



Pathway guide

# Property Finance and Investment

August 2018



# Pathway guide

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# Property Finance and Investment

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## Introduction

This guide supports the Property Finance and Investment pathway. It is designed to help you understand more about qualifying in this area.

You must use this guide in conjunction with the core assessment documentation which is available on the RICS website and comprises of:

- Requirements and competencies guide
- Candidate guide for your RICS assessment e.g. APC, Academic, Senior Professional, Specialist
- Counsellor guide.

You can download all the supporting guidance from [rics.org/apcguides](https://www.rics.org/apcguides)

All RICS pathways are global, though it is appreciated that markets may vary from country to country. If you have any queries please contact your local office.

## About the competencies

The RICS competency framework ensures those applying for the RICS qualification are competent to practise and meet the highest standards of professionalism required by RICS. There is a wide range of pathways available to qualify as an RICS professional covering many different areas of practice.

The RICS assessment aims to assess that you are competent to carry out the work of a qualified chartered surveyor. To be competent is to have the skill or ability to perform a task or function. The RICS competencies are also based upon attitudes and behaviours. The competencies are presented in a generic way so they can be applied to different areas of practice and geographical locations. It is important that you interpret them within the context of your own area of practice or specialism and location.

Each competency is defined at three levels of attainment. You must reach the required level in a logical progression and in successive stages.

**Level 1** – knowledge and understanding

**Level 2** – application of knowledge

**Level 3** – reasoned advice, depth and synthesis of technical knowledge and its implementation.

The competencies are in three distinct categories:

**Mandatory** – the personal, interpersonal, professional practice and business skills common to all pathways and mandatory for all candidates.

**Technical core** – the primary skills of your chosen pathway.

**Technical optional** – Selected as additional skill requirements for your pathway from a list of competencies relevant to the area of practice.

The mandatory competency requirements are set out in detail in the Requirements and competencies guide.

## Choosing your competencies

It is important that you give careful thought to your choice and combination of competencies. Your choice will inevitably reflect the work you do in your day-to-day environment (driven by the needs of your clients/employer). Your choice and combination of competencies will be a reflection of your judgement.

At the final assessment interview, the assessors will take these choices into account. They will expect you to present a sensible and realistic choice that reflects the skills needed to fulfil the role of a surveyor in your field of practice.

This guide should help candidates and employers with a degree of assistance in choosing the competencies that are most appropriate to their area of practice.

## Where to find help

RICS has fully trained teams across the globe who will be able to help you with any queries. For details of your local office – [rics.org/contactus](https://www.rics.org/contactus)

## About the pathway

Property investment takes many forms, ranging from the traditional, direct ownership and trading of tenanted land and buildings, to contemporary capital markets where property revenues are traded as securities or indeed derivatives. Greater flexibility and availability of indirect property investment products, plus improved performance benchmarking data means that property has attracted growing interest as an investment asset class. This also means that the property investment market is becoming much more complex and international in nature, as conventional property risks can be managed or mitigated more effectively over long distances.

The wheels of the property market are oiled by the availability of finance from banks and other providers. Appropriate gearing allows property investors and developers access to larger opportunities and thus the chance to leverage higher returns. Finance and funding underlies much of the activity which goes on in the property market with deals ranging from relatively simple commoditised products such as residential mortgages to highly complex structured deals which may involve several tiers of finance from a variety of sources. Some financing is becoming increasingly aggressive underlining the requirement for sound knowledge and skills in this area.

## RICS qualification

Property finance and investment is a specialist pathway tailored for individuals pursuing a career in property investment related services (primarily indirect), or property finance advice or provision.

The pathway is designed for those whose day to day working environment is more closely linked to the financial attributes of property as an investment class, rather than its physical attributes, although experience of inspecting buildings is still a core requirement for all. Other key competencies include financial modelling, indirect investment vehicles, property finance and funding and investment management. Valuation is only required to level one (though it can be selected as an optional competency at a higher level).

Candidates may be working in a property related field within a bank or other financial institution. Equally candidates may be from a property firm but pursuing a career path in investment (especially indirect investment) or property finance.

Whether you are aiming to work in research, consulting, brokerage or investment management, the Property Finance and Investment pathway forms a tailored and internationally respected professional qualification to underpin your career.

## Chartered alternative designation

All candidates qualifying through this pathway will be entitled to use the designation 'Chartered Surveyor'. There is currently no alternative designation offered.

