

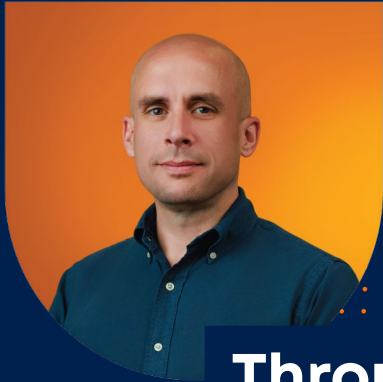
30 August 2024

# Commercial mortgages product guide



For intermediary use only

 **Allica Bank**



Through our unique combination of tailored expertise, human relationships and powerful technology, we're empowering brokers with the tools they need to serve established SMEs.

- **Nick Baker**, Chief Commercial Officer at Allica Bank

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## Key lending criteria

<b>Borrower type</b>	UK registered Limited Companies, LLPs, Partnerships and Sole Traders
<b>Loan size</b>	£150,000 to £10 million
<b>Term</b>	Owner-occupied: 5 to 25 years. Commercial investment: 5-year Interest only or 5-year partial amortisation over a 25-year profile.
<b>Base Rate type</b>	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%
<b>Security</b>	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

Partially amortising (5-year term)

Interest Only (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	8.50%	8.60%	8.90%
Variable (margin over Base Rate)	4.60%	4.70%	5.00%

### Semi-commercial

50-80% residential

LTV	Up to 60%	Up to 70%	Over 70%
5-year fixed	6.20%	6.90%	7.10%
Variable (margin over Base Rate)	2.25%	3.00%	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	7.15%	7.50%	7.85%
Variable (margin over Base Rate)	3.10%	3.45%	3.80%

### Semi-commercial

50-80% residential

LTV	Up to 60%	Up to 70%	Over 70%
5-year fixed	6.10%	6.45%	6.80%
Variable (margin over Base Rate)	2.00%	2.35%	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

- A dedicated relationship manager will be assigned to all customers where the loan exceeds £1.5m and the LTV exceeds 70% of VP value
- 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 70% MV/ 90% MV2	3.00%	25 years (20 years for non-purpose built)
Up to 70% MV/ 100% MV2	3.50%	15 years

### 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 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%	25 Years (20 years for non-purpose built)
Up to 70% MV/ 100% MV3	4.00%	25 years (20 years for non-purpose built)

## 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 homes

3

**Specialist care operators** (a minimum of five 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/ 80% MV3	3.00%	18 years
Up to 70% MV/ 100% MV3	3.25%	15 years
Up to 70% MV/ 120% MV3	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

	Standard investment & owner-occupied	Owner-occupied with 2 x DSC
	VP	VP
Factories	75%	80%
Food outlets - takeaway	70%	70%
Garages/ vehicle showrooms	75%	75%
Holiday lets	75%	80%
Industrial units	75%	80%
Mixed use/ multi- let (exc residential and retail)	75%	80%
Offices	75%	80%
Retail units (lock up)	75%	80%
Retail units with commercial uppers	75%	80%
Retail units with residential uppers	75%	80%
Student accommodation*	60%	-
Warehouses	75%	80%

\* Student accommodation properties are classed as commercial investment.

### Trading property

	Investment	Owner-occupied	
	VP	VP	MV1
Children's day nurseries	75%	See healthcare – children's day nursery (page 11)	
Convenience stores	75%	80%	70%
Food outlets - restaurant	70%	70%	65%
Guest houses/ B&Bs	70%	70%	65%
Hotels	70%	See owner-occupied hotels (page 8)	
Professional practices	75%	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 <u>Proposal Summary</u> which must include: <ul style="list-style-type: none"> <li>the structure of the loan (eg. Newco, OpCo/ PropCo)</li> <li>evidence of affordability (show how EBITDA has been calculated)</li> <li>background experience of the directors/ partners/ individuals</li> <li>brief description of the security property</li> <li>an overview of how rising prices and energy/ fuel costs have affected business/ tenant performance and how has this been managed</li> </ul>		✓
A <u>Proposal Summary</u> which must include: <ul style="list-style-type: none"> <li>tenant performance over last 12 months to include - rental voids, rental arrears and any management expenses incurred</li> <li>background experience of the directors/ partners/ individuals/ purpose of funds (if Capital Raise)</li> <li>brief description of the security property</li> </ul>	✓	
<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	Arrangement fee – 2%, which can be added to the loan for loans up to £3m <b>Promotion – owner-occupied mortgage applications will currently only incur an arrangement fee of 1.5%</b>  Commitment fee – £500 payable once a formal Loan Offer is made and before we instruct a formal valuation. Refunded at completion. Procuration fee – 1.5% of the loan amount
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	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

