



# The Business Lending Guide

Commercial property, asset & equipment, and working-capital finance explained

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# The business lending guide

Business finance is wider than a home loan — and the right structure can free up cash flow, fund growth and protect your personal position. This guide covers the three pillars most business owners use: **commercial property**, **asset & equipment finance**, and **working-capital (personal/unsecured) lending**.

## 1. Commercial property finance

Whether you're buying premises to trade from (owner-occupied) or as an investment, commercial lending works differently to residential. Deposits are larger, terms can be shorter, and the property's income or your business's trading both matter.

- **Typical LVR** around 65–80% — so a larger deposit than a home loan.
- **Owner-occupied** buying premises can be assessed on your business trading; **investment** often leans on the lease and the tenant.
- **Lease-doc loans** let the rent service the debt with lighter financials.
- Terms are often 15–25 years, sometimes with periodic reviews.

## 2. Asset & equipment finance

Vehicles, machinery, fit-outs and technology can be financed against the asset itself, which usually means competitive rates and no need to tie up property as security. The structure changes the tax and ownership treatment:

Structure	How it works	Often suits
Chattel mortgage	You own the asset; lender takes a charge over it	Businesses wanting ownership and to claim GST/depreciation
Finance lease	Lender owns the asset; you lease and may buy at residual	Preserving cash; predictable monthly cost
Hire purchase (CHP)	You hire, then own at the end of the term	Owning the asset eventually with fixed repayments
Operating / rental	Pure rental, asset returned or upgraded at term end	Fast-depreciating tech you want to refresh

A **balloon (residual) payment** at the end can lower monthly repayments — useful for cash flow, but you'll owe the lump sum or refinance it. Ask your accountant how the **instant asset write-off** applies in the current financial year before you buy; the threshold and eligibility change regularly — confirm what's current.

## 3. Working capital & personal/unsecured lending

When you need cash flow rather than an asset, the options are typically unsecured (no property required) and faster to settle, in exchange for higher rates and shorter terms:

- **Unsecured business loan** — a lump sum repaid over 3 months to 3–5 years.
- **Line of credit / overdraft** — draw and repay as cash flow moves; pay interest only on what you use.

- **Invoice / debtor finance** — unlock cash tied up in unpaid invoices.
- **Personal loan in the director's name** — sometimes the cleanest path for a small, early-stage need, though it sits on your personal credit file.

Unsecured lenders look hard at **trading history, turnover and bank-statement conduct** — consistent revenue and clean accounts open the door to better pricing.

## What lenders assess across all three

Trading history and stability, serviceability (can the business and/or you comfortably repay), and security (property, the asset, or none). Strong, consistent figures and a tidy set of statements give you leverage to negotiate — which is exactly what a broker uses on your behalf across multiple lenders at once.

## Ready to talk it through?

The right mix of these three is specific to your business and your goal. A 15-minute call will tell you exactly where you stand — free, no obligation, no jargon. Call Daniel on **0455 721 087**, email [daniel@toukanfinance.com.au](mailto:daniel@toukanfinance.com.au), or send an enquiry at [toukanfinance.com.au](https://toukanfinance.com.au).

### Important information

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