

Key criteria and minimum proposal information for term lending

The following information is an indicative guide to our baseline criteria for term lending across three key sectors: healthcare, real estate and trading. Within each sector, you'll find all the information you need to gain a general understanding of our **lending criteria** prior to the submission of a proposal. You'll also see guidance on the **minimum proposal** information we require from you, tailored to each sector.

Meeting these standards from the outset should help you package the important information needed to allow our Business Development team to provide you with indicative appetite and terms quickly.

Dedicated teams across sectors

You will work with a dedicated Business Development Manager, and be aligned with specialist colleagues across each sector, so you will be fully supported by an expert team throughout the referral process.

Your clients will be given access to our complete product range and pricing, including our **sustainable finance** products and **Government-backed Growth Guarantee Scheme**, depending on their eligibility.

As a broker, you can also benefit from our multi-product commission offering, which includes Asset Finance, Invoice Finance and Card Acquiring services. Our aim is to always help you find the most appropriate financial solutions to support your client's growth.

What you need to know

Broker-introduced proposals for overall borrowing requirements of £250,000 or less are out of scope of our term lending criteria, with the exception of businesses with turnover exceeding £3m or for existing clients with aggregated Lloyds Bank commercial borrowing above £250,000. This specifically relates to term lending introductions and does not affect the introduction of other financial products.

- The minimum individual term loan for commission payment is £25,001.
- Clients will be given the option of a fixed rate, or a variable rate, or a combination of the two.
- All lending is assessed and, where applicable, subject to credit scoring.

- All lending is stress tested to assess affordability – further information is available on request.
- Term lending commission is based on the arrangement fee charged against the aggregated value of loans.
- Our standard term lending commission is 67% of the arrangement fee charged.
- Our standard term lending arrangement fee is 1.5% of the loan value and when this arrangement fee is charged, we pay 1% commission of the loan value.
- Our Buildings Transition Loan is available across all sectors. To qualify, single building purchases must be EPC-A or EPC-B rated, or for multiple purchases, at least 75% of the loan value must be for EPC-A or B-rated buildings.

Exceptions

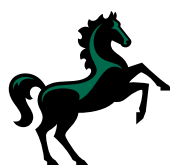
- Property development standard arrangement fee is 2% of the loan value and has a commission of 50% of the arrangement fee charged.
- Property investment arrangement fee is up to 3% of the loan value. Commission is capped to 1.5% of the loan value.
- Clean Growth Financing Initiative, and Buildings Transition Loans are free of any arrangement fee to your client, however we continue to pay our standard term lending commission of 1%.

Definitions for acronyms used throughout this document can be found in the glossary on the final page.

Speak to us

This document is intended to provide guidance only. For help in shaping the right lending product for your client, or to discuss the possibility of an exception to our standard criteria, please speak to your Business Development Manager, or contact our Deal Management Team on **0345 901 3121**.

If you're ready to submit a new proposal, please email brokerdirect@lloydsbanking.com



LLOYDS



Healthcare

Whether it's helping your clients buy into a practice, expand their existing practice, or even acquire an existing business or premises, our appetite for the sector is reflected in our product range. We can offer fully and partially-amortising loans, as well as interest only and goodwill lending in certain sub-sectors, along with our Buildings Transition Loan for eligible clients which carries a 0% arrangement fee, while continuing to pay standard term lending commission of 1%.

Sector	Max LTV (lower of)	Term	DSC (EBITDA unless stated)	Guidance Notes (as applicable)
Dentists	100% Cost / MV3	1 to 25 years	125%	Fully qualified General Dental Council registered dentists
Goodwill	100% Cost / MV1	1 to 15 years		Contribution to transactions would usually be appropriate in the form of cash or equity
Retail Pharmacies	100% Cost / MV3	1 to 25 years	125%	Fully qualified General Pharmaceutical Council pharmacists
Goodwill	80% Cost / MV1	1 to 15 years		A minimum of 5,000 monthly prescription items are preferred (3,000 Wales & Scotland) For single unit pharmacies up to 80% goodwill value. 70% for all other groups.
Doctors	100% Cost / MV3	1 to 30 years	N/A	Fully qualified, practicing General Medical Council, General Practitioners (GPs) Up to 50% interest only
Veterinary Practices	100% Cost / MV3	1 to 25 years	125%	Veterinary surgeons registered with the Royal College of Veterinary Surgeons
Goodwill	80% Cost / MV1	1 to 15 years		
Children's Day Nurseries	<40 FTE places 70% Cost / MV3 >40 FTE places 70% Cost / MV1	1 to 20 years	125%	Satisfaction with inspectorate report / ratings
Care Homes	65% Cost / MV1 / 80% MV3	1 to 15 years	<£1m 150% EBITDA	Lending to experienced operators
Supported Living	70% Cost / MV3		>£1m 110% CFADS	Minimum inspectorate rating of "Requires Improvement"

Minimum proposal information

Here is a list of the minimum information we require for all healthcare proposals that will allow us to provide you with indicative appetite and terms. As well as these core items, there will be additional information requirements depending on the sub-sector of your proposal; these are also listed below.

