

GUIDANCE NOTE

RENT CONCESSIONS AND DEFERRALS: CONNECTED TENANTS

JULY 2020



We appreciate that given the current impact of COVID-19, the ability for tenants to pay rent could be impaired. We also appreciate that our normal collection and arrears chasing process may need to be adapted in this situation to ensure that businesses can continue to trade throughout the period and into the future. With this in mind we have reviewed the actions being taken by other landlords and would like to set out the current options we have available to assist and support you in this period. These proposals will allow us to take into consideration any further Government directives or HMRC guidance provided in current months.

Under HMRC regulations we are required to act as any normal landlord would, in order to prevent the SIPP fund from incurring significant tax charges for any unauthorised payments. Currently HMRC have relaxed their requirements for additional valuation advice for the period March 2020 to October 2020. This will assist with implementing rent deferrals and rent concessions in this specific period.

Rental payment timing adjustments

- If you are currently invoiced quarterly, you could consider making three payments towards this invoice to help with cash flow
- If you are currently invoiced monthly, you could consider making weekly payments towards the invoice to help with cash flow.

Rent deferrals

Rent can be deferred as agreed with the Landlord. A rent deferral agreement would be put in place with a specific review date.

At the review date we would contact you to discuss how the deferred rent will be cleared. It is important to note that at this point the next period's rent will also be due.

If the historic invoices can be settled in full we would accept a BACS payment at this point. If the historic invoices cannot be paid in full we would look to agree a set repayment plan over a period

of time. A formal agreement would be put in place and an administration fee would be charged as per our normal procedures.

If a further deferral is required at the review date we can negotiate the terms at this point.

If you are paying by direct debit or standing order, it is your responsibility as tenant to contact your bank to amend the payments.

Rent concession

As companies currently cannot easily demonstrate the financial impact COVID-19 is having on their businesses, we suggest that rent concessions are only considered after a period of deferral. This will be on the basis that evidence can be supplied to show the inability to cover the historic invoices or the potential future period.

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By waiting till the review date it will also allow us to assess any future changes that could be implemented to help businesses.

Other considerations as a connected party

- Are there sufficient funds within the SIPP to cover loan repayments, service charges, insurances, and other associated property liabilities?
- In the event sufficient funds are not available and we cannot procure concessions from third parties (e.g. mortgage repayment concessions), additional funds will be requested from associated investors. Where rent is key to pension income, please note that any concessions agreed may affect you pension income levels.
- NOTE: Where the premises have been vacated please ensure you inform both Curtis Banks and the provider of the buildings insurance. The insurer's vacant property guidelines should then be followed.

For those properties insured via Curtis Banks' block insurance policy underwritten by AXA please see our insurers guidelines which can be found in the *Property Insurance Notes*.

Contact Details

If you'd like to speak to us about anything on this guidance note, you can contact our property teams using the details below.

If you receive your invoices from Suffolk Life, please email:
propertycreditcontrol@suffolklife.co.uk

If you receive your invoices from Curtis Banks, please email
propertymanagement@curtisbanks.co.uk

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