

Selling Your Motel Business



The authority on selling businesses

SELLING YOUR MOTEL BUSINESS

You've operated your motel business and have now decided to move on – how do you go about selling?



LINK has a proud history of sales of motel businesses, and as a result can provide key information which will assist you to achieve the successful sale of your business with the best possible outcome for you and your family.

What Do I Need to Do to Commence the Process of Selling My Motel?

We recommend contacting a LINK Broker as early in the process as you can – be assured that your LINK Broker will treat your contact with complete confidentiality. At this stage you should be prepared to provide the Broker with the following information:

- Profit & Loss Statements for the 3 most recent financial years
- Recent GST returns
- A copy of the lease
- Details of the current lease, any variations, and rent review dates
- Details of any recent abnormal expenditure – for example, exterior painting, repairs & maintenance
- Current details of maintenance fund
- Employee schedules – personal details and wages
- Any other information you consider is appropriate

What Happens Then?

Your LINK Broker will then undertake an appraisal of your business to establish a market price range. Under current regulations, a Broker must provide you with a market appraisal prior to listing the business. Your LINK Broker will use a special LINK Valuation Tool, as well as experience, to arrive at the appraised market price range. This appraisal is confidential between you and your LINK Broker – future prospective purchasers will need to make their own assessment of the business.

So, How Do I Take My Motel Business To the Market?

Once your LINK Broker has provided you with a market appraisal, an agency agreement can then be prepared, listing the business at a price you agree to – this may be above, within, or even below the appraised value, depending upon your motivation and other circumstances. Once the agency has been completed, your LINK Broker will, in conjunction with you, prepare an Information Memorandum, providing as much information as possible for prospective purchasers. It should be noted that your LINK Broker will not provide information to any party until they have signed a confidentiality agreement, have the financial capacity to purchase, and are regarded as genuine prospective purchasers by your LINK Broker.

Keeping You Informed

LINK brokers have access to sophisticated research and analysis software that enables us to provide valuable insights into the progress of your business sales programme.

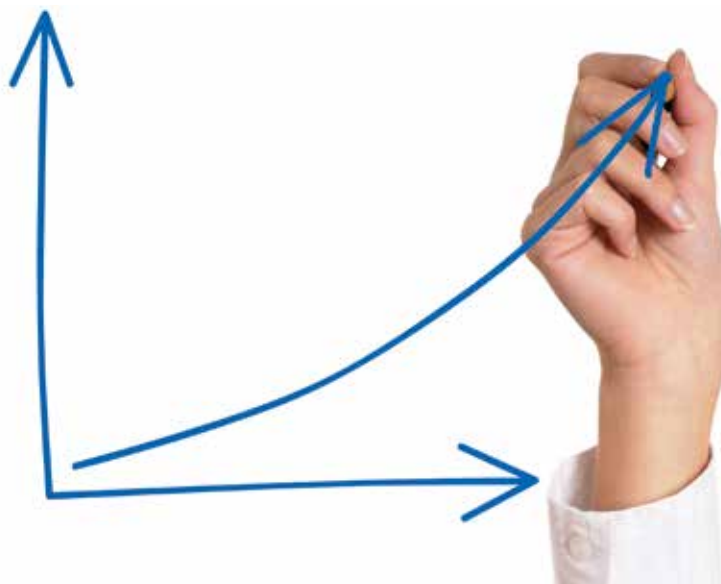
LINK provides detailed feedback covering marketing activity, level of enquiry, prospect profiles and comment, website tracking and a host of other factors.

It also allows for the marketing campaign to be refined or adjusted to maximise effectiveness, and keeps you completely informed of the campaign's progress.

LINK is the only Australasian business sales brokerage that provides service to this level, with regular detailed reports, supplemented by meetings and telephone updates.

LINK was founded in 1996, on a vision of ethics, service and professionalism. With offices in New Zealand, Australia and South Africa - **LINK is a powerful force in business sales.**

We have the **most powerful marketing** capacity of any Business Brokerage in NZ



What Else Do I Need to Do?

When selling anything, presentation is the key, and motel businesses are no different in this regard. Maintenance of your buildings and units should be right up to date, and your manager's residence should be presented in a tidy uncluttered state – this is important to purchasers, as it is where they will live. Attend to any gardens or planters and make sure they are looking their best.

When your LINK Broker brings prospective purchasers to your business, try to provide a list of units which have been cleaned and are ready for viewing. You can offer to go around with the Broker, but often purchasers wish to see the business without feeling that they cannot look closely at things because the vendor is there – your LINK Broker will advise what is best. However, at the end of the viewing, purchasers will usually have questions, and you should allow some time to answer these in conjunction with your LINK Broker.

Presentation of an Offer

Your LINK Broker will contact you to bring you an offer. An offer is always in writing, with price, terms and conditions all recorded. The prospective purchaser is serious enough to put an offer to you in writing, and it is important that you respond – generally by acceptance, or a counteroffer of price and/or terms to meet your requirements.

Agreement Reached – What Then?

Normally agreement is reached with the purchaser requiring to satisfy some special conditions – such as finance and due diligence, all within specified timeframes. The due diligence requirement may be facilitated through your LINK Broker, or your solicitor.

Often as part of the lease agreement, there is a provision for the business's freehold owner (your landlord) to purchase the business on the same terms as the purchaser has offered, within a period of time specified in the lease. While landlords don't usually exercise this right, the process must be followed. Similarly, the lease normally requires that the landlord needs to approve the purchaser as the incoming tenant, and you may have to present appropriate background details of the purchaser to the landlord to assist in this process.

Once all special conditions have been met, the Agreement is confirmed, and the deposit (normally 10% of the purchase price) is payable. Once this has occurred, you can consider the business to be sold. All that is left to occur is that on possession date you move out and the purchaser pays the balance of the purchase price, and moves in. You will have an agreed period following possession (usually between 5-10 working days) to provide free assistance to the purchaser to ensure the continued smooth running of the business, after which you are clear to pursue your next opportunity in life.

Remember, your LINK Broker works for you to achieve the best possible result for you.



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