



Management Rights Transactions

ABOUT US / OUR SERVICES

We are experienced in Management Rights transactions. If you are selling or buying, contact us. We provide personalised service, professional advice and assistance to guide you through the process of acquiring or selling your business.

We can set up structures for you to acquire the business through for example companies or trusts. We can ensure you have appropriate documentation in place where more than one party is involved, such as shareholders agreements or partnership agreements.

Our firm is a general practice with a commercial and property focus. We can also assist with general conveyancing, wills and estate planning, leases, disputes and litigation and other commercial work.

SOME THINGS TO CONSIDER BEFORE TAKING YOUR BUSINESS TO THE MARKET

The process of selling your management rights business can be nerve wracking, with some tension arising from the negotiations over the terms and the price. Some of the stress can be alleviated by you having previously done as much as you are able to present a "clean and tidy" business. Doing so lessens the prospect of their being negotiating chips thrown in by the buyer in an effort to reduce your asking price.

PAMDA

Before listing the business with an agent it is worthwhile to go through all your letting appointments and ensuring they are all valid. Things to check on are whether the correct version of the Form 20a has been signed, that the consent to assignment clause has been ticked and initialled by the lot owners, that the fees and charges you raise against lot owners are properly set out in the appointment or in an addendum to the appointment, and that the appointment has been properly signed by the lot owner and you.

VERIFIABLE INCOME

Have a talk to your accountant about the income figures for the business. The agent will be asking you first-up what the business is earning. Sometimes the income which is being recorded in your books will for a variety of reasons be different to the net income determined under the business sale contract. Your accountants, especially if they have expertise in management rights businesses, should be able to check your books and advise on the income to put forward as the income of the business.

TOP-UP OF AGREEMENTS

Whether your building is under the Accommodation Module or Standard Module regulations, you should always be looking to have a lengthy term to run for your agreements. If you are in the Standard Module it is probable that buyers will want as close to ten years to run when buying the business.

In the Accommodation Module lenders like to see at least fifteen years left to run. If you are getting in the mood to sell then consider seeking advice about raising a motion at the next AGM to top-up the term of your agreements.

RENTAL/LEASE AGREEMENTS

If you have acquired your PABX and/or other equipment under lease of chattel mortgage arrangements then you will be looking at either paying out the agreements when you sell or asking the buyer to take over the agreement. Either way you will need to check with the supplier or finance company regarding the terms on which the agreements may be assigned and collate copies of relevant documents to provide to the buyer, or work out a likely pay-out figure so you know the liability to be discharged at or before settlement.

INVENTORY OF PLANT AND EQUIPMENT

Your agent will ask for details of the inventory for the business so don't leave its preparation until the agent asks for it. A clear and legible inventory which can be attached to the business contract looks professional and it is easier to prepare the list of equipment in the calm before the negotiations begin.

MARKETING FUNDS

Most if not all businesses collect some money from lot owners for marketing and promotion of the letting business. If you have built up a bit or a balance of marketing funds consider spending some of it to lift the profile of the business, more so if you have a short-stay or holiday style business. The buyers will be crawling over the internet to see how your business looks to the world and it might assist your sale goals if your business is visible and attractive.

For further information or if you have any queries contact us:

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