



Macquarie Business Banking Commercial Lending Guide

Banking solutions to help grow your client's business

About this guide

The Commercial Lending Guide is a resource for licensed mortgage brokers accredited with Macquarie Business Banking and is only applicable to loans that are introduced by brokers. The information in this document is only a guide and is current as at September 2024. Updates to this document will be available at macquarie.com.au/brokers/commercial-brokers. Each loan will be subject to individual assessment in accordance with our credit and other internal policies.

Macquarie Commercial Loans tools and resources including the new client checklist can be found at:



Where relevant, refer to our page regarding Design and Distribution Obligations at macquarie.com.au/important-information/design-and-distribution-obligations.

This information is provided by Macquarie Bank Limited Australian Credit Licence 237502 for the use of licensed mortgage brokers accredited with Macquarie Business Banking. It is only applicable to loans that are introduced by brokers. Lending criteria, fees and T&Cs apply.

Dated: September 2024

Why choose Macquarie Business Banking?

With Macquarie Business Banking's specialist understanding of broker finance for small businesses, we bring a valuable perspective across a number of industries. Our committed team of Business Development Managers are equipped with industry-specific knowledge and benchmarking, to provide strategic insights at every stage of the business lifecycle.

Macquarie Business Banking's tailored finance solutions can help your clients evolve to achieve their business goals:



Grow their business



Mergers and acquisitions



Succession planning



Working capital



Property purchase and refinance

At Macquarie Business Banking, we bring a valuable professional culture to banking and financial services. We focus on providing you with financial tools and solutions to help your clients achieve their lending goals. Our flexible approach and 'can do' attitude helps you put a tailored plan in place.

Macquarie Business Banking can help you focus on the things that matter most to you and your clients.

Macquarie Business Banking provides banking and business services to clients in a number of core industry segments including; strata, residential and commercial real estate, medical, insurance broking, financial planning, built, technology, legal and accounting. Each client is allocated a dedicated relationship manager who understands the dynamics and constraints specific to their industry.

We work closely with our clients to find innovative ways to address their challenges and grow their businesses. This includes providing them with tailor-made deposit, lending and payment solutions. We also provide a range of diagnostic tools to identify efficiencies, benchmarking data and host industry-specific networking events.

Speak to a Macquarie Business Banking Business Development Manager (BDM) today for specific details on our commercial finance offering:



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Property policy guidelines

	COMMERCIAL PROPERTY	OTHER RESIDENTIAL/RETAINED STOCK
Initial due diligence information All industries require company financials and an Application Form for the directors/partners	Full tenancy schedule detailing for each tenancy: size of space, lease details, start and end dates including options and termination rights, current passing rent, outgoings obligations, guarantees and rent adjustment terms. Net asset position of guarantors.	Tenancy schedule outlining: amount, expiry terms, property description, size, inclusions e.g. parking. Net asset position of guarantors. Note: Loans to developers are generally not permitted under these Guidelines. Developers are defined as counterparties that derive a material proportion of their income from development and/or directors that provide personal guarantees for property development loans funded by other lenders. Details of the client's industry will need to be advised.
Qualifying criteria Other criteria may apply	Interest cover (including buffer) $\geq 1.1x$. Macquarie Business Banking uses interest rate buffers to assess servicing. Your Macquarie BDM can provide more details.	Interest cover (including buffer) $\geq 1.3x$. Location: Metro Sydney, Melbourne, Brisbane (Canberra, Perth, Adelaide, Wollongong, Newcastle, Gold Coast, Sunshine Coast, Central Coast, Geelong can be considered). No high density or high vacancy areas. Where residential investment is rated SME/IPRE, servicing is calculated by applying interest rate buffers. Your Macquarie BDM can provide more details.
Maximum LVR	Up to 70% ¹	Residential Stock Up to 70% LVR Other Residential Up to 75% LVR
Loan term	Term dependent on tenancy mix and profile, up to Weighted Average Lease Expiry (WALE).	Up to 5 years.
Valuation	Valuation to be conducted by an approved external Macquarie Business Banking panel valuer on comparable and capitalisation method. CMV of the property is to exclude any value uplift which may be associated with speculative future activities such as rezoning, development approvals, material changes of use, or unreasonable assumptions.	In-one-line assessment for >4 properties in a single development with sensitisation for GST to be considered where applicable.
Equity release	Yes, subject to credit approval.	Yes, subject to credit approval.

¹ Dependent on amortisation and asset profile

Technology policy guidelines

Technology comprises two sub-sectors:

- **IT Services and Consulting businesses** – typically perform consulting, software development, systems integration, as well as hardware deployment and support (additional details and examples provided in the table on page 7).
- **Software (SaaS)** – includes companies that create, sell, maintain and host business software as a service (e.g. Xero, MYOB).



IT SERVICES AND CONSULTING BUSINESSES



SOFTWARE (SAAS)

Initial due diligence information All industries require company financials and an Application Form for the directors/partners	Split of revenue streams by product or service type. Top 10 clients by revenue.	Split of revenue streams by product or service type. Top 10 clients by revenue.
Qualifying criteria Other criteria may apply	<ul style="list-style-type: none"> Typically, revenue of >\$3m 	<ul style="list-style-type: none"> Typically, revenue of >\$3m
Maximum LVR	<ul style="list-style-type: none"> When revenue \geq \$30m, maximum lending of 3x EBITDA¹ When revenue $<$ \$30m, maximum lending of 2x EBITDA¹ 	<ul style="list-style-type: none"> Maximum lending of 3x EBITDA¹
Interest only (IO) terms	Available for up to 2 years. Longer terms may be considered	Available for up to 2 years. Longer terms may be considered
Valuation MBL internal valuation completed	Based on multiple of EBITDA¹ .	Based on multiple of EBITDA¹ .

¹ This is a guide only. EBITDA can be adjusted for items such as principal salaries, exceptional items and other factors based on individual borrower circumstances.

Additional details on IT Services and Consulting businesses

TYPICAL SERVICE TYPE	DESCRIPTION
Managed hosting and infrastructure services	IT service provider that leases dedicated servers and associated hardware to a single customer and manages those systems on the customer's behalf.
Managed IT end-user compute (EUC) services	EUC services refer to the technologies that IT service providers use to deploy, manage and secure the devices, applications and data that employees, contractors require to perform their jobs.
Business telephony and conferencing (BT&C) services	BT&C services is the development, application, and deployment of telecommunication services for the purpose of electronic transmission of voice or data, between parties.
Managed security services	Managed security service providers provide outsourced monitoring and management of security devices and systems. Common services include managed firewall, intrusion detection, virtual private network, vulnerability scanning and anti-viral services.
Integrated hardware/software provider	Provides hardware as part of an upfront establishment process to host software (which supports a core business capability) which is billed on an ongoing basis, i.e. recurrent revenue.
Professional services	A range of pre-paid or time-bound (project driven) services usually in support of other services set out above.
Other services	Ranging from product integration/customisation, data and analytics, software testing, cloud migration etc.

Medical policy guidelines



Medical

Modalities	<ul style="list-style-type: none"> GP centric medical centres, diagnostic business, day hospitals, veterinary clinics, and dental services.
Target client characteristics	<ul style="list-style-type: none"> Minimum commercial debt of \$1m Minimum revenue of \$2.5m Large clinic, or multi-site medical practices in metropolitan locations.
Maximum LVR and term	<ul style="list-style-type: none"> General Practice Medical Services, Diagnostic Services, Day Hospitals: <ul style="list-style-type: none"> Up to 3.5x EBITDA¹ or 70% of external valuation Vet and Dental: <ul style="list-style-type: none"> Up to 3x EBITDA¹ or 70% of external valuation
Interest only (IO) terms	<ul style="list-style-type: none"> Available up to 2 years. Interest only ongoing available at 1.5x EBITDA
Initial due diligence information All industries require company financials and an Application form for the directors/partners	<ul style="list-style-type: none"> Financial reporting to include split of revenue by practice type Standard licenses/accreditation
Security	<ul style="list-style-type: none"> General security agreement (GSA) Personal guarantees Service entity guarantees, if applicable If required: <ul style="list-style-type: none"> Third party guarantees Mortgage over leases, or right of entry or equivalent tripartite
Commercial Property: Maximum LVR	<ul style="list-style-type: none"> Up to 80% LVR for commercial owner-occupied property. Interest only terms also available. Please see property section for more details

