



ABC BUSINESS

CONFIDENTIAL BUSINESS MEMORANDUM

Top US Business Brokers

DISCLAIMER & NOTICE

This Confidential Business Review is intended to acquaint a prospective purchaser with preliminary information regarding Client Company, whose business is currently available through **Top US Business Brokers** for acquisition, sale or merger. The format of the Confidential Business Review is designed to reflect to a prospective purchaser the factors that create value within the Client Company.

The value of a business is based on many different factors. While every effort has been made to gather all significant facts, the basic accounting, veracity, and forthrightness of management has a major impact on this representation.

This Confidential Business Review will be furnished only to pre-qualified prospective purchasers who have signed Confidentiality Agreements, and who have made specific requests for information regarding the Client Company for the purpose of determining any interest in submitting an offer to acquire the Company or its business. Each prospective purchaser is responsible for the performance and expense of its due diligence review prior to any acquisition.

ABC Business has supplied the information contained in this Confidential Business Review, including but not limited to the Executive Summary, Business Description, Marketing/Sales, Facilities/Operations, Organization, Financial Data, etc. This information has not necessarily been audited or independently confirmed and no representations, expressed or implied, are made as to its accuracy or completeness, or to the conclusions drawn. Unless stated otherwise, the underlying assets have not been appraised. This Confidential Business Review may use the book value before depreciation as an approximate replacement cost but should be carefully reviewed during recipient's due diligence prior to acquisition. Inventory is assumed to be at cost. Management's estimates of value are accepted unless reasons exist to use another value, which will be noted.

The parties providing such information shall in no way be responsible for the content, accuracy, and truthfulness of such information. Any and all representations shall be made solely by the **ABC Business** as set for the in a signed acquisition agreement or purchase contract, which agreement or contract shall control as to representations and warranties, if any. By requesting this Confidential Business Review (CBR), the recipient acknowledges responsibility to perform a due diligence review prior to any acquisition of or business combination with Client Company.

Any Pro Forma Income Statements presuppose infusion of any necessary operating capital, adequacy of personnel, expertise at all levels of operations, and a firm dedication to attain growth. Such pro forma financial information and projections cannot anticipate economic, socioeconomic, and/or political factors, which might impact upon the expected growth.

This presentation assumes an acquisition of the assets of the business as the most common method of buying a business. While this eliminates many liabilities, some may be necessary to assume for the good of the business, i.e. warranty work, reworks, and product support. These liabilities, if known, may affect the value of the business, but a buyer must analyze the true benefit or cost of these or other contingent liabilities for themselves.

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02

BUSINESS OVERVIEW

ABC Business
Listing #123-4567
Listing Price: **\$50,000,000**

Years in Business: 22 Years

Legal Organization Type: S-Corporation

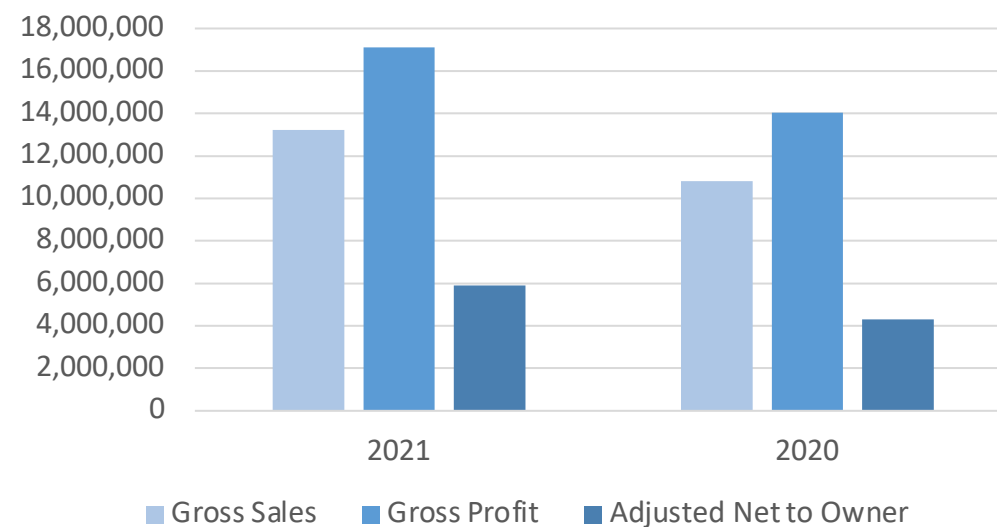
Hours of Operation:

