
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 17, 2021

McGRATH RENTCORP

(Exact name of registrant as specified in its Charter)

California
(State or other jurisdiction of incorporation)

0-13292
(Commission
File Number)

94-2579843
(I.R.S. Employee
Identification No.)

5700 Las Positas Road, Livermore, CA 94551-7800
(Address of principal executive offices)

(925) 606-9200
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock	MGRC	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Security Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On May 17, 2021, McGrath RentCorp (the “Company”) completed the purchase of substantially all of the assets of Design Space Modular Buildings PNW, LP, a Nevada limited partnership (“Seller”), pursuant to the previously announced asset purchase agreement, dated May 10, 2021, by and between Seller and the Company (the “Asset Purchase Agreement”).

Pursuant to the terms and conditions of the Asset Purchase Agreement, the Company acquired substantially all of the assets of the Seller for total consideration consisting of (i) the Company’s assumption of certain liabilities relating to the Business and (ii) a cash payment in the amount of \$260 million. The cash portion of the consideration will be subject to certain post-closing adjustments for net working capital, certain qualified purchases of equipment made by the Seller prior to closing, certain transaction expenses to be borne by Seller, and expenses for the continuation of Seller’s current employee benefit plans to be borne by the Company.

A description of the Asset Purchase Agreement was previously included in the Company’s Current Report on Form 8-K filed on May 13, 2021, which description is incorporated herein by reference. This description of the Asset Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Asset Purchase Agreement, a copy of which is attached as Exhibit 2.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 2.01.

Item 7.01 Regulation FD Disclosure.

On May 17, 2021, the Company issued a press release announcing its completion of the acquisition pursuant to the terms of the Asset Purchase Agreement. A copy of this press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 7.01.

This Item 7.01 and Exhibit 99.1 to this Current Report on Form 8-K are furnished to, but not filed with, the Securities and Exchange Commission, and shall not be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
2.01	<u>Asset Purchase Agreement, dated as of May 10, 2021, by and between Design Space Modular Buildings PNW, LP and McGrath RentCorp.*</u>
99.1	<u>Press release issued by McGrath RentCorp on May 17, 2021.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Previously filed on Current Report on Form 8-K on May 13, 2021.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

McGRATH RENTCORP

Dated: May 17, 2021

By: /s/ Keith E. Pratt
Keith E. Pratt
Executive Vice President and Chief Financial Officer

PRESS RELEASE

5700 Las Positas Road
Livermore, California 94551
925-606-9200



FOR RELEASE MAY 17, 2021

McGrath RentCorp Completes Acquisition of Design Space Modular Buildings

LIVERMORE, CA – May 17, 2021 – McGrath RentCorp (the “Company”) today announced it has completed its previously announced acquisition of Design Space Modular Buildings PNW, LP (“Design Space”), for a cash purchase price of \$260 million, subject to certain adjustments. Design Space is a leading modular building and portable storage provider in the Western U.S. and its network of 15 branches and over 100 employees serves diverse end markets, including construction, government, education and commercial.

TRANSACTION HIGHLIGHTS:

- Expands geographic coverage of McGrath RentCorp’s Mobile Modular division across the Western U.S. with an immediate addition of 15 established branches across 8 states.
- Joins together Design Space’s and Mobile Modular’s shared commitment to superior customer service and high fleet quality.
- Positions for longer term revenue growth synergies from combined sales resources and new fleet capital investments in growth markets.
- Creates opportunities for operational cost savings from optimization of combined fleet in California.
- The transaction is expected to be accretive to EPS and free cash flow upon close. McGrath RentCorp plans to update its 2021 financial outlook to reflect the combined operations when it releases financial results for the quarter.

“Our acquisition of Design Space is highly complementary to our modular building rental business,” said Joe Hanna, President and CEO of McGrath RentCorp. “With the acquisition now completed, we will turn our collective energy to completing a successful integration process. We look forward to building on Design Space’s success and achieving future growth together. We are excited to start working with our new team members.”