# Pathway requirements

| Mandatory   | Core   | Optional   |
|---|--|--|
| <p><b>Level 3</b></p> <ul style="list-style-type: none"> <li>Ethics, Rules of Conduct and professionalism</li> </ul> <p><b>Level 2</b></p> <ul style="list-style-type: none"> <li>Client care</li> <li>Communication and negotiation</li> <li>Health and safety</li> </ul> <p><b>Level 1</b></p> <ul style="list-style-type: none"> <li>Accounting principles and procedures</li> <li>Business planning</li> <li>Conflict avoidance, management and dispute resolution procedures</li> <li>Data management</li> <li>Diversity, inclusion and teamworking</li> <li>Inclusive environments</li> <li>Sustainability</li> </ul> | <p><b>Three to Level 3 and one to Level 2</b></p> <ul style="list-style-type: none"> <li>Financial modelling</li> <li>Inspection</li> <li>Investment management (including fund and portfolio management)</li> <li>Property finance and funding</li> </ul> <p><b>Level 1</b></p> <ul style="list-style-type: none"> <li>Valuation</li> </ul> | <p><b>One to Level 3 and one to Level 2</b></p> <ul style="list-style-type: none"> <li>Accounting principles and procedures</li> <li>Capital taxation</li> <li>Corporate finance</li> <li>Development appraisals</li> <li>Indirect investment vehicles</li> <li>Landlord and tenant</li> <li>Leasing/letting</li> <li>Local taxation/assessment</li> <li>Property management</li> <li>Purchase and sale</li> <li>Research methodologies and techniques</li> <li>Strategic real estate consultancy</li> <li>Valuation</li> </ul> <p>Plus, <b>one to Level 2</b> from the full list of technical competencies, including any not already chosen from the optional list</p> |

# Technical competencies guidance

## Accounting principles and procedures

This competency covers the basic principles of accounting and the interpretation of company accounts in order that reasoned advice can be given to clients.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of accounting concepts and the format and preparation of management and company accounts, including profit and loss statements, cash flow statements and balance sheets.

Examples of knowledge comprised within this level are:

- The Generally Accepted Accounting Principles (GAAP) relevant to the candidate's geographical area of experience and how property is treated in an entity's accounts
- International Accounting Standards (IAS), broadly how IAS vary from National GAAP and how property is treated in an entity's accounts prepared under IAS
- An entity's financial results and basic accounting principles including balance sheets, profit and loss, and cash flow statements
- The role of the auditor.

#### Level 2

Provide evidence of interpretation of company accounts and balance sheets in your area of practice and application of appropriate accounting and regulatory standards.

Examples of activities and knowledge comprised within this level are:

- Applying knowledge obtained to achieve Level 1 above and specific knowledge of the accounting standards that relate to property
- Considering financial statements to establish, for example, the financial strength of an entity
- Reviewing and understanding analysts' reports on financial statements
- Considering and understanding common financial measures.

#### Level 3

Provide evidence of reasoned advice given to clients with regards to profit and loss statements and balance sheets.

Examples of activities and knowledge comprised within this level are:

- Providing clients, in an appropriately supervised manner, with reasoned advice relating to the financial standing of a company, e.g. for agency activities such as leasing, buying and selling or to assess suitability for a commercial relationship
- Preparing, or assisting in the preparation of, service charge accounts
- Preparing, or assisting in the preparation of, management accounts for a property
- Preparing, or assisting in the preparation of, an entity's accounts, i.e. balance sheet, profit and loss and cash flow statements
- Providing other professional advice related to the interpretation and/or preparation of accounts.

## Capital taxation

This competency includes valuations and negotiations for inheritance tax, capital gains tax, capital allowances and advising on litigation. It involves measurement and analysis of comparables and application of evidence to resolve negotiations. It also includes application of statute and case law.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of the relevant provisions for capital taxation of real estate, equipment and/or other property.

Examples of knowledge comprised within this level are:

- Code of measuring practice to include zoning of shops
- Application of statute and case law
- Analysis of evidence and relevance of the law
- Valuation methods applicable to different types of property.

#### Level 2

Undertake valuations and negotiations for a variety of different property types using different valuation methods for the purposes of capital taxation.

Examples of activities and knowledge comprised within this level are:

- Undertaking measurement and inspection
- Undertaking valuation of a range of property types
- Using different methods of valuation: using comparables, the investment method, profits and discounted cash flow techniques where appropriate
- Negotiating valuations and settlement of cases.

