

Commercial property: a guide for SIPP members



KILLIK & Co

Save | Plan | Invest

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Why choose us?

An award-winning, independently-owned partnership, to help you save, plan and invest for your future.

On the 30th January 1989, in what was an old pharmacy on Cadogan Street in Chelsea, we opened the doors of our first branch. With nothing more than a handful of close friends and family to call our clients, we set out with a simple enduring belief; to make the benefits of investing accessible to all.

Over three decades later, and whilst much has changed, we are proud that our purpose remains the same and has earned us numerous awards, and a reputation for excellence.

In our pursuit to provide the best service to our clients, being unbiased and maintaining complete integrity will forever lie at the heart of how we work.

- ✔ **We pride ourselves on delivering exceptional client outcomes** and staying true to strong values, to provide our award-winning services.
- ✔ **We aim to make the benefits of investing accessible to all.** No matter where you might be on your individual journey, we can help you achieve your financial ambitions.
- ✔ **We value being independently owned, because it means we answer only to our clients.** Our independent status frees us from the demands of shareholders, meaning we can prioritise our clients at every point.
- ✔ **We demonstrate the highest standards of integrity.** We rigorously research any new opportunities and are committed to working in partnership to deliver for you.
- ✔ **We prioritise innovation to meet client needs.** Whether introducing a new service, app, digital tool or House of Killik branch, we always look for new and distinctive ways to improve the service we offer our clients.
- ✔ **We are a family firm and we understand families.** Whether saving for your family today or ensuring you have a healthy pension for tomorrow, we understand how to help each generation of the family to save, plan and invest for the future.

Whatever your circumstances may be, we look forward to discussing how we can work in partnership with you to help you achieve the financial ambitions you have for yourself and your family.

Why commercial property?

Commercial property held in your pension fund has many advantages both in terms of planning for your future, supporting your business now and achieving your primary goal of providing for you and your family's needs in retirement.

As with any aspects of planning for your future, all of the risks and benefits should be considered when you purchase a commercial property with your pension fund. To support your decision, we've mapped out a high level summary of potential benefits on your journey with us as well as other associated core risks and considerations.

1 Your savings and investment plan

Contributions made to your pension fund benefit from tax relief for you personally or your business depending on the source. You can also transfer in funds from other pension schemes to support your investment goals.

2 Borrow to buy

Funds can be sourced from a variety of regulated lenders to purchase and develop your property. Alternatively, if you have surplus cash personally or in your business, you can lend money to your pension fund. Your pension fund will then pay you a commercial capital and interest return.

3 Purchase a commercial property

We buy the property you select, liaising with our panel of professionals.

Once let, all rent received by your pension is gross and free from income tax. In addition any uplift in the value of the property is free from capital gains tax.

4 Your business benefits

If you purchase a property you already own from yourself or your business, capital is released for you to invest.

If your business continues to occupy the property as occupant, rent paid can be treated as a business expense for tax purposes and can reduce your income and corporation tax liability.

5

Re-invest with us

Any rental income generated can be re-invested in a variety of investment opportunities.

We offer a full suite of wealth management and financial planning services, from investment management to personal taxation and trust services.

6

Benefit tomorrow

You could choose to sell your property to fund your retirement or transfer the asset to you as part of your pension payments.

You could also retain the property, utilise rental income to service your pension payments and pass the same on to your loved ones with the benefit of being outside of your estate for inheritance tax purposes.

- Property should always be considered as a long-term investment and form part of your retirement plans.
- Once you decide to sell, the sale of any property requires the sourcing of a willing buyer on open market terms, so sale proceeds may take longer to realise than other asset classes.
- We would always encourage you to have a variety of investments alongside commercial property within your SIPP, in order to spread investment risk.
- The need for sufficient funds to service your pension fund's liabilities will be your responsibility. If funds cannot be made available to service your SIPP, we may need to sell your property or other investments to meet any costs we cannot otherwise discharge.
- Just like other investments the value and income generated by property depends on general market conditions. The value of the property may fall as well as rise, so the value of your SIPP fund is not guaranteed.
- While a regular stream of rent can help increase or maintain the value of your pension fund, this is not guaranteed as occupants may leave or break the terms of their lease. If occupants fall in to difficulties (for example, if they stop trading, go into administration or liquidation, or break the terms of the lease), your SIPP may need to incur costs to recover funds or may not be able to recover them at all.

As property is a complex asset class, we would always recommend that you consult a qualified wealth planner before investing.

What to purchase?

Whether it's your own business premises, an office, an industrial unit or a retail outlet, we can hold the vast majority of commercial property.

You may be surprised to know that there are a huge range of properties that can be held in a pension fund; from golf courses to yoga studios, football stadiums to zoos, the opportunity to diversify your investments are extensive.

You may also be allowed to use your SIPP to buy residential property (such as a caretaker's home), if it is used for employment or business purposes, occupied by someone unconnected to your SIPP fund and managed by a property manager.



