

Bridge Financing used to take out the bank and terminate receivership - \$6,050,000

By: Adrian Isaacs, CPA, CA, Founder & Managing Partner at Isaacs Advisory

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 which was ultimately shuttered.

Their primary bank had provided a wide range of financing solutions across many of their various asset classes and entities, but due to the magnitude of the operating losses of one of the failed business ventures, they wanted to exit the relationship.

The family attempted to refinance the debt package but unfortunately, 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 to take over the management of the companies including the dental practice.

We were engaged by the family to source a \$6,050,000 asset-based (ABL) bridge loan to pay out the bank and terminate the receivership.

After several months of work, including preparing a financial model, going to market and sourcing several term sheets, and with various stakeholders, including the Receiver, ABL lenders, and various law firms (approximately 16 lawyers), we were successful in sourcing an ABL financing solution which enabled the companies to terminate the receivership proceedings.

We are now in the process of going to market to source a traditional financing solution to refinance the shorter-term ABL bridge solution.

To find out if an ABL financing solution could be a good solution for your business, reach out to me at (416) 835-4511 or aisaacs@isaacsadvisory.ca