#### Level 3

Provide evidence of reasoned advice to stakeholders (to include senior management within your organisation, clients and courts/tribunal members) in respect of specific cases and/or other capital taxation issues.

Examples of activities and knowledge comprised within this level are:

- Advising on settlement or litigation of cases
- Advising on the costs of options and actions
- Advising on the impact of such actions across the wider arena.

## Corporate finance

Corporate finance is a specific area of finance dealing with the financial decisions corporations make and the tools as well as analyses used to make these decisions within the context of the property world.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of the principles and practices underlying the structuring and financing of corporate transactions, with particular reference to the role of real estate within these transactions.

Examples of knowledge comprised within this level are:

- The role and importance of real estate for corporate organisations
- Researching financial and corporate organisational information
- Financial markets, in particular the equity and money markets
- The structure of company accounts and accurately conveying the significant points.

#### Level 2

Apply your knowledge and understanding to assist in advising corporate organisations on the capital structure options relating to both occupational and surplus real estate. This should include the calculation and modelling of the cost of capital, plus a working knowledge of the regulatory framework within which the corporate finance marketplace operates.

Examples of activities and knowledge comprised within this level are:

- The investment mathematics and cash flow techniques used in investment and portfolio analysis
- Identifying key groups of lenders and equity providers and understanding the type of terms associated with their lending requirements
- Calculating the effect of capital structure decisions on the cost of capital
- Understanding drivers that affect loan transactions and investor returns, such as the term, Loan to value ration [LTV], amortization and margin
- Practical knowledge of commercial, technical and regulatory issues.

#### Level 3

Give reasoned advice on the effects of different corporate financing techniques and structures on real estate (or plant and machinery) holdings in a corporate context. This should include impacts on accounts and contributions to both merger and acquisition activity, as well as general corporate financing/ restructuring transactions.

Examples of activities and knowledge comprised within this level are:

- The key issues and being familiar with the basic outline of how securitisation structures work
- Undertaking analysis to give an opinion on the impact of taxation on capital structures
- Performing analysis to form an opinion on the relative financial strength of a company
- Providing strategic advice and recommendations to clients supported by analysis
- Understanding structuring issues on different asset holding entities including tax efficient structures.

## Development appraisals

This competency is about the role of development appraisals in residential and commercial development. Development appraisals also have a role in residual valuations of development sites but it should be remembered that the two are different activities.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of the principles and practices underlying a valid development appraisal.

Examples of knowledge comprised within this level are:

- The role of development appraisals in the marketplace and the situations where their use is appropriate
- The content of appraisals and how different issues such as planning requirements can be reflected
- The sensitivities of appraisals, what factors affect the appraisal
- External factors which have an influence upon the appraisal process.

#### Level 2

Identify, select, assemble and analyse data relevant to carrying out development appraisals. Undertake appraisals using relevant techniques and methodology and identify possible sources of development funding.

Examples of activities and knowledge comprised within this level are:

- Analysing appropriate sources of information and data
- Preparing appraisals for possible acquisition, disposal or valuation of development sites including residential, commercial and/or mixed use
- Using different techniques and software available for appraisals [whilst having an understanding of the basic principles of development appraisal]
- Undertaking a sensitivity analysis
- Assisting in the selection of appropriate sources of development finance.

#### Level 3

Interpret and provide evidence of reasoned advice on development appraisals and further opportunities.

Examples of activities and knowledge comprised within this level are:

- Using development appraisals to advise on the acquisition, disposal or valuation of development sites
- Producing reasoned analysis of risk using appropriate sensitivity analysis
- Advising on the appropriate sources of development finance.

## Financial modelling

This competency is about understanding financial models of property cashflows and utilising both standard modelling software packages and being able to develop bespoke modelling solutions.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate a basic understanding of the main financial modelling software packages and how these may be used to create a financial model which illustrates the risk and returns available in a development and investment scenario.

Examples of knowledge comprised within this level are:

- Understanding basic property cashflows
- Software packages for development appraisals
- Software packages for modelling investment property cashflows
- Understanding working of software packages
- Understanding bespoke financial models
- Understanding inputs and outputs of property cashflows
- Understanding sensitivity analysis on key variables.

#### Level 2

Apply your knowledge to produce bespoke financial models including full property analysis and cash flows from base information reflecting the individual investment or development characteristics.