Co-owners of Design Space, Paul McShane, CEO, and Tony Esernia, founder, commented, “We are extremely pleased to see Design Space combine with McGrath RentCorp, an organization that shares our same operating philosophy and customer centric approach. Importantly, we are excited for our employees to have the opportunity to become part of this world-class organization.”

ADVISORS

Kirkland & Ellis LLP acted as McGrath RentCorp’s legal advisor in the transaction. Oppenheimer & Co., Inc. served as exclusive financial advisor to Design Space and Jackson Walker LLP acted as Design Space’s legal advisor.

ABOUT MCGRATH RENTCORP

Founded in 1979, McGrath RentCorp (Nasdaq: MGRC) is a diversified business-to-business rental company providing modular buildings, electronic test equipment, portable storage and tank containment solutions across the United States and other select North American regions. The Company’s rental operations consist of four divisions: Mobile Modular rents and sells modular buildings to fulfill customers’ temporary and permanent classroom and office space needs; TRS-RenTelco rents and sells electronic test equipment; Adler Tank Rentals rents and sells containment solutions for hazardous and nonhazardous liquids and solids; and Mobile Modular Portable Storage provides portable storage rental solutions. For more information on the Company and its operating units, please visit our websites:

Corporate – www.mgrc.com

Modular Buildings – www.mobilemodular.com

Electronic Test Equipment – www.trsrentelco.com

Tanks and Boxes – www.adlertankrentals.com

Portable Storage – www.mobilemodularcontainers.com

School Facilities Manufacturing – www.enviroplex.com

ABOUT DESIGN SPACE

Design Space – www.designspacemodular.com

CONTACT:

Keith E. Pratt
EVP & Chief Financial Officer
925-606-9200

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, known as the PSLRA. Forward-looking statements involve significant risks and uncertainties that may cause actual results to differ materially from such forward-looking statements. These statements are based on current plans, estimates and projections, and, therefore, you should not place undue reliance on them. No forward-looking statement, including any such statement concerning the completion and anticipated benefits of the proposed transaction, can be guaranteed, and actual results may differ materially from those projected. Forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about the business and future financial results of the equipment rental industries, and other legal, regulatory and economic developments. The Company and Design Space use words such as “anticipates,” “believes,” “plans,” “expects,” “projects,” “future,” “intends,” “may,” “will,” “should,” “could,” “estimates,” “predicts,” “potential,” “continue,” “guidance” and similar expressions to identify these forward-looking statements that are intended to be covered by the safe harbor provisions of the PSLRA. Actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including, but not limited to, those described in the SEC reports filed by the Company, as well as the possibility that (1) the duration of the COVID-19 pandemic, its economic impact, the extent and length of the shelter-in and other restrictions associated with COVID-19 pandemic and its effect on the education and commercial markets in which the Company’s modular building division operates; (2) problems may arise in successfully integrating the businesses of the Company and Design Space, including, without limitation, problems associated with the potential loss of any key employees of Design Space; as well, the impact of the transaction or any adverse effects of the transaction on the Company’s ability to maintain relationships with customers, employees and suppliers, or the inherent risk associated with expanding into a new geographic is uncertain; (3) the transaction may involve unexpected costs, including, without limitation, the exposure to any unrecorded liabilities or unidentified issues that the Company failed to discover during the due diligence investigation of Design Space or that are not covered by insurance, as well as potential unfavorable accounting treatment and unexpected increases in taxes; (4) the industry may be subject to future risks that are described in the “Risk Factors” section of the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the SEC by the Company. Neither the Company nor Design Space give any assurance that they will achieve their expectations, and they do not assume any responsibility for the accuracy and completeness of the forward-looking statements.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties that affect the businesses of the Company described in the “Risk Factors” section of the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the SEC by the Company. This press release is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws. These forward-looking statements speak only as of the date hereof. Neither the Company nor Design Space undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional Information and Where to Find It

This press release is for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell securities. The Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed by, or caused to be filed by, the Company with the SEC will be available at no charge on the SEC’s website at www.sec.gov. In addition, these materials may be obtained for free (when available) in the investor relations section of the Company’s website at <https://investors.mgrc.com/financial-information/sec-filings>.