Dining

Restaurants, cafes, wine bars, and takeaways



Non-residential institutions

Dentists, doctors, surgeries and day care creches



Public and leisure

Cinemas, gyms, airfields, zoos, and theme parks



Hospitality

Hotels, bed and breakfast and glamping sites



Offices

General offices, barrister's chambers and estate agents



Industrial

Warehouses, workshops, breweries and distribution centres



Retail

Anything from corner shops to car showrooms



Land

Agriculture, forestry, equestrian and grazing

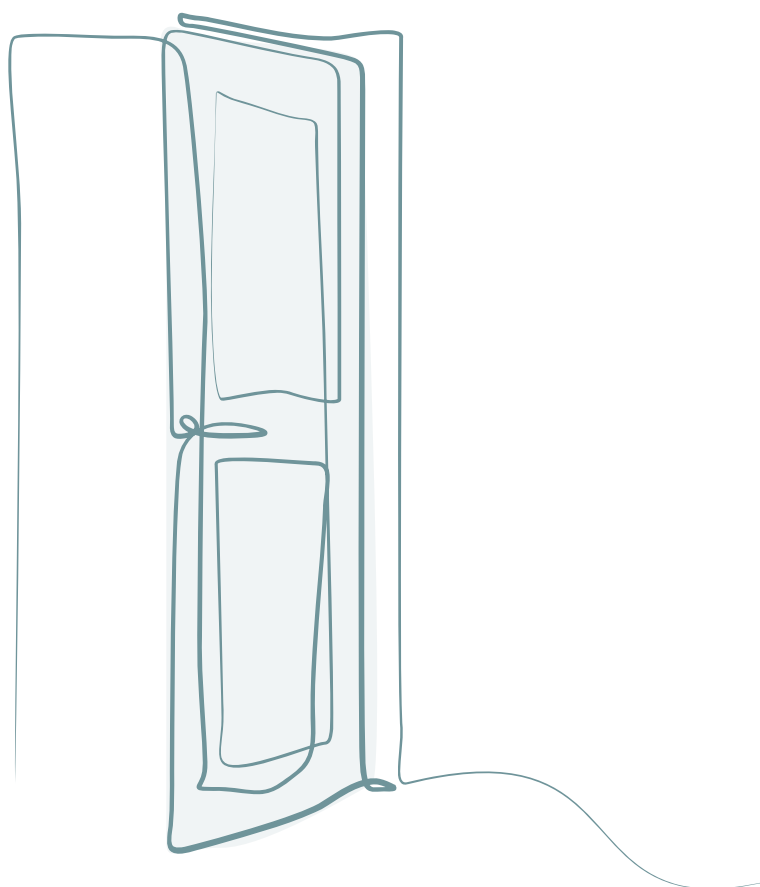
Please contact us and we will be happy to assess any UK based property you are considering purchasing to understand how we can support your aspirations.

Some property is not suitable as a pension investment, either because it has the potential to be considered taxable by HMRC or the nature of the property could pose physical, legislative or reputational risk.

Please always bear in mind that as with any property acquisition, due diligence will need to be undertaken to ensure that the property complies not only with HMRC and other relevant regulations, but also our own risk appetite to ensure that we take reasonable steps to discharge our duty of care and protect your SIPP.

Killik & Co 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. Some examples of risks that might lead us to determine a property is unsuitable are properties with potential contamination caused by previous use, the presence of Japanese knotweed or other invasive species or building defects, flying freehold interests that have potential maintenance issues or inadequate rights, or leasehold interests with a term of less than 60 years remaining.

For your awareness, if a pension scheme becomes involved in the frequent purchase and/or development and selling of properties, HMRC may deem such transactions as 'trading' which is not permitted. Whilst both capital and income investment gains are normally tax exempt, if trading applies any associated income and capital gains would then be taxed accordingly.



Working together

Our award-winning SIPP team will utilise their extensive experience to provide you with the following services during your time holding property with us:

- Creation and maintenance of property management records and management of the property bank account
- Arrangement and renewal of the property building insurance
- Dealing with VAT, if it applies
- Communication with all third parties including but not limited to your solicitor, valuer and lender
- Arranging any development works, repair or maintenance of the property as applicable
- Arranging all relevant legal transactions including but not limited to acquisitions, sales, new leases, renewal leases, assignments, variations, sublets, surrenders and rent reviews
- Overseeing the end of leases and associated processes such as breaks, expiries, vacant inspections, dilapidations and marketing for re-let or sale
- Arranging the valuation of the property for drawdown purposes
- Ensuring the property is managed in line with HMRC requirements
- Invoicing of rent, service charge and insurance rent in line with the terms of any occupational lease
- Dealing with loan repayments, credit control for any rent arrears as well as working with tenant's insolvency practitioners
- Dealing with any correspondence and applications from tenants, freeholders and managing agents
- Review and payment of third party invoices

We do not hold the keys to properties and we do not visit the site to check the property's condition or to visit the occupant. If there are any issues with the property, we are reliant upon the occupant, property manager (if there is one) or you to tell us. We may, from time to time, appoint a third party to make inspections.



Your role

A Property Co-Ordinator is required to be the one point of contact throughout the purchase, sale and time in which the property is held by us.