Examples of activities and knowledge comprised within this level are:

- Using software packages to run development appraisals
- Using software packages to appraise investment opportunities
- Constructing bespoke financial models at property and fund level
- Running sensitivity analysis around key variables
- Undertaking due diligence on funds and properties using financial models.

#### Level 3

Use financial models to provide detailed reasoned advice on the performance of investment and development scenarios. Carry out a full sensitivity analysis taking into account a range of inputs and assumptions. Be able to segregate performance between senior debt and equity returns using the model to illustrate this.

Examples of activities and knowledge comprised within this level are:

- Using outputs of bespoke or standard software financial models to advise clients on expected returns and sensitivities
- Manipulating models to deal with client requirements
- Presenting findings of models to clients.

## Indirect investment vehicles

This competency is about developing an understanding of indirect investment vehicles and debt structures. It requires an awareness of existing vehicles and trends in the market and an ability to advise clients on optimal indirect investment solutions.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of the principles of indirect investment including the different structures and instruments relating to the ownership and funding of real estate.

Examples of knowledge comprised within this level are:

- Understanding the different forms of indirect investments; Investment Trusts, etc
- Understanding how property derivatives work
- Understanding debt structures
- Being aware of trends in the indirect investment markets and the reasons clients invest indirectly
- Understanding the attractions of varying forms of indirect holding.

#### Level 2

Apply your knowledge to identify which structures might suit an investor or lender in any given scenario. Understand the management and risk issues that may differ from a more direct form of investment. Gain an appreciation of how investing indirectly can assist portfolio risk and return management.

Examples of activities and knowledge comprised within this level are:

- Understanding the investment implications of indirect forms of investment for clients
- Reviewing structures for indirect investment vehicles.

#### Level 3

Assist in the analysis and preparation of reasoned advice covering the benefits or otherwise of indirect investment. Participate in the establishment and management of such vehicles and demonstrate an understanding of how these vehicles impact the larger direct market.

Examples of activities and knowledge comprised within this level are:

- Advising on indirect vehicles in which to invest
- Advising clients seeking to divest on possible solutions such as indirect vehicles, derivatives, etc.

## Inspection

Property inspection is fundamental to providing accurate property advice. It is important that candidates are able to demonstrate knowledge and understanding of the core requirements of property inspection. Assessors will be seeking confirmation that all candidates have a good knowledge of building construction, location analysis and defects.

### Examples of likely knowledge, skills and experience at each level

| Level 1   | Level 2   | Level 3  |
|---|---|--|
| <p>Demonstrate knowledge and understanding of the different requirements for inspection, together with the required information and factors affecting the approach to an inspection.</p>  | <p>Undertake inspections and apply the information gained to prepare reports, schedules and/or registers of equipment, presenting appropriate information gained from the inspection.</p>   | <p>Provide evidence of reasoned advice and recommendations arising from inspections.</p>   |
| <p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• The requirements and reasons for a property inspection</li> <li>• Safety issues when undertaking an inspection</li> <li>• Implications of location and situation</li> <li>• Identifying access arrangements</li> <li>• Basic knowledge of building construction and specification</li> <li>• The legal requirements that impact upon the occupation/ownership of buildings.</li> </ul> | <p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Accurate recording of building and site characteristics</li> <li>• Preparing (or assisting in the preparation of) reports for clients</li> <li>• Understanding potential defects of buildings and implications</li> <li>• Assessing quality of location, design and specification.</li> </ul> | <p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Preparing reports for clients, containing detailed information particularly with regard to valuation reports and the marketing of buildings</li> <li>• Providing detailed reasoned advice to clients</li> <li>• Making clients aware (where appropriate) of their statutory responsibilities.</li> </ul> |

## Investment management (including fund and portfolio management)

To be conversant with the key principles of investment management theory and practice. Acquire and develop detailed asset management expertise and knowledge across a broad range of sectors and be able to apply these in a strategic context.