Specialist Exertion Loan (Medico specialists) policy guidelines



MEDICAL

Qualifying criteria Other criteria may apply	<ul style="list-style-type: none"> Must be a GP, Medical Specialist or Surgeon as defined by AHPRA (Australian Health Practitioner Regulation Authority)
Maximum total loan amount	<ul style="list-style-type: none"> Up to \$1m² based on net taxable income from personal exertion

¹ This is a guide only. EBITDA can be adjusted for items such as principal salaries, exception items and other factors based on individual borrower circumstances
² Capped at \$500k where the purchased asset is not held as security by the bank

Specialist Exertion Loan key features

Macquarie Business Banking provides healthcare professionals with fast and simple funding to help them achieve their business goals. This product is structured as a Fully Drawn Advance.

Lending parameters

<90%

Residential security

Up to
\$1 million

Net taxable income from personal exertion^{1,2}

Up to
\$1 million

For specialists and surgeons^{2,3}

Up to
\$250 thousand

For general practitioners

Up to
10 years

Amortising (interest only subject to credit assessment)

Requirements

Security

- Personal or business General Security agreement (GSA) security. Asset security (SSA) may be taken in some instances
- Property security to be taken
- General Practitioners must have an ABN

Loan purpose

- Funds must be for asset and/or income accretive purchases e.g. business, shares, property investment

Proof of income and occupation

- Last 2 years personal and/ or business tax returns plus YTD Financials
- Copy of registration with the Australian Health Practitioner Regulation Authority
- Must be in active employment for >2 years

Credit and tax history

- No adverse credit history or tax arrears

Other supporting documents

- Statement of Assets and Liabilities
- Personal insurance schedule
- KYC, Privacy Act and other standard documents
- Clear tax certification

Minimum aggregate exposure across property and Specialist Exertion Loan

- \$1,500,000

¹ Earned via their own practice (i.e. not including business profits, dividends or rental income)

² Income sensitised and assessed on stabilized net taxable income

³ Capped at \$500k where the purchased asset is not held as security with the bank

Industry policy guidelines

Built Environment includes Engineers, Architects, Planners, Surveyors, associated service providers in Built Environment.



BUILT ENVIRONMENT



LEGAL

Initial due diligence information All industries require company financials and an Application Form for the directors/partners	Aged debtors and breakdown of income by discipline (if appropriate). Top 10 clients by revenue. Forward order book/pipeline.	Split of revenue by area of practice and by each partner. Aged debtors and Work-in-Progress from practice management software.
Qualifying criteria Other criteria may apply		Preference for 2 or more partners (property security will be required for sole practitioners).
Maximum LVR	Up to 2.0x EBITDA¹ subject to business turnover.	For 2 partners, up to 1x yearly stabilised earnings per partner (capped at \$500k per partner) . For 3 or more partners, up to 1x yearly stabilised earnings per partner (capped at \$1m per partner) .
Interest only (IO) terms	Available for up to 2 years . Longer terms may be considered.	May be considered for term debt only: For 2 partners: up to 1 year IO before transitioning to 10 years amortising. For 3+ partners: <ul style="list-style-type: none"> IO up to 2 years for ≤\$750k per guarantor IO ongoing for ≤\$100k per guarantor.
Valuation MBL internal valuation completed	Based on recurring fee revenue and/or multiple of EBITDA ¹ .	Based on stabilised earnings and/or partners' positions.

¹ This is a guide only. EBITDA can be adjusted for items such as principal salaries, exceptional items and other factors based on individual borrower circumstances.

Industry policy guidelines (continued)



ACCOUNTING AND FINANCIAL PLANNING

Initial due diligence information All industries require company financials and an Application Form for the directors/partners	Accounting: <ul style="list-style-type: none"> Split of revenue streams by business type and by corporate clients versus personal clients. Top 20 clients by revenue. Financial Planning: <ul style="list-style-type: none"> Split of revenue streams by both investment and risk upfront/recurring income and grandfathered commissions. Details of AFSL (Licensee holder). Note: For lending to Authorised Representatives 'AR' of a Dealer Group, please contact your Macquarie Commercial Broker BDM to confirm the Dealer Group is accredited with Macquarie for lending to be provided to that AR.
Qualifying criteria Other criteria may apply	<ul style="list-style-type: none"> Minimum of two qualified financial advisers/accountants within the business Minimum recurring revenue of \$1.5m
Maximum LVR	Up to 3.75x EBITDA ¹
Interest only (IO) terms	IO ongoing may be provided at 2.5x EBITDA ¹
Valuation MBL internal valuation completed	Based on a recurring fee revenue and/or multiple of EBITDA ¹

¹ This is a guide only. EBITDA can be adjusted for items such as principal salaries, exceptional items and other factors based on individual borrower circumstances.