The Property Co-Ordinator's appointment is continuous and may only change when another party, acceptable to all of the participating members and us, has agreed to take over. The Property Co-Ordinator can be one of the members or an attorney or property professional chosen to represent the members.

From time to time we will need instructions from the Property Co-Ordinator to pay bills, manage occupant relationships or appoint third party professionals. Unless the law says we have to take a particular course of action, we will usually ask for their instructions.

You may want to ask for formal valuations of your property to help with your financial planning. There will also be times when we will need valuations, either as a result of pension regulations or due to the terms of the lease.

We will appoint a RICS qualified surveyor from our panel to carry out the valuation report.

Once we have a market valuation, we can use it for pension purposes for up to six months. Please note, this is subject to an ongoing review and we reserve the right to amend the time frame for variables such as market conditions or the specialism of the property use.

HMRC rules

While we hold property in your SIPP we will need you to work collaboratively with us to make sure the property is managed in line with HMRC requirements and the terms of any leases.

Transactions with 'Connected Persons' are acceptable provided that they are on commercial terms. Where the purchase is from a connected person, a regulated surveyor will need to be appointed to ensure that the transaction is undertaken on an arm's length, open market basis.

Other transactions such as the grant of a lease to a connected party or a connected party contractor undertaking work on a property may also require validation of terms by a regulated third party.

Should there be any situation where a connected party does not charge or pay open market value during a transaction (e.g. rent via a lease, payment of works to a contractor, purchase of a property), you may have to pay tax charges from your SIPP. As part of our service, we review the basis of any connected party agreement, and seek validation where necessary, to ensure that they reflect arm's length terms.

Acquiring the property

Any commercial property which is purchased by Killik & Co must be bought solely as a personal pension investment, with a view to providing pension benefits when required.

It is therefore necessary for the Killik & Co SIPP to have been set up prior to the commencement of the property purchase.

Pension structure

We will hold the property on trust for your SIPP. This means Killik & Co Trustees Limited will be the legal owner of the property, not the scheme member. The property will be beneficially owned by your SIPP.

Killik & Co Trustees Limited, as legal owner of a property must be consulted prior to any changes e.g. structural or occupancy changes to the property and will act as the landlord and or client for any associated transactions.

The terms of the loan can vary and depend on a variety of factors. We will need to assess any special mortgage conditions to make sure they are suitable. A charge over the property must be fixed to the value of your SIPP.

We are happy to assess any regulated lender to ensure they meet our requirements. We can also facilitate connected party lending on arm's length commercial terms.

Funding options

There are several methods of funding available to fit your circumstances. We strongly recommend discussing funding options with a wealth planner.

TRANSFERS – Cash or in-specie transfers can be brought into your SIPP from other pension plans. In specie transfers are where the investments are transferred without selling them. You do not have to pay stamp duty on in-specie transfers.

CONTRIBUTIONS – You, a third party or your employer can pay regular or single contributions to fund your purchase and/or ongoing costs.

BORROWING – A SIPP can borrow up to 50% of its net fund value, less any existing liabilities. You can borrow at any time to buy or develop a property.

VAT

It's important to understand the implications of VAT on the property and the pension scheme from outset. A property is either 'subject to VAT' when built – many new buildings are usually automatically opted for VAT – or can be 'elected for VAT' at a later stage.

There are multiple drivers for electing a commercial property for VAT, an example being where there is an intention to carry out development works, as this would enable your SIPP to reclaim any VAT expended in the course of the development.

If you decide to elect the property for VAT, this will enable your SIPP to reclaim any VAT on the purchase price. In this case the registration of the VAT election with HMRC needs to take place before the property is purchased; we would oversee this with the assistance of your instructed professionals.

Where you instruct us to opt to tax the property, VAT will then be chargeable on rent and potentially the sale price when the property is sold.

In certain circumstances, where both the vendor and pension scheme have registered for VAT and opted to tax the property, VAT does not have to be charged on the sale price provided the conditions of a 'Transfer of a Going Concern' (TOGC) are met. To qualify, there must already be a lease in place and the lease must then continue after the transfer of the property to the pension scheme - the business of letting the property is thereby transferred as a going concern.

You may need professional advice from a qualified VAT adviser on whether the TOGC conditions are met; the cost of any advice would need to be met by your SIPP.

Insurance

Killik & Co will arrange insurance for each property, where appropriate (alternative arrangements might apply in respect of leasehold properties where the insurance is arranged by a Freeholder for example).

Any insurance policy effected by the us (where appropriate) will cover the following:

- Day one reinstatement figure (buildings insurance)
- Loss of rent
- Property owners liability
- Any other cover deemed appropriate in respect of individual properties (eg. engineering cover for lifts).

Insurance cover will need to be in place on exchange of contracts. To ensure continuity of cover, premiums will be paid from the relevant member's Killik & Co SIPP and in most cases we will recharge the cost of the insurance to any tenants pursuant to the terms of the lease.

EPCs and MEES

Since 2008, most properties need to have a valid Energy Performance Certificate (EPC) before they are sold or let.

Following new rules in 2018, the Minimum Energy Efficiency Standards (MEES), a commercial property in England or Wales must have an EPC rating of A to E or hold a relevant exemption prior to being able to be let out under a lease.

Should a property you wish to purchase not be MEES compliant we may insist on one or more of the following:-

- A relevant exemption to be obtained by working with an energy assessor to validate, evidence and register the exemption where applicable; or
- Building works must be undertaken prior to exchange of contracts to enable the property to obtain an E or above EPC rating
- If you do not intend to let the property on completion, a schedule of works from an EPC Assessor will need to be provided and sufficient funds available to undertake the necessary improvements.

At present, these regulations do not apply to property in Scotland and Northern Ireland. Please contact us if you would like to discuss this in further detail.

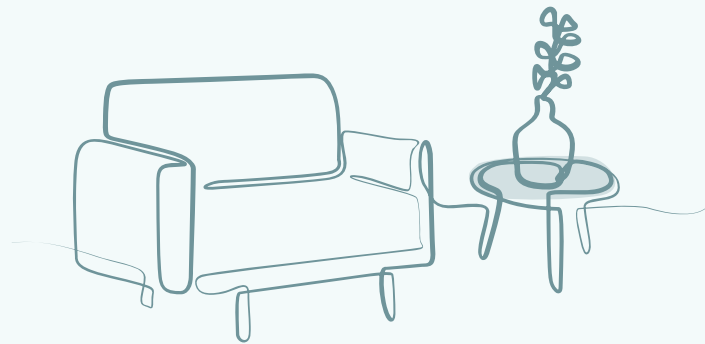
We recommend that you consult with a qualified EPC Assessor should you have any concerns regarding your property meeting the MEES regulations now and in the future.

Acquisition by auction

It is possible for properties to be purchased at auction. The scheme member bids in their own name and must make sure that the contract contains a clause allowing the SIPP in its capacity as the proposed legal owner to complete the contract. Killik & Co should not, under any circumstances, be named as buyer in any Contract without our prior approval in writing.

We must be satisfied that the property is acceptable as a SIPP investment in the same way as any other commercial property purchase. If, for whatever reason, we are unable to approve the proposed purchase, any liability under the auction contract will remain the responsibility of the scheme member in their personal capacity. It is therefore essential that the member is satisfied that they can purchase in their own right, prior to bidding.

Members must understand the implications of entering into a contract in their own name. Killik & Co cannot offer any guarantee of purchase for a property contracted by a member at auction or to meet an auction completion date and will accept no claim, recourse or responsibility for the loss of a deposit, costs, property, opportunity or otherwise arising from our not being able to complete the purchase of a property contracted for at auction.



The acquisition process

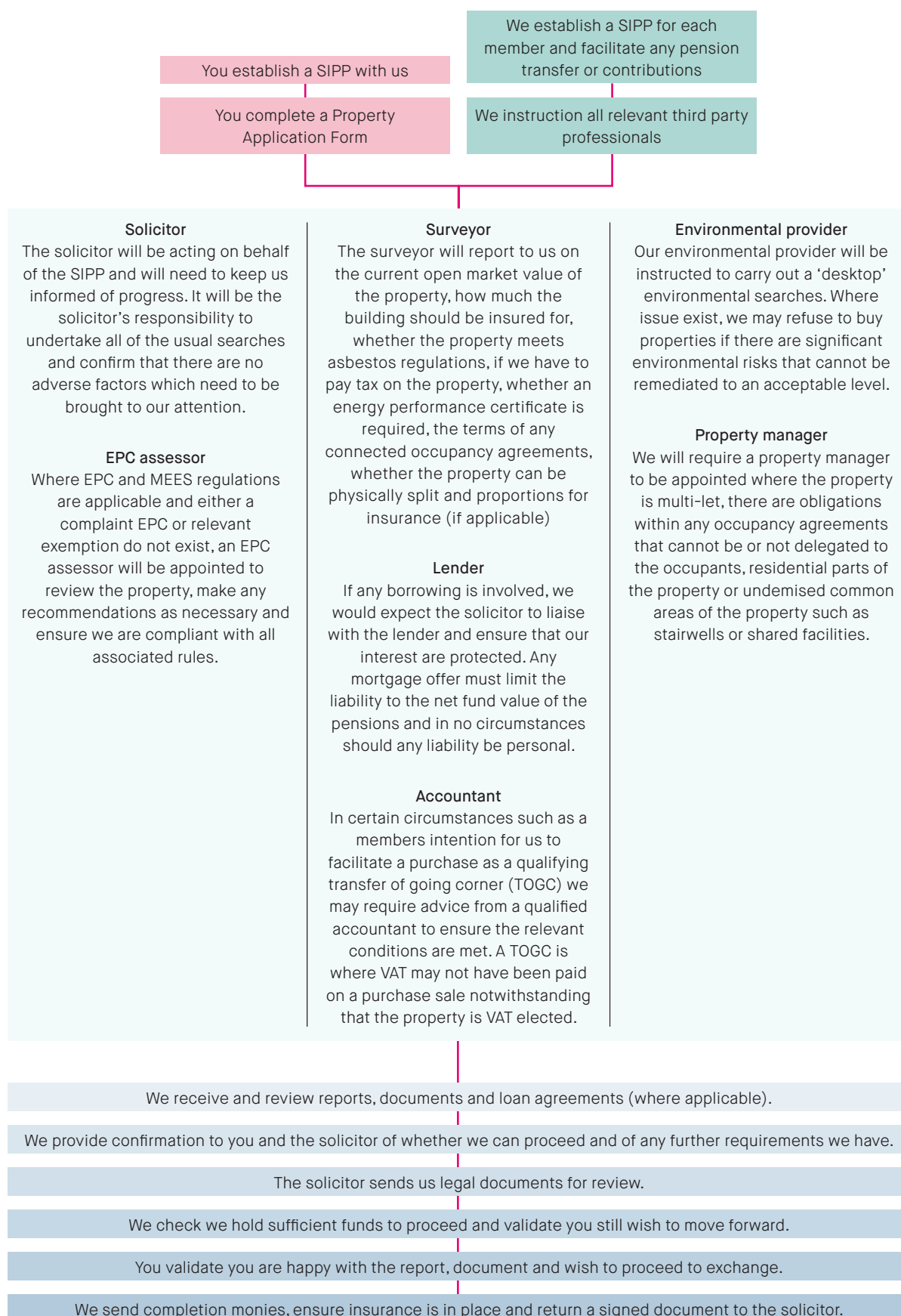
The details of the chosen property will need to be submitted to Killik & Co on a Commercial Property Application Form along with any relevant supporting documentation, such as details of any proposed development or renovations, together with agents details, where necessary. The Property Purchase or Transfer In Application Form must be completed in full and signed by all participating members.