### Examples of likely knowledge, skills and experience at each level

| Level 1  | Level 2   | Level 3  |
|--|---|--|
| <p>Demonstrate knowledge and understanding of the principles of financial investment in property.</p>  | <p>Apply the principles of managing property as a financial investment.</p>   | <p>Provide evidence of reasoned and strategic advice on property as a financial investment, including the preparation and presentation of reports.</p>   |
| <p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• The fundamental elements of property returns including capital and retail returns, plus how these are generated in practice.</li> <li>• Understanding the mainstream types of property valuation and being conversant with the theory behind these</li> <li>• Gaining a good working knowledge of the principles of portfolio management and asset management.</li> </ul> | <p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Assisting on selected asset management activity and demonstrating how this fits into the portfolio strategic performance plan</li> <li>• Working with fellow professionals from a diverse range of backgrounds, drawing various skill bases together to achieve an asset or portfolio objective</li> <li>• Appropriate legislation and regulations relating to the management of property as a financial investment.</li> </ul> | <p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Generating and implementing strategic advice independently both at portfolio and asset specific level</li> <li>• Reporting in a manner that appropriately communicates this to clients and/or advisers in a focused, relevant manner</li> <li>• Advising on key legislation and regulation.</li> </ul> |

## Landlord and tenant

This competency is about the management of the landlord and tenant relationship. It has a broad scope covering all aspects of lease negotiations arising between landlord and tenant. The candidate will be expected to understand the issues and how they affect both parties.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of the law and practice relating to landlord and tenant.

Examples of knowledge comprised within this level are:

- The principles of property law
- The statutory legal framework applying to the landlord and tenant relationship
- The content, form and structure of leases
- Relevant market conditions and property values.

#### Level 2

Apply the principles of the law and practice relating to landlord and tenant. Carry out relevant negotiations to provide solutions to issues affecting both owners and occupiers of real estate.

Examples of activities and knowledge comprised within this level are:

- Reading and interpreting leases
- Carrying out market research, collating and analysing comparable evidence
- Preparing, serving and responding to legal notices
- Entering in to negotiations
- Instructing legal advisers and seeing matters to conclusion.

#### Level 3

Provide evidence of reasoned advice, prepare and present reports on the law and practice relating to landlord and tenant. Apply your knowledge to assist in undertaking relevant dispute resolution procedures.

Examples of activities and knowledge comprised within this level are:

- Providing strategic advice upon landlord and tenant matters, relating to individual properties or blocks of properties
- Providing advice as to alternative dispute resolution options in the event of breakdown of negotiations and taking any necessary action to protect the client’s position
- Demonstrating involvement with third-party determination and associated submissions
- Providing appropriate valuation advice
- Preparing reports containing recommendations prior to the commencement of negotiations
- Reaching an agreed solution and reporting recommendations to client.

## Leasing/letting

This competency is specifically in relation to the market for leasehold property and includes assignments. Candidates should be able to demonstrate an understanding and experience (if appropriate) of working for both landlord and tenant. The candidate should have a knowledge of the whole transactional market for property.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of how various types of property are let (or a similar interest is acquired for a client) and the different types of interests that may be placed on the market. Demonstrate an understanding of the economics of the market for such interests and the appropriate legal frameworks.

Examples of knowledge comprised within this level are:

- The market for leasing and letting, and how values and lease terms may be affected by market trends and pressures
- The legislative framework associated with lease terms and show how this is reflected in the market place
- Showing what factors affect value for property in the letting market.

#### Level 2

Apply your knowledge and skills to the leasing/letting of all types of property and demonstrate practical experience of the associated decision-making process, marketing, reporting and completion of the transaction. Demonstrate knowledge and understanding of other forms of property transaction, and of the reasons supporting the decision to proceed along the chosen leasing or letting route.

Examples of activities and knowledge comprised within this level are:

- Experience of leasing/letting for both landlord and tenant
- Experience of transaction from initial inspections through to completion of documentation
- Negotiation with both prospective parties and the property owner
- Decision making and recommendation of courses of action including valuation advice.

#### Level 3

Provide evidence of reasoned advice and report to clients on all types of leasing or letting transactions. Demonstrate the ability to see complex cases through from start to finish with appropriate assistance. Be able to provide clients with a holistic view of the entire transactional market, and advise them clearly and appropriately, not only on the letting or leasing market, but also on other areas.

Examples of activities and knowledge comprised within this level are:

- Experience of complex letting/leasing cases and explaining the factors which made the case deviate from the market norm
- Commenting clearly on why decisions were made in relation to the chosen route of leasing/letting
- Reporting to clients with recommendations including valuation advice
- Reporting to clients with recommendations on strategy in relation to all options for the property
- Dealing with externalities to the market which may affect leasing/letting
- Utilising negotiation and business skills in relation to challenging leasing situations.

## Local taxation/assessment

Valuation and negotiation of rating appeals which may include attendance at Valuation Tribunal. Inspection, measurement and analysis of comparables. Application of evidence when dealing with appeals to include an understanding of the use of comparable rental evidence. Application of statute and casework.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of the provisions for taxation of real estate, plant and machinery and/or other property types at a local/municipal level.