- Primary business activity
- Purpose of funding request
- Amount of loan
- Value of security being offered – specify freehold & goodwill value, if known
- Latest three years' financial accounts
- Agent's particulars (if a purchase)
- Statement of assets & liabilities for each individual

Additional information required by sub-sector

Dentists:

- GDC (General Dental Council) number for each individual
- Background / CV of each individual
- Confirmation if the practice is NHS or private
- If NHS – details of NHS contract

Retail Pharmacies:

- GPC (General Pharmaceutical Council) number for each individual
- Background / CV of each individual
- Number of prescriptions per month

Doctors:

- Inspectorate rating (CQC England, HIW Wales, Care Inspectorate Scotland)
- GMC (General Medical Council) number for each individual
- Notional rent figure

Veterinary Practices:

- RCVS (Royal College of Veterinary Surgeons) number for each individual
- Background / CV of each individual
- Confirmation if they offer small or large animal care, mixed or equine

Children's Day Nurseries:

- Inspectorate rating (Ofsted England, CSSIW Wales, Care Inspectorate Scotland)
- Background / CV of each individual including details of any ownership experience
- Number of FTE (Full Time Equivalent) children registered

Care Homes:

- Inspectorate rating (CQC England, CIW Wales, CIS Scotland)
- Background / CV of each individual, specifically detailing care home ownership experience
- Type of care (elderly / supported living / learning difficulties)
- Number of beds / placements



Real Estate

We can support property development, rental, or refinancing, with a strong appetite for commercial industrial assets, as well as residential portfolios, including HMOs, student lets, and selective appetite for office and retail assets. We offer interest only and partially-amortising loans above £500,000 and can help your clients access sustainable finance products which carry a 0% arrangement fee, while continuing to pay standard term lending commission of 1%.

Sector	Max LTV (lower of)	Term	Net Rental Cover	Guidance Notes (as applicable)
Residential Investment (including Holiday Lets of up to 2 units)	70% Cost / OMRV	1 to 25 years	110%	PAL amortisation profile of up to 40 years Minimum PAL / interest only loan size £500k Includes HMOs / student lets
Development term-out	85% Cost / 65% OMRV			Net Rental Cover (net of costs and client drawing requirements) Our Buildings Transition Loan offers a 0% arrangement fee to eligible clients, while continuing to pay standard term lending commission of 1%. To qualify, single building purchases must be EPC-A or EPC-B rated, or for multiple purchases, at least 75% of the loan value must be for EPC-A or B-rated buildings
Commercial Investment	65% Cost / OMRV	1 to 15 years	110%	PAL amortisation profile of up to 18 years (blended if mix of residential and commercial) Minimum PAL / interest only loan size £500k Net Rental Cover (net of costs and client drawing requirements) Our Buildings Transition Loan offers a 0% arrangement fee to eligible clients, while continuing to pay standard term lending commission of 1%. To qualify, single building purchases must be EPC-A or EPC-B rated, or for multiple purchases, at least 75% of the loan value must be for EPC-A or B-rated buildings
Residential Development	65% Project Costs / 60% GDV	1 to 3 years	N/A	Established developers with a proven track record Total project costs includes land purchase costs (if applicable) Our Clean Growth Financing Initiative offers a 0% arrangement fee to eligible clients, while continuing to pay term lending commission of 1% Interest only available for up to 3 years
Commercial Development	60% Project Costs / 55% GDV	1 to 3 years	N/A	Established developers with a proven track record Total project costs includes land purchase costs (if applicable) Our Clean Growth Financing Initiative offers a 0% arrangement fee to eligible clients, while continuing to pay term lending commission of 1% Interest only available for up to 3 years A pre-let or pre-sale will need to have been agreed

Minimum proposal information

Here is a list of the minimum information we require for all real estate proposals that will allow us to provide you with indicative appetite and terms. As well as these core items, there will be additional information requirements depending on the sub-sector of your proposal; these are also listed below.

- Borrowing entity type (e.g. Sole Trader, Partnership, Limited Company)
- Purpose of funding request
- Amount of loan
- Value of security being offered

Additional information required by sub-sector

Property Investment

- Fully completed tenancy schedule (to contain):
 - Address
 - Year purchased
 - Type (residential / commercial)
 - If commercial – tenant name, lease expiry & next break date (if applicable)
 - Value
 - Existing mortgage outstanding (if applicable)
 - Rental income
 - Existing mortgage repayment (if applicable)
 - Latest financial accounts (if applicable)

Property Development

- Land purchase price (if applicable)
- Estimated total project costs
- Confirmation if they will sell or retain upon completion



Trading

We can leverage our banking strength and expertise to deliver effective industry insight across a diverse range of sectors, primarily supporting businesses that have either outgrown their current premises, or are making their first purchase. We are eager to support quality businesses and this is reflected in our lending terms, which includes our Buildings Transition Loan for eligible clients which carries a 0% arrangement fee, while continuing to pay standard term lending commission of 1%.