Once we have received your Property Application Form we will be able to instruct third party professionals to act for the SIPP, providing the contents of the form meet our due diligence requirements. Every property

transaction is different and the time it takes to complete a purchase depends on many things, such as the turnaround time of solicitors, search providers (such as the local authority), lenders (if funding is required) and valuers. It is therefore difficult to provide firm timescales, but the average completion time from instruction is around 13 weeks.

Throughout the process we will carry out some checks to protect your SIPP. Some administrative responsibilities or regulatory concerns may prevent us from buying certain properties. The same checks will apply to the in-specie transfers of property from other pension plans. Please note that fees will still apply for work carried out that does not result in a purchase.

For ease of reference we have outlined a high level summary of the purchase process and the roles of the various third parties we will engage to progress the matter overleaf.



Managing the property

Letting the property

When you are seeking a new tenant, we will be happy to appoint a third party agent of your choice to market the property to let. Alternatively, you may wish for you or one of your connected businesses to occupy the property.

Once a proposed tenant has been secured or if you decide to let the property to a connected party, a formal tenancy agreement needs to be put in place which will set out the terms of the occupation as well the responsibilities of the SIPP fund as Landlord.

The terms of any agreement should reflect open market terms and rent. If the tenant is connected to you, the rent must be set by a RICS qualified surveyor and regular rent reviews must be carried out, as paying below a market rent would not meet HMRC requirements.

We do not carry out credit checks on your proposed tenant. However, you can ask or we may be advised to ask the tenant to give extra security such as a rent deposit or a guarantor.

From 1 April 2018, the Minimum Energy Efficiency Standards (MEES) meant that a lease for a property in England or Wales will only be granted or amended if the property has an energy performance rating of A to E, or if the property is exempt from the regulations.

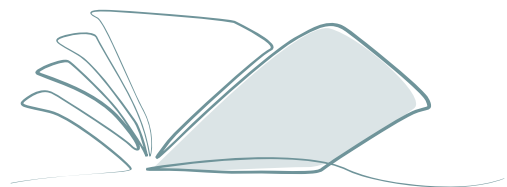
We require all rented properties to be let under a full repairing and insuring (FRI) agreement. An FRI tenancy agreement makes sure that your SIPP is protected from liabilities connected with owning and maintaining the property. This means that the tenant will be responsible for maintaining the property and keeping to all legal obligations.

We may require a professional property manager to be appointed on behalf of your SIPP if one or more of the following circumstances arise:-

- We retain responsibilities that cannot be formally delegated to the tenant.
- Any multi-let properties where there are common areas, such as the structure and internal and external shared parts and services.
- We are instructed to grant an internal repairing tenancy agreement that leaves us with positive obligations or unlet areas to service.
- If there is a residential part to the property.

All new lease agreements must be in our name as the owner of the property. We reserve the right to refuse to acquire the property where the existing agreement does not meet our requirements or to request a formal amendment to the terms.

Appointing a property manager will reduce the risks to Killik & Co Trustees Limited and your SIPP by making sure that all health and safety and legal requirements are met.



Rent collection and arrears

We will bill and reconcile rent payments, insurance costs and service charges unless a property manager is appointed on our behalf to do so.

If a tenant falls into arrears, we will notify you in a reasonable timeframe and commence our internal procedure for following up overdue payments. Where this is unsuccessful and you direct us to or we are obliged to do so by regulations to act as an arm's length commercial landlord for connected parties, we may consider taking legal action or end the occupancy agreement.