Examples of knowledge comprised within this level are:

- Code of measuring practice to include zoning of shops
- Application of statute and case law
- Analysis of evidence and relevance of the law of landlord and tenant
- Various methods of valuation applicable to different types of property
- Plant and machinery in respect of the above.

#### Level 2

Undertake valuations and negotiations for a variety of different property types using different valuation methods for the purposes of local/municipal taxation.

Examples of activities and knowledge comprised within this level are:

- Measuring and inspecting properties
- Valuing different property types
- Using different methods of valuation: rental and comparative approaches, profits, receipts and expenditure and costs
- Participating in negotiation, valuations and settlement of appeals.

#### Level 3

Provide evidence of reasoned advice to stakeholders (including senior management within your organisation, clients and courts/tribunal members) in respect of specific cases and/or other local taxation issues.

Examples of activities and knowledge comprised within this level are:

- Advising on settlement or litigation of cases
- Advising on the costs of options and actions
- Advising on the impact of various actions with an appreciation the wider context.

## Property finance and funding

This competency focuses on the candidate’s understanding of the range of finance available, their understanding of how this is sourced and how this may be used to assist with property investment and development scenarios. Candidates will be expected to apply this knowledge in order to provide advice to clients on their financing options and the impact of this on their returns.

### Examples of likely knowledge, skills and experience at each level

| Level 1   | Level 2   | Level 3  |
|---|---|--|
| <p>Demonstrate knowledge and understanding of the role and importance of finance in property, including the principal forms of investment finance and their sources.</p>  | <p>Identify the factors that affect the ability to obtain finance to fund any investment project. Identify appropriate sources of finance and understand the principles that apply to securing finance for different purposes.</p>  | <p>Provide evidence of reasoned advice on maximising the viability of any funding situation. Demonstrate your appreciation of the impact of property matters on valuation and funding. Demonstrate your understanding of the impact of funding matters on the property market.</p>   |
| <p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• The various senior debt providers, and their expectations in terms of pricing and security</li> <li>• The impact of gearing on equity returns</li> <li>• The ability to demonstrate this gearing effect numerically</li> <li>• How mezzanine and equity finance might be priced</li> <li>• The financing process</li> <li>• Using of financial information such as audited report and accounts.</li> </ul> | <p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Analysing investment and development projects to ascertain the level of senior debt that could be raised within the mathematical limits</li> <li>• Applying likely finance pricing required by senior debt providers</li> <li>• Using market knowledge to assess whether the level of senior debt mathematically capable of being sustained is acceptable to the debt providers</li> <li>• Sourcing and collating information which is necessary to support a presentation to secure a financing</li> <li>• Sourcing and understanding the role of valuation advice</li> <li>• Analysing and illustrating the impact of financial covenants</li> <li>• Reviewing and comprehending financing documents, particularly loan agreements and facility letters</li> <li>• Confirming that financing documents reflect the commercial terms agreed and how the controls of the provider may impact on the borrower’s management flexibility.</li> </ul> | <p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Analysing and understanding a standalone financing from the outset to completion and draw down of funds</li> <li>• Illustrating multi-tiered financing arrangements numerically and using this to assess the true cost of finance at each level</li> <li>• Advising accordingly on the above.</li> </ul> |

## Property management

This competency covers all aspects of day to day functions associated with property management. It includes issues relating to works, health and safety, landlord and tenant relationships, and service charges. In general, any matter associated with the smooth running of a property.

### Examples of likely knowledge, skills and experience at each level

| Level 1  | Level 2   | Level 3  |
|--|---|--|
| <p>Demonstrate knowledge and understanding of property management and the relationship between owner and occupier.</p>   | <p>Apply the principles of property management to provide solutions to issues affecting both owners and occupiers of real estate.</p>   | <p>Provide evidence of reasoned advice including the preparation and presentation of reports in relation to property management.</p>   |
| <p>Examples of knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• The key factors determining the landlord and tenant relationship in relation to the running of a property</li> <li>• Key lease terms and their implications to property management</li> <li>• How disputes and problematical issues can be resolved, and being able to prioritise key tasks.</li> </ul> | <p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Managing property from both a landlord and tenant perspective, and understanding the key factors from each viewpoint</li> <li>• Understanding legal requirements associated with multi let property and/or managed property</li> <li>• Understanding property management accounting principles from the landlord and tenant perspective, and also the requirements of law and RICS</li> <li>• Understanding courses of action in relation to breaches of lease by landlord and tenant.</li> </ul> | <p>Examples of activities and knowledge comprised within this level are:</p> <ul style="list-style-type: none"> <li>• Participating in all aspects of property management including works, emergency reactive maintenance, planned programmes, budgets etc.</li> <li>• Applying your negotiation, communication, and business skills in relation to contentious issues with both landlord and tenant</li> <li>• Participating in issues such as applications for licence to assign or for works, together with the associated legal frameworks.</li> </ul> |

