

**BUSINESS &
PROPERTY
BROKERS**

Always Professional, Always confidential, Always discreet.



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PROCESS TO BUY A BUSINESS

DESCRIPTION	ACTION ITEMS	COMMENTS	WORK DAYS
PHASE 1 (EXPLORATION) ?			
The Prospective Buyer approaches the Business Broker ("Broker") demonstrating his or her interest to purchase a business	Buyer to complete and sign the Confidentiality Undertaking / Net Worth statement ("CA") and return via Fax to the Broker	Information will only be released until the fully completed and signed CA document is in possession of the Broker	2
The Broker supply the Buyer with a fully fledged Business presentation covering all aspects of the business.	The Buyer indicates interest in the business and the Broker arrange appointment for Buyer to view the business and have discussion with the Seller.	Meet preferably away from the business, Seller could take Buyer through the business thereafter.	3
PHASE 2 (MAKE OFFER AND PAY DEPOSIT)			
The Buyer wish to pursue the opportunity in terms of making an Offer to Purchase	Broker compile the Offer to Purchase, ensure that all aspects are fully covered. Buyer scrutinise with legal advisor and then sign the agreement	Offer to include Asset list, Staff compliment, Licenses, Income & Expenditure, etc.	3
Broker presents the offer to the seller, negotiate the transaction and ensures there is a deadline for acceptance	Seller scrutinise offer, take it to his attorney and if satisfied signs the agreement or rejects	Counter offer may follow. Broker will assist with follow up negotiations. Assume all the parties sign	5
Each party is supplied with a fully signed copy of agreement.	Buyer then pays max. deposit of 10% of purchase price into Trust Account of Broker.	Money held in Trust account i.t.o. the directives of the Estate Agency Affairs Board.	3

PHASE 3 (PERFORM DUE DILIGENCE INVESTIGATION) ⓘ

Buyer request information in writing required to conduct Due Diligence investigation.	▶	Typical info needed: Management and VAT reports; Personnel, Proof of Income and Expenditure, etc.	▶	Seller has five working days to gather all the information so needed to conduct the Due Diligence.	▶	5
Buyer upon receipt of information will evaluate / screen information, most probably visit the business to view the financial records with his accountant.	▶	Buyer to respond in writing stating his acceptance in terms of the correctness of the information or state his rejection of the figures together with reasons.	▶	Normally allow five to ten working days for the Buyer to perform Due Diligence from the time that the Seller has supplied all the information.	▶	5 to 10

PHASE 3 (FULFIL SUSPENSIVE CONDITIONS)

Get DUE DILIGENCE in place ☺



If the Due Diligence result is not in line with the business presentation / financial information	▶	Buyer is free to cancel the agreement or renegotiate the terms of the agreement	▶	If the due diligence does not substantiate the information, then the Buyer is free to cancel the agreement and the deposit will then be refunded to him	▶	2
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Get FINANCE in place ☺



Upon signature of the agreement the Buyer must apply for finance if this was specified as a suspensive condition in the agreement.	▶	Apply to financial institution. Normally takes between 5 - 20 days for approval in principal to be granted.	▶	If the bank declines the loan application then the Buyer is free to cancel the agreement and the deposit will then be refunded to him	▶	15 to 30
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Get LEASE in place ☺



Seller or the Broker will arrange the meeting with the landlord.	▶	Negotiate terms of lease on conditions acceptable to the Buyer.	▶	If the same terms and conditions cannot be obtained then the Buyer is free to cancel the agreement and the deposit will then be refunded to him	▶	5
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Get approval from OIL COMPANY / FRANCHISOR ☺



If an Oil Company or Franchisor is involved, approval will have to be obtained from them to appoint the prospective Buyer as a franchisee or Dealer, and thereafter undergo training.	▶	A Business plan would be required for submission to the oil company. Business Broker or others could complete this in collaboration with the Buyer.	▶	If the Buyer is turned down by the Oil company or Franchisor then the Buyer is free to cancel the agreement and the deposit will then be refunded to him	▶	10-60
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PHASE 3 (TAKE OVER THE BUSINESS) ☺



Buyer & Seller conduct stock check and Buyer pays the Seller for the basic price together with the stock.	▶	Take over the business on the Effective Date. Seller remain on in the business in order to train the Buyer in all aspects of the Business.	▶	Normal support to Buyer free of charge for one month, thereafter at mutually agreed tariff	▶	14
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