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## Residential bridging

### Loan purpose

- Auction/ acquisition purchase
- Refinance
- Capital raise
- Securing planning permission
- Short-term business cash flow
- Light and heavy refurbishment
- Development exit
- Mortgage delays
- Buy to Let portfolios

### Fast track process

- ✓ Term sheet within 4 hours
- ✓ Automated valuation models (AVMs)/ desktop valuations
- ✓ Electronic KYC
- ✓ Title & indemnity insurances
- ✓ No personal guarantees for <65% LTV
- ✓ Remote legal documents
- ✓ 'Asset first' underwriting approach

For any bridging enquiries, please contact your Business Development Manager at Tuscan or Allica Bank

LTV (OMV)	Up to 60%	Up to 65%	Up to 70%	Up to 75%
Residential property	0.91%	0.97%	1.01%	1.05%

\*Rate shown is per month and is a variable rate inclusive of Bank of England Base Rate

OMV - open market value

### Key lending criteria

<b>Borrower type</b>	UK registered Limited Companies, LLPs, Partnerships and Sole Traders.
<b>Borrower location</b>	England and Wales
<b>Loan size</b>	£100,000 to £10 million**
<b>Term</b>	3 to 24 months
<b>Interest</b>	Retained or serviced
<b>Fees</b>	Arrangement fee: 2% No exit cost or early redemption fees
<b>Valuations</b>	AVMs and desktop valuations considered on a case by case basis
<b>Insurance</b>	Title insurance and search indemnity applied where possible
<b>Security</b>	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

# 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.

For any bridging enquiries, please contact your Business Development Manager at Tuscan or Allica Bank

Product	Pricing	Max day 1	Works funded	Max LTGDV
Light refurbishment	0.92%	75%	100%	65%
Medium refurbishment	1.00%	75%	100%	65%

\*Rate shown is per month and is a variable rate inclusive of Bank of England Base Rate

### Key lending criteria

<b>Borrower type</b>	UK registered Limited Companies, LLPs and Partnerships.
<b>Borrower location</b>	England and Wales
<b>Loan size</b>	£150,000 to £2 million
<b>Term</b>	3 to 24 months
<b>Interest</b>	Rolled
<b>Maximum Gross Development Value (GDV)</b>	Up to 65%
<b>Fees</b>	Arrangement fee: 2% Exit fee: 1%
<b>Insurance</b>	Title insurance and search indemnity applied where possible
<b>Security</b>	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 heavy refurb
- Mortgage delays
- Investment portfolios

### Security types

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

For any bridging enquiries, please contact your Business Development Manager at Tuscan or Allica Bank

LTV - VP (unrestricted)	Up to 60%	Up to 65%	Up to 70%
Semi-commercial property	0.99%	1.16%	1.16%
Commercial property	1.07%	1.12%	1.15%

\*Rate shown is per month and is a variable rate inclusive of Bank of England Base Rate

### Key lending criteria

<b>Borrower type</b>	UK registered Limited Companies, LLPs, Partnerships and Sole Traders.
<b>Borrower location</b>	England and Wales
<b>Loan size</b>	£100,000 to £10 million**
<b>Term</b>	3 to 24 months
<b>Interest</b>	Retained or serviced
<b>Fees</b>	Arrangement fee: 2% No exit cost or early redemption fees
<b>Insurance</b>	Title insurance and search indemnity applied where possible
<b>Security</b>	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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