

Case Study: How Kingston Smith's property team can help with financing for Property Investors

GETTING THE RIGHT ADVICE

With challenging economic conditions in the property sector, finding the right finance you need for property investment at a good rate is becoming increasingly difficult. We can help property investors secure finance at market leading rates.

THE ISSUE

We were introduced to the client by their existing Bank Manager. Sadly when the facility came up for renewal the existing lender's credit department didn't wish to renew. The property was a 1960's refurbished office premises in a Sussex town location. Tenant covenants were mixed, as were the unexpired lease terms, although the anchor tenant was Government backed. The client wished to do a straight refinance but this equated to 70% Loan to Value (LTV) ratio which in today's market is challenging to achieve.

Property Value: £3.2m
Current Mortgage: £2.24m
Mortgage Required: £2.24m
Gross Rental: circa £280,000 pa

THE SOLUTION

We approached a panel of six lenders active in the commercial investment market who would be able to offer attractive standalone lending terms. Four of the six lenders wished to provide funding, but not at the requested LTV ratio. After much negotiation between appointed valuers and the credit department at one of the prospective new funders, we secured 70% as required, priced at 3.25% + 3 month LIBOR. A five year committed facility but with an amortisation programme of 30 years providing good cash-flow cover. Agreement fee = 1% of loan amount.

ABOUT KINGSTON SMITH'S PROPERTY TEAM

Kingston Smith is a top 20 firm of Chartered Accountants. Our property team has considerable experience in the property sector and works with clients in development, construction, investment and management. We help these clients run their businesses more successfully by providing practical advice such as planning ownership structures to minimise their tax exposure, accounting services ranging from bookkeeping and management accounts to the preparation and audit of year end financial statements and helping source alternative methods of funding.

To find out more about Kingston Smith's bespoke services to the sector [click here](#).

CONTACT US

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