

GUIDANCE NOTE

RENT CONCESSIONS AND DEFERRALS: CONNECTED TENANTS

SEPTEMBER 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 March 2021. 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.

Curtis Banks Group plc (registered number 07934492) and Curtis Banks Limited (registered number 06758825) are companies registered in England & Wales with their registered addresses at 3 Temple Quay, Bristol BS1 6DZ. Curtis Banks Limited is authorised and regulated by the Financial Conduct Authority (number 492502). Curtis Banks Pensions is a trading name of Suffolk Life Pensions Limited. Suffolk Life Pensions Limited is a company registered in England & Wales (registered number 1180742) and is authorised and regulated by the Financial Conduct Authority (number 116298). Suffolk Life Annuities Limited is a company registered in England & Wales (registered number 1011674) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (number 110468). The registered address of both companies is 153 Princes Street, Ipswich, Suffolk IP1 1QJ. Tel: 0117 910 7910 Fax: 0117 929 2514. Call charges will vary. We may record and monitor calls. If you're contacting us by email, please remember not to send any personal, financial or banking information because email is not a secure method of communication. SL269.202009 September 2020

CONTINUED

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 has 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*.

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 rental demand from our Ipswich Office, please email propertycreditcontrolipswich@suffolklife.co.uk

If you receive your rental demand from our Bristol or Dundee Office, please email propertymanagement@curtisbanks.co.uk

Please remember not to send any personal, financial or banking information via email as it is not a secure method of communication.

Contact Details