

## **A Guide to Commercial Finance**

With our independent knowledge and continual research of the marketplace we source the most competitive financial packages for:

- Commercial property investment such as shops, offices and industrial units including purchases as a sitting tenant
- Development Finance for residential and commercial schemes
- Mezzanine Finance
- Purchase and refinancing of residential investment portfolios (Buy to Lets)

Commercial property mortgages are loans secured on commercial/mixed use premises and are used by those investors wishing to profit from rental income and / or capital appreciation in the medium to long term.

### Sectors include:

- Prime office commercial property including serviced, secondary or tertiary locations
- Mixed use property investment i.e. offices with flats above
- Retail commercial property investment i.e. mixed use property and shops with flats above
- Industrial property units including those with aspects of mixed use

Unlike Buy to Let residential mortgages, loans for the purchase of commercial investment properties are rarely standard and each transaction can vary greatly. Precise Commercial are proud that we spend more time getting to know you and your business before researching the market to ensure you get the best possible solution.

### **How much can I borrow?**

We have successfully arranged solutions from £50,000 all the way up to £4,000,000. Typically we assist our clients with a maximum of 70 to 80% loan to value however this is dependent on the overall quality of the proposal we formulate, the debt serviceability and the any other assets held in the background.

In some cases the lenders will work off the Open Market Value as opposed to the purchase price. If the purchase price is less than the open market value, this can mean very little deposit.

### **What are the interest options?**

We can access Interest Only, Part and Part, Capital Repayment and Capital Repayment with payment holidays. Interest can also be rolled up for 12-24 months, depending on the lender and Loan To Value (LTV).

### **How long can I borrow for?**

We can facilitate loans up to a maximum of 25 to 30 years.

## **Owner Occupier Finance**

Owner occupier commercial finance helps business owners to purchase the premises from which they already operate. Typical motivation to purchase your own premises can be:

- Security of Tenure

If you lease your premises, there are few guarantees beyond the current arrangements with the Landlord. Some tenants of commercial property have a statutory right to renew the lease at the end of the original term however this protection does not apply those who occupy a property under a license agreement or a tenancy at will.

For a location based business or for retail, having to move on can cause complete loss of goodwill for customers and cause untold disruption to a business.

- Potential Asset Growth

Commercial Property is considered by many to be a more stable asset than residential property and is less sensitive to interest rate changes. Over time, many business owners feel that the property should grow in value and increase the value of their business.

- Potential to Sub Let

A business might not need all the space that the building offers so in these cases many businesses sublet the spare space to other businesses.

## **Property Development Finance and Mezzanine Finance**

Precise Commercial specialise in small to medium size property developments, conversions and restorations. We have the lending contacts, experience and professionalism required to source development finance for a variety of projects. Like other commercial loans, property development loans will often be secured against the land or property you wish to develop.

Typically property development finance will be used for:

- Property refurbishment for residential and commercial property
- New build projects
- Property conversions
- Land purchase

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**The FCA does not regulate some Buy to Let Mortgages, Commercial Mortgages, Bridging Finance and Property Development Finance.**