

Case Study

Calico Homes

DTP

Refinance

Calico Homes own and manage approximately 4,600 homes in Lancashire.



Objective

To increase Calico's financial capacity and have greater freedom over its future borrowing; increase the total available funding from £115m to £142.5m; and deal with an emerging refinancing risk.

What we did

We undertook a review of capacity and funding options in September 2017. Calico has big plans and our review identified that Calico's existing LSVT style syndicated loan arrangements were no longer suitable because were restricting Calico's borrowing capacity. To maximise capacity and increase its loan facilities Calico would have to either refinance completely or renegotiate with the existing lenders to refinance the syndicated loan into two conventional bilateral arrangements. We supported the executive on all aspects of the refinance through to completion.

What we achieved

Our report to the board explained that a refinance would allow Calico to manage its business without the business plan consent or the constraints of LSVT-style financial covenants imposed by the original loan. Calico elected to renegotiate with the existing lenders; one of the lenders wanted to reduce the loan and the other was happy to increase its exposure.

Working closely with the executive team we achieved a large increase in its available funding, a lengthening of the loan term to deal with an emerging refinancing risk and freedom from the LSVT constraints of the old loan. Calico is now able to exploit its full borrowing capacity and has the freedom to manage its own business.

DTP provided support and advice throughout the refinancing project which saw us move from the previous LSVT syndicate to a more appropriate arrangement which will enable Calico to continue with our ambitious development plans over the next few years.

Steve Aggett, Group Director of Finance

A different perspective