Industry policy guidelines (continued)



INSURANCE BROKING

Initial due diligence information All industries require company financials and an Application Form for the directors/partners	Split of revenue streams by fee and commission, premium funding and other. Top 10 clients by revenue. GWP split by policy class and underwriter from insurance broking software.
Qualifying criteria Other criteria may apply	<ul style="list-style-type: none"> Trust account audit with no adverse findings Minimum recurring revenue \$500k Preference for 2 or more directors (key person risk to be assessed for 1 director).
Maximum LVR	<ul style="list-style-type: none"> For recurring revenue ≤\$1m, up to 60% of asset value determined by internal Macquarie Multiplier and amortising For recurring revenue >\$1m, up to 4x EBITDA¹ amortising
Interest only (IO) terms	<ul style="list-style-type: none"> May be considered for recurring revenue >\$1m, Ongoing IO up to 3x EBITDA¹
Valuation MBL internal valuation completed	Based on multiple of commission recurring revenue and/or multiple of EBITDA ¹ .

¹ This is a guide only. EBITDA can be adjusted for items such as principal salaries, exceptional items and other factors based on individual borrower circumstances.

Industry policy guidelines (continued)



REAL ESTATE



STRATA

Initial due diligence information All industries require company financials and an Application Form for the directors/partners	Split of revenue streams by sales commissions, property management commissions and other. Rent roll statistics from property management software.	Split of revenue streams by base management fees, insurance and other. The number of lots and buildings under management from strata management software.
Qualifying criteria Other criteria may apply	<ul style="list-style-type: none"> Trust account audit with no adverse findings Able to demonstrate servicing based on decline in variable revenue streams 	No more than 10% revenue attributable to one building.
Maximum LVR	Up to a maximum of 70% of rent roll value determined by internal Macquarie Multiplier (no cost to client) and must amortise to 60% within 3 years .	<ul style="list-style-type: none"> Where lots under management <5,000 and all WA based Strata Managers, up to a maximum of 70% of strata roll value. Where lots under management ≥5,000 excluding all WA based Strata Managers, up to 4.5x EBITDA¹ Business Valuations determined by internal Macquarie Multiplier (no cost to client).
Interest only (IO) terms	Ongoing IO may be considered where ≤60% LVR.	Ongoing IO available at maximum LVR .
Valuation MBL internal valuation completed	The valuation is based on a multiple of recurring property management fees, subject to location and characteristics of the property management portfolio.	Strata roll value based on recurring base contracted management fees dependent on location and/or multiple of EBITDA ¹ .

¹ This is a guide only. EBITDA can be adjusted for items such as principal salaries, exceptional items and other factors based on individual borrower circumstances.

Property lending key features

Products offered across industry

	FULLY DRAWN ADVANCE	MACQUARIE PROPERTY VERSATILE	COMMONE
	Financing solution for business growth and development	Flexible residentially secured loans for business purposes ¹	Loan product targeted at business clients to purchase commercial property
Max. loan term	5 years ²	30 years	5 years
Min. loan size³	\$1,000,000	\$3,000,000	\$3,000,000
Borrowers	Individual, Company, Partnership, Trust	Individual, Company, Partnership, Trust	Company, Partnership, Trust
Security	Property, Business assets	Residential Property	Commercial Property
Max. LVR⁴	Refer to Industry Guide	80%	70%
Principal and interest	⊗	✓	⊗
Principal + interest⁵	✓	✓	✓
Interest only⁶	✓	✓	✓
Interest capitalisation	⊗	⊗	⊗
FEATURES			
Global facility limit⁷	⊗	⊗	⊗
Redraw	⊗	✓	✓
Offset account	⊗	⊗	⊗
Sub-accounts⁸	✓	✓	✓
FEES & CHARGES⁹			
Establishment fee	Individual: \$1,000 Corporate Borrowers: ≤\$3m up to 0.50% of limit >\$3m available (and negotiable) on application	Individual: \$1,000 Corporate Borrowers: ≤\$3m up to 0.50% of limit >\$3m available (and negotiable) on application	≤\$3m up to 0.50% of limit >\$3m available (and negotiable) on application
Line fee	⊗	⊗	⊗
Ongoing fees	⊗	⊗	⊗

¹ From August 2024 retail home loan transactions will be originated via NextGen in our Personal Banking division. Please see your BDM for further information

² Term can be extended up to 10 years subject to loan purpose, security and borrower type.