Monday through Friday 8:00am – 11:00pm

Saturday 9:00am – 10:00pm

Sunday 12:00pm – 11:00pm

Post Sale: Seller willing to say on to train for 30 days post sale and ongoing for an agreed upon consulting fee. Non compete within 500 miles for 120 months





ABC BUSINESS' STRENGTHS

- ▶ ABC Business is one of the largest property management companies in the Pacific Northwest with over 400 properties available for short-and-long term rental.
- ▶ The Pacific Northwest is a desirable destination offering rental revenue for property owners year-round.
- ▶ The company built their own proprietary reservation management system that gives them a competitive advantage and ongoing cost savings.
- ▶ With 22+ years in business, ABC has an established digital presence with an updated, easy to navigate website, active social media and 2,000+ online reviews
- ▶ This business offers ongoing growth opportunities due to the vacation rental industry's rapid growth. Travelers are looking for a 'home away from home', an escape from all the hustle and bustle of their busy lives and ABC's luxury cabins offer just that.
- ▶ The seller of this business is not involved in the day-to-day operations of the business. The full management team is set to stay post sale.

EXECUTIVE SUMMARY

Business Description

ABC Business is a full-service marketing and management company for rental properties.

At ABC, the property homeowners are referred to as ‘partners’ and the valued relationships they build with those partners is of the utmost importance. The homeowners know that they are an integral part of the business and are always treated with the respect that is deserving of a family member.

The staff at ABC is there to provide the best guest experience. This includes assisting both the homeowners and the guests with anything related to lodging, marketing and maintenance at the properties. Homeowner reinvestment is an important part of maintaining a vacation home that guests will return to again and again, and ABC is there to help with those efforts.

All of the properties within ABC’s portfolio are actively marketed for both organic and paid campaigns. Guests are serviced from booking to check out via a guest services office in Index. Reservations, housekeeping, accounting, maintenance dispatching, pest control, lawn care, laundry service, trash pick up, minor and major repairs, etc. are all part of active property management. ABC can help coordinate improvements, renovations, staining, refurnishing, or just about anything a property might need.

By providing clear direction and developing an understanding of the business of hospitality, ABC’s systems and processes encourage growth and maximize the performance of each property to the benefit of the partner and the company.

KEY HIGHLIGHTS

\$13,222,586.00
2021 Revenue

29
Years Established

\$5,896,812
2021 SDE

EXECUTIVE SUMMARY

Business History

ABC Business, like many great companies, was conceived from a need. The founder purchased and built a couple cabins for overnight rental in the mountains. After some less than satisfactory experiences with local property managers, the owner quickly realized the need for better marketing and management in the area. Already the owner of a computer software programming and hardware sales business, he recognized the opportunity and founded ABC Business.

From those unexpected beginnings with just a couple of cabins and a good idea, ABC Business led Pacific Northwest's charge into internet marketing, online reservations, and full-service property management. Looking back 22 years ago there were no pre-packaged software solutions for reservations, accounting, and online sales. As a result, ABC wrote their own. Those proprietary operating systems have been developed and improved consistently over the last 20 years and are still in use by the company today offering a competitive advantage and ongoing cost savings to ABC.

Today, more than two decades later, ABC is widely regarded as the leading property management and marketing company in the Pacific Northwest.



"My entire family loved the cabin! What a great weekend. One of the best trips to the PNW that we've ever had!"

-Google Review

KEY INVESTMENT HIGHLIGHTS

ABC Business has strong investment potential. With over 22 years of experience in the industry, ABC Business has developed into a very successful business with a flawless reputation in the region they serve.



PRODUCTS / SERVICES

Very Strong And
Competitive Property
Portfolio



TECHNOLOGY

Proprietary Reservation
System For Increased
Bookings



PROJECTIONS

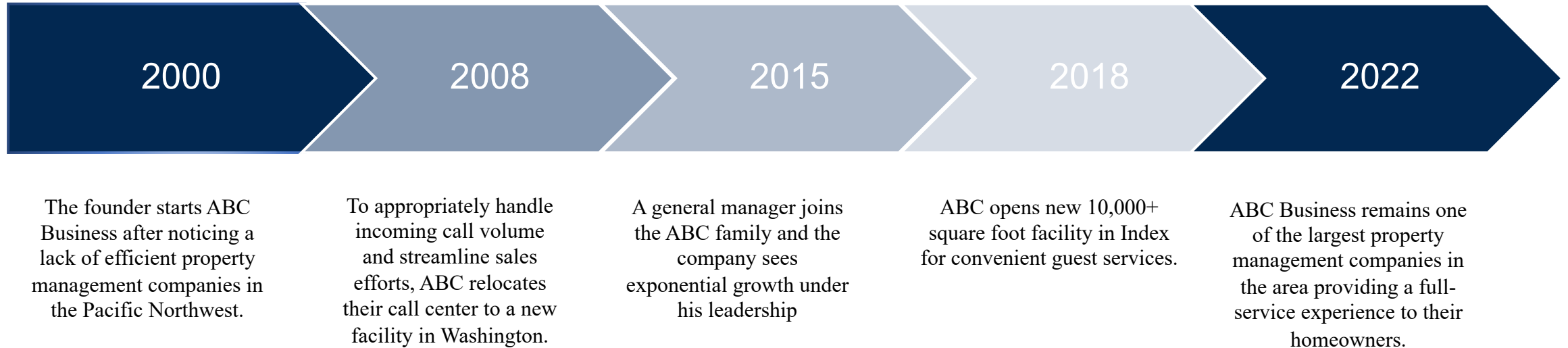
Healthy Financial Position
And Strong Growth
Projections



CUSTOMERS

Solid Customer Base And
Wide Geographical
Presence

BUSINESS TIMELINE



BUSINESS MODEL

Every step of the business model at ABC was thoughtfully developed and is thoroughly maintained from the team of dedicated reservation staff to a comprehensive paid and organic marketing program for online reservations. Everything is tracked and analyzed to produce the most efficient system it the business.

1



2

HOMEOWNERS JOIN ABC

With an established reputation and positive word of mouth throughout the local community, homeowners approach ABC to use their service.

RENTAL PROPERTY MARKETED

Through an updated website and various digital marketing efforts rental properties are marketed to vacationers.

3



4



5

RENTAL PROPERTY BOOKED

Rentals are booked via a website payment platform or by phone with the customer service team. ABC accepts VISA, MC, AMEX for bookings.

PARTNER (HOMEOWNER) PAID

Partners are paid their agreed upon portion of the rental income from their properties by the 15th of each month.

ABC KEEPS PERCENTAGE OF RENTAL INCOME

ABC keeps 30% of the rental income for every booking made through their service.

SERVICE HIGHLIGHTS



Professionally Staffed Reservation Department

- Professionally trained reservationists with one focus – booking properties.
- A reservation system proven to generate twice the national average of reservations booked per phone call taken.
- Technologies to track and rank leads for staff to follow up on. The reservation team works hard to convert every call.



Total Transparency through Advanced Technology

- All property owners have access to an "Owner's" page at abcbusiness.com to keep track of all future, past and current revenue by month.
- Reservations, expenses, maintenance requests and internal staff notes all within an easy-to-use portal.
- For additional support all homeowners are privy to ABC's managers' contact information



Property Protection and Reliable Payments

- Comprehensive Property Protection to protect guests and homeowners from unintentional, non-negligent, damage to the property and its contents
- Rental revenue is paid to homeowners every month on or before the 15th for the previous month's rentals.
- Funds are transferred by paper check included with the monthly statement, or by direct deposit.

PROPERTY PORTFOLIO



Rental #1

Luxury 2-bedroom,
2-bathroom real log cabin,
conveniently located near
Packwood amenities.

Weekly rental: \$1,500 - \$3,000



Rental #2

One of a kind 3-bedroom, 2-
bathroom with soaring 30 ft tall,
hand-carved log-beam cathedral
ceilings with floor-to-ceiling
windows. Minutes to the national
park entrance.

Weekly rental: \$1,595 - \$3,350



Rental #3

The first log home in an exciting
new development. 3-bedroom, 3-
bathroom with views overlooking
the surrounding mountains.

Weekly rental: \$1,800 - \$4,000

KEY MANAGEMENT

There are many valuable staff members working behind the scenes to make each and every investment property, and this company a huge success. The management team leads internal efforts to grow the business while also corresponding directly with the homeowners for day-to-day tasks



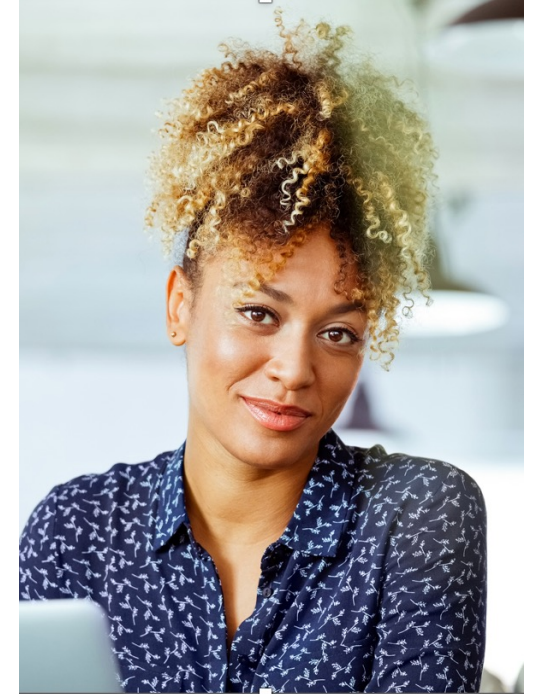
LISA SMITH
GENERAL MANAGER

Tenure: 11 years
They manage both offices, homeowner communication, recruitment, construction and maintenance solutions.



RYAN TURNER
CHIEF FINANCIAL OFFICER

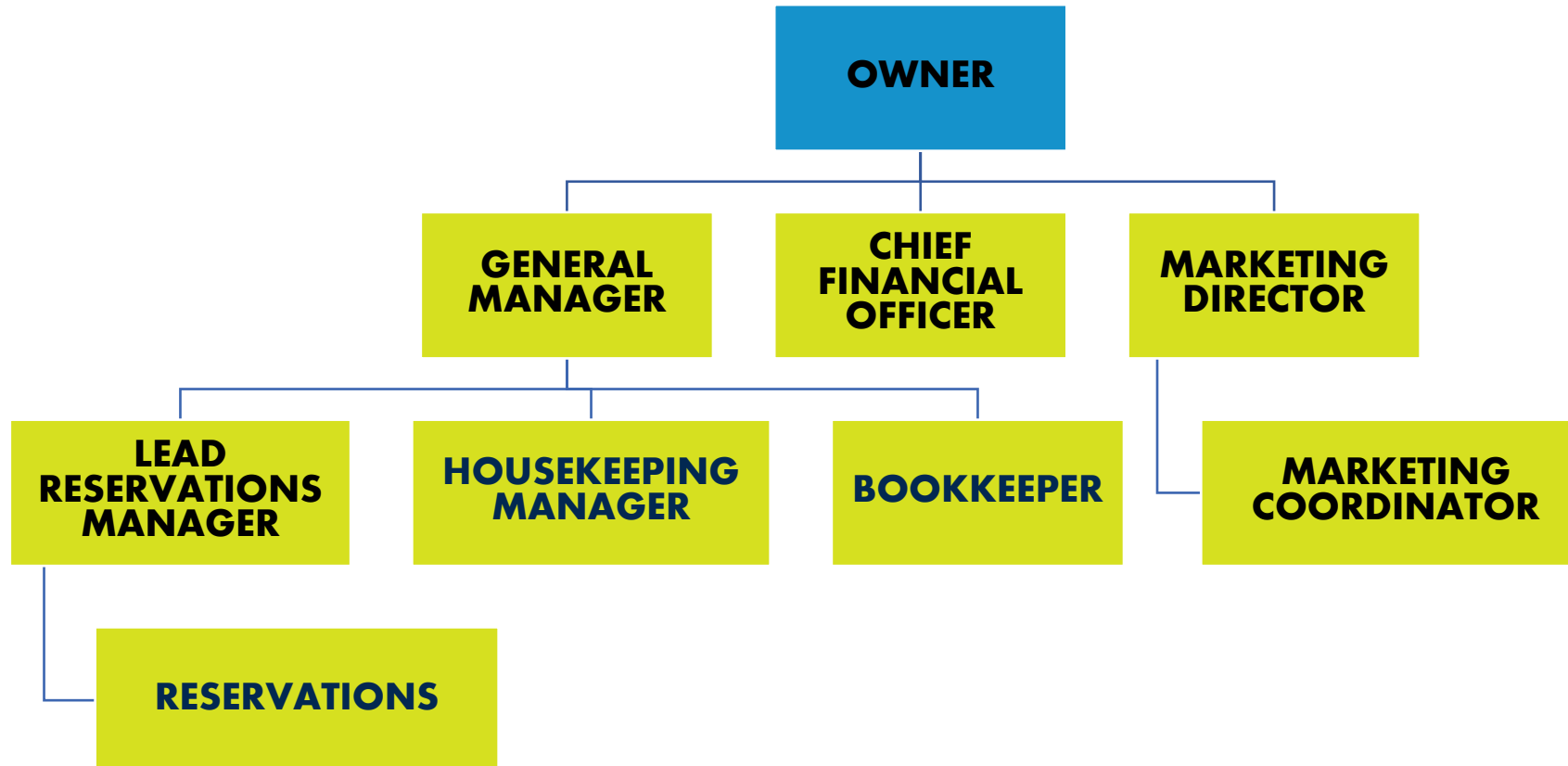
Tenure: 8 years
They are responsible for the accounting department, tax and government filings, monthly statements and deposits.



DENISE CONNOR
MARKETING COORDINATOR

Tenure: 15 years
They oversee the maintenance of ad campaigns, the operating system and servers and web programming.

ORGANIZATIONAL CHART



MARKETING & ONLINE PRESENCE

CURRENT MARKETING EFFORTS

ABC business is a top presence on all the major search engines. This guarantees the homeowners within their platform premium exposure for their properties. The in-house marketing experts are consistently operating a myriad of advertising platforms, landing pages, and search tools to maintain the impressive internet presence. Included in the digital marketing efforts, ABC focuses on partnerships with a variety of secondary advertisers including Trip Advisor, Yelp, Resort and Lodges, local travel sites and many more. There are positive online ratings and feedback on BBB, Yahoo Travel, Trust Pilot, and Shopper Approved - Google: 4.5 stars (2,852 reviews) and Facebook: 4.8 stars (2,500 votes).

ABC business has an updated website with easy navigation and booking processes to make shopping properties and booking easy for guests. Advanced search options are offered within the site by any number of criteria to help narrow property choices. Searches rotate hourly so all properties get fair exposure on the site

Outside of digital marketing magazine, radio, and tv ads are also used.

WEBSITE & SOCIAL MEDIA

www.abcbusiness.com

 @abcbusiness

 @abcbusiness



ABC Business



@abcbusiness



@abcbusiness

35,000 total followers across
all social media platforms



03

LOCATION, DEMOGRAPHICS & INDUSTRY

INDUSTRY OVERVIEW

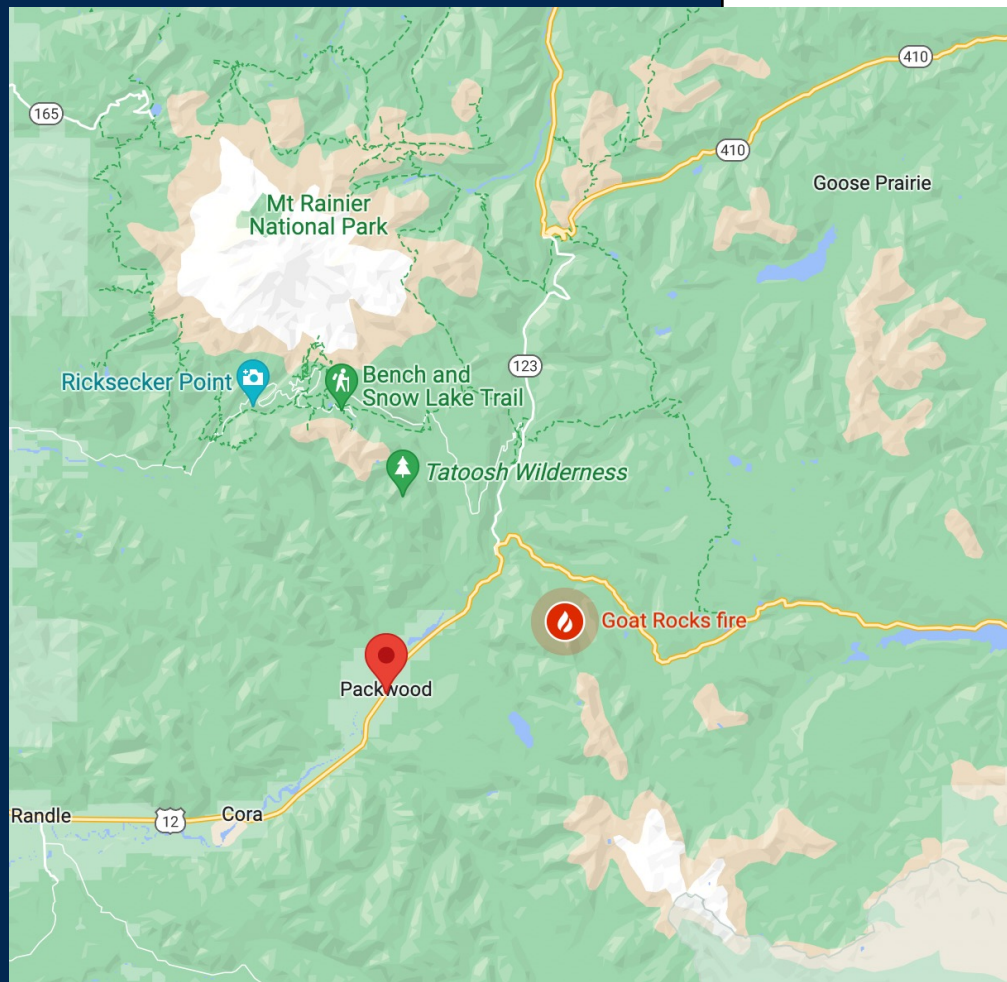
