

Notes are available to assist in the completion of this form

PLEASE NOTE: Any information or supporting documents that are not provided with the application form may result in a delay in the property investment becoming an asset of the Scheme

PLEASE FULLY COMPLETE THIS QUESTIONNAIRE IF YOU ARE INTENDING TO HOLD PROPERTY IN YOUR LIBERTY PENSION SCHEME.

- The Scheme is acquiring **ALL** of the property This is an in-specie **TRANSFER** from another Scheme
- The Scheme is acquiring **PART** of the property This is an in-specie **CONTRIBUTION**
(A contribution form will also need to be completed)

Proposed date of completion

In addition to the information requested in this questionnaire, where the following are readily available, please send copies with the questionnaire as this will avoid unnecessary delays

- Anti-Money Laundering Documents for the Tenants
- Environmental Survey
- Independent Valuation (showing purchase, rental & replacement value)
- Copy of the Lease property is to be purchased as a leasehold
- Copy of lease for existing tenant

When completed, please return the application form together with the relevant enclosures to:

Liberty SIPP Limited, Suite 3, Havana House, Cuba Industrial Estate, Stubbins, Lancs BL0 0NE

PLEASE NOTE THAT LIBERTY TRUSTEES HAVE TO INSURE THE PROPERTY IN THEIR NAME FOR BUILDINGS REINSTATEMENT, LOSS OF RENT AND PUBLIC LIABILITY. ANY EXISTING INSURANCE IN THESE AREAS WILL HAVE TO BE CANCELLED FROM THE COMPLETION DATE.

SECTION 1 - PROPERTY DETAILS

Full Address of Property

Land Registration Title

Is the property Freehold
 Leasehold Date the lease expires

Type of Property Offices Industrial Units Shop
 Hotel Other

Is there a residential element to the property? Yes No

If YES please provide a full details below

SECTION 2 - FUNDING DETAILS

What is the purchase price of the property excluding VAT? £

Is the property price subject to VAT? Yes No

If YES, would you want the property to be opted for VAT? Yes No

If NO, would you, for any reason want the property to be opted for VAT? Yes No

BORROWING DETAILS

Will you borrow to assist with the purchase of the property? Yes No

Loan Amount £ Term of Loan Yrs

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? £

SECTION 3 - TENANT DETAILS

Name of Tenant

Full Address

(if different to the Property Address)

Contact Name (if tenant is a company)

Is the tenant connected to the Scheme Member(s)?

Yes

No

Is the tenant already occupying the property?

Yes

No

If YES, when does the lease expire?

Rent (pa)

If NO, are there any special circumstances agreed with the new tenant?

Yes

No

Additional Information *(additional tenants, agreed rent free periods or deferred occupancy)*

SECTION 4 - PROPERTY CONTACTS

Vendor Details

Name of Vendor

Full Address

(if different to the Property Address)

Contact Name *(if tenant is a company)*

Is the vendor connected to the Scheme Member(s)?

Yes

No

Vendor's Solicitors

Full Address

Contact Name

Telephone Number

Fax Number

BANK DETAILS *(if applicable)*

Name of Bank

Full Address

Contact Name

E-mail Address

Telephone Number

Fax Number

SURVEYOR DETAILS *(if not appointed by lender)*

Name of Surveyor

Full Address

Contact Name

SECTION 5 - PURCHASER DETAILS

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

All Scheme Members

Share of Property (%)

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

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

SECTION 6 - MEMBER DECLARATION

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

I understand that Liberty not is regulated by the FSA 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 investment income and proceeds on the sale of the investment will be split proportionately to the share of the property which will reflect each party's contribution to the investment and will be documented in an Option Agreement, which will be executed prior to the property purchase.

I authorise Liberty Trustees Limited to appoint a solicitor to act on behalf of the Scheme Trustees in respect of the acquisition of this investment 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 LIBERTY WILL TAKE OUT AN INSURANCE POLICY WHICH WILL AT LEAST COVER THE REPLACEMENT VALUE OF THE BUILDING, 3 YEARS' LOSS OF RENT AND PUBLIC LIABILITY OF £5 MILLION, BUT THAT ANY OTHER COVER E.G. FOR CONTENTS WILL BE THE RESPONSIBILITY OF THE TENANT. I AUTHORISE LIBERTY 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 INVESTMENT WILL BE PAID DIRECTLY TO THE SCHEME.

I understand that Liberty will aim to meet the agreed deadlines for completing the purchase of this investment. However, where information is outstanding, I indemnify Liberty against any charges that may be levied as a result of any delays. I understand that Liberty are entitled to charge for work done if the purchase does not complete.

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

Signature

Name of Member

Signature

Name of Member

Date

Signature

Name of Member

Signature

Name of Member

NOTES AND GUIDANCE TO COMPLETING THE PROPERTY QUESTIONNAIRE

A property can become part of your Liberty Pension Scheme portfolio by way of a straight acquisition whereby you and others, be it other Liberty Pension Scheme Members or a 3rd or connected party) purchase the property, or by transferring part or all of the property in-specie (where there are no cash exchanges and the new legal owners are recorded by deed), by way a contribution or transfer from another pension scheme. Whilst the end result is the same, the processes are different. Please advise how the property is to become part of the Scheme to enable Liberty to put the appropriate paperwork in place.

PROPERTY AS AN 'IN SPECIE' CONTRIBUTION

Technically there is no such thing as an 'in specie' contribution as all contributions to a pension scheme must be expressed as a monetary amount. However the member can decide on a monetary contribution, which creates an enforceable debt in favour of the Liberty Pension, and this is then satisfied by the transfer of the property.

