

Sandman Holdings Lender & Investor

Executive Summary

Coastal Crypto Mining Co. ("Coastal Crypto") is a U.S.-based Bitcoin mining and data center operator. The company currently operates a 1.5 megawatt (MW) facility that generates approximately \$100,000–\$200,000 per month in net operating income after power costs. Coastal Crypto is seeking a \$10,000,000 equity raise to expand its infrastructure and power capacity to 30 MW.

Using production data and projections provided by management, as well as internal performance at 1.5 MW, the expansion is expected to increase daily Bitcoin production from approximately 0.04 BTC/day to 0.81 BTC/day, which at a current reference price of \$75,000 per Bitcoin translates into roughly \$1.82 million per month or \$21.9 million per year in net profit, after power costs, at 30 MW.

This expansion leverages:

- Existing land, infrastructure, and operational expertise
- Bulk power purchasing that lowers per-unit energy cost
- Nearly linear scalability of mining output per MW

Post-expansion, conservative earnings multiples imply a potential valuation in excess of \$100 million, which provides a robust margin of safety and strong justification for the requested \$10 million in growth capital.

1. Problem / Opportunity

There is a growing demand for high-density digital infrastructure, low-cost power access, and industrial-zoned land capable of supporting multi-megawatt operations. Existing facilities in the region lack scalable power, acreage for expansion, and vertically aligned ownership structures, creating a high-value opportunity for Sandman Holdings.

2. Solution

Sandman Holding Company LLