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LEXI FINANCE SUPPORTS BUSINESSES WITH OVER £28M OF FUNDING

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LEXI Finance has facilitated over £28m of debt through the Coronavirus Business Interruption Loan Scheme (CBILS), providing a lifeline to SME construction firms affected by the pandemic.

CBILS was initiated by the British Business Bank (BBB) on behalf of the UK Government during the initial nationwide lockdown on 23 March 2020. It has provided much needed support to the property sector in response to the impact of Covid-19.

The scheme has boosted market liquidity by providing accredited lenders with a government-backed guarantee and eligible borrowers with interest relief. This has had two notable effects: Firstly, the specialized lending market was given confidence and has bounced back resiliently.

Interestingly, the presence of CBILS lenders deploying funds also seemed to pull many non-CBILS lenders back to the market, who were keen to avoid losing too much market share.

Secondly, borrowers were provided with the breathing space they needed to navigate the various lockdowns, sales complications, supply chain issues and construction delays experienced in 2020 and 2021.

Sam Le Pard of LEXI Finance comments: “CBILS has been invaluable for many of our clients. For example, we were assisting a build to rent developer with a multi-unit refinance in March 2020 and, days from completion, the lender called to say their 75% LTV product had been pulled. Without a CBILS bridge to support the client, I worry they’d have lost the property.”

Throughout 2020 and into 2021, LEXI has supported numerous property professionals through the technicalities of CBILS, facilitating £28m of debt to support projects totalling 146 residential units, 33 HMO bed spaces and 3 commercial assets across England and Wales.

Sam continues: “Certain asset types were hit harder than others and have benefitted greatly from support.

“For example, LEXI is facilitating a CBILS loan for a private purpose-built student accommodation provider who was impacted by tenants refusing to pay their rent at the same time that costs for build materials were sky rocketing. To prevent serious cashflow issues, this previously lowly geared

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company was forced to take a double-digit interest rate loan at the height of the pandemic. A CBILS facility has now enabled the company to refinance this unaffordable debt and give them time to arrange longer term funding."

The FSB's latest Small Business Index already estimates more than a quarter of a million businesses will close during 2021. This government backed initiative has helped good businesses remain afloat whilst managing the prevailing headwinds brought by the pandemic. Without this, the effect on the SME real estate market would have been far more pronounced.

Throughout this period, criteria for CBILS eligibility has fluctuated from lender to lender. Mr. Le Pard explains that this has meant that many companies are seemingly unaware of their eligibility to qualify.

Read the article here.

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