



bricklane.com

# UK Residential Property Funds

FOR SIPP INVESTORS

Bricklane.com  
support@bricklane.com

This financial promotion is issued by Bricklane Investment Services Limited, an appointed representative of Gallium Fund Solutions Ltd., which is authorised and regulated in the UK by the Financial Conduct Authority ("FCA"), reference number 487176. Bricklane Investment Services Ltd's registered office address is 20 Ropemaker Street, London EC2Y 9AR

## WELCOME

In this guide we'll walk you through some of the key things to know about investing with Bricklane.com, now available in your SIPP.

The latest version of this guide is available at <https://bricklane.com/sipp>

## NEED HELP?

Please feel free to reach out to us by emailing [support@bricklane.com](mailto:support@bricklane.com) or calling us on 0203 1111 432 should you have any questions.

If you have specific questions about opening a pension, or administrative queries concerning SIPPs, please contact a Hartley Pensions administrator on 0117 316 9991, mentioning that you are calling about Bricklane.com REITs.

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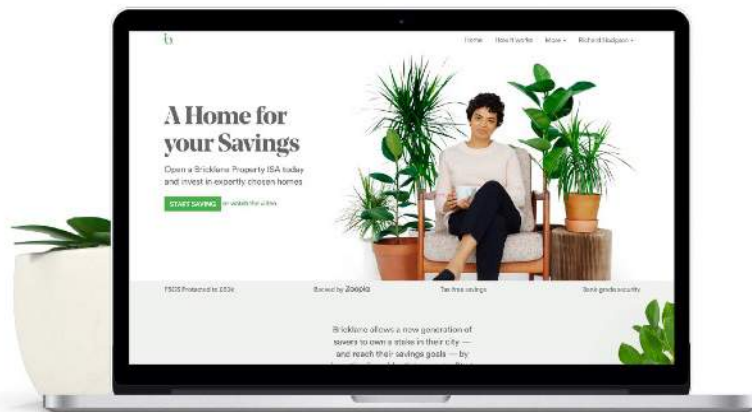
# How it works

Bricklane.com enables people to invest in UK residential property and grow savings with the housing market. We currently operate two geographically focused residential property funds, structured as REITs, each of which buys expertly chosen properties which are let out to tenants.

Investments earn rental income, as well as price changes on the properties that the funds own. Properties are valued by a leading independent consultancy each month. Our funds are unlevered and so performance reflects the behaviour of underlying properties and rental income can provide a relatively stable return and some downside protection.

There are two funds: Regional Capitals (Leeds, Manchester and Birmingham), and London. When you invest in either fund, your investment is spread across properties held in the relevant area, and kept separate from the other fund.

Please note: only our Regional Capitals fund is currently eligible for inclusion in a SIPP wrapper, with our London fund to follow soon. Both funds can be held in an ISA wrapper or traded through a general investment account via the Bricklane.com website



# Regional Capitals Fund

Birmingham, Leeds and Manchester are vibrant, growing cities where residential property offers a blend of attractive rental yield and strong prospects for long-term increases in property values.

These centres of the Northern Powerhouse offer an outstanding quality of life, enjoy excellent transport links, and are set to further benefit from significant government investment in infrastructure, science, innovation, culture and tourism.

The fund allows you to gain exposure to a portfolio of expertly-chosen properties across these cities, and has been popular with those looking to own a stake in their city, as well as those looking to diversify by investing further away from home.

The Regional Capitals fund launched in September '16 and had returned +8.72% at its first anniversary\*. This performance figure is net of the annual management fee, but does not reflect the initial charge on investment (1.25%).

*Investors should note that projections and past performance are never a perfect predictor of future performance.*

*\*Performance can be reviewed at the stock exchange website:  
[www.tisegroup.com/market/securities/8445](http://www.tisegroup.com/market/securities/8445)*

## OUR APPROACH

In each city, we target properties which meet our yield, quality and historical performance criteria, within walking distance of the centre, typically priced between £120k and £400k.

## THE MARKET

Despite local variations in character, these cities make a natural group, with similar growth drivers and past investment performance. Across the first half of 2017 market conditions in Birmingham, Leeds and Manchester remained healthy, with average prices growing 6.1%, 4.8% and 4.7%

(source: Hometrack) respectively in those 6 months, alongside returns from rental income.

Though our Regional Capitals fund allows an investor to benefit from diversified exposure, when selecting properties for the fund we pay close attention to how each market is performing, and their differences and the local rental dynamics and acquisition opportunities.

