

JULY 2021 | COMMERCIAL VIEW



COMMERCIAL SOLUTIONS

Fiducia Commercial Solutions' Monthly Newsletter For
Introducers, Network ARs and Partners



JUST HOW SEMI IS YOUR COMMERCIAL?

A Diverse Investment In A Single Transaction

When we say Semi-Commercial we mean any property classed as mixed use, with a mix of commercial and residential. The majority of Semi-Commercial properties make up our high street landscape. They are retail, restaurants, take-aways or financial services with residential above.

Residential property remains hot and it's a diverse investment in a single transaction. The larger the residential element - in value, income or square footage, depending on lender - the larger the LTV available to you.

On properties where the residential income is so significant it will cover the mortgage without the commercial income, some lenders will apply residential investment rates.

So like our high street landscape, not many properties are the same, but it can be a diverse investment and there is lender appetite to support it. Get in touch today to discuss how your Semi-Commercial case stacks up.

THIS MONTH:

- Just How Semi Is Your Commercial?
- Commercial View with West One Loans
- Lender Criteria
- Cashflow Conservation

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This Month - Mark Hedley - Business Development Manager - West One Loans

Q: What is the current level of demand for Bridging and Development lending, and how have you changed your appetite for business post pandemic?

"The demand for bridging and development lending is at a higher level than we were seeing pre-pandemic. In fact, Q1 2021 was West One Bridging's best ever quarter with our bridging finance loan book currently standing at circa £500m.

Bridging is often seen as a product that helps clients through periods of uncertainty & change but it is also versatile & sufficiently flexible to allow clients to take advantage of periods of growth. Development facilities are seeing a real boom in up take and with the planned planning permission changes we expect this trend to continue.

Our overall appetite for risk and credit policy remained consistent throughout the pandemic, which means we are now equipped to take on the challenges that a volatile market will bring as restrictions are lifted. We remain totally focused on delivering excellent service and compelling products as the foremost non-bank lender in the market."

LENDER CRITERIA

The Devil, And The Funding, Are In The Detail

What are Lender Criteria? They are the details of what lenders will and what they won't accept about a borrower and their requirements when they present an application for funding, e.g:

- Sector – if involving a trading business, what sector are they in?
- What type of building/structure is it? (Commercial/Semi-Commercial/Residential/Land)
- Credit – Any adverse credit for either the company or the directors?

I appreciate that when we are asked for 'just a quick idea' of what is available for a client it is frustrating to either be told that we need to know more about them and their requirements – or to be told a very wide ballpark or range with a long list of caveats attached.

The temptation as a broker would be to quote what you know is available to someone out there, and what would be very attractive terms to get the 'hook' and engagement from the potential client – and then worry about finding someone who can justify that indication later. But that is not how we operate – and it does the potential client no favours.

So, I'm sorry for wanting to know a bit more up front about the client and their requirements – but my answer will be based on their eligibility to current lender criteria. That indication of terms gives them a foundation to base business decisions on, and it's **not** the best rate available to someone, with me worrying about how I get that for them later!

CASH FLOW CONSERVATION

Conserve Business Cash Flow To Ensure Recovery And Growth

Most businesses, as well as the broader economy, have entered the 'recovery' stage from the pandemic. As restrictions are 'slowly and irreversibly' lifted, so business and cash can flow back around our economy again.

But making sure that the recovery in a business is 'irreversible', and that they are on solid foundations for the long term, they should preserve a level of cash within the business as a buffer against the speed of the recovery - and it not being in a straight line!

So what help is there to conserve cash in a company while they still have overheads to pay, outstanding customer receivables and business expenses in relation to re-opening and/or increasing activity as demand is restored or increases?

Cash flow is the lifeblood of a business, and having a sufficient level so that it can restore activities, meet demand and grow again is worth sacrificing a small amount of margin to cover the cost of funding the business.

As cash flow is being forecast, businesses should factor in the tools that can conserve cash flow; these tools will protect them from onerous and large cash calls, and regulate the flow of cash to manage the balance between receivables and costs:

- Invoice Finance - Use current business to fund the cost of doing it
- Supply Chain and Trade Finance
- Short Term VAT Loans
- Assets can drive growth - Asset Finance over Cash Purchases?
- Leverage your existing assets - Asset Refinance

Every business is different - the degree that it needs to recover and the position from which it starts to do that. We understand that to make your recovery 'irreversible' you need to conserve cash flow.

THE OPENWORK PARTNERSHIP AND THE FIDUCIA NETWORK



We value the long standing and close working relationship that we have with The Openwork Partnership, and all of our introducing partners in the network.

The Fiducia Network gives you the opportunity to work more broadly with commercial finance opportunities - by becoming a Fiducia Commercial Finance AR.

In addition to Commercial, Investment and Development property finance, The Fiducia Network allows you to source Business Loans, Asset Finance and Leasing, Invoice Finance, Trade and Supply Chain Finance and much more for your clients.