

11 February 2025

Commercial mortgages product guide



Key lending criteria

Borrower type	UK registered Limited Companies, LLPs, Partnerships and Sole Traders.
Loan size	£150,000 to £10 million
Term	Owner-occupied: 5 to 25 years. Commercial investment: 5-year Interest only or 5-year partial amortisation over a 25-year profile.
Base Rate type	Variable – Bank of England Base Rate (subject to a minimum Base Rate of 1.5%) Fixed – reverts to a margin above Bank of England Base Rate equal to the fixed rate less 1.5%, subject to a Base Rate floor of 1.5%
Security	First charge over Freehold & Long Leasehold Property in England, Scotland & Wales Debentures and guarantees on a case by case basis



Commercial investment

Available discounts



Energy efficiency discount

0.25% for EPC rating A-C evidenced at application.

OR



Large loan discount

Discount of 0.25% for loans of £750k or over.
Available for variable and fixed rate loans.

All discounts are available for variable and fixed rate loans.

Repayment type

Interest Only (5-year term)

Partially amortising (5-year term)

Debt Service Cover

Variable - 130% using gross rent at margin, plus Base Rate plus 1.5%

Fixed - 130% at pay rate. Interest only loans must evidence affordability over a 25-year amortising term

Commercial

LTV	Up to 60%	Up to 65%	Up to 70%
5-year fixed	8.35%	8.45%	8.75%
Variable (margin over Base Rate)	4.45%	4.55%	4.85%

Semi-commercial

50-80% residential

LTV	Up to 60%	Up to 70%	Over 70%
5-year fixed	6.05%	6.75%	7.10%
Variable (margin over Base Rate)	2.10%	2.85%	3.50%

Semi-commercial apportionment is defined by percentage of floor space across a semi-commercial property or portfolio (confirmed at valuation). The residential element must not exceed 80%, and must be capable of being let on a separate assured shorthold tenancy. The commercial element must be not less than 20%. Properties less than 50% residential will be classed as commercial from a product perspective.

Owner-occupied

Available discounts



Energy efficiency discount

0.25% for EPC rating A-C evidenced at application.

OR



Large loan discount

Discount of 0.25% for loans of £750k or over.



Additional discount

An additional 0.25% discount will apply if 200% Debt Service Cover can be evidenced at application.

All discounts are available for variable and fixed rate loans.

Repayment type

Capital & Interest

Up to 2 year capital repayment holiday available

Debt Service Cover

Variable - 130% using adjusted EBITDA at margin, plus Base Rate plus 1.5%

Fixed - 130% at pay rate using adjusted EBITDA

Commercial

LTV	Up to 60%	Up to 70%	Over 70%
5-year fixed	6.95%	7.50%	7.85%
Variable (margin over Base Rate)	2.90%	3.45%	3.80%

Semi-commercial

50-80% residential

LTV	Up to 60%	Up to 70%	Over 70%
5-year fixed	5.95%	6.30%	6.80%
Variable (margin over Base Rate)	1.85%	2.20%	2.70%

Owner-occupied hotels

Available discounts



Energy efficiency discount

0.25% for EPC rating A-C evidenced at application.

OR



Large loan discount

Discount of 0.25% for loans of £750k or over.



Additional discount

An additional 0.25% discount will apply if 200% Debt Service Cover can be evidenced at application.

All discounts are available for variable and fixed rate loans.

Up to £1.5m

Debt service cover	LTV – VP	LTV – MV
130%-200% debt service cover	70%	65%
>200% debt service cover	80%	65%

Over £1.5m

Type of hotel	LTV – VP	LTV – MV
Branded hotel	100%	65%
Unbranded hotel	90%	65%

Pricing

Loan to VP value	Up to 60%	Up to 70%	Up to 80%	Up to 90%	Up to 100%
Fixed rate	7.15%	7.50%	7.85%	8.10%	8.35%
Variable margin	3.10%	3.45%	3.80%	4.05%	4.30%

Product criteria

- Management accounts to be provided on a quarterly basis for loans over £1.5m
- Loan over 80% of VP value and must be fully amortising from day 1
- Personal guarantee to be given for any amount in excess of 70% of VP value

Healthcare – care homes

Experienced elderly residential and nursing home operators, and first-time buyers

Repayment type

Capital & Interest

Up to 2 year capital repayment holiday available

Debt Service Cover

Experienced operators:

- min 20 bedrooms – 150% EBITDA/ 125% CFADS
- min 40 bedrooms (across multiple assets – min 20 bed rule applies) – 150% EBITDA/ 120% CFADS

First-time buyers/ new entrants:

150% EBITDA/ 140% CFADS

Minimum number of bedrooms

20

Experienced operators (a minimum of two years as care home owner-operator)



Loan size for experienced operators: £500,000 to £10m (subject to a maximum of 5.0x EBITDA)



Loan-to-value for experienced operators: up to 70% MV and 100% MV2, whichever is lower

- Margins are above Bank of England Base Rate (subject to a minimum Base Rate of 1.5%)
- Interest Rate Margins are subject to status and due diligence
- Extending above 90% MV2: considered subject to borrower profile, valuation and DSCR
- For care home transactions, please speak with your BDM/ SRM for full details on required information

MV2 - Market Value on the special assumption that property is open, accounts are not available and restricted sales period of 9 months.

Product	Rate	Maximum loan term
Up to 60% MV	2.60%	25 years (20 years for non-purpose built)
Up to 65% MV	2.80%	25 years (20 years for non-purpose built)
Up to 70% MV	3.00%	25 years (20 years for non-purpose built)

First-time buyers/new entrants (operator with less than two years experience/ first-time buyer)



Loan size for first-time buyers/new entrants: £500,000 to £5m (subject to a maximum of 5.0x EBITDA)



Loan-to-value for first-time buyers/new entrants: up to 70% MV and 120% MV3, whichever is lower

- Margins are above Bank of England Base Rate (subject to a minimum Base Rate of 1.5%)
- Interest rate margins are subject to status and due diligence
- Extending to 120% MV3 considered subject to borrower profile, valuation and mock CQC inspections for first two years
- For care home transactions, please speak with your BDM/ SRM for full details on required information

MV3 – Market Value on the value of the property closed with no trading accounts.

Product	Rate	Maximum loan term
Up to 70% MV/ 90% MV3	3.50%	20 years
Up to 70% MV/ 100% MV3	3.75%	20 years
Up to 70% MV/ 120% MV3	4.00%	20 years

Healthcare – care homes

Specialist care operators

Repayment type

Capital & Interest

Up to 2 year capital repayment holiday available

Debt Service Cover

150% EBITDA/ 125% CFADS

Minimum number of care beds/ homes

Single-asset: 4 beds

Multi-asset: 3 homes

Specialist care operators (a minimum of three years as care home owner-operator, strong links to regulatory bodies and mature operational team)



Loan size for specialist operators: £500,000 to £10m (subject to a maximum of 5.0x EBITDA)



Loan-to-value for specialist operators: Lower of 70% MV1 or 120% MV3

- Margins are above Bank of England Base Rate (subject to a minimum Base Rate of 1.5%)
- Interest Rate Margins are subject to status and due diligence
- Extending above 100% MV3 subject to borrower profile, valuation and DSCR
- For care home transactions, please speak with your BDM/ SRM for full details on required information

Specialist care operators:

- Children's learning disability care – 5-18 years with complex needs ranging from lower acuity social, emotional and mental health issues (SEMH) through to more complex acquired brain injury/ autistic spectrum conditions (ABI/ ASC).
- Adult learning disability residential care
- Adult supported living (where operator owns the freehold assets)

Product	Rate	Maximum loan term
Up to 70% MV and sub 70% MV3 (single-asset)	3.25%	18 years
Up to 70% MV and sub 80% MV3 (multi-asset)	3.00%	18 years
Up to 70% MV/ 100% MV3 (multi-asset)	3.25%	15 years
Up to 70% MV/ 120% MV3 (multi-asset)	3.50%	15 years

Healthcare – children's day nursery owner-occupied

Experienced operators and
first-time buyers

Repayment type

Capital & Interest

Up to 2 year capital repayment holiday available

Debt Service Cover

130% EBITDA

Term

Up to 20 years

Minimum number of registered places

40

Experienced operators (a minimum of two years as children's day nursery owner-operator)



Loan size for experienced operators:
£500,000 to £10m



Loan-to-value for experienced operators: up to
70% MV and 100% MV2, whichever is lower

- Margins are above Bank of England Base Rate (subject to a minimum Base Rate of 1.5%)
- Interest Rate Margins are subject to status and due diligence
- Extending above 90% MV2: considered subject to borrower profile, valuation and DSCR
- For care home transactions, please speak with your BDM/ SRM for full details on required information

'MV2' - Market Value on the special assumption that property is open, accounts are not available and restricted sales period of 9 months.

