

## FRANCHISE PURCHASE CASE STUDY

A couple, who were PAYG employees, were looking at purchasing a franchise business (retail goods), with only one of them running this full time, along with hiring new staff to be able to handle multiple customers at any given time.

The couple had sought funding from their long term existing lender, to encompass the requirements of the franchisor, and the discussion centred on their PAYG income and property portfolio, limiting the scope of the funding. There was no consideration placed on the forecast net profit and self-employed income that the franchise would generate.

The combined valuations of the properties, after taking into consideration the existing property investment related debt they secured, was insufficient to fully cover the new business loan requirement and the existing lender was not willing to lend against the franchise business being purchased.

The client also needed to purchase stock to display at the outset and some working capital. This was important to their cashflow, and they also looked to their existing lender for this support, as the stock and initial costs needed to be funded first before the shop could begin to trade.

The client was referred by their accountant given the existing lenders limitations in what funding support they would offer. We are able to provide funding assistance to acquire the business, fitout the store, purchase stock and assist with working capital needs.

This involved taking over the existing investment property debt which we were able to offer on better terms than their existing lender and taking a view on the value of the franchise they were purchasing.

The clients were able to launch the new franchise store with the full and ongoing support of their new lender.