

## 2022FY Market Update

The last twelve months has seen a record number and value of businesses sold by Tabak in the South Island. Whilst these numbers are commercially sensitive we are delighted to advise that a significant number of these vendors were referred to us by professional advisors such as yourselves. We greatly appreciate referral business and do our best to assist and guide them all, even those that are not perhaps appropriate to Tabak, by endeavouring to point them in the right direction. Thank you for your continued trust and support.

### Funding

Much has been said and written about bank funding in recent times, particularly in regard to the CCCFA. We draw your attention to a particularly informative treatise from Terry Ellis of Finance NZ that can be found here - <https://www.financenz.co.nz/news/impact-cccfa-business-lending> in regard to the impact of the CCCFA on business lending. Feel free to forward it on to any clients that it may be appropriate to.

### Buyers

Within the current environment of rising interest rates and regulatory change, it is crucial for buyers to get their “ducks in a row” when sourcing bank funding. We are advised by the finance brokers and banks that they are, and do want to be “open for business” but there is an increasing requirement for a **comprehensive funding application** by the prospective purchaser. In summary:

- **Ensure there is a strong fit between the buyer and the business, and that they understand enough about the business and the way it operates, to be able to manage it and add value to it.**
- **Funders do not like surprises so ensure that any unusual variations in historical or future cashflow forecasts are appropriately acknowledged and explained**
- **Present a compelling business plan with cashflow forecasts into the future**

### The Next Twelve Months

Whilst there is a loss of general business confidence due to short term fears around Covid, Putin, inflation, interest rates, availability of labour and supply chain – Tabak is still seeing buyer demand for good businesses. One corporate finance specialist recently opined that “....stimulus packages are beginning to wind down.....and for companies on the acquisition trail the ‘easy money’ they have become used to could soon be much harder to access....” Whilst this could lead to a reduction in in business value multiples, Tabak has seen no evidence of this to date.

In closing, our team are always happy to discuss any aspects of business valuation & sale with you or your clients at any time, obligation free. If you do not wish to receive occasional emails in regard to the business sales market, please advise and we will unsubscribe you.

### Thanks & Regards

**The Tabak SI Team – Damien, Sam, Kevin & Diane**

**Tabak Business Sales**

[www.tabak.co.nz](http://www.tabak.co.nz)

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