You should be aware that if arrears cannot be recovered from a connected party tenant, HMRC may impose punitive tax charges on your pension funds and you personally.

Killik & Co does not accept liability for unrecovered sums due as a result of any tenant not complying with the terms of their Lease.

Any costs charged by third parties, for example, solicitors, surveyors or bailiffs, as a result of rent arrears will be paid from your SIPP and, where possible, recharged to the tenant. This applies whether the occupant is connected or unconnected.

Transactions during the SIPP's ownership of the Property

Throughout the duration of your SIPP's ownership of an occupied property, you are likely to encounter a variety of transactions which may be permissible under the terms of the granted occupancy agreement.

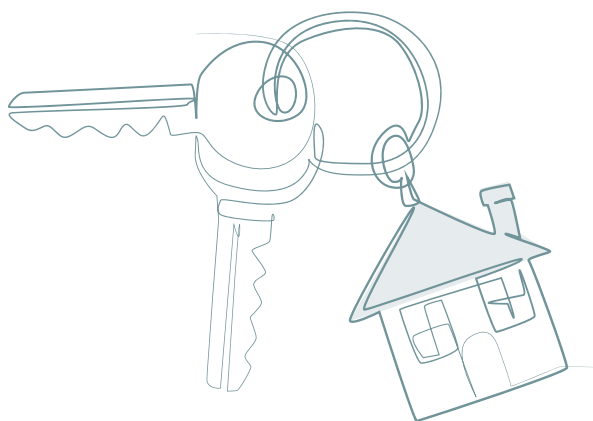
Such transactions include but are not limited to:-

- ✓ **Rent reviews** – The process of examining current market rents and determining if an existing occupant's rent should be raised so it is in line with rents paid by new occupants for comparable properties. These are usually at set intervals or triggered by certain events
- ✓ **Subletting** – When a tenant lets out part or the whole of the property which they themselves are renting from your SIPP
- ✓ **Assigning** – Transferring the existing tenant's lease obligations and rights to a new tenant
- ✓ **Varying** – An agreement that enables a landlord and tenant to change certain terms of the lease

You should be aware that were a lease is granted to an unconnected party, you may decide to forgo certain terms such as rent reviews if you are agreeable. However, the tenant may also have the right, either under the terms of their lease or a statutory right pursuant to legislation, to request a transaction such as subletting which we may be legally obliged to progress.

Conversely, where a lease is granted to a connected party, we must strictly abide by the terms of the lease including the undertaking of rent reviews and only assigning the lease if the action is permissible. Should you wish to forgo any such terms, we would need advice from a RICS qualified surveyor to validate if this would be agreed in the open market.

It is extremely important to consider these potential circumstances at the outset of making an investment in commercial property and to seek legal and valuation advice where necessary.



Ending a Lease

We will contact you when a Lease is due to expire to seek your instructions. It is important to note that the action required at the expiry of a Lease will depend on the type of letting, the jurisdiction and agreed terms.

In some circumstances, we may require your instructions as much as six months or a year before expiry to ensure that we can progress and facilitate your preferred outcome.

You or the tenant may also look to bring the agreement to an end early in a variety of ways such as a surrender or by exercising a break clause.

Whether one or both parties wish to bring the lease to an end early, at the end of the term or renew the lease, it's important that we seek appropriate legal advice from a qualified professional to understand the options available and serve any notices in line with the terms of the agreement and any associated legislation.

Where the lease in place is to a connected party, we will need to strictly follow the terms of the agreement and act as an arm's length landlord. Where you wish us to forgo any terms, bring the agreement to the end early or grant a new lease, we will require advice from a RICS qualified surveyor to confirm the proposed action would be agreed in the open market.

Vacant property

While we do allow the acquisition of vacant property into a SIPP, we would encourage you to ensure the property is let so that your SIPP can benefit from the rental income and mitigate any liabilities.

If the property becomes vacant it is important that your SIPP can meet these ongoing costs including insurance, third-party and SIPP fees and, if it applies, service charges, business rates and loan payments. If you leave the property vacant or the rent does not meet these costs, you must have a cash float in the property bank account for these. The amount in the float will depend on the liabilities, and in most cases we will require a float to cover at least three months of vacant costs.

We require that a third party must regularly inspect the property to make sure it is secure, in a good state of repair, protected from trespassers, meets insurance requirements and any ongoing or new risks are managed. We will work with you to instruct a professional third party to undertake the necessary inspections. Please note we reserve the right to instruct a professional third party inspect, access, secure and if necessary undertake works without seeking your prior approval where we feel, in our reasonable opinion, its required to protect the position of your SIPP and discharge our duty of care.



Ongoing insurance cover

To keep your investment secure, you must tell us about any changes that could affect it.

You must tell us immediately about any changes to the property or the tenant's circumstances (including a connected tenant) that you know of and which could affect the value of your investment or future liabilities, for example but not limited to:

- If the property becomes vacant
- If you agree any changes to the rent or other lease terms
- any significant changes that would affect the reinstatement value of the property;
- If anything happens that we must contact the insurer about.

