



Owner Occupied Up To 100% Finance For Commercial Property

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Malcolm Gray and Andrew Thomson Senior Business Managers

BALDRY AND SANFORD

Westpac Business Property Package

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Helping Businesses Purchase Owner Occupied
Commercial Property

- Finance For Owner Occupied Commercial Property Purchasers.
- Up To 100% Finance. Structured into two loans.
- Available for small to large businesses. Minimum Loan Amount Is \$500,000. Under This Amount On A Case By Case Basis.
- Lead security is the commercial property, plus first general security agreement and personal guarantees. Residential property need not be included.
- Structured Finance – Special repayment programme easing repayment amounts in first five years.
- Money market interest rates can be used.
- Existing owners can borrow against existing owner occupied commercial property/s for other business purposes – so Westpac will consider refinancing existing businesses.

Business Property Pack – Why now ?

- With property values and interest rates at relatively low point, now is a great time for businesses to be considering purchasing their own premises. Westpac has recognised this through product named Property Pack to help businesses achieve this goal.
- Benefits of ownership vs. renting, inc wealth creation.
- Do not need to borrow against residential property
- Can keep surplus cash to apply towards other business needs, such as working capital requirements for growing business.
- Can also leverage against commercial property for other business purposes, if equity exists.

- Up to 100% Finance For Owner Occupied Commercial Property Purchasers. Available for small to large business.
- Two separate loans – one to 75% of property value and the second, up to the remaining 25% = 100%
- Loan one = interest only for five (05) years, then rescheduled over longer term, when smaller principal and interest loan is repaid.
- Loan two = Principal and (or plus) interest over five (05) years.
- Security is first mortgage over commercial property, plus first GSA over the business and personal guarantees. Registered valuation required. Lower of purchase price or valuation applies.
- No extra risk pricing over normal lending margins. Option of fixed and floating interest rates. Establishment fee/s negotiable.
- In most cases, pricing will be against lower money market base rates (loans > \$500,000), plus margin.
- If business supported with this finance, then business to conduct all banking relationship with Westpac.
- 10% of the loan can be on a floating basis, to give flexibility and option towards making lump sum payment.

- Important that business can comfortably afford property pack loan, so typically we will look at following attributes:
 - Balance sheet with good and appropriate equity, liquidity and profitability. We accept last two years may have had an impact on some businesses profitability.
 - Level of total debt vs. ability to service all current and proposed debt. Business owners need to know that they can comfortably service commitments, without impacting on other areas such as working capital and capex.
 - Solid and experienced management profile.
 - Good outlook for the business and it's industry.
 - Checklist is completed to ensure leverage does not adversely impact on other aspects of business.

Example

- Property Pack Loan Of \$1.00 million
- Structured
- 75% = \$750,000
- Interest only for 05 years at say 07.20% (example only) = \$54,000 pa (\$4,500 pmth).

- 25% = \$250,000
- Principal and interest over 05 years at say 07.20% (example only) = \$59,688 pa (\$4,974.00 pmth).

Remember that the \$250,000 loan is repaid in five years. The main loan would then begin repayment arrangement (amortization) over longer term. Example only. Interest rates indicative only. Lower interest rates apply for shorter terms.

Also note that 10% of loan can be kept on floating overdraft for flexibility and ability to make lump sum payments.

- Property pack is an “option” to businesses wanting to acquire their first and or subsequent larger commercial property, with finance up to 100% considered by Westpac.
- Businesses with existing owner occupied properties, with equity can also borrow up to 100% for other business purposes, so Westpac will also consider refinance. We will also consider contributing and or meeting costs of change to Westpac.
- We would be delighted to spend time with any business to discuss, without any commitment.
- Naturally, all applications are subject to Westpac’s normal policy and credit assessment.
- Note that specialist properties, such as childcare centres, medical centres require separate consideration to property pack.

What next ?

- Phone Westpac Business Banking North Shore for your property and business financing needs
 - ▶ Malcolm Gray: Senior Business Manager (0272) 404 995
 - ▶ Andrew Thomson: Senior Business Manager (0273) 595 144
 - ▶ We are supported by a Business Banking team across Auckland and New Zealand that we can call upon to discuss “Property Pack” options with any of your clients. This is in line with ensuring Westpac clients have a local relationship near to their business.