## Purchase and sale

This competency relates to the purchase and sale of property on a freehold and leasehold basis. Sales and purchases of investment property are therefore included. Candidates should have regard to all property markets and alternative uses and values. Similarly, the candidate should have a knowledge and understanding of other forms of disposal.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of how various types of property are sold (or a similar interest is acquired for a client) and the different types of interests that may be placed on the market. Demonstrate an understanding of the economics of the market for such interests, and the appropriate legal frameworks.

Examples of knowledge comprised within this level are:

- The different types of interests that can be sold or purchased, and the factors affecting value
- Factors governing the methods of disposal/acquisition and the advantages/disadvantages of each
- The legal processes needed to complete a sale/purchase
- What factors affect value for property in the purchase/sales market.

#### Level 2

Apply your knowledge and skills to the purchase or sale of all types of property and demonstrate practical experience of the associated decision-making process, marketing, reporting and completion of the transaction. Demonstrate knowledge and understanding of other forms of property transaction, and the reasons supporting the decision to proceed along the chosen purchase or sale route.

Examples of activities and knowledge comprised within this level are:

- Selling or purchasing property
- Decision making and recommending courses of action including valuation advice
- Undertaking transactions from initial inspections through to completion of documentation
- Negotiating with both prospective parties and where appropriate interested third parties
- Understanding of the legal frameworks governing sale/purchase and the implications and penalties.

#### Level 3

Provide evidence of reasoned advice and report to clients on all types of purchase or sale transactions. Demonstrate the ability to see complex cases through from start to finish with appropriate assistance. Be able to provide the client with a holistic view of the entire transactional market, and advise him/her clearly and appropriately, not only on the sale or disposal market but also on other areas.

Examples of activities and knowledge comprised within this level are:

- Participating in complex or difficult cases, and explaining the factors which made the case deviate from market norm
- Advising on why decisions were made in relation to chosen route of sale or purchase; especially in relation to strategic advice given to your client on property
- Experience of externalities to the market which may affect sale/purchase
- Reporting to clients with recommendations
- Applying negotiation and business skills to handle difficult situations effectively.

## Research methodologies and techniques

This competency is about the ability to collect, collate and analyse appropriate data and other material to enable to provision of strategic management consultancy advice.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate your ability to collect and collate appropriate data and other relevant material. Demonstrate familiarity with data and other sources, and with data handling and manipulation techniques.

Examples of knowledge comprised within this level are:

- The different data handling and manipulation techniques
- How to select appropriate methodologies and techniques for different consultancy services
- The benefits and limitations of each technique
- Relevant IT support
- How to deal with sensitive information
- Relevant legislation regarding handling and using data.

#### Level 2

Demonstrate the effective and appropriate analysis and interpretation of data and other material. Demonstrate your ability to make effective use of appropriate research methodologies and techniques, and to match your choice of methodologies to client requirements.

Examples of activities and knowledge comprised within this level are:

- Preparing data/information
- Analysing data using a range of different methodologies and techniques
- Using selected methodologies and techniques to achieve agreed outcomes
- Keeping appropriate records and files
- Drawing conclusions based on analysed information both quantitatively and qualitatively.

#### Level 3

Demonstrate effective application of analysis and interpretation of research. Demonstrate your ability to apply the analysis to client requirements.

Examples of activities and knowledge comprised within this level are:

- Reporting to clients providing advice based on detailed data analysis and interpretation
- Evaluating the effectiveness of methodologies and techniques used.

## Strategic real estate consultancy

This competency is about the provision of strategic consultancy advice to clients on real estate issues influencing the business.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of the business context of real estate, and an appreciation of the role of the real estate professional as a strategic adviser.

Examples of knowledge comprised within this level are:

- Organisational structures, values and objectives
- Business performance
- The role and importance of real estate in organisational/ business performance
- The role of real estate in business strategies
- Strategic uses of real estate
- Methods for appraising options for real estate strategy
- The role of the real estate professional as a strategic business adviser
- Styles of consultancy intervention.

