



SUMMARY FACT SHEET

S & K/AIR POWER - LEADING NATIONWIDE INDUSTRIAL AND CONTRACTOR SUPPLY HOUSE

Business and Opportunity Description

S & K/Air Power (the “Company”) is a leading nationwide industrial and contractor supply house specializing in the sales, rental, and repair of tools and equipment to a variety of major markets. These markets include power stations, refineries, heavy manufacturing, light assembly, and mechanical and electrical contractors. The Company has locations in Illinois and Indiana to service its customer base.

In early 2019, the Company discovered that a former employee allegedly redirected a substantial amount of funds outside of the business for personal use. This apparent embezzlement caused significant cash constraints on the Company and its vendors. Until recently, the Company was able to produce over \$1.0 million of revenue per month, however, vendor pressure and a lack of inventory has hurt sales and caused the Company to undergo an Assignment for the Benefit of Creditors in Illinois.

Transaction Overview

On August 26, 2019 Robert Handler was appointed Trustee-Assignee of the Company. Handler will be selling the combined assets of the Company. The sale will be free and clear of all liabilities and will take place on or about September 18, 2019 with a closing scheduled on or prior to September 20, 2019.

No contact with the Company or its employees is permitted without the expressed written consent of the Trustee-Assignee. All buyer visits will be arranged by the Trustee-Assignee and hosted jointly by a Trustee-Assignee representative and the Company.

Parties interested in pursuing this transaction may be required to submit a brief, non-binding proposal detailing preliminary valuation of the Company and a suggested transaction structure, as well as evidence of sufficient funds to finance the transaction. This process is designed to maximize efficiency for both the buyer and the seller. See attached notice of auction for additional details.

Summary Financial Information (\$000’s)

	Reviewed	Reviewed	Internal	Internal	Accounts Receivable (8/23/2019)		Trustee-Assignee	
Values (\$000’s)	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	CURRENT	764.5	Liquidation Values	
Net Sales	19,591	15,410	14,208	13,639	31 - 60D	201.0	8/23/2019	
Cost of Sales	<u>15,035</u>	<u>11,710</u>	<u>10,668</u>	<u>9,932</u>	61 - 90D	235.4	Total A/R	900.0
Gross Profit	4,556	3,700	3,540	3,706	OVER 90D	93.4	Inventory	250.0
SG&A Expense	<u>4,077</u>	<u>3,765</u>	<u>3,160</u>	<u>3,282</u>	Total A/R	1,294.3	Equipment	400.0
EBITDA					Total Inv	1,046.5	Total	1,550.0
					BV Equipment	424.4		
					Total Asset Value	2,765.2		

Additional Information

Company in detail is available for your review, pending our receipt of a signed Confidentiality Agreement. To learn more about this opportunity, please contact: **Robert Handler** or **John Servatius** at Commercial Recovery Associates, LLC, (312) 845-5001; rhandler@com-rec.com; jservatius@com-rec.com

AUCTION OF THE ASSETS OF
S&K ACQUISITION CORP. AND S&K AIR POWER LEASING INC.

Sale of Property: On September 18, 2019 at 10:00 a.m. at the offices of Commercial Recovery Associates, LLC, located at 205 West Wacker Drive, Suite 1818, Chicago, IL 60606, Robert Handler (the "Trustee/Assignee"), as Trustee/Assignee for the Benefit of Creditors of S&K Acquisition Corp and S&K Air Power Leasing Inc. (the "Companies") will conduct an auction sale (the "Auction") of the Companies' tangible and intangible assets, consisting primarily of inventory, accounts receivable, property plant and equipment, office furniture and equipment, trade fixtures, customer information and marketing materials and brochures ("Sale Assets"), a list of which the Trustee/Assignee will make available to potential bidders.

Terms and Conditions of Sale: The Sale Assets will be offered on an "AS IS" "WHERE IS" basis. The Company leases facilities in Mattoon, IL, Decatur, IL, Indianapolis, IN and Evansville, IN.

The Trustee/Assignee and a prospective purchaser (the "Initial Bidder") have entered into an Asset Purchase Agreement for the Sale Assets (the "APA"), which governs the Initial Bidder's offer to purchase all of the Sale Assets. Pursuant to the terms of the APA, the Initial Bidder has made an offer to purchase the Sale Assets for \$1,300,000 subject to final adjustment as outlined in the APA one business day prior to Auction. The APA shall be subject to any higher and better bid by other bidders (the "Competitive Bids").

All Competitive Bids must satisfy the following requirements on or before **4:00 p.m. CST on September 17, 2019**. Competitive Bids must be submitted in the form provided by the Trustee/Assignee (the "Bidder Form APA") which will be in substantially the same form as the APA. The purchase price of any Competitive Bids shall be payable in cash at the closing and shall not be less than \$75,000 more than the price outlined in the APA (the "Overbid"). If Competitive Bids submitted by qualified bidders are timely submitted, bidding will thereafter proceed in minimum bid increments of \$25,000 or such other increments as the Trustee/Assignee shall announce at the Auction. All Competitive Bids must be accompanied by a deposit to be tendered to the Trustee/Assignee of cash or cash equivalent equal to 10% of the Competitive Bid (the "Deposit"), to be held by the Trustee/Assignee and credited against the purchase price if the maker of a Competitive Bid becomes the successful bidder, and to be returned to such bidder within 48 hours of the conclusion of the Auction if such bidder does not become the successful bidder. The balance of the successful bidder's purchase price must be paid by the successful bidder by cashier's or certified check at closing, which is anticipated to occur on September 20, 2019. If a successful bidder fails to pay the balance of his or her successful bid, the bidder's Deposit will be forfeited, and the Sale Assets may, at the Trustee/Assignee's option, be sold to the next highest bidder.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

EXCEPT AS EXPRESSLY SET FORTH IN THE APA, THE SALE ASSETS ARE TO BE SOLD "AS IS" AND "WHERE IS" WITH NO EXPRESS OR IMPLIED WARRANTIES, REPRESENTATIONS, STATEMENTS OR CONDITIONS OF ANY KIND OTHER THAN TITLE.

FOR FURTHER INFORMATION CONCERNING THE AUCTION,
OR TO ARRANGE FOR AN INSPECTION OF THE PROPERTY CONTACT:

Rick Rein
Horwood Marcus & Berk Chartered
500 West Madison Suite 3700
Chicago, IL 60661
312-606-3227
Attorney for the Trustee/Assignee

Robert P. Handler
Managing Partner and Trustee/Assignee, or
John Servatius
Senior Director
Commercial Recovery Associates, LLC
205 West Wacker Drive, Suite 1818
Chicago, IL 60606
(312) 845-5001