The US property market continues to change. After a rapid period of growth, new construction appears to be tapering off of late. An economic and housing market downturn would be unfortunate, however demand for rental property will not abate anytime soon. Low supplies, lower construction, and intense demand from buyers shut out of the purchase market should make rental property investment even more attractive compared to other opportunities.

Growth in investment and in new rental property portfolios will drive demand for property management companies and new software technology in the second half of 2022 and in 2023.

Source: [The US Rental Property Market Outlook](#)



LOCATION & DEMOGRAPHICS



Locations

With over 400 incredible properties, famously great prices and outstanding customer service, ABC Business is the most trusted resource for Packwood and Port Angeles cabin rentals.

Packwood, WA

- Packwood is less than an hour drive to Mt. Rainier National Park.
- Packwood offers the seclusion of cabin in the woods living with many outdoor and Pacific Northwest amenities.

Port Angeles, WA

- Port Angeles, located in the Olympic Peninsula, is the gateway to Olympic National Park, the most visited national park in Washington.
- The area has become a major tourist destination with more than 2 million people visiting each year.

Area Demographics

2020 POPULATION: 294

2020 POVERTY RATE: 22.8%

2020 MEDIAN HOUSEHOLD INCOME: \$31,950

2020 MEDIAN PROPERTY VALUE: \$165,000

2020 MEDIAN AGE: 66.8



FACILITIES

COMPANY ADDRESS

123 Main St, USA

FACILITY TYPE

Standalone Building

SIZE OF LOCATION

10,000+ square feet

LEASED OR OWNED

Property is owned

OPTION TO PURCHASE

Yes

GUEST SERVICES / LAUNDRY / HOUSEKEEPING FACILITY

ABC has a conveniently located office complex in Index for guest services. While most of the guests enjoy the convenience of a ‘hassle free’ (no contact) check-in, this location allows the company to provide personal service that some guests prefer.

