

**Opportunity:****Equipment Rental Business**

Location:

State of Washington

Business Offered At:

\$4,200,000

Sale Type:

Asset or Equity Sale

Real Estate Offered At:

Potential to Lease

Offered By:**AAI Real Estate**

819 S. 72nd Ave

Yakima, WA 98908

Equipment Rental Business

State of Washington

Confidential

Offering Memorandum

Equipment Rental Business

The information contained in the following Confidential Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from AAI Real Estate and should not be made available to any other person or entity without consent of AAI Real Estate. The purpose of this Confidential Memorandum is to acquaint a prospective buyer with preliminary information regarding a client of AAI Real Estate or one of AAI Real Estate's cooperative brokers. AAI Real Estate, its employees, agents, brokers, financial recasting consultants, and affiliate brokers have made no investigation or verification of the information contained herein and any representation to the contrary is not authorized.

The Client Company has elected not to audit financial statements, appraisals of tangible assets or real property. In addition, management has elected to omit substantially all of the informative disclosures ordinarily included in financial statements prepared on an income tax basis of accounting, market value presentation and valuation reports. If the omitted disclosures were included, they might influence the user's conclusions about the company's financial condition. Accordingly, the documents contained in this Confidential Memorandum are not designed for those who are not informed about such matters.

Any and all financial records, equipment list, and operating reports received from management and included in this package are assumed to be accurate. While reasonable tests are applied and unusual results queried, the prospective purchaser should verify accuracy of these numbers. Unless stated otherwise, the financial summaries prepared by AAI Real Estate reflect only regrouping of those prepared by management. By accepting this Confidential Memorandum, the recipient acknowledges the responsibility to perform a due diligence review and make its own evaluation and judgment prior to any acquisitions of or mergers with the Client Company.

Unless stated otherwise, the underlying assets have not been appraised. The cost data provided in the financial statements, before depreciation is deducted, may be used as an approximate replacement cost but should be reviewed in due diligence process. If a value is included on the asset list, that value is the presumed fair market value of an equivalent asset. Additionally, the list was prepared at a specific point in time. The ordinary course of business will cause items to be added and disposed of, so any enclosed list of assets should be viewed as an approximation of the total assets of the business.

Inventory is assumed to be at cost. Management's estimate of value is accepted unless reasons exist to use another value, which will be noted. Real estate values, building leases, rental agreements, equipment leases and other commitments of the company are management's estimate and are assumed to be at market rates unless otherwise noted.

Confidential Offering Memorandum

Exclusively Offered By: **AAI Real Estate**

Contact:

Matt Russell

517.455.1976

mrussell@aaifg.com

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The company is a privately owned company that leases a variety of equipment for industrial use, such as bull dozers, back hoes, and lifts. The business entity was created in 2007 and is owned by two individuals. Revenues are cyclical and seasonal based on construction demand. All assets of the business are included, with the exception of three vehicles.

The business has 3 staff members excluding the current owners: a truck driver, a delivery person and a front desk person.

Licenses are required for the operation of the business. A [commercial vehicle permit](#) and commercial driver's license from the Department of Transportation may be required and a [Reseller's Permit](#) from the Department of Revenue will be required. The Reseller's Permit is [not transferable](#), and the new owner will need to apply for a reseller permit

The current owners are selling in order to retire. One of the owners is willing to stay on for up to 12 months in a consulting capacity. Compensation and time duration are negotiable.

Complete detailed information about the company is available with a signed non-disclosure agreement.

Business Summary

Industry	Equipment Rental Business
Business	Not Disclosed
Location	Not Disclosed State of Washington
Number of Employees	3
Years in Business	18
Website	Not Disclosed
Type of Sale	Asset or Equity, to be negotiated
Reason for Selling	Owners ready to retire

The Seller is willing to sell under an asset sale or an equity sale.

Key Numbers

Asking Price, Business	4,200,000
Asking Price, Real Estate	Lease Available
Combined Asking Price	4,200,000
2021 Sales	1,050,523
2022 Sales	1,098,978
2023 Sales	1,238,194
2021 Seller's Discretionary Earnings	735,832
2022 Seller's Discretionary Earnings	558,066
2023 Seller's Discretionary Earnings	677,739
Value of Equipment, Cost Basis	3,319,792

One of the owners owns the real estate out of which the business operates. The owner is willing to lease the property for \$5,000 per month on a NNN basis.

The 2023 tax returns did not include a balance sheet. A/R, A/P and inventory are negligible. The equipment value is the cost basis from the 2023 tax return depreciation and amortization schedule.

Suppliers

The primary suppliers are equipment manufacturers and include:

- Genie
- Bobcat
- Case
- Terex
- Ingersoll Rand
- Blue Bird
- Bearcat

Competitors

There are competitors in the area. The business competes on price and service.

