

PRACTICAL GUIDE

Financing an agricultural business

What guarantees are worth

WHY IT IS DIFFERENT

Agricultural assets have real value. Their value as security is different. Leased land is harder to realise than vacant land. A wine stock depends on the market. A marine concession cannot be transferred like an ordinary asset. If the borrower runs into difficulty, the security also comes up against insolvency rules.

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Every branch of the living world

QUESTIONS TO ASK

- 1 Which asset does the security cover: land, shares, stocks, equipment, receivables?
- 2 Does the asset belong to the borrower, or to another group company?
- 3 Is it leased, pledged or otherwise encumbered?
- 4 Can it be sold freely in the event of default?
- 5 What realistic value can be expected in a forced sale?
- 6 How will the security hold up in insolvency proceedings?
- 7 Are personal guarantees proportionate and well documented?

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Which warning signs should be monitored during the life of the loan?

WHO IS INVOLVED

The lender and the borrower. Shareholders and guarantors. The notary. Other creditors. In case of difficulty, the court and the insolvency officers.

TYPICAL TIMELINE

- 1 Review of the file
- 2 Due diligence on the assets and the structure
- 3 Choice and drafting of the security
- 4 Monitoring during the loan
- 5 Action in case of difficulty

THREE COMMON MISTAKES

- ! Taking security over an asset held by a company other than the borrower.
- ! Valuing leased land as if it were vacant.
- ! Discovering the weakness of a security when trying to enforce it.

HOW WE HELP

We review the borrower's assets and structure. We assess how robust the security really is. We act for the creditor in case of difficulty, out of court or in proceedings.

YOUR CONTACTS

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