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. This type of agreement must be based on informed choices, which take into account both the financing products available, the nature of the business and all 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.

Some of the prerequisites for your financing plan are:

- prepare your personal balance sheet;
- draft a strategic development plan for your business;
- have the market value of your business evaluated;
- choose a team of business transfer specialists;
- design various strategies to transfer your business assets;
- assess your personal financial needs;
- choose your 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. 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.
2. 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.
3. A government-secured loan.
4. An equity loan, for which the company's assets are offered as collateral.
5. Subordinate financing of another debt that a financial institution grants with more flexible conditions than those applicable to a traditional loan.
6. A debenture, i.e. an unsecured loan that also involves more flexible conditions, for example, a principal repayment moratorium for a certain number of years, a conversion clause, etc.
7. 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 business's financial situation improves.