## **MANCHESTER**



Manchester is a rental-driven market, with two thirds of the city centre population renting their homes, and rents having increased 7% on average (Source: JLL) in 2016. Manchester is currently top of JLL Residential Research's prospects for capital growth over the next five years. New build activity is growing, in particular around the BBC's Media City in Salford.

## **LEEDS**



Occupancy rates for rented housing in Leeds are very high at almost 97%, and 80% of the city centre population is aged between 15 and 34. In recognition of Leeds' advantages, major employers are moving in, with Sky and Google recently having set up offices in the Dock area. JLL forecast growth in rental income and capital values at 22.6% and 21.6% respectively from 2017-2021, suggesting attractive yields may persist in the medium term.

## **BIRMINGHAM**



Birmingham is the top choice for people moving out of London according to ONS migration data, and is also one of the youngest cities in Europe, with under 25's accounting for nearly 40% of the population. JLL forecasts house price growth of 21.7% between 2017-2021, complemented by a 17.6% forecast growth in rents.

# London Fund

*Note: London fund currently eligible for ISA and general investment accounts only. SIPP-eligibility is pending.*

London is one of the true global megacities — cosmopolitan, hugely desirable as a place to live and work, and host to a rapidly growing population. This fund allows you to gain exposure to a portfolio of expertly-chosen properties across London.

The high cost of buying a home in the London housing market continues to drive demand for properties to rent, particularly amongst young professionals.

Historically, house prices have grown very quickly: 9% per year over the past 20 years, meaning the average first time buyer's deposit is now over £100,000 (source: Halifax). The gap between the number of homes we need and the number we are building is significant. As such, there is potential for strong returns through rental income and capital growth, particularly for 'mainstream' properties — the focus of our London fund.

## THE MARKET

London is not just one housing market — it is made up of many smaller markets, from Knightsbridge to Stratford, Finsbury Park to Wimbledon. With a range of regeneration activity underway, as well as planned infrastructure upgrades (Crossrail, the Northern Line extension and many others), it's certain that the landscape will continue to evolve. In this environment, we believe it's important that investors can benefit from exposure to London property with Bricklane.com, as well as our constant analysis of trends and movements in the market.

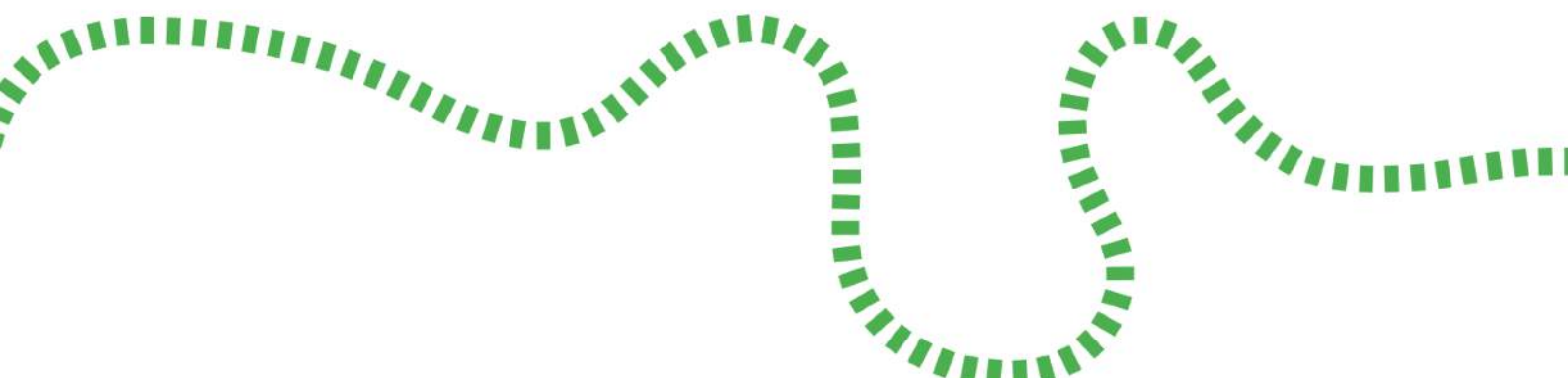


## OUR APPROACH

The Bricklane.com London fund invests in attractive homes across the city. In order to deliver the best return for you as an investor, it targets properties that appeal to a wide range of tenants, and which exhibit strong rental and sales demand.