The building also has a state-of-the-art laundry facility where all laundry for all properties is processed in-house.

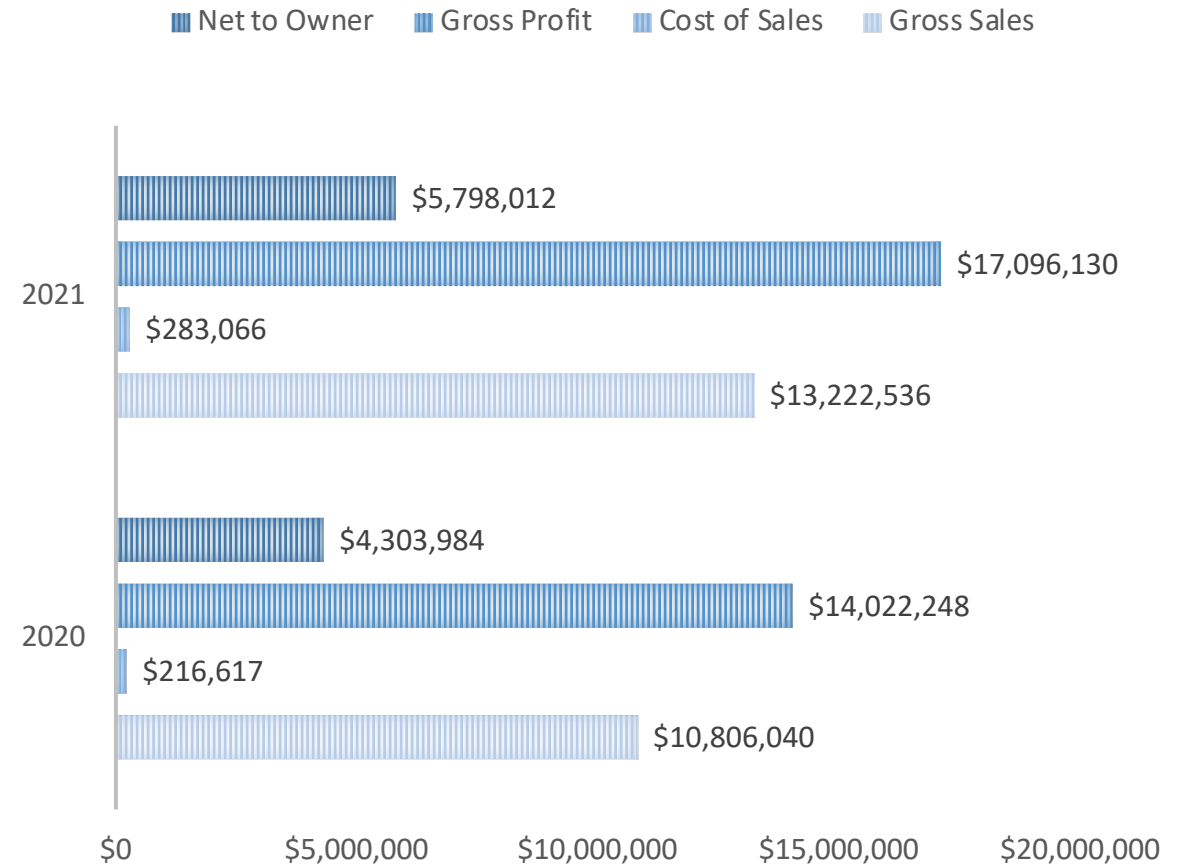
RESERVATIONS AND ACCOUNTING OFFICE

Due to the high volume of reservation calls the reservations staff is in a separate location in Washington, where they handle all reservation calls. Without the distractions of normal office calls the reservationists can take more time with the potential guests, helping them to tailor their vacation needs to the perfect rental property.