Product	Rate	Maximum loan term
Up to 70% MV/ 90% MV2	3.00%	20 years
Up to 70% MV/ 100% MV2	3.50%	15 years

First-time buyers/ new entrants*



Loan size for first-time buyers/ new entrants:
£500,000 to £5m



Loan-to-value for first-time buyers/ new entrants:
up to 70% MV and 100% MV3, whichever is lower

- Margins are above Bank of England Base Rate (subject to a minimum Base Rate of 1.5%)
- Interest Rate Margins are subject to status and due diligence
- Extending above 90% MV3: considered subject to borrower profile, valuation and DSCR
- For care home transactions, please speak with your BDM/ SRM for full details on required information

'MV3' – Market Value on the value of the property closed with no trading accounts.

Product	Rate	Maximum loan term
Up to 70% MV/ 90% MV3	3.75%	20 years
Up to 70% MV/ 100% MV3	4.00%	20 years

*First time buyers/ new entrants must meet one of the following criteria:

- Have a minimum of three years direct experience working in a childcare setting with a senior position (e.g., primary school teachers, nursery setting, childminder, out of school clubs, social workers) **or**
- Have suitable academic qualifications, such as HNC and HND Childcare and Education, BA Childhood Practice, Health and Social Care.

Property type

Standard property

	Investment	Owner-occupied	Owner-occupied with 2 x DSC
Semi-commercial property (50-80% residential)	75%	75%	75%
Factories	70%	75%	80%
Food outlets (takeaway)	70%	70%	70%
Garages/vehicle showrooms	70%	75%	75%
Holiday lets	70%	75%	80%
Industrial units	70%	75%	80%
Offices	70%	75%	80%
Retail units	70%	75%	80%
Student accommodation*	60%	-	-
Warehouses	70%	75%	80%

* Student accommodation properties are classed as commercial investment.

Trading property

	Investment	Owner-occupied	
	VP	VP	MV1
Children's day nurseries	70%	See healthcare – children's day nursery (page 8)	
Convenience stores	70%	80%	70%
Food outlets - restaurant	70%	70%	65%
Guest houses/B&Bs	70%	70%	65%
Hotels	70%	See owner-occupied hotels (page 5)	
Professional practices	70%	80%	70%
Leisure	70%	70%	60%
Public houses	70%	70%	65%

All loan to values above are maximums and are subject to credit view on quality of the asset and other factors of the application

VP - vacant possession

Mandatory information checklist

What you'll need to start an application:

- ✓ Company/ business details
- ✓ Details of the officer applying on behalf of the business - full name, DOB, and address details (address to cover min 3 years) and email/ mobile details
- ✓ Property address, estimated value, age, freehold/ leasehold, and type
- ✓ Details of tenant and lease terms (name, rent, start/ break/ expiry date)
- ✓ Product details - term, repayment profile, how Arrangement Fee is to be paid
- ✓ Affordability - turnover/ EBITDA/ rent
- ✓ Details of any other income sources

At this point you can choose to submit for a Decision in Principle or continue with a full application. For a full application you will need:

	Investment	Owner-occupied
Historical financial/ income information - last 2 year's financial accounts (to include detailed profit and Loss and Balance sheet) - excludes newly formed SPV's	✓	✓
Up to date financial/ accounting information - Management Accounts		✓
Full tax returns of Ultimate Beneficial Owners/ Applicants	✓	✓
Bank statements - personal - last 3 months	✓	✓
Bank statements - business - last 3 months	✓	✓
<u>Debt schedule</u> (to cover external debt with more than 1 facility)		✓
A Proposal Summary which must include: <ul style="list-style-type: none"> the structure of the loan (eg. Newco, OpCo/ PropCo) evidence of affordability (show how EBITDA has been calculated) background experience of the directors/ partners/ individuals brief description of the security property an overview of how rising prices and energy/ fuel costs have affected business/ tenant performance and how has this been managed 		✓
A Proposal Summary which must include: <ul style="list-style-type: none"> tenant performance over last 12 months to include - rental voids, rental arrears and any management expenses incurred background experience of the directors/ partners/ individuals/ purpose of funds (if Capital Raise) brief description of the security property 	✓	
<u>Property schedule</u>	✓	
<u>Assets, Liabilities, Income and Expense Report (ALIE)</u>	✓	✓
Nominated Bank account details	✓	✓
Amount and Source of Deposit contribution	✓	✓

Fees and charges

Fees	<p>Arrangement fee – 2%, which can be added to the loan for loans up to £3m Owner-occupied mortgage applications will incur an arrangement fee of 1.5%</p> <p>Commitment fee – £500 payable once a formal Loan Offer is made and before we instruct a formal valuation. Refunded at completion.</p>
Overpayments	10% allowed per annum
Early repayment charges	3% for the first 5 years (variable rates only)
5-year fixed rate breakage cost	5% in year one, 4% in year two, 3% in year three, 2% in year four, 1% in year five
Fixed rate pricing	<p>Fixed rates are guaranteed for 5 months from the date of the Offer Letter. Beyond 5 months, we have the right to amend the rate if market funding conditions have changed</p>

Contact us
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Residential bridging

Loan purpose

- Auction/acquisition purchase
- Refinance
- Capital raise
- Securing planning permission
- Short-term business cash flow
- Light and medium refurbishment
- Development exit
- Mortgage delays
- Buy to let portfolios
- Below market value purchases considered (up to 90% of purchase price)

Fast track process

- ✓ Term sheet within four hours
- ✓ Automated valuation models (AVMs)/ desktop valuations
- ✓ Electronic KYC
- ✓ Title & indemnity insurances
- ✓ No personal guarantees for <65% LTV
- ✓ 'Asset first' underwriting approach

Exit strategy	Up to 50%	Up to 60%	Up to 65%	Up to 70%	Up to 75%
Refinance	0.71%	0.74%	0.74%	0.79%	0.84%
Sale	0.79%	0.79%	0.89%	0.95%	0.99%

*Rate shown is per month and is a variable rate inclusive of Bank of England Base Rate. Fixed rate is also available.

Key lending criteria

Borrower type	UK registered limited companies, LLPs, partnerships and sole traders.
Borrower location	England, Scotland and Wales
Loan size	£150,000 to £10 million**
Term	3 to 24 months
Max day 1	75%***
Interest	Retained or serviced
Fees	Arrangement fee: 2% Exit fee: 1% (applies to the sale exit strategy)
Valuations	AVMs and desktop valuations considered on a case by case basis
Insurance	Title insurance and search indemnity applied where possible
Security	Secured by way of First Legal Charge over the Freehold or Long Leasehold Title(s)

**Maximum loan size can be higher on a case by case basis

***100% of purchase price can be achieved by using additional security

Refurbishment (GDV) lending

Residential

Light refurbishment

- Works loan limited to 50% of open market value (OMV)
- Energy Performance Certificate (EPC) enhancements such as upgrading electrics, boilers, insulation for walls and floors, new double/triple glazed windows and doors

Medium refurbishment

- Loft conversions
- Reconfigurations
- Single storey extensions
- Commercial to residential schemes

Floor area not to increase by more than 25%, a maximum cost plan 100% of open market value (OMV), and works duration limited to 12 months.

LTV	Up to 70%	Up to 75%
Light refurbishment	0.95%	1.00%
Medium refurbishment	1.00%	1.05%

*Rate shown is per month and is a variable rate inclusive of Bank of England Base Rate. Fixed rate is also available.

Key lending criteria

Borrower type	UK registered limited companies, LLPs and partnerships.
Borrower location	England, Scotland and Wales
Loan size	£250,000 to £2 million
Term	3 to 24 months
Max day 1	Up to 75%
Interest	Rolled
Works funded	100%
Maximum Loan to Gross Development Value (LTGDV)	Up to 65%
Fees	Arrangement fee: 2% Exit fee: 1% (based on gross loan rather than gross development value)
Insurance	Title insurance and search indemnity applied where possible
Security	Secured by way of First Legal Charge over the Freehold or Long Leasehold Title(s)

Semi-commercial and commercial bridging

Loan purpose

- Auction/acquisition purchase
- Refinance
- Capital raise
- Rental stabilisation periods
- Securing planning permission
- Short-term business cash flow
- Light and medium refurbishment
- Mortgage delays
- Investment portfolios

Security types

- Mixed use
- Retail
- Office
- Industrial
- Warehouse
- Student accommodation
- Garages/showrooms
- Food outlets
- Factories
- Warehouse
- Hotels

LTV - VP (unrestricted)	Up to 60%	Up to 65%	Up to 70%
Semi-commercial property	0.90%	0.95%	0.99%
Commercial property	1.04%	1.08%	1.13%

*Rate shown is per month and is a variable rate inclusive of Bank of England Base Rate. Fixed rate is also available.

Key lending criteria

Borrower type	UK registered limited companies, LLPs, partnerships and sole traders.
Borrower location	England, Scotland and Wales
Loan size	£150,000 to £10 million**
Term	3 to 24 months
Interest	Retained or serviced
Fees	Arrangement fee: 2% No exit cost or early redemption fees
Insurance	Title insurance and search indemnity applied where possible
Security	Secured by way of First Legal Charge over the Freehold or Long Leasehold Title(s)

**Maximum loan size can be higher on a case by case basis

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