

Selling Your Hotel/Motel Business



 **LINK**
The authority on selling businesses

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



LINK has a proud history of sales of hotel/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 Hotel/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 Reports for the 3 most recent financial years
- Profit & Loss Report for current year to date
- US Tax Returns for the 3 most recent financial years
- A copy of the lease; a lease you would agree to if you own the building or if you own the building the price of the building
- Details of the current lease or proposed lease
- 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 work with you to establish the true market value of your hotel/motel. Your LINK Broker will use established valuation methodologies, often using a range of different options in combination to establish the most accurate figure. This figure is further scrutinized by comparing the theoretical value with current and historical sales information. This ensures that the valuation accurately represents what a buyer will pay in the current market. This valuation is confidential between you and your LINK Broker – future prospective buyers will need to make their own assessment of the business.

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

Once your LINK Broker has provided you with a Business Broker's Opinion of Value, a Representation Agreement can then be prepared, listing the business at a price you agree to – this may be above, within, or even below the valuation, depending upon your motivation and other circumstances. Once the Representation Agreement has been completed, your LINK Broker will, in conjunction with you, prepare an Information Memorandum, providing as much information as possible for prospective buyers. 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 buyers 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 program.

LINK provides detailed feedback covering marketing activity, level of inquiry, prospective buyer profiles and comments, website tracking and a host of other factors.

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

LINK is the only Business 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 the United States, New Zealand, Australia, South Africa and the Philippines - **LINK is a powerful force in business sales.**

What Else Do I Need to Do?

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

Eventually, the buyer will want to meet you and view your hotel/motel. This will be arranged at a suitable time so as not to interfere with the operation of your hotel/motel. When the buyer arrives, try to provide a list of rooms which have been cleaned and are ready for viewing. At the end of the viewing, buyers 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. All buyers are also required to write a deposit check, which will be held until the completion of Due Diligence. When a prospective buyer is serious enough to put an offer to you in writing, with a deposit, it is important that you respond in a timely fashion – generally by acceptance, or a counteroffer of price and/or terms to meet your requirements.

We have the **Most Powerful Marketing Capacity** of any Business Brokerage in the US



Agreement Reached – What Then?

Normally agreement is reached with some special conditions – such as finance and due diligence, all within specified timeframes.

Often as part of the lease agreement, there is a provision for the building owner (your landlord) to purchase the business on the same terms as the buyer 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 buyer as the incoming tenant, and you may have to present appropriate background details of the buyer to the landlord to assist in this process.

After receiving written confirmation that all conditions have been met, the sale is official and your LINK Broker will start the closing process. The initial deposit and closing funds will be deposited in escrow with the escrow company/escrow attorney and your LINK Broker proceeding to finalize details for the closing to take place on the specified date. On the closing date, you get your money and the buyer takes over the business.

You will have an agreed period following closing (usually about four weeks) to provide training to the buyer to ensure the continued smooth operation 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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