

Why should you use Management Rights experts?

The purchase of management rights is a complex process that requires a significant investment of your time and money. That's why you need to engage industry experts to help ensure a smooth purchase process. They will identify any real or potential issues, help you buy the right assets at the right price, and keep you fully informed at all times. If you're thinking of using your current accountant, solicitor or lender, make sure they have the appropriate expertise in this area.

You need to consult your advisers before you execute any purchase contracts, so they can support you leading up to the purchase, and get started as soon as your offer is accepted.

What your key advisers will do for you

Your lender

Not all banks have lenders that specialise in purchasing management rights. So look for a bank that has built a reputation in this specialist area, and make sure they have a real understanding of the industry, current issues and values.

If you're new to management rights, you should look for a lender who can put you in contact with other key industry advisers in your local area. They should also be able to give you an indication of how much you can borrow, provide you with a funding scenario for any options you're considering, and introduce you to other financial services specialists you may need to help run your business. You also need to think about whether the lender you use during the purchase process, will continue to work with you after settlement.

Your solicitor

Your solicitor may provide advice on matters including your borrowing structure, the names in which to purchase assets, and setting up company and trust structures. Their main task is to undertake a 'Due Diligence' as part of the purchase process. This includes reviewing:

- the contracts
- the Management Rights agreements and any extensions, assignments and variations
- the By-Laws and Community Management Statement
- the Body Corporate records.

The Due Diligence will be provided to both you and the Bank. If any issues are identified during the process, your solicitor will discuss them with you and provide guidance on how to manage them.

The role of your solicitor doesn't end at settlement. Once you own a management rights business, you will probably need their assistance for things like exercising an option, seeking a variation in your agreements or an extension in their terms.

If you have any questions or need more information, please contact us.

 Call 13 11 75

www.suncorp.com.au/managementrights

Your accountant

Your accountant's main role is to conduct a verification of the financial records of the business you intend to purchase. They may also help you set up any company and trust structures. The verification process includes:

- a review of the income for the period detailed in the purchase contract
- analysis of the income achieved by the business for different services and a comparison against industry benchmarks
- analysis of occupancy trends
- a review of the letting appointments that are in place for the complex
- a review of the most recent Trust Account audit report.

Your accountant will then give the Verification Report to both you and the Bank. Again, the relationship with your accountant doesn't end at settlement. The trust account that you operate as part of your business needs to be regularly audited, with a report submitted to the Office of Fair Trading, on a yearly basis. Your accountant will also prepare annual financial statements that will break down your income and expenses, according to the different services your business provides.

Your sales agent

Sales agents are sometimes overlooked when we talk about industry specialists, but they often have years of valuable experience in this area. Many agents have even owned and operated a number of management rights businesses themselves.

The agent will be able to provide guidance in relation to the industry in the local area - with knowledge of income, occupancy and value trends. They can also put you in contact with key service providers such as tradesmen, cleaners and linen suppliers.

Choose your team carefully

Remember, your key advisers need to work together to support you before and after settlement takes place - so choose carefully. An effective team can make all the difference to the success of your management rights business.


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