Sector	Max LTV (lower of)	Term	DSC (EBITDA unless stated)	Guidance Notes (as applicable)
Agriculture	70% Cost / MV3	1 to 25 years	125%	Rural land based businesses, which are dependent on crop or stock farming, associated trades and horticulture including on-farm diversification Interest only loans available PAL available for lending of £500,000 and above
Construction	70% Cost / MV3	1 to 15 years	190%	
Haulage, Logistics and Distribution	70% Cost / MV3	1 to 15 years	110% CFADS	
Independent Schools	70% Cost / 70% MV1 / 100% MV3	1 to 25 years	<400 pupils 150% >400 pupils 125%	Independent Schools that belong to the Independent Schools Council or equivalent governing body
Manufacturing	Not purpose built 75% Cost / MV3 Purpose built 50% Cost / MV3	1 to 25 years	110% CFADS	
Motor Factors, Aftermarket and Auto Rentals	70% Cost / MV3	1 to 15 years	165%	
Motor Retail	70% Cost / MV3	1 to 15 years	190%	
Professionals (Accountants & Solicitors)	100% Cost / MV3	1 to 25 years	125%	If the practice has less than 3 partners the proposal will be aligned with "other trading sectors" Partner capital loans can be provided
Recruitment	70% Cost / MV3	1 to 15 years	175%	
Retail	Food 70% Cost / MV1 / MV3 Non-food 65% Cost / MV1 / MV3	1 to 15 years	175%	
Technology, Media & Telecomms	70% Cost / MV3	1 to 15 years	125%	
Wholesale & Wholesalers	70% Cost / MV3	1 to 15 years	175%	
Other Trading Sectors	70% Cost / MV3	1 to 25 years	150%	

Trading is continued with Hospitality on the next page >



Trading continued – Hospitality

Sector	Max LTV (lower of)	Term	DSC (EBITDA unless stated)	Guidance Notes (as applicable)
Bed & Breakfast and Guest Houses	70% Cost / MV1 / MV3	1 to 25 years	130%	Max number of rooms to let – 8 Unlicensed, breakfast facilities only i.e. no restaurant
Camping, Caravan and Holiday Parks	70% Cost / MV1 / MV3	1 to 15 years	150%	Established businesses / experienced operators owning UK-based parks
Holiday Lets (3 or more units)	70% Cost / OMRV	1 to 25 years	150%	
Hotels and Motels	60% Cost / 60% MV1 / 70% MV3	1 to 15 years	London tourist 145% All others 150%	
Pubs & Bars	60% Cost / 60% MV1 / 70% MV3	1 to 20 years	175%	Customers who can provide tangible evidence of either ownership or experience in sector
Restaurants	60% Cost / 60% MV1 / 70% MV3	1 to 15 years	175%	Customers who can provide tangible evidence of either ownership or experience in sector

Minimum proposal information

Here is a list of the minimum information we require for all trading proposals that will allow us to provide you with indicative appetite and terms.

- Business name
- Borrowing entity type (e.g. Sole Trader, Partnership, Limited Company)
- Confirmation if purchase is being made in their trading business or separate property business with a lease agreement in place
- Primary business activity
- Purpose of funding request
- Amount of loan
- Value of security being offered
- Turnover – above or below £5m, if known
- Confirmation if business already banks with Lloyds Bank, if known

Glossary of terms

- **CFADS:** Cash Flow Available for Debt Service.
- **DSC:** Debt Service Cover.
- **EBITDA:** Earnings Before Interest, Taxes, Depreciation and Amortisation.
- **GDV:** Gross Development Value.
- **HMO:** House in multiple occupation.
- **LTV:** Loan to Value ratio.
- **MVI:** The market value of the property as a fully equipped operational entity with regards to trading potential, unless there is a more valuable alternative use.
- **MV3:** The market value of the business premises, assuming the closure and non-viability of the business. Subject to valuer considering alternative use and confirming saleability.
- **OMRV:** Open Market Rental Value.
- **PAL:** Partially Amortising Loan – a loan with a contractual maturity of either five or ten years. The capital repayments on this loan are based on a longer term repayment profile meaning that at contractual maturity, there will be an outstanding loan balance which can be substantial.

What happens next?

This document is for guidance only. For further assistance, or to discuss the possibility of an exception to this criteria, please contact your Business Development Manager or contact our Deal Management Team on **0345 901 3121**. If you would like to submit a proposal, please email **brokerdirect@lloydsbanking.com**

Our service promise

Please let us know if you have a problem – we're here to help. See our complaints process on our 'Help & Support' page at: **lloydsbank.com/business/complaint**

All lending is subject to status.

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use Relay UK. More information on the Relay UK service can be found at: relayuk.bt.com

Calls may be monitored or recorded should we need to check we have carried out your instructions correctly and to help improve our quality of service. Please note that any data sent via e-mail is not secure and could be read by others.

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Eligible deposits with us are protected by the Financial Services Compensation Scheme (FSCS). We are covered by the Financial Ombudsman Service (FOS). Please note that due to FSCS and FOS eligibility criteria not all business customers will be covered.