Traditional Term Loan Financing to refinance a one-year bridge loan for a dental clinic.

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The Need:

Our client, a successful GTA-based family office, had a portfolio of assets which included a very successful dental practice, investments in various start-up and early-stage businesses, and a real estate portfolio comprised of commercial, investment, residential and recreational real estate.

The dental practice had cross-guaranteed the bank debts of some of the related investment companies, one of which incurred large operating losses and was ultimately shuttered. Their primary bank had provided a wide range of financing solutions across many of their various asset classes and entities. However, due to the magnitude of the operating losses of one of the failed business ventures, the bank wanted to exit the relationship.

The family attempted to refinance the debt package, but with rising interest rates, inflation and a tightening credit cycle, traditional banks were just being more conservative in their credit outlook, and the family was having difficulty seeking an alternative lender.

Their bank, not satisfied with the family's efforts, proceeded to have a court-appointed receiver take over the management of the companies including the dental practice.

In August 2023, we were engaged by the family to source an asset-based (ABL) bridge loan to pay out the bank and terminate the receivership and in December 2023, we successfully sourced a $6,050,000 one-year, interest-only asset-based (ABL) bridge loan which allowed us to pay the bank in full and end the receivership.

With that step completed, we were then re-engaged to source a traditional financing package for the family to refinance the one-year bridge loan.

The Solution:

We were able to source them a $6.7M term loan from a traditional bank, the real estate portion at 90% LTV (Loan To Value) and amortized over 25 years and the non-real estate loan was amortized over 12 years. The financing included extra availability for our clients to catch up with all business CRA arrears and provided the owner with some extra liquidity to get current with personal receivership legacy obligations.

The End Result:

This solution had a significantly lower interest rate than the one-year bridge loan. The high LTV coupled with long amortization periods helped lower the monthly debt service payments for the business. We were thrilled to be able to help our client "graduate" back to a traditional financing solution after having been through a very challenging 2023.

At Isaacs Advisory, we have extensive experience in advising on, structuring, and sourcing a wide range of traditional and non-traditional financing solutions of $1M-$10M for early stage, growth or in-distress businesses. For more information, please contact Adrian Isaacs at (416) 835-4511 or aisaacs@isaacsadvisory.ca