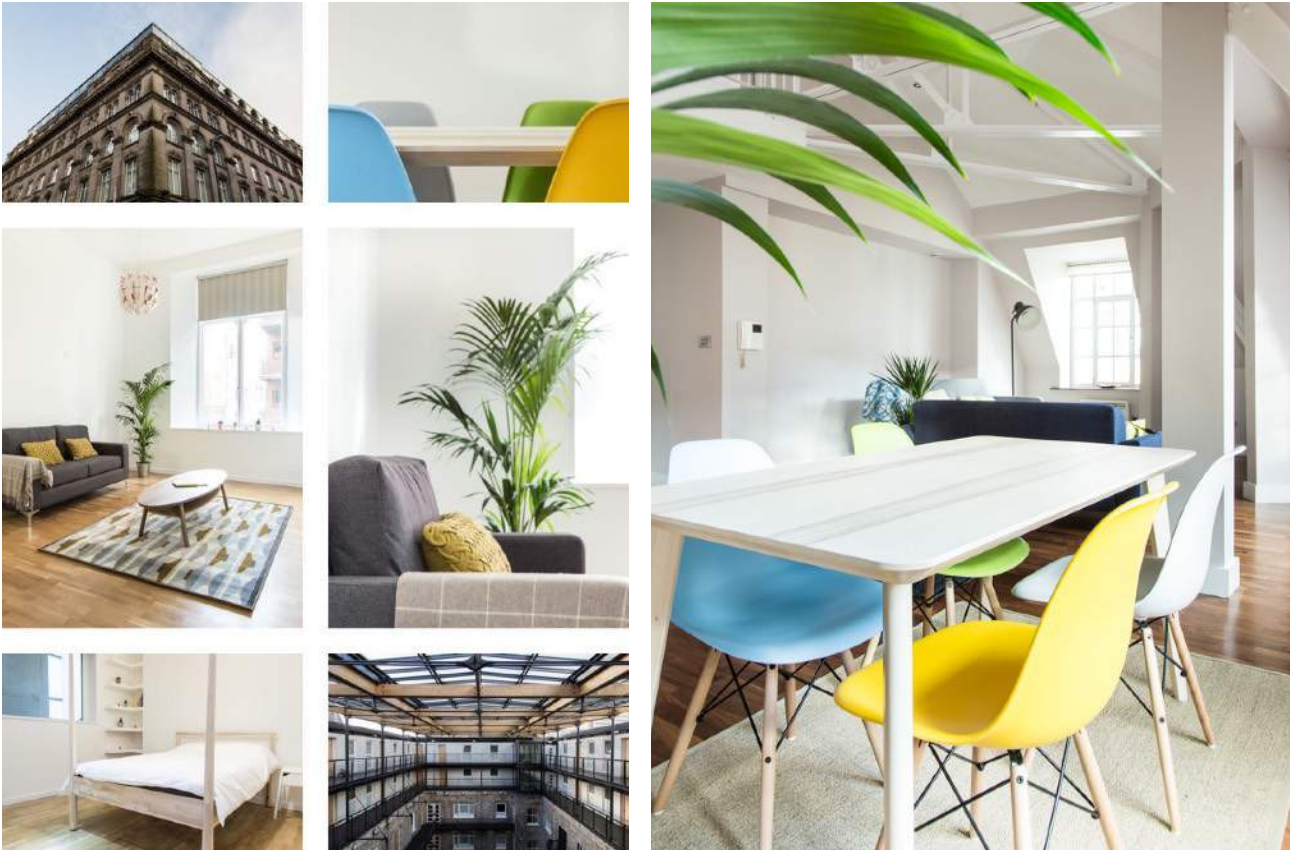
Specifically, we target properties which meet our yield, quality and historical performance criteria, with good transport links, typically priced between £400k and £850k. This excludes investments in “prime” property, i.e. the top 5-10% by price, which tends to behave differently and typically with greater pricing volatility to the section of the market most relevant to our investors

*Investors should note that projections and past performance are never a perfect predictor of future performance.*



