

Property Questionnaire

Scheme Name:								
Scheme Ref:								
Trustees:								
Property Type:	Land (Agricultural)	Land for Commercial Development	Shop	Office	Industrial Unit	Public House	Hotel	Other
If 'Other' then please specify:								
Property Address:								
Purchase Price (not inc VAT):								
Total Purchase Price (inc VAT):								
Percentage of the Property to be purchased by the Scheme:								

Guidance Notes

Under current legislation, pension schemes are permitted to purchase, let and sell property assets with any other party, whether they are deemed to be a Connected Party or an Unconnected Party.

For guidance prescribed by HMRC, defining a Connected Party, then please visit the following URL:

www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm027000

All Trustees must be a party to every investment decision that the Scheme makes (including taking an interest in a property). When purchasing a Property, the property **must** be purchased in the name of each and every Trustee of the Scheme as Trustees of The Scheme.

The Scheme must have sufficient funds available to purchase the property. Please note that VAT may be charged on and in addition to the purchase price and for property transactions above a certain value (including any VAT payable), Stamp Duty would also be payable.

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The Scheme can borrow funds, either by way of a Mortgage, from a Bank or Building Society, or a Loan from a Connected or an Unconnected Party. However, the Scheme is only permitted to borrow up to a maximum of 50% of its Net Value and any borrowing from a Connected Party must be at a Commercial Rate of interest.

The formula for the Maximum Permitted New Borrowing is shown below:

Maximum New Borrowing = 50% of the Net Value of the Scheme – Current Value of Existing Borrowing

$$50 \% \text{ of the Net Value of the Scheme} = (\text{Value of All Assets} - \text{Value of All Liabilities}) \div 2$$

'Arms Length' – To sell or purchase the property and / or to commit the Scheme to any lease (either Existing or Proposed) involving a Connected Party, the Trustees of the Scheme **must** ensure that the transaction takes place at the full Market Rate (as if the transaction was being carried out with an Un-connected Party).

'Market Rate' – For transactions involving a Connected Party, evidence of the Market Rate can only be provided by someone deemed by HMRC to be a Suitably Qualified Individual. For Property transactions, this is a RICS (Royal Institute of Chartered Surveyors) qualified Chartered Surveyor.

Your Scheme will need to record and report an accurate and up to date value of the property. It is therefore advised that a property valuation to the RICS' 'Red Book' standard is carried out by a Chartered Surveyor at least every 5 years, or earlier in the following events (if earlier, then a letter of Addendum from the same Surveyor who completed the last Red Book Valuation would be sufficient):

- A Member wishes to commence taking or review their pension benefits
- A Substantial change to the property or its surrounding area
- A Substantial change to the Commercial Property Market as a whole
- A New Lease is proposed or an existing Lease is to be reviewed

The Scheme does not have to purchase the whole property itself, it could purchase a share of a property, but where the Scheme is purchasing only part of a property, the price it pays **must** be in proportion to the size of its share of the property. The Solicitor will need to prepare a Declaration of Trust to record the percentage of ownership and to deal with any pre-emption rights. A purchase involving a number of owners carries with it a number of additional risks to the Scheme (especially where the property is used as security by one of the owners) and these risks should be discussed with your appointed Solicitor before any decision is made.

The Scheme is not limited to only UK property and could take an interest in foreign property. However, this is a very complicated area which requires a lot of investigation and carries with it, a lot of additional risk to your Scheme. Please contact your Scheme Administrator if you are considering investing your Scheme's assets in a Foreign Property.

Generally, the Scheme can take an interest in most types of Commercial property, including Shops, Offices and Industrial Units.

The types of property which are not permitted to be held by a Registered Pension Scheme are:

- Residential Property
- Holiday lets and Timeshares
- Moveable Property (e.g. Caravans & Log cabins)

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- Freehold Commercial Property where the Freehold has a Leasehold Residential Property under it
- Any Caretaker style accommodation (e.g. a Public House) where a Connected Party occupies the Residential element.
- A Residential development has either:
 - Been a residential property before
 - Had a certificate of habitation issued
 - Had the utilities connected and is Habitable

Residential developments are a tricky area to get right, HMRC's guidance can be found by visiting <https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm125200> If you are unsure whether the properties you are interested in, are allowable investments for your Scheme then please contact your Scheme Administrator for clarification.

