

## Commercial Property

### A. Aim of Subject

To provide an introduction to commercial property finance, types of customer and legal issues involved.

### B. Subject Specific Learning Outcomes

#### Outcome 1

Demonstrate an understanding of commercial property finance.

#### Knowledge, Understanding and Skills

- Types of borrower
- Overview of customer's proposals
- Loan types and terms
- Acquisition contracts
- Types of property holding
- Managing the relationship
- Arrears and calling up/default procedures
- Corporate recovery procedures
- Security enforcement
- Viability of the customer's business
- Alternative uses and considering planning
- Marketability of property and assessing valuation
- Suite of available security documents

#### Outcome 2

Describe the main factors involved in property investment and property development.

#### Knowledge, Understanding and Skills

- Contract/agreement to lease
- Types of leases
- Role of the managing agent
- Security of tenure/holding over/tacit relocation
- Lease provisions
- Suite of available security documentation
- The project monitor
- Pre-let and pre-sale agreements
- Planning permissions and other consents
- Section 75 agreements
- The professional team and the building contractor
- Types of building project
- Practical completion
- Retentions
- Defects liability periods
- Cost overrun guarantee
- Insolvency of the developer and step-in rights
- Insolvency of contractor – parent
- Company guarantee/performance bond

- Professional indemnity insurance

### **Outcome 3**

Describe the legal issues involved in commercial property.

#### **Knowledge, Understanding and Skills**

- Property law in Scotland and in England and Wales
- Facility documentation, conditions precedent and covenants
- Appropriate authority resolutions
- Guarantees
- Assignment
- Debentures and floating charges
- Priority of security and ranking arrangements

### **Outcome 4**

Understand UK property markets.

#### **Knowledge, Understanding and Skills**

- Office market
- Industrial market
- Retail market
- Residential market
- Appraising property development risk
- Appraising value in commercial property investments

### **Outcome 5**

Demonstrate an understanding of the types of borrower and business involved.

#### **Knowledge, Understanding and Skills**

- Licensed trade /hotels
- Nursing or residential homes
- Housing associations
- Private Finance Initiative (PFI) and Public Private Partnerships (PPP)
- Joint ventures
- Real estate investment trusts (REITs)
- Pension funds
- Opco/Propco
- Agriculture

### **Outcome 6**

Demonstrate an understanding of property transactions.

#### **Knowledge, Understanding and Skills**

- Execution of deeds
- Insurance
- Tax on property
- Stamp Duty Land Tax (SDLT)
- Value Added Tax (VAT)
- Capital Gains Tax (CGT)
- Capital allowances