

Knight Frank Restructuring & Recovery Client Money Handling Procedures

Application and status of these procedures

These procedures are mandatory and apply to all staff working on Restructuring & Recovery instructions in the UK, across all asset types.

Knight Frank considers them to be the minimum standards necessary in order to ensure that our clients will receive high quality, consistent advice; and that any risk to Knight Frank, whether through litigation or reputational damage, is appropriately managed.

What are Client Monies?

The RICS Client Money Handling – 1st Edition October 2019, defines Client Money as money of any currency (whether in the form of Cash, Cheque or Electronic Transfer) that:

- A RICS regulated firm holds for or receives on behalf of another person, including money held by a regulated firm as stakeholder; and
- Is not immediately due and payable on demand to the RICS regulated firm for its own account; but
- Excluding fees paid in advance for professional work agreed to be performed, and clearly identifiable as such, unless the fees are for works undertaken as a property agent as defined by the rules of the RICS client money protection scheme for property agents

For the purpose of a receivership matter, the appointed receivers in their personal capacity are the Client as defined by the RICS client money handling procedures.

NARA Guidance Note 28 – Accounting provides a further summary on the roles of an LPA Receiver in managing client money.

How and where client money is held

As part of the Royal Institute of Chartered Surveyors (RICS) Professional Standard (Client Money Handling, effective from 1 January 2020), and internal due diligence, client money held or received by Knight Frank LLP are placed into a discrete receivership account.

Discrete LPA receivership accounts are designated as “KF LLP re LPA Receiver of *project name*”.

LPA receivership monies are held separately from Knight Frank’s own monies, are easily identifiable and immediately available. Each account is recorded in individual ledgers to maintain segregation of funds. Funds are held in an appropriate banking institution, with a minimum rating of +A-/A3/A-, regulated in the UK and authorised by the Prudential Regulatory Authority (PRA), the Bank of England and the Financial Conduct Authority (FCA).

Per NARA guidance note 28 – accounting, cross funding between appointments (other than for inter-related appointments and then only with express appointor consent) is not permitted and is not done in any situation by the LPA receivers.

Access to funds being restricted to principals or senior employees

Members of the Restructuring and Recovery team who act on LPA receivership matters have access to the cash book for each LPA appointment which records all incoming and outgoing payments.

All relevant staff within the Restructuring and Recovery team have the ability to view bank statements and interrogate online platforms to identify payments and receipts, through the Natwest Bankline portal. Access is secured via individual login details for each member of staff and accompanied by unique Bankline cards and readers.

Payments can only be authorised by Partner-level staff, who will also be the lead receiver for each matter.

Payments are made using the following procedure:

- a payment that is required is identified by the relevant staff member from the project cashbook.
- the Bankline account is reviewed to ensure sufficient funds are available for payment.
- an email is sent to the lead receiver, outlining the payment, account from which it is to be paid, and the nature of the payment.
- the lead receiver reviews the payment and approves, sending the full chain of communication to the knight frank central accounts team to enact the payment.
- the central accounts team then handles all steps relating to enacting payment from the account.
- a record of the payment is recorded on the relevant project cashbook.

No member of the Restructuring and Recovery team has the ability to make a payment without the input of the central Accounts team.

Timescales for payment of cash and cheques into a client account

The Restructuring and Recovery team do not accept payments via cash in any form.

On the infrequent occasion that a cheque is received via post, these are logged on the cashbook on the day of receipt and then issued to accounts within 2 working days. The Accounts team will then bank the cheque within 3-5 days and allocate this to the required LPA discrete account.

Controls for authorisation of payments from a client account

All payments from an LPA discrete account require authority from the lead receiver who must also be a Partner-level staff member. The initial payment request is made by the case manager, who checks the account has sufficient funds and that the invoice is valid. This is then sent to the lead receiver for approval, with all supporting information attached.

Once approved, the request is sent from the lead receiver to the Accounts team. This includes the account the payment is to be made from and the payment recipient.

Payments are all reviewed by the central Accounts team who confirm account details for the recipient using online banking controls.

The Accounts team will upload the payment in line with supporting information provided by the receivers. The Accounts team have a segregation of duties, with the Chief Cashier or Cashier uploading the payment, and the Chief Accountant, Group Financial Officer or Finance Manager being responsible for approving the payment.

How interest and bank charges are handled

Service charges for the specific accounts are charged to the relevant discrete client account. Charges for payments (for example BACS or CHAPS) are allocated to the office account. New LPA accounts are opened as non-interest bearing accounts. Some legacy LPA accounts are interest bearing, and interest on these is paid to the relevant discrete account.

Information about reconciliation of accounts and checking of reconciling items

All LPA discrete accounts are reconciled on a monthly basis against BankLine and the Cashbook held for each account and matter.

Due to the nature of the LPA accounts, there are limited reconciling items. On the occasion these do occur, these are logged on the reconciliation and investigated immediately. These will usually be:

- Outstanding lodgements in relation to drawdowns from the lender that have been notified as paid
- Rental income billed but not received
- Cheques passed to accounts but that have not yet hit the account

Should we receive any funds that we are unable to identify, we will do our best to understand which client they relate to and upon identification, reimburse the payer as soon as possible if necessary. If someone claims the payment, upon proof of

payment we will allocate it accordingly. If within 3 months, no one has claimed the monies, despite all avenues of investigation having been exhausted (emails, letters, calls, etc.), we will ask the bank to return the payment. If it is not possible to return the payment, we will hold on to it for 3 years at which point we will donate it to a registered charity of our choice.

What information will be provided to clients about monies held on their account and the frequency of any reports

The LPA Receivers are notified of the account details and account type upon opening of each discrete account.

Reporting and frequency requirements are agreed and documented with the lender.

Approved by

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Partner, Department Head

Restructuring and Recovery