04

FINANCIALS

The following financial information has been secured from the seller of ABC Business. Top US Business Broker in no way guarantees the accuracy of such information, nor does it warrant any assumptions as true and correct. The seller agrees that this information and other documentation will be made available through broker. The seller has authorized the broker to disclose this information to any prospect.



P&L YTD 2022

XYZ HVAC Company Recast Income Statement Year: 20XX Data Source: Tax Return

	Original	Add Backs		Notes
Income				
Gross Sales	\$1,400,000	-	\$1,400,000	
Returns and Allowances	\$50,000	-	\$50,000	
Total Income	\$1,450,000	-	\$1,450,000	
Cost of Sales				
Cost of Goods Sold	\$450,000	-	\$450,000	
Gross Profit	\$1,000,000	-	\$1,000,000	
Expenses				
Officer's Salary	\$120,000	\$120,000	-	A - officer's salary
Salaries and Wages	\$500,000	-	\$500,000	
Repairs & Maintenance	\$6,000	-	\$6,000	
Rents	\$45,000	-	\$45,000	
Taxes and Licenses	\$65,000	\$17,000	\$48,000	B - payroll taxes
Charitable Contributions	\$3,000	\$3,000	-	C - discretionary
Insurance	\$35,000	-	\$35,000	
Large Tools	\$13,000	\$10,000	\$3,000	D - equipment loss
Small Tools	\$2,500	-	\$2,500	
Depreciation	\$25,000	\$25,000	-	E - see notes
Utilities	\$18,000	-	\$18,000	
Telephones	\$6800	\$1,800	\$5,000	F - personal phone
Fuel	\$24,000	\$5,000	\$17,000	G - personal fuel
Interest Expense	\$1,200	\$1,200	-	H - see notes
Other Expenses	\$10,500	-	\$10,500	
Total Expenses	\$875,000	-	\$690,000	
SDE	\$125,000		\$310,000	

P&L 2021

XYZ HVAC Company Recast Income Statement Year: 20XX Data Source: Tax Return

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P&L 2020

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Total Expenses	\$875,000	-	\$690,000	
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P&L 2019

XYZ HVAC Company Recast Income Statement Year: 20XX Data Source: Tax Return

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05

BUSINESS VALUATION

The sale will be an asset sale.

The listing price is \$50,000,000

Small Business Valuation

November 10, 2011

Revenue for the year \$120,000

Business Expenses for the Year

Advertising	\$1,000	Pension and profit sharing	
Car and truck expenses	\$500	Rent	
Fees	\$2,000	Other leases	\$500
Depreciation	\$5,000	Repairs	
Employee benefit programs		Maintenance	
Insurance (other than health)	\$2,000	Supplies	\$1,000
Interest		Taxes and licenses	
Legal and professional		Travel, meals, etc.	\$2,000
Office Expense		Utilities	\$2,000
Wages		Other	
		Total Expenses	\$16,000

Net Income or (Net Loss) \$104,000

Business Valuation

Percentage of Gross Sales		Net Income Multiplier	
Enter % of Gross Sales	75%	Enter Net Income Multiplier	2.00
Business Value	\$90,000	Business Value	\$208,000
Monthly Sales Multiplier		FMV of Assets Plus % of Gross Sales	
Monthly Sales	\$10,000	Fair Value: Inventory	\$100,000
Monthly Sales Multiplier	8.00	Fair Value: Fixed Assets	\$50,000
Business Value	\$80,000	Enter % of Gross Sales	75%
		Business Value	\$228,000

MEET YOUR BROKER

TOP US BUSINESS BROKERAGE

Alyssa is a Certified Business Intermediary (CBI) through the International Business Brokers Association. She is a business-savvy advisor to mature businesses as well as a trusted counselor to the business community assisting visionary entrepreneurs to sell, acquire, and establish new businesses. Inspired by the business communities in Florida, New Jersey, Pennsylvania, Massachusetts, and Colorado, Alyssa works hard to help business owners navigate the challenges involved in selling their companies. Her experience falls into a wide variety of industries including B2B & B2C services, construction, manufacturing, distribution, and professional services. This knowledge combined with her role as a business owner of over 10 companies allows her to offer clients a unique combination of service and perspective.

ALYSSA SMITH, BUSINESS BROKER

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