

# Bridging Finance product guide



For intermediary use

# 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%<br>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 (LTV) Bridge

## Residential and semi-commercial

### Light refurbishment

#### Work examples:

- EPC improvements
- Internal reconfigurations
- Residential to HMO conversions
- Change of use projects
- Small permitted development projects

85% / 80% LTV gross bridge, with post works value (GDV) limited to:

- 75% LTV for residential
- 70% LTV for semi-commercial (residential element to be >50%)
- Commercial elements valued on a vacant possession basis (VP)
- Works scheduled to be no longer than 12 months
- Competent contractor carrying out works
- NO MS/QS reporting

| Security type    | LTV | Post works (LTV) | Max loan | Rate  |
|------------------|-----|------------------|----------|-------|
| Residential      | 85% | 75%              | £2m      | 0.95% |
| Semi-commercial* | 80% | 70%              | £2m      | 1.05% |

\*residential element required to be >50%

### Key lending criteria

|                   |   |
|-------------------|---|
| Borrower type     | Experienced property developers, UK registered limited companies, LLPs and partnerships |
| Borrower location | England, Scotland and Wales   |
| Loan size         | £150,000 to £2 million  |
| Term              | 3 to 18 months  |
| Interest          | Rolled  |
| Fees              | Arrangement fee: 2%<br>Exit fee: 1% (if sale is exit)                                   |
| Valuations        | AVMs and desktop valuations considered on a case by case basis 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)       |

# 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%<br>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
- Hotels
- Student accommodation
- Garages/showrooms
- Food outlets
- Factories

| LTV - VP (unrestricted)  | Up to 60% | Up to 65% | Up to 70% |
|--------------------------|-----------|-----------|-----------|
| Semi-commercial property | 0.84%     | 0.87%     | 0.90%     |
| Commercial property      | 0.92%     | 0.95%     | 0.98%     |

\*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%<br>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

# Bridge-to-term stabiliser: Owner-occupier

## Loan purpose

Owner occupiers can take out a single loan that covers both the early stage before their business meets affordability and debt service cover (DSC) requirements and the long term five year term loan. This avoids the need to refinance.

Once the agreed financial conditions, known as trigger conditions, are met, the loan automatically moves to the lower pricing set for the term loan.

## Security types

All commercial property types covered.

## Trigger point

The trigger point occurs when the Borrowers pre-agreed trigger conditions are satisfied, the pricing falls to the term period rates and the Trigger Fee is due. No new valuation is needed.

## Trigger conditions

- DSC dependent on LTV
- Make 12 interest payments equivalent to 130% of flexed debt service amount
- EPC of E or above

## Equity release

On satisfaction of the trigger conditions, the borrower has access to pre-agreed further borrowing if the financial performance supports.

| LTV - VP (unrestricted) | Up to 60% | Up to 65% | Up to 70% |
|-------------------------|-----------|-----------|-----------|
| Stabiliser period       | 6.45%     | 6.80%     | 7.15%     |
| Term period             | 2.90%     | 3.45%     | 3.80%     |

\*Rate shown is per month variable (margin over Base Rate)

## Key lending criteria

|                   |   |
|-------------------|---|
| Borrower type     | UK registered limited companies and LLPs  |
| Borrower location | England, Scotland and Wales   |
| Loan size         | £250,000 to £5 million**  |
| Term              | 7 years with a maximum stabilisation period at 2 years and a 5 year term period   |
| Interest          | Serviced monthly, with a 6-month rolled interest option available                 |
| Fees              | Trigger fee: 1%<br>Early repayment charge: 3%                                     |
| Other fees        | Arrangement fee: 2%   |
| Repayment type    | Part amortisation (rate dependant on LTV)   |
| 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

# Bridge-to-term stabiliser: Commercial investment

## Loan purpose

Investors can take out a single loan that covers both the early stage before their rent roll meets affordability and debt service cover (DSC) requirements and the long term five year term loan. This avoids the need to refinance.

Once the agreed financial conditions, known as trigger conditions, are met, the loan automatically moves to the lower pricing set for the term loan.

## Security types

All commercial property types covered.

## Trigger point

The trigger point occurs when the Borrowers pre-agreed trigger conditions are satisfied, the pricing falls to the term period rates and the Trigger Fee is due. No new valuation is needed.

