5.4 TRANSFER PROJECT FINANCING PLAN

To finance the transfer of property, the transferor and the successor(s) can agree on a financing set-up that will combine the various sources of financing. A sound choice will take into account both the financing products available, the financial situation and the characteristics of the business as well as upcoming projects. The successful transfer of your business depends on these choices; therefore, we suggest that you analyze all of the available products and their features.

The prerequisites for your financing plan are, among other things:

- your personal balance sheet;
- the strategic development plan for your business;
- an evaluation of the fair market value of your business;
- the choice of a team of business transfer specialists;
- the fine-tuning of various strategies for transferring your business assets;
- an assessment of your personal financial needs;
- the choice of business transfer scenario.

These prerequisites will enable you to develop a financing set-up that will reflect your wishes, ensure your financial security, and meet your personal and family needs as well as the needs of the business.

Seven sources of financing:

1. An equity loan, directly from your financial institution and for which your business assets are offered as collateral. The loan may or may not be government-secured.
2. A loan or grant related to government programs.
3. Buyer's personal funds, i.e. his personal savings, the capital he has access to. The buyer can also take out a personal loan in the form of a mortgage on his home or other property. Capital funding is often used to purchase a first set of shares.
4. A balance of sale that the seller is willing to keep in the business and which will be gradually reimbursed according to certain agreements, such as a repurchase agreement in which shares can be bought back over several years.
5. Investment funds, generally provided by a venture capital company, which becomes a non-controlling shareholder and whose shares can be bought back after a certain number of years, when the farm's financial situation improves.
6. Subordinate financing of another debt that a financial institution grants with more flexible conditions than those applicable to a traditional loan.
7. A debenture, i.e. an unsecured loan that also involves more flexible conditions, for example, a moratorium on the principal repayment for a certain number of years, a conversion clause, etc.