The steps that you will need to take as Trustees to purchase a property with your SSAS:

1. Find a property that All Trustees of the Scheme believe to be a suitable investment and that your Scheme can afford
2. Complete this Property Questionnaire and submit it to your Scheme Administrator for their consideration
3. If required, source an appropriate loan to facilitate the purchase
4. If required, find and appoint a RICS qualified Chartered Surveyor to carry out a valuation of the property (if you are applying for a Commercial Mortgage, then your Mortgage Provider will require a valuation to be prepared and although the Valuation will not be suitable for your Scheme to use, the Company or Individual providing the valuation may be able to offer one to the 'Red Book' standard and addressed to your Scheme, for a reduced fee)
5. Find and appoint a Licensed Conveyancer or Solicitor to act on behalf of your Scheme (it is advisable to appoint a Solicitor who is used to dealing with Commercial Property purchases on behalf of Pension Schemes)
6. If you do not have a Tenant in mind or the Existing / Proposed Tenant is an Unconnected Party, then you may wish to appoint a Property Manager
7. You must arrange a suitable Property Owner's Insurance, for the benefit of the Scheme, to be in place from the Exchange of Contracts (Your Solicitor should not allow the Exchange of Contracts without appropriate insurance being in place)
8. During the process you must provide your Scheme Administrator with a copy of the documents listed below, for their consideration and to add a copy to your Scheme's file.

The Scheme Administrator will need a copy of the following documents for the Scheme's file:

1. If applicable, a copy of any Loan documents before they are signed. It is the Scheme Administrator's responsibility to ensure that any Borrowing is within the Scheme's Maximum Permitted Limit.
2. A copy of the CPSE (Commercial Properties Standard Enquiries) that your Solicitor will complete.
3. Depending on the age of the property, a copy of an acceptable Environmental Report or confirmation that Environmental Insurance has been taken out.
4. Depending on the age of the property, a copy of an acceptable Asbestos Report. If it transpires that Asbestos is present in the property, then the Trustees must produce and maintain an Asbestos Management Plan (a copy of which must be held in the Scheme's file).
5. A copy of any existing or new Tenancy Agreements (including the Superior Lease, if the property is subject to a Long Leasehold).
6. A copy of the Purchase documents (TR1 form, Contract for the Sale / Purchase and a Completion Statement). If one has been produced, the Solicitor will require a copy of the Property Valuation to aid them in their enquiries.

Property Questionnaire

Vendor's / Purchaser's Name:		
Vendor's / Purchaser's Address:		
Would they be deemed to be a Connected Party to the Scheme?	Yes	No
Please confirm the title that you wish to purchase / dispose of	Freehold	Leasehold

If Leasehold

What is the Remaining Term of the Lease?	
What Annual Ground Rent is payable?	

If there is a Ground Rent payable on a Leasehold Property, then it is certainly advisable for you to ensure that there are no onerous review provisions written into the Lease.

Is the Property subject to VAT?	Yes	No
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If the Property is subject to VAT, then VAT will be due on the Purchase Price.

If you are intending for the Scheme to become VAT Registered, then it is certainly advisable that you seek the advice of a Tax Specialist to fully explain the benefits and drawbacks of doing so.

Will the Scheme be receiving any Borrowing?	Yes	No
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If Yes, then please provide details of the Borrowing below

How much would the Scheme be looking to borrow?	
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Property Questionnaire

Lender's Name:		
Lender's Address:		
Telephone / Email:		

Does the Property currently have a Tenant in place?	Yes	No
Is the Property to be sold with Vacant Possession?	Yes	No

If the property is to be purchased with Vacant Possession

Do you have a proposed Tenant in mind?	Yes	No
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Please provide details of either; the Tenant in place at the point of Exchanging Contracts, or the proposed Tenant

Tenant's Name:		
Tenant's Address:		
Would the Tenant be deemed to be a Connected Party to the Scheme?	Yes	No
When is their Tenancy likely to start?		

Property Questionnaire

Appointed Agents

Solicitor's Name:	
Company Name:	
Address:	
Telephone / Email:	

Surveyor's Name:	
Company Name:	
Address:	
Telephone / Email:	

Property Manager's Name:	
Company Name:	
Address:	
Telephone / Email:	

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As the Trustee/s of the, I/we declare that:

I/we have read and understood the Guidance notes at the beginning of this application form and have raised any queries with the Scheme Administrator, or my/our appointed advisers.

To the best of my/our knowledge and belief, the details I/we have provided on this form are correct and complete.

I/we consent to the lawful use of my/our personal information by those individuals, companies and other relevant parties (including the Agents I/we have specified in this form), for the sole purpose of the administration and management of the Scheme.

I/we agree to provide a copy of all documents outlined in the Guidance notes to the Scheme Administrator plus any additional information that they may request as soon as they become available.

I/we agree that I/we understand fully the responsibility the Scheme Administrator has, to ensure that the Scheme operates within the regulations and guidelines prescribed by Her Majesty's Revenue & Customs and in the event that the Scheme Administrator advises against proceeding with the purchase that I/we the Trustee/s will adhere to the advice of the Scheme Administrator to protect my/our Scheme.

Trustee's Signature:	
Date:	

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Date:	

Trustee's Signature:	
Date:	

Trustee's Signature:	
Date:	