

GARDEN CENTRE EXIT STRATEGIES

- Only one chance to get it right
- Preparation is key
- Professional advice is vital

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Gilbert Evans is the sole preferred supplier of property advice to the HTA. Members can contact us via gardencentres@hta.co.uk



Most garden centre owners will only ever sell a business once in their lives. The process is likely to be a new experience and one of significant concern. Many have little idea of available options and are aware there is rarely a second chance to get it right.

The first question invariably is 'What's the business worth?' A realisable price will depend on many factors, not just turnover and profit. Potential to expand is a key criterion, as is sustainability of existing earnings. We advise vendors on how to maximise the value of their business. Anyone can sell a business, but achieving the best deal is the challenge. Understanding why an owner wants to sell a business is important to provide the correct advice. The difference between a retirement sale and one caused by cash flow issues is significant and requires different strategies.

Preparing the business for sale is critical and can take months, sometimes years. Initiatives to present the business in the best light can take time to mature. Look to maximise turnover and gross margin, ensure planning permission is in place for existing uses or consider improving planning permissions.

A transaction can be a share sale or an asset sale. Purchasers often prefer an asset deal but the vendor should dictate terms. Entrepreneurs' Relief may be available for qualifying assets that could lead to paying 10% Capital Gains Tax rather than the normal rate of 18% or 28%. A powerful motivator but cost and time should be considered for this approach.

The business will be 'sold' as part of the process, but if the vendor owns the freehold he has options to sell the freehold or alternatively establish a lease and then sell the business. The choice depends on many factors that should be weighed up.

The most important recommendation is for vendors to seek professional advice as early as possible.