Employees

The business has 3 staff members excluding the current owners:

- Truck driver, earns \$30 per hour, team member for 2 years
- Delivery person, earns \$20 per hour, team member for 2 years
- Front desk, earns \$25 per hour, team member for 7 years, bilingual, has developed significant customer relationships

Income Statement: 2021-2023 from Tax Returns, 2024 Company Prepared

Accounting Method: Cash	2021	2022	2023
1c Net Receipts / Sales	1,050,523	1,098,978	1,238,194
2 COGS	-	-	-
3 Gross Profit	1,050,523	1,098,978	1,238,194
6 Total Income (Revenues)	1,050,523	1,098,978	1,238,194
7 Compensation of Officers	113,424	156,000	156,000
8 Salaries and wages		184,586	186,781
9 Repairs and Maintenance	77,985	79,837	87,945
11 Rents	69,235	30,244	63,816
12 Taxes / Licenses	39,451	66,980	59,534
13 Interest	23,655	35,543	32,999
14 Depreciation	620,462	448,176	27,385
16 Advertising	-	1,188	1,638
19 Other Deductions	128,020	178,077	160,741
20 Total Deductions	1,072,232	1,180,631	776,839
21 Ordinary Business Income	(21,709)	(81,653)	461,355

The business provided tax returns on a cash basis for the prior three years. Revenues are cyclical and seasonal, and fluctuate with construction demand.

In 2021, the tax returns included \$113,424 in salaries and wages. However, the K-1s of the owners indicate all compensation was paid to the owners, so compensation is listed on that line above.

Additional Detail: 2019-2021 from Tax Returns, 2022 Company Prepared

Other Deduction Expenses	2021	2022	2023
Advertising	1,888	-	-
Credit Card Discounts	15,653	21,923	30,385
Dues / Subscriptions	645	695	-
Freight	11,200	-	-
Fuel	34,261	67,370	54,167
Insurance	16,922	22,899	16,690
Laundry / Uniforms	-	3,178	719
Office Expense	1,579	5,397	2,963
Professional Fees	18,731	-	7,343
Supplies	16,666	35,729	19,691
Utilities	10,475	20,886	28,783
Total Other Deductions	128,020	178,077	160,741

Other expense detail is provided here to provide more information to the potential buyer.

Discretionary Earnings: 2021-2023 from Tax Returns, 2024 Company Prepared

Accounting Method: Cash	2021	2022	2023
Operating Income	(21,709)	(81,653)	461,355
Interest, Depreciation, Amortization	644,117	483,719	60,384
EBITDA	622,408	402,066	521,739
Adjustments for non-cash, non-recurring and owner's expenses			
Officer's Compensation	113,424	156,000	156,000
Total Adjustments	113,424	156,000	156,000
Discretionary Earnings	735,832	558,066	677,739

Adjustments are made to eliminate non-cash expenses, non-recurring items and owner's expenses that were run through the company and may be different for the new owner. The only adjustment other than interest, depreciation and amortization is the compensation paid to the owners.

The tax returns provided minimal balance sheet information. Fixed assets were heavily depreciated for tax purposes. Accounts receivable, accounts payable, and inventory are negligible. Therefore, a balance sheet is not presented here.

The list of assets is available in the due diligence file. The asset list comes from the depreciation and amortization schedule of the 2023 tax returns. All but three of the assets listed are included in the sale. The three assets not included are personal vehicles.

The total cost of the assets less the three that are not included is \$3,319,792. The assets have been significantly depreciated for tax purposes.



There are currently two locations in Washington. The primary location is owned by one of the business owners. The owner is willing to lease it to the buyer for \$5,000 per month on a NNN basis. The other location is just a yard to hold the equipment in the off season and will not be available after the sale.



Potential Financing Structure

Financing Options

Seller Financing Offered?	TBD
Financing Amount Offered	TBD

Broker is willing to provide assistance with exploring funding options specific to buyer needs and qualifications.

The seller may be willing to provide seller financing depending on the offer and circumstances.

Example Loan

Business Offer	4,200,000
Potential Loan to Value	70.00%
Loan Amount	2,940,000
Down Payment	1,260,000
Potential Rate / Months	9.50% / 120
Monthly Payment	38,043
Annualized 2024 Discretionary Earnings	583,562
Annual Payment, Above Financing Example	456,515
Debt Service Coverage	1.28
Remaining Cash Flow	127,047
Cash / Cash Return with Loan Scenario	10.08%
Cash / Cash Return, All Cash Offer	13.89%

The financing example assumes the buyer utilizes an SBA loan.

Contact Broker,
Express Interest

Complete NDA &
Buyer Profile

Receive Confidential
Information Memorandum
& Supplementary
Documentation

Meet with
Business Broker

Meet with Business
Seller

Prepare Offer,
Put Down Deposit

Offer Accepted by
Seller

Complete Due
Diligence

Finalize Financing &
Lease

Fund
&
Close!

AAI Financial Group (AAIFG) is our dedicated capital advisory arm that specializes in assisting clients to obtain financing for commercial properties. We are committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We utilize our relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, and agency lenders to provide our clients with a wide range of financing options.

Our dedicated, knowledgeable advisors work to understand you and your goals, gather all of the documents required, provide advice and manage the process from beginning to end while overcoming the challenges of financing.

Team

Dedicated back-office support team to focus on real estate and financing transactions.

Capital Access

Access to local, regional and nationwide lenders

Efficiency

Company wide operating system servicing real estate and financing utilizing the same team of members throughout the transaction.