# Properties

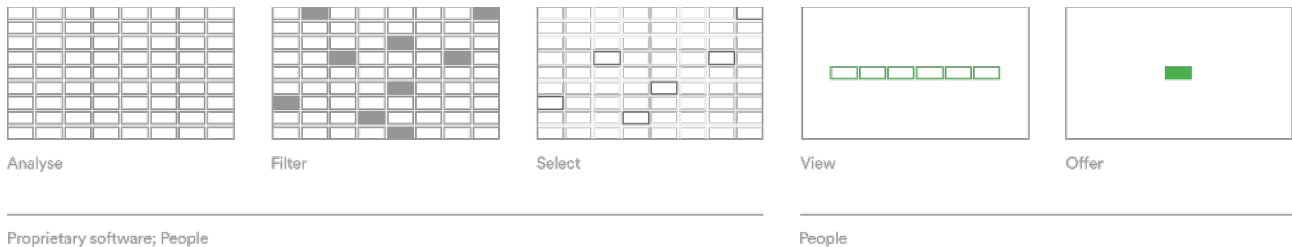
We invest in aspirational properties — ones that renters will love, and that we would aspire to live in ourselves. While our exact criteria differ by city, in order to deliver the best return for you as an investor, we target properties that appeal to a wide range of tenants, and which exhibit strong rental and sales demand.



Typically we look for 1–3 bedroom flats, and will consider both new build and existing properties in areas with strong local economies, a vibrant cultural scene and a real sense of community, within easy commuting distance of the city centres. This excludes investments in “prime” property, i.e. the top 5-10% by price, which tends to behave differently to the section of the market most relevant to our investors.



Our approach combines quantitative, proprietary data analytics with in depth market knowledge and insight, all overseen by an advisory team with over 100 years combined experience in the property industry (details below). We are able to rapidly filter hundreds of listings to identify what we believe to be the top fraction of eligible properties, before conducting detailed due-diligence to confirm valuation, quality and fit with our broader portfolio. Our ability to identify, assess and offer on attractive properties rapidly is central to producing superior and sustainable returns for our funds.



Bricklane.com’s management team are all personally invested in each of the funds we operate. This means that our own money goes into each of the properties we buy - ensuring our incentives are fully aligned with all our customers.

**You can find out more about the properties owned by each fund by visiting each fund page on our website:**  
<https://bricklane.com/city/regional-capitals>  
<https://bricklane.com/city/london>

*Above are some images of two properties owned by our customers — a two-bed in central Leeds, with a mezzanine study and a roof terrace, and a grade II listed apartment in Manchester. The Leeds property is worth £285k and yields 4.4% net of property costs, and the Manchester property is worth £220k, with a 4.1% net rental yield (as of Aug '17).*

# Tax Efficiency

Investing in a Bricklane.com REIT is tax-efficient, for a number of reasons:

## 1. No Corporation Tax on property returns through HMRC REIT status

Bricklane.com's Regional Capitals fund has received special status from HMRC called a Real Estate Investment Trust (REIT). This means there is no corporation tax on gains in property values, or rental income received.

## 2. Personal Tax-Efficiency via SIPP or ISA Status

You can invest with Bricklane.com inside or outside a SIPP or ISA. Similar to owning your own home, investing through a SIPP or ISA means you pay no tax on increases in property values. Unlike owning your own home, there is no income tax to pay on the rental income received from tenants of properties owned by the funds. Certain inheritance tax provisions also apply for SIPPs, allowing you to pass on investments to your beneficiaries efficiently.

Pension investors also benefit from income tax-reliefs payable on personal contributions. An investor can receive up to 45% tax relief on a SIPP, with 20% paid by the HMRC to the pension, and any higher and additional rate tax relief reclaimable via your tax return. Additionally, contributions may be eligible for relief against prior year tax relief allowances, if they have not been claimed in the relevant tax year.

*All tax rates, allowances and rules referred to are subject to future change, and the above does not constitute tax advice. Please note that the tax advantages of SIPPs and ISAs depend on your individual circumstances.*

# Why Residential Property?

Investment in residential property can provide a good way to diversify your pension portfolio, and is a hassle-free and tax-efficient alternative to buy-to-let investment. By investing in UK residential property via a REIT you can fine-tune your exposure to suit your goals and risk-profile, without personal and corporation tax on gains or income.



## EXISTING PENSIONS SAVERS AND ADVISERS

...frustrated by the inability to include residential property in a portfolio directly, but keen to gain exposure to the market while taking advantage of pension tax reliefs



## BUY-TO-LET LANDLORDS

...looking to exchange existing property investments for a more liquid, pension-eligible alternative providing diversified exposure in a more convenient lot size



## POTENTIAL PROPERTY INVESTORS

...looking to the long-term but put-off by the hassle of direct ownership, the need to manage rental voids, the raft of tax changes and growing costs

## Fees

There are two Bricklane.com charges that support our service to customers: a one-off platform fee of 1.25% for SIPP customers, and a 0.85% annual management fee on total holdings, levied on a monthly basis. These fees are designed to help cover the cost of buying property, and protect our investors by discouraging short-term, speculative trading.

|  | £10,000+ |
|--|----------|
| Entry charge<br>(one-off platform fee) | 1.25%    |
| Ongoing charge<br>(management fee)     | 0.85%    |

Note: the minimum investment for SIPP customers is £10,000.