If the property suffers any damage covered by the insurance, details must be provided to the insurers within 30 days. In the case of riot and malicious or criminal damage, details must be provided to us within seven days and the police told immediately.

Building Works

Any capital expenditure on a property, even where the occupant is proposing to carry out works, must be approved in advance by Killik & Co.

Each property requires individual consideration, and all refurbishments or developments must be undertaken under our strict control with Killik & Co acting as the employer. This is because Killik & Co will need to be satisfied that the works will not create any liability for taxation or regulatory risk.



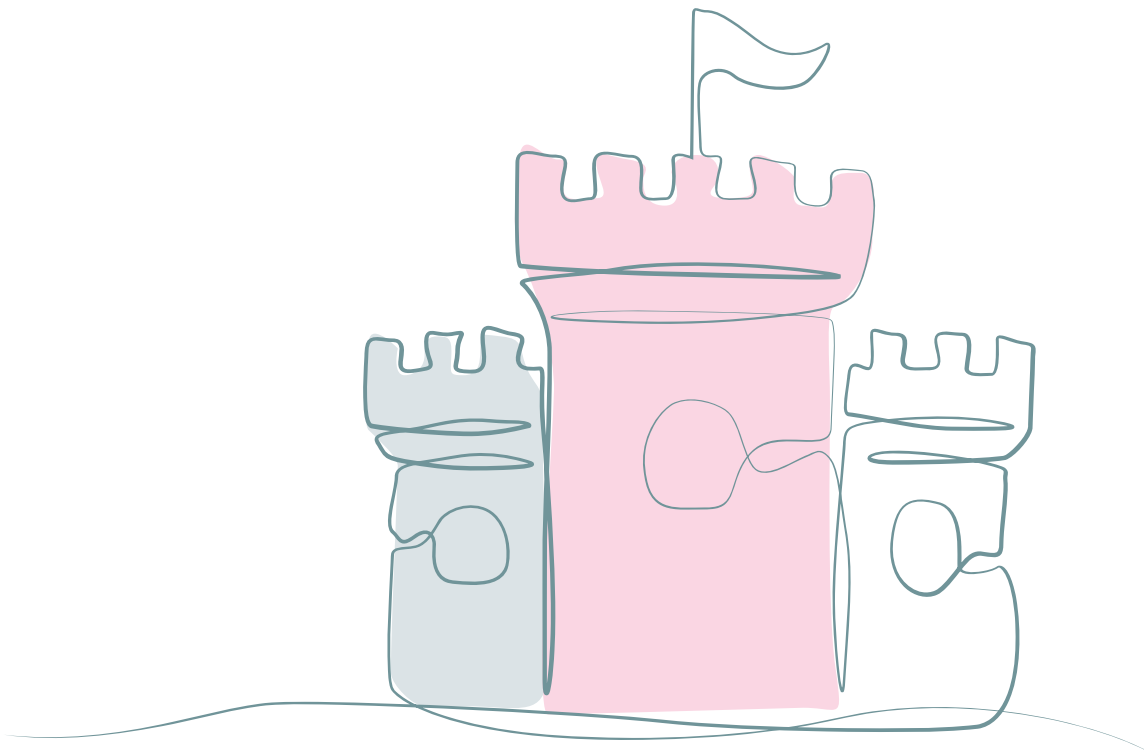
We have outlined below typical requirements and considerations for any building works:-

- Sufficient cleared funds will need to be held by your SIPP or an agreed loan facility ready to drawdown before any works can commence
- Details of the work to be carried out and at least two comparable quotes for that work or validation of commercial costing from a RICS quantity surveyor to validate commercial costing to comply with HMRC requirements
- Valuation advice confirming the market value of the property before and after the work is carried out as well as the reinstatement value for our insurers. Please note that this must evidence that the works are providing capital uplift, or that they are for the benefit of the SIPP fund
- Confirmation of whether you wish for the works to be paid for by the SIPP in its capacity as landlord, or by the tenant. If there is a connected tenancy agreement, or if one is going to be put in place on completion, valuation advice will be required to confirm if the landlord or the tenant would pay for the work on the open market and to advise on changes required to any existing lease or new lease terms to reflect the tenant potentially having the benefit of an improved building. If a new lease or any changes to an existing lease are detailed by the valuer, we will need a solicitor to act for us to document the arrangement.

- Details of the contract administrator to be appointed in order to finalise the contract documents if a JCT contract is required or multiple contractors are to be appointed. The form of contracts will be determined by Killik & Co in conjunction with appointed professionals.
- The contract administrator will typically be RICS or RIBA qualified and also be responsible for providing interim certifications and a practical completion certificate.
- Appointment of a Principal Designer, if there is more than 1 contractor undertaking work, and evidence that they are sufficiently qualified to carry out their role
- A construction phase plan from the (principal) contractor and evidence of the contractor's public liability insurance
- Completion and authorisation from our insurers of the Contract Works Form

Please note that all contractors and professionals must be appointed by us in writing to ensure your SIPP's CDM and HSE obligations are discharged.

Please contact us if you intend to undertake any works and we will be happy to work with you and your chosen professionals to tailor our requirements to suit each project and appropriately protect your SIPP.