#### Level 2

Apply your knowledge and understanding of the business context of real estate in a corporate or other context.

Examples of activities and knowledge comprised within this level are:

- Researching organisational background
- Preparing relevant data
- Analysing data
- Undertaking option appraisals for real estate strategies
- Using different styles of consultancy intervention for different client needs
- Using your knowledge of real estate to find strategic solutions to meet client requirements.

#### Level 3

Provide evidence of reasoned oral and written advice on the principles and application of real estate knowledge.

Examples of activities and knowledge comprised within this level are:

- Strategic advice and recommendations to clients
- Presentations to clients
- Presenting data to support recommendations.

## Valuation

This competency is about the preparation and provision of properly researched valuation advice, made in accordance with the appropriate valuation standards, to enable clients to make informed decisions regarding real estate.

### Examples of likely knowledge, skills and experience at each level

#### Level 1

Demonstrate knowledge and understanding of the purposes for which valuations are undertaken, the relevant valuation methods and techniques, the appropriate standards and guidance, and any relevant statutory or mandatory requirements for valuation work.

Examples of knowledge comprised within this level are:

- The main drivers that have an impact on value
- The principles and application of the latest relevant valuation standards
- The principles of Professional Indemnity Insurance
- The underlying principles of property law, planning and other relevant regulations or controls and their impact on property values
- The different purposes for which valuations may be required
- The principles of the various methodologies needed to provide both capital and rental valuation advice
- An understanding of the importance of independence and objectivity
  - Early Neutral Evaluation [ENE]
  - Dispute Resolution Boards [DRBs]
  - Adjudication [under the HGCRA '96 or geographically applicable law]

#### Level 2

Demonstrate practical competence in undertaking both capital and rental valuations and detailed involvement with the preparation and presentation of client reports. Demonstrate your ability to use valuation methods and techniques appropriate to your area of practice. Show how the relevant valuation standards and guidance have been applied to your valuation experience.

Examples of activities and knowledge comprised within this level are:

- Understanding client requirements and preparing Terms of Engagement
- Inspecting and information gathering relevant to the valuation work being undertaken
- Analysing and interpreting of comparable evidence
- Applying of a range of valuation methods and techniques
- Preparing valuation reports and advice to meet client needs and complying with the latest relevant valuation standards
- Being able to demonstrate competence to conduct a valuation task from beginning to end with appropriate supervision.

To achieve Level 2, candidates will not necessarily be carrying out valuations as part of their full-time day to day activities.

#### Level 3

Demonstrate practical competence in undertaking valuations, either of a range of property types or for a range of purposes. Demonstrate the application of a wide range of valuation methods and techniques. Be responsible for the preparation of formal valuation reports under proper supervision and provide reasoned advice. Demonstrate a thorough knowledge of the appropriate valuation standards and guidance and how they are applied in practice.

Examples of activities and knowledge comprised within this level are:

- The properties considered may relate to a particular area of practice but the candidate's experience should cover a range of purposes [in a properly supervised manner], such as loan security, financial statements, internal management, purchase or sale reports, tax, stock exchange and litigation, but not necessarily all of these
- The types of property should ideally be varied both in terms of physical attributes, usage and also interest [i.e. freehold and leasehold]
- Knowledge of standards in other areas of business, e.g. accounting standards
- The candidate's knowledge of the main drivers which impact on property value should include an understanding of the wider influences such as government policy, the economic climate, technological change and other investment medium
- The candidate should demonstrate knowledge as to how their valuation advice inter-relates with their clients' other professional advisers

continued on next page

## Valuation (continued)

### Examples of likely knowledge, skills and experience at each level

#### Level 1

- Independent expert determination
- Arbitration; med-art
- Litigation.
- The possible roles of a surveyor as an expert witness and/or an advocate, to include the existence and scope of applicability of the RICS Practice Statements and Guidance Notes for expert witnesses and advocates
- The range of nominating bodies and services available to resolve disputes, and particularly the role of the RICS Dispute Resolution Service and any specialised dispute resolution schemes it offers relevant to your market sector e.g. PACT.

#### Level 2

- 

#### Level 3

- Understanding the different levels of service that may be required, e.g. desktop advice versus a full valuation.



## Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the valuation, development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to markets and effecting positive change in the built and natural environments.

### Americas

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