property?

Freehold

Leasehold

Date the lease expires:

Ground Rent payable:

Service Charge payable:

Type of property:

Offices

Industrial Units

Shop

Hotel

Other Proposed use of property:

Do you have relevant planning permission for proposed use (if applicable) Yes No

Is there a residential element to the property? Yes No

If 'Yes', please provide full details below.

What is the purchase price / current value excluding VAT? £

Will the property be opted to tax? Yes No

Will the transaction be treated as a transfer of a going concern? Yes No

Building reinstatement figure:

Tenant name and usage of building:

Annual rent:

3 FUNDING DETAILS

Will you borrow to assist with the purchase of the property?

 Yes

 No

If 'Yes', please provide contact details in section 5.

Please provide details of how the purchase will be funded in the table below.

Member Name:				
Percentage Ownership:				
Cash:				
Transfers:				
Contributions:				
Borrowing:				
Total:				

Property development

In addition to the purchase of the property, are other costs expected?

 Yes

 No

If 'Yes', what are the costs for?

 Development

 Redevelopment

 Refurbishment

What are the anticipated costs? £

Additional Information (for property development or the basis of the loan):

5 PROPERTY CONTACTS

Solicitor

Butcher & Barlow	<input type="checkbox"/>	Trethowans	<input type="checkbox"/>
Birketts	<input type="checkbox"/>	Morton Fraser	<input type="checkbox"/>
Other	<input type="checkbox"/>	Please specify:	

If you do not select a solicitor we will select a panel solicitor to act on behalf of the SIPP. Additional charges will apply for non-panel solicitor.

Vendor Details

Name of Vendor: _____

Full Address (if different to the Property Address):

Postcode:

Contact Name (if tenant is a company): _____

Is the vendor connected to the Scheme Member(s)? Yes No

Vendor's Solicitors

Name: _____

Full Address:

Postcode:

Contact Name: _____

Telephone Number: _____ Fax Number: _____

Lender Details (if applicable)

Name of Bank/Lender: _____

Full Address:

Postcode:

Contact Name: _____

Email Address: _____

Telephone Number: _____ Fax Number: _____

5 PROPERTY CONTACTS (CONTINUED)

Surveyor Details

Name of Surveyor:

Full Address:
Postcode:

Contact Name:

6 MEMBER DECLARATION

I declare that to the best of my knowledge, the information provided in this application is true and complete. Embark Pensions will use this information to assess whether this property is allowed to be held within the Scheme. If the information provided proves to be false or incomplete and the property later transpires to be prohibited under the Scheme Rules, I hereby indemnify Embark Pensions and agree to be held personally liable to any and all penalties levied.

I understand that Embark Pensions is not regulated by the FCA to provide investment advice. I understand that this responsibility and the checking of all decisions relating to the purchase and retention of Scheme investments lies with me and my appointed adviser(s).

I agree that a joint account should be opened where more than one Scheme Member is making the purchase. For any joint investment the rental income and proceeds on the sale will be split proportionately to each party's share of the property, which will reflect each party's contribution to the property. This will be documented in a Joint Ownership Agreement drafted by my solicitor and which will be executed prior to the property purchase.

I authorise Embark Pensions Trustees Limited to appoint a solicitor to act on behalf of the Scheme Trustees in respect of the acquisition of the property and all professional costs will be met from the Scheme.

I agree to appoint a property manager which can be a Scheme Member or a professional company. The appointed party will be responsible for collecting rent on the trustees' behalf and for arranging for the tenant to reimburse the cost of insurance.

I understand that Embark Pensions Trustees Limited will take out an insurance policy which will at least cover the replacement value of the building, 3 years' loss of rent, terrorism and public liability of £10 million, but that any other cover e.g. for contents will be the responsibility of the tenant. I authorise Embark Pensions to take the cost of the insurance from my funds, to be reimbursed as above. I understand that failure to reimburse will give rise to interest charges and could lead to unauthorised payment penalties. I understand that any insurance payout in respect of the property will be paid directly to the scheme. I understand that in order to avoid under insurance Embark Pensions reserve the right to instruct an independent insurance reinstatement cost assessment and any cost will be met by from the scheme.

I confirm that all correspondence relating to the property should be sent to the nominated contact until written notice is received to the contrary.

I agree to, and have read the notes and guidance on property acquisitions:

Signature: [Signature Icon]

Date: | D | D | M | M | Y | Y |

Name of Member:

Signature: [Signature Icon]

Date: | D | D | M | M | Y | Y |

Name of Member:

Signature: [Signature Icon]

Date: | D | D | M | M | Y | Y |

Name of Member:

Signature: [Signature Icon]

Date: | D | D | M | M | Y | Y |

Name of Member:



 01722 443 717

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Salisbury SP1 3TS

 purchase@embark.co.uk

 embarkpensions.co.uk

Embark Property is a trading name of Embark Services Limited, company number 02089815 and which is authorised and regulated by the FCA. Embark Services Limited, Rowanmoor Personal Pensions Limited, Rowanmoor Executive Pensions Limited and EBS Pensions Limited are companies within the group of companies of which Embark Group Limited, company number 03578067 is the parent. Embark Property is appointed by Rowanmoor Personal Pensions Limited, Rowanmoor Executive Pensions Limited, and EBS Pensions Limited to provide group property administration services on their behalf.