Where the property is personally owned by the member, it can be used as a member contribution and Liberty Pensions can claim basic rate tax relief currently at 20% on the scheme's behalf. A higher rate taxpayer can also obtain a reduction in tax of 20% of the gross amount including basic tax relief. However care must be taken not to exceed the Annual Allowance for the period in question.

Where the property is owned by the employer, an 'in specie' employer contribution can be made to a member's Liberty Pension. This is treated as a gross contribution and the company would apply for tax relief at the local tax inspectors discretion.

If there is a Capital Gains Tax liability at the time the contribution is being made, this would need to be settled prior to the transfer. For either type of contribution, the monetary amount must be specified in writing beforehand and in theory an adjustment would be needed if the actual value was more or less. However unlike shares whose value fluctuates daily this should not be a problem with a property unless the process of transferring, similar to that of purchasing, was unusually protracted.

PROPERTY AS AN 'IN SPECIE' TRANSFER

It is possible to transfer a property currently held as an asset of another pension scheme to a member's Liberty Pension. 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 except that new surveys or valuations would not be needed unless the value quoted was very old.

PROPOSED COMPLETION DATE

It is vital that we have an indication at outset. Liberty 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, an Option Agreement 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 Liberty Pension Member or an outside firm, must be appointed. The manager's main functions will be:

- Collecting rent/VAT and paying this to the Scheme
- Finding a new tenant if, for whatever reason, a tenancy comes to an end
- Taking action against the tenant for any rental arrears
- Ensuring that the property is adequately insured with a reputable company; the minimum basis is the replacement value of the building, 3 years' loss of rent and public liability of £5 million. Copies of the insurance policy must be sent to Liberty, and any insurance payout in respect of this cover will go directly to the Scheme.

OPTION AGREEMENT

Where there are multiple investors, an option agreement must be in place prior to completion. Any member wishing to sell his share to provide retirement or death benefits or for any other reason must give the other investors “first refusal” to purchase his share. The property will be revalued and the transaction done on a purely commercial basis.

TYPE OF PROPERTY

We need to ascertain that the property is genuinely commercial and that any residential element is necessary in order for the property to fulfil its purpose. Where the property has a residential element that is not permitted under the Scheme Rules, the title would have to be split to ensure that only the non-residential element is purchased by the Scheme.

If residential property is being converted to commercial use e.g. offices, the change of use must be completed prior to purchase. The Scheme can not buy a house and subsequently apply for a change of use.

FREEHOLD AND LEASEHOLD

It is not permitted to invest in a depreciating asset, by its very definition. If the leasehold is being purchased by the Scheme, the term should not be nearing its end. HMRC consider a “wasting asset” where its predictable life span is less than 50 years.

FUNDING DETAILS

A calculator is available from our website to assist you in assessing how to fund for this investment. Please be advised that this does not constitute financial or investment advice. Liberty are not authorised under the FSA to provide such advice. If you are unsure as to whether including a property as part of your portfolio is suitable for you, you should seek professional financial advice.

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.

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 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 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.

AMOUNT OF LOAN

The maximum loan is limited to 50% of your fund. 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). The loan repayments would be expected to be met from the rental income, however, this is not a requirement and contributions can be made.

It is not possible to transfer a liability to the Scheme. If a property is being transferred from another pension scheme and there is existing borrowing, a new loan agreement would need to be entered into and hence would trigger a borrowing test. If the borrowing required exceeded 50% of the fund, the transfer would not be possible unless the excess of the existing loan was paid off or a contribution was made to the Scheme to increase the fund value.

PROPERTY DEVELOPMENT

We will need full plans and anticipated costs for any development work. Where a connected party is carrying out the development work, quotations for the same work would need to be obtained from two independent firms. This is to verify the agreed cost is on commercial terms.

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

For new tenants, a lease will be drafted by the trustees' solicitor and must be signed and executed prior to the tenant occupying the premises. The lease will be on a fully insuring and repairing basis with a no downward rent clause and a minimum of 5 yearly rental reviews.

We need to ascertain whether there is any family or business connection between the tenant and any of the purchasers. If so, the rent amount must be supported by an independent surveyor's report. If the rent charged is not in line with this or if the rent is unpaid, it will be treated as an “unauthorised payment” by HMRC and the beneficiary will be taxed.

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.

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 either ARICS or 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.

ENVIRONMENTAL REPORTS

Unless one has recently been produced Liberty will always 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 the Scheme fund, 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 the Scheme funds and will be in the region of £150 - £450 (usually higher if land acquisition or further reports required).

ASBESTOS

This may be an issue with properties built before 1999 and we ask the trustees' solicitor to investigate it as part of our instructions. It may be necessary to put an Asbestos Management Plan in force if there is no existing one.

TRUSTEES' SOLICITOR

Liberty chooses a solicitor who is familiar both with SIPP property purchases and our way of working. For England and Wales, JMW Solicitors based in Manchester will be appointed and Warner Solicitors in Edinburgh for Scottish Property.

We are sometimes presented with a *fait accompli* on the basis that the buyer's own solicitor has already done some work, but this nearly always leads to complications and more often than not delays the completion of the property and causes additional administration on our part. If you insist on using a particular firm, we reserve the right to involve our chosen solicitor and their costs would be additional to those of the already appointed solicitors. Furthermore, we would reserve the right to increase our administration fee for any additional work that is required as a result of using a solicitor unfamiliar with property purchases through a pension scheme.

PURCHASE BY LIBERTY PENSION 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. Any loan repayments and fees will be deducted from the account and any surpluses will be distributed to the members' individual accounts periodically, proportionately to their share in the property.

PURCHASE INCLUDING NON LIBERTY PENSION MEMBERS

Where the property is to be co-owned with a non Liberty Pension member, please provide details. Liberty's fee for this is met by the scheme.

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.