Property disposal

If you wish to sell the property, a property sale/transfer request form signed by all participating members will be required. Where the sale is to a connected party, that transaction must be on arm's length ordinary market terms.

To achieve this, we will appoint a surveyor to provide the valuation and advice. All cost, fees and disbursements, in respect of the sale will be paid from the relevant Killik & Co SIPP member's bank account.

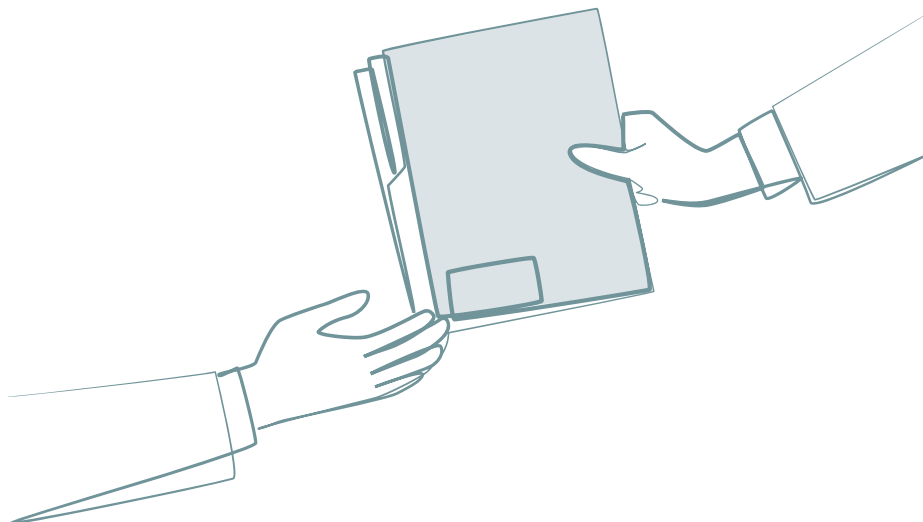
We reserve the right to sell any property where we perceive such sale to be required to enable Killik & Co to comply with our obligations as Trustee or to protect our position generally. Examples of circumstances in which such a sale may be required are:

- The property ceases to be a permitted investment, or is likely to result in tax charges to the member, or scheme sanction charges;
- To pay retirement or death benefits;
- The loan is not serviced due to lack of funding within your SIPP and the lender forecloses on the loan.

This list is illustrative only and is not intended to be exhaustive.

Killik & Co does not guarantee that any sale transaction will progress to completion. We will have no liability to members or their Killik & Co SIPPs should a sale not be completed. We also reserve the right to decline to enter into any contract for the sale of a property where the terms of the sale are, in our reasonable opinion, inappropriate or onerous. We do not accept liability for any loss directly or indirectly as a result of any delay or failure to sell a property, or enter in to any other transaction.

If the property is held by a syndicate, the sale will take place in line with an appropriate procedure outlined by us. We will specify the amount of time that your syndicate members will have to decide whether or not to buy your share of the property or introduce another buyer. This is generally two months. If a decision hasn't been made in this time, you can then sell your share of the property on the open market. If a buyer cannot be sourced in a reasonable timeframe to sell the designated share of the property, then the entire property will need to be sold.



Our fees

Detailed below are our fixed one-off and annual administration fees for each commercial property we hold on behalf of your SIPP.

Description	Fee (exc. VAT)
Property purchase or transfer in fee including mortgage arrangement, initial VAT registration and completion	£1,200.00
Annual property administration fee including maintaining property and tenant records, invoicing and reconciling rent, monitoring lease events, dealing with all property management related correspondence and payment of third party invoices	£800.00
Additional annual fee for second and each subsequent tenant (capped at £600.00 per property or £300.00 where a property manager is appointed)	£300.00
Additional annual fee for off block insurance administration	£200.00
Annual VAT administration fee for VAT elected properties	£150.00
Property sale or transfer out fee including completion	£800.00

All other administration not covered by the above fees will be calculated based on time spent with work charged at £135.00 an hour.

To support you in understanding the level of costing incurred by your SIPP, we have set out below our typical minimum costing for standard transaction types for services per event which are covered by our time costing fees.

Transaction	Minimum cost
Dilapidations	£300.00
Insurance claims not on our block policy	£250.00
Lease variation, assignment, surrender or sublet	£450.00
Lender repossession of the property	£550.00
New leases and lease renewals	£450.00
Property insufficient funds	£60.00
Removal of unauthorised occupant	£550.00
Rent reviews	£200.00
Occupant arrears collection process	£200.00
Occupant payment plan arrangement	£150.00
Occupant payment plan on-going administration	£100.00
Valuation (not payable at acquisition)	£100.00
Building works	1% of the total project cost with a minimum of £250.00 and maximum of £1,900.00

Please note that we reserve the right to increase our time costed fees where matters are more complex or become unexpectedly protracted. We will of course notify you if any time costed fee is going to exceed these indicative costs as soon as reasonably possible.

Where the property is owned by a syndicate, all property fees will be charged according to the member's SIPP's ownership percentage of the property.

All third party professional fees will be charged in addition to the above.



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