³ Minimum loan size may vary depending on a variety of factors. Contact us if you'd like more information.

⁴ Dependent on location and value of security.

⁵ Repayments made up of a set principal repayment amount plus interest accrued eg. Monthly repayment of \$2,000 off the principal plus interest accrued for that month.

⁶ Maximum Interest Only loan term of 5 years, subject to credit approval.

⁷ Feature closed to new business in March 2023.

⁸ All sub-accounts are required to be on the same interest rate and repayment type. All sub-accounts must have the same regulated/non-regulated loan purpose as the overarching facility.

⁹ Fees are current at time of publication of this guide and subject to change. Other additional fees and charges may apply. Please refer to loan documents.

This document is current as at September 2024. Updates to this document will be available at macquarie.com.au/brokers/commercial-brokers.

Industry lending key features

Products across industry

	FULLY DRAWN ADVANCE	REVOLVING LINE OF CREDIT	OVERDRAFT ¹
	Financing solution for business growth and development	Redrawable short to medium term working capital for business activities	Short-term finance for business expenses
Max. loan term	5 years ²	5 years	On demand
Min. loan size³	\$1,000,000	\$1,000,000	\$1,000,000
Borrowers	Individual, Company, Partnership, Trust	Company, Partnership, Trust	Company, Partnership, Trust
Security⁴	Property, Business assets	Property, Business assets	Property, Business assets
Max. LVR⁵	Refer to Industry Guide	Refer to Industry Guide	Refer to Industry Guide
Principal & interest	⊗	⊗	⊗
Principal + interest⁶	✓	✓	⊗
Interest only⁷	✓	✓	⊗
Interest capitalisation	⊗	⊗	✓
FEATURES			
Global facility limit⁸	⊗	⊗	⊗
Redraw	⊗	✓	✓
Offset account	⊗	⊗	⊗
Sub-accounts⁹	✓	✓	⊗
FEES & CHARGES¹⁰			
Establishment fee	Individual: \$1,000 Corporate Borrowers: ≤\$3m up to 0.50% of limit >\$3m available (and negotiable) on application	≤\$3m up to 0.50% of limit >\$3m available (and negotiable) on application	≤\$3m up to 0.50% of limit >\$3m available (and negotiable) on application
Line fee	⊗	Line fees or unused limit fees may apply and are available on application	Line fees or unused limit fees may apply and are available on application
Ongoing fees	⊗	⊗	Ongoing fees and other fees may be applicable to the Business Transaction Account to which the overdraft feature is added

1 Not provided on a standalone basis, only available in addition to Business Transaction Account and other products. Interest is charged on the drawn balance. Borrower can repay the principal and interest in part or in full at any time.

2 Term can be extended up to 10 years subject to loan purpose, security and borrower type.

3 Minimum loan size may vary depending on a variety of factors. Contact us if you'd like more information.

4 Business Assets include rent roll, strata roll, goodwill, debtors and WIP.

5 Dependent on location and value of security.

6 Repayments made up of a set principal repayment amount plus interest accrued e.g. Monthly repayment of \$2,000 off the principal plus interest accrued for that month.

7 Maximum Interest Only loan term of 5 years, subject to credit approval.

8 Feature closed to new business in March 2023.

9 All sub-accounts are required to be on the same interest rate and repayment type. All sub-accounts must have the same regulated/non-regulated loan purpose as the overarching facility.

10 Fees are current at time of publication of this guide and subject to change. Other additional fees and charges may apply. Please refer to loan documents and the Deposits Products and non-Cash Payment Facilities PDS in the case of an Overdraft at <https://www.macquarie.com.au/assets/bfs/documents/business-banking/business-banking-deposits/deposit-products-and-non-cash-payment-facilities.pdf>.

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