## Trigger conditions

- DSC dependent on LTV
- Make 12 interest payments equivalent to 130% of flexed debt service amount
- EPC of E or above

## Equity release

On satisfaction of the trigger conditions, the borrower has access to pre-agreed further borrowing if the financial performance supports which will be funded at the trigger point.

| LTV - VP (unrestricted) | Up to 60% | Up to 65% | Up to 70% |
|-------------------------|-----------|-----------|-----------|
| Stabiliser period       | 6.45%     | 6.80%     | 7.15%     |
| Term period             | 4.45%     | 4.55%     | 4.85%     |

\*Rate shown is per month variable (margin over Base Rate)

## Key lending criteria

|                   |   |
|-------------------|---|
| Borrower type     | UK registered limited companies and LLPs  |
| Borrower location | England, Scotland and Wales   |
| Loan size         | £250,000 to £5 million**  |
| Term              | 7 years with a maximum stabilisation period at 2 years and a 5 year term period   |
| Interest          | Serviced monthly, with a 6-month rolled interest option available                 |
| Fees              | Trigger fee: 1%<br>Early repayment charge: 3%                                     |
| Other fees        | Arrangement fee: 2%   |
| Repayment type    | Interest only or part amortisation (rate dependant on LTV)                        |
| 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

# Bridge-to-term improver: Owner-occupier

## Loan purpose

Owner occupiers can take out a single loan that funds refurbishment cost and interest in the early stage before their business meets affordability and debt service cover (DSC) requirements and the long term five year term loan. This avoids the need to refinance.

Once the agreed financial conditions, known as trigger conditions, are met, the loan automatically moves to the lower pricing set for the term loan.

## Security types

All commercial property types covered.

## Trigger point

The trigger point occurs when the Borrowers pre-agreed trigger conditions are satisfied, the pricing falls to the term period rates and the Trigger Fee is due. Valuation undertaken at lenders cost.

## Trigger conditions

- DSC dependent on LTV
- Make 12 interest payments equivalent to 130% of flexed debt service amount
- EPC of C or above
- Valuation equivalent to pre lend GDV

## Equity release

On satisfaction of the trigger conditions, the borrower has access to pre-agreed further borrowing if the financial performance supports.

| LTV - VP (unrestricted) | Up to 60% | Up to 65% | Up to 70% |
|-------------------------|-----------|-----------|-----------|
| Improver period         | 7.05%     | 7.40%     | -         |
| Term period             | 2.90%     | 3.45%     | 3.80%     |

\*Rate shown is per month variable (margin over Base Rate)

## Key lending criteria

|                   |  |
|-------------------|--|
| Borrower type     | UK registered limited companies and LLPs   |
| Borrower location | England, Scotland and Wales  |
| Loan size         | £500,000 to £5 million**   |
| Term              | 7 years with a maximum stabilisation period at 2 years and a 5 year term period              |
| Interest          | Serviced monthly, with a 12-month rolled interest option available                           |
| Fees              | Trigger fee: 1%<br>Early repayment charge: 3%  |
| Other fees        | Arrangement fee: 2.5%  |
| Repayment type    | Part amortisation (rate dependant on LTV)  |
| LTGDV             | 65% maximum  |
| Works             | Up to 100% of initial valuation, minimum cost plan is £100,000 and non-structural works only |
| 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



# Bridge-to-term improver: Commercial investment

## Loan purpose

Investors can take out a single loan that funds refurbishment cost and interest in the early stage before their business meets affordability and debt service cover (DSC) requirements and the long term five year term loan. This avoids the need to refinance.

Once the agreed financial conditions, known as trigger conditions, are met, the loan automatically moves to the lower pricing set for the term loan.

## Security types

All commercial property types covered.

## Trigger point

The trigger point occurs when the Borrowers pre-agreed trigger conditions are satisfied, the pricing falls to the term period rates and the Trigger Fee is due. Valuation undertaken at lenders cost.

## Trigger conditions

- DSC dependent on LTV
- Make 12 interest payments equivalent to 130% of flexed debt service amount
- EPC of C or above
- Valuation equivalent to pre lend GDV

## Equity release

On satisfaction of the trigger conditions, the borrower has access to pre-agreed further borrowing if the financial performance supports.

| LTV - VP (unrestricted) | Up to 60% | Up to 65% | Up to 70% |
|-------------------------|-----------|-----------|-----------|
| Improver period         | 7.05%     | 7.40%     | -         |
| Term period             | 4.45%     | 4.55%     | 4.85%     |

\*Rate shown is per month variable (margin over Base Rate)

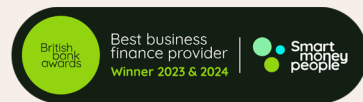
## Key lending criteria

|                   |   |
|-------------------|---|
| Borrower type     | UK registered limited companies and LLPs  |
| Borrower location | England, Scotland and Wales   |
| Loan size         | £500,000 to £5 million**  |
| Term              | 7 years with a maximum stabilisation period at 2 years and a 5 year term period                               |
| Interest          | Serviced monthly, with a 12-month rolled interest option available  |
| Fees              | Trigger fee: 1%<br>Early repayment charge: 3%   |
| Other fees        | Arrangement fee: 2.5%   |
| Repayment type    | Part amortisation (rate dependant on LTV)   |
| LTGDV             | 65% maximum   |
| Works             | Up to 100% of initial valuation, minimum cost plan is £100,000, 15% profit on cost, non-structural works only |
| 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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