

## How does a syndicate SIPP work?

Sometimes there aren't enough funds for a single person's SIPP to purchase a property or there are motivations for a group of people (e.g. business partners) to own a property collectively. However, SIPPs are flexible products and two or more parties can pool funds together to collectively purchase a commercial property – this is known as a syndicate SIPP

## So how does a syndicate SIPP work?

### Phase 1 – Purchase

- Clients identify a property they wish to purchase
- The cost of the purchase is calculated – property value plus associated costs such as legal, surveyor, advice, taxes and SIPP fees
- The clients ensure they collectively have sufficient existing funds or arrange to make up any shortfall through additional contributions and/or borrowing from a lender – (a SIPP can borrow up to 50% of the SIPP fund's net assets)
- The clients establish their SIPPs, which @sipp link together in a syndicate arrangement
- The funds are transferred/contributed/lent and a solicitor is appointed to represent the syndicate
- Property ownership is transferred to the syndicate SIPP – now owned in accordance with the proportion of the funds each individual SIPP has contributed

### Phase 2 – Ongoing ownership and returns

- Once the property is purchased, the solicitor will then prepare a lease for the tenant, be it a connected party such as the client's business, or an unconnected third party
- The tenant now pays rent to the SIPPs
- Each member can now reinvest their share of the rental proceeds into individual assets such as a DFM, wrap, TIP or other investment vehicle
- When the property is eventually sold, the sale proceeds (less costs) will be shared the same way that rent is, according to each SIPP's ownership share



## General points to note

At the outset, it is important to plan for unexpected events or material changes in circumstances. We therefore require the syndicate SIPP members to enter into a formal agreement which sets out the process to be followed if a SIPP needs to realise its investment and exit the syndicate.

A property manager will need to be appointed to inspect, manage and superintend the property, under a formal property management agreement. The role can be undertaken by one of the syndicate members or a professional property management firm.

## Core Benefits

- ✓ By combining SIPPs, clients are able to purchase higher value assets that may otherwise not be possible individually
- ✓ Offers a means to structure ownership to achieve a desired collective model, e.g. to follow an existing business ownership model
- ✓ An alternative source of funding to allow a property to be purchased where this would not be possible using personal or business funds



## Introducing the @SIPP Business Development Team

Flexibility, technical expertise and industry-leading customer service.  
It's all at your disposal. Just drop us a line.

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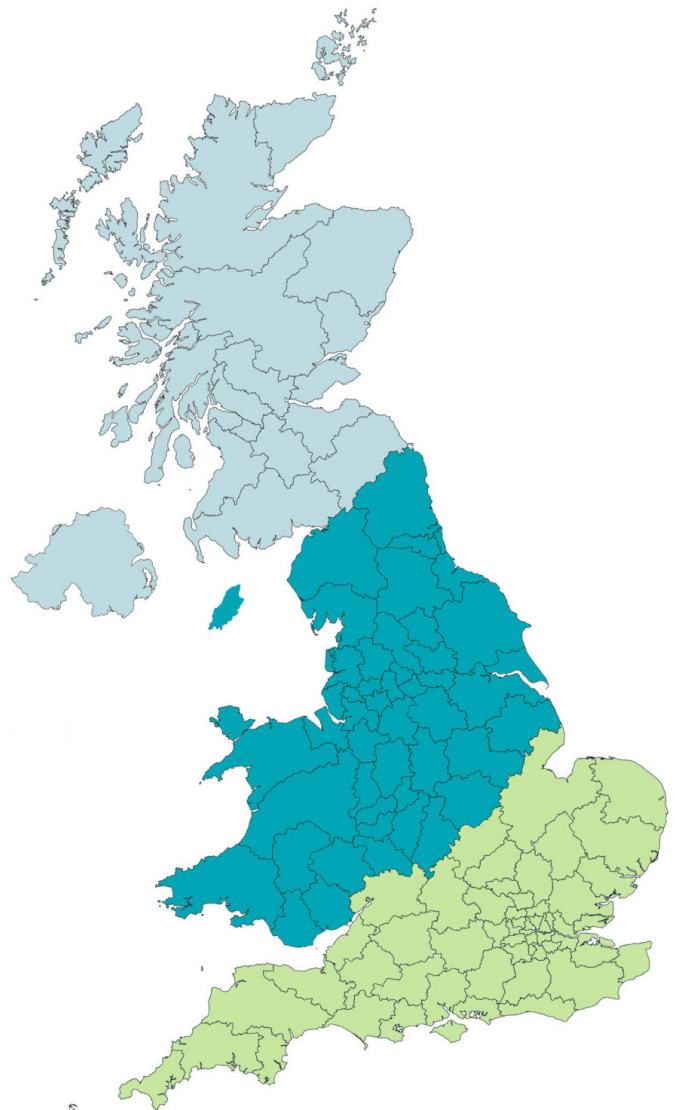
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