## Returns

Investors earn returns from Bricklane.com in two ways: income from rent paid by tenants, and changes in the value of the property owned.

Customers earn a share of the rent from tenants of the fund's properties, after costs are deducted for property management and maintenance. The current properties we have invested in have an average 5-year net rental yield of 4.2% (Regional Capitals) and 2.5% (London). (Future rental yields and dividends may be lower than estimated).

Once fund management fees are taken into account, these are 3.4% and 1.6% respectively. This rental income is paid out as a dividend at the end of each quarter. During the signup process, you

can opt to reinvest your rental income in further shares, compounding your returns, or have it distributed to your bank account.

Over the long-term, the value of customers' investments will reflect the value of the properties. Since property prices respond to many different factors, we don't guarantee returns from changes in properties' value.

The Regional Capitals fund launched in September '16 and has returned +8.6% to date (as at 4 September 2017). This performance figure is net of the annual management fee, but does not reflect the initial charge on investment (1.25%).

Please note that past performance cannot be used as a reliable indicator of future performance and unlike with a cash ISA, with all investing, your capital is at risk

## Property Advisors

Bricklane.com is supported by property advisors with 100+ years of experience at the top of the industry. These include Chris Strickland (ex-Chair of the Peabody Trust housing association), Craig Hallam (Managing Director of Property Services at Salamanca Group with over £5bn of residential deals under his belt), and Will Rowson (ex-Chief Investment Officer of CBRE Global Investors EMEA).



Find out more about our property advisors: <https://bricklane.com/about#property-expertise>

# Diversification

With Bricklane.com, investment is automatically spread across all of the properties in the fund in which you choose to invest, and across further properties as they are added to that fund. This spreads your risk, meaning that if one property were to underperform, it could be offset by other parts of the portfolio.

Our funds do not buy large numbers of units within a single blocks, in order to provide investors with greater diversification and rental resilience within a specified area or region.

Note: HMRC classifies REITs as an indirect property investment. Correspondingly, SIPP interests in an individual REIT must not exceed any one of the following:

- 10% or more of the share capital or issued share capital of the REIT
- 10% or more of the voting rights in the REIT
- A right to receive 10% or more of the income of the UK REIT
- Such an interest in the REIT as gives an entitlement to 10% or more of the assets of the REIT on a winding up or in any other circumstance
- Such an interest in the REIT as gives rise to income and gains from a specific property

Bricklane.com will notify any customer whose beneficial ownership exceeds 5% of any REIT, and reserves the right to reject any request for additional investment if one or more of the above limits could be met.

It remains the responsibility of the underlying customer to monitor their overall exposure and that of any “related parties”.

Bricklane Investment Services Ltd (or associated REITs) and Hartley Pensions Limited cannot be held liable for any tax charges that arise due to any of these points being exceeded. Where possible appropriate action to keep the SIPP within the Regulations will be taken, including selling the holding.

# Our Partnership with Zoopla



Bricklane.com is backed by Zoopla Property Group plc, which owns and operates the UK's leading property brands including Zoopla and Primelocation. Founded in 2007, it is now listed on the London Stock Exchange with a market value of £1.6bn and over 14 million monthly users.

Through Zoopla's new Invest channel, Bricklane.com's product is made available to their entire UK-wide customer base of renters and savers. Alongside, our customers get the benefit of Zoopla's property market data, which powers our rigorous property acquisition process.



# Risks

Our customers' money is invested into real bricks and mortar — each customer owns a slice in each of the properties owned by the fund. As with all investing, your capital is at risk.

The value of your Bricklane.com investments can decrease as well as increase in line with property values. Bricklane.com does not use long-term debt to purchase property. While debt can amplify returns, it also increases risk, and adds an extra layer of complexity. Through this approach, Bricklane.com aims to deliver a more stable return to a wider range of customers.

It could take the time it takes to sell a property, or longer, to get your money back at an acceptable price. When a customer requests to exit their investment, their shares can be automatically sold to incoming investors during the next investment cycle. We have an investment cycle every two weeks to allow customers to enter and exit. If, in exceptional circumstances, there is ever a shortage of buyers for your shares, you will have the option of waiting for a buyer to sell at prevailing market value, or offering them at a discount to incoming investors to sell them faster.

Rental yields and dividends may be lower than estimated due to unexpected costs or void periods. Risk of underperformance by individual properties is mitigated, but not eliminated, by investments being automatically spread across properties as they are purchased by the fund.

You will be asked to acknowledge these risks during application.

**Read more about the risks: <https://bricklane.com/faq#what-are-the-risks>**



# Safety and Security



Bricklane.com customers' security is our top priority.

We use the same level of encryption as major banks, transfer data through 128-bit SSL encrypted channels, and keep any stored data on servers stored in secure facilities.

The properties in each portfolio are valued by Allsop LLP, a leading independent property valuer; the funds are audited by Grant Thornton, a leading global accountancy firm, and supported by a range of specialist FCA regulated suppliers.

Client monies are held prior to investment in a segregated client account with a major high street bank. Once invested, Bricklane.com shares are held by a custodian bank, and are protected up to the first £50,000 by the Financial Services Compensation Scheme (FSCS) in the unlikely event of their insolvency. However, it's important to understand that the FSCS doesn't cover the event that your investments do not perform as expected, and the value of your investment can fall (more information can be found at [fscs.org.uk](https://www.fscs.org.uk)).

Find out more about safety and security: <https://medium.com/bricklane/safety-and-security-with-bricklane-com-fee881600265>



# Hartley Pensions Limited

If you do not currently have a SIPP, we have partnered with Hartley Pensions Limited, part of the Wilton Group, to offer customers pre-arranged professionally administered SIPP wrappers.

Bricklane's REITs can be held in a cost-effective single-asset SIPP, or in a more comprehensive wrapper which allows investment across multiple asset classes and platforms.

For investments over £25,000 there are no SIPP setup or annual administration fees payable on a Hartley "Abacus" SIPP wrapper. Terms apply: see [bricklane.com/SIPP](https://bricklane.com/SIPP) for details.

Hartley Pensions are also able to facilitate pension transfers from existing administrators.



Hartley Pensions have provided pension products to clients for over 35 years. In 1981, the company established itself as a SSAS provider and in 2001 opened its first SIPP.

Hartley pride themselves on establishing and maintaining long-lasting relationships with their business partners and clients by providing them with professional, friendly and personalised administration.

Their products are designed to be flexible, straightforward and relevant to clients' needs. Hartley does not offer a call centre administration service. Excellent customer service comes as standard, to achieve this every client gets their own personal Pension Administrator.

More information about Hartley Pensions can be found on the [hartleypensions.com](https://hartleypensions.com) website

# Getting Started

If you do not currently have a SIPP, visit the Bricklane section of the Hartley Pensions website at <http://hartleypensions.com/bricklane-reits/> to begin the application process. You will find all key facts and terms & conditions documents here.

If you are already a customer of Hartley Pensions, please contact them for an “investment instruction form” to enable SIPP monies to be transferred to Bricklane.com securely.

If you are a customer of another pension provider please contact the Bricklane.com team to discuss your options on [support@bricklane.com](mailto:support@bricklane.com)

## What happens then?

Once account opening instructions have been processed you will receive a notification from Bricklane.com both on receipt of SIPP monies, and on investment. A trade report will document the share price at which an investment was made and the number of shares purchased.

Investment valuation reports will be generated on a quarterly basis, and additionally on customer request.

If you wish to withdraw money from a Bricklane.com REIT, redemptions will be returned to your SIPP bank account.

# Questions

Our customer support team is available to answer questions you have about our REITs, before or after investing. You can reach them by phone (0203 1111 432) between 9:30am and 5.30pm, Monday to Friday. Alternatively, you can email us at [support@bricklane.com](mailto:support@bricklane.com). We aim to reply to emails within 1 business day.

If you have specific questions about opening a pension, or administrative queries concerning a Hartley Pensions SIPP wrapper or an existing SIPP account, please contact a Hartley Pensions administrator on 0117 316 9991 and mention you are calling about a Bricklane.com investment

Visit [bricklane.com/sipp](http://bricklane.com/sipp) or <http://hartleypensions.com/bricklane-reits/>

## **CAPITAL AT RISK**

*As with all investments, the value of your Bricklane.com investments can decrease as well as increase. It could take the time it takes to sell a property, or longer, to get your money back at an acceptable price.*

*All tax rates, allowances and rules referred to are subject to future change, and the above does not constitute tax advice. Please note that the tax advantages of SIPP's and ISAs depend on your individual circumstances.*

