

Sandman Holding Company LLC

Revised Use of Funds – Acquisition & Equity Development Plan

Property Valuation Basis

The \$5,000,000 DSCR-backed acquisition loan is secured by the underlying real estate, which has been valued at **\$7,210,000** using a **7.49% cap rate** and **\$45,000/month NOI**. This valuation establishes a conservative **~70% LTV**, supporting lender requirements.

Use of Funds – \$5,000,000 DSCR Acquisition Loan

This breakdown outlines precisely how Sandman Holding Company will allocate the **\$5,000,000 DSCR loan** for the acquisition of the industrial property and land currently leased to Coastal Crypto.

Use of Funds Summary

1. Property Acquisition – \$4,500,000 (90%)

- Purchase of the 30-acre industrial property
- Includes the 88,000 SF data-center-ready building currently leased to Coastal Crypto
- Includes all land, utilities, infrastructure, and existing improvements

This acquisition secures ownership of the income-producing asset and establishes Sandman as the long-term lessor.

2. Closing Costs – \$500,000 (10%)

Approximately 10% of total loan allocation

- Loan origination fees
- Underwriting costs
- Appraisal & environmental reports
- Legal and title fees
- Transfer taxes, insurance, and recording fees
- Due diligence & administrative costs

These costs ensure a clean, insurable title transfer and a fully compliant DSCR closing.

Total Loan Amount: \$5,000,000

- **100% allocated**
 - **Property valuation: \$7.21M**
 - **LTV: ~69–70%**
 - **Backed by Coastal Crypto's \$45,000/mo lease ensuring DSCR strength**
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Section 2 – \$10,000,000 Equity Raise (Development & Expansion)

Sandman Holding Company will raise **\$10 million in equity** to expand the site into a multi-building, multi-megawatt digital infrastructure campus.

Use of Equity Funds

****1. Construction of Two Pad-Ready Industrial Sites – \$4,500,000**

- Two 90,000 SF pad-ready sites (180,000 SF total)
- ~\$25 per sq ft pad preparation
- Engineered for 53-foot ASIC trailer units and future steel structures
- Includes grading, compaction, drainage, utilities, conduit, foundation prep, and road access

****2. Power Infrastructure Expansion & Node Upgrade – \$3,500,000**

- Power distribution to Pads B & C
- Switchgear, transformers, high-capacity busways
- Redundant circuits for ASIC trailer units
- Petitioning utility for 50–100MW node to support 33MW per building
- Includes engineering studies and permitting fees in each new building

****3. Building A (Existing Coastal Crypto Facility) Upgrades – \$1,200,000**

- Electrical modernization for 33MW readiness
- Integration of ASIC trailer docking systems
- Cooling and airflow expansion
- Structural reinforcements and server-grid alignment

****4. Site Infrastructure Enhancements – \$800,000**

- Security fencing and gated access
- Surveillance coverage for entire 30 acres
- Road improvements for 53-foot trailer ingress/egress
- Concrete pads and anchoring for ASIC trailer cages for truck ingress/egress

5. Power Capacity Petition & Node Expansion – Included

Sandman will petition the local utility to upgrade the site's node to **50MW or 100MW**, enabling:

- 33MW per building
 - Full independence of each building's electrical supply
 - Long-term scalability for AI, HPC, and crypto clients
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Combined Capital Plan – Proof of Use of Funds

\$5,000,000 (Debt – DSCR Loan) – Acquisition Phase

- \$4,500,000 → Purchase of property & building
- \$500,000 → Closing costs (~10%)

\$10,000,000 (Equity Raise) – Development Phase

Breakdown:

- \$9.9M → Construct two 90k SF buildings + full power loading
 - \$250k → Building A upgrades
 - \$350k → Security fencing, campus improvements
 - Included → Power node expansion petition, ASIC cage systems, truck-bay integration
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Outcome of Capital Deployment

Upon completion:

- Sandman will operate a **three-building**, high-density digital infrastructure campus
 - Total improved square footage: **~268,000 SF**
 - Total power potential: **50–100MW** (post-utility approval)
 - Coastal Crypto expands into Buildings B and C
 - ASIC towers, server grids, and mobile data-center trucks are fully supported
 - Property valuation trajectory aligns with the 2026–2030 pro forma
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: \$5,000,000**

- **100% allocated**
 - **Fully collateralized by the real estate asset**
 - Supported by Coastal Crypto's existing **\$45,000/month lease**, ensuring strong DSCR performance
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If you'd like, I can now create:

- A matching **Sources & Uses Table**
- A lender-ready **Loan Request Page**
- A visual chart for the pitch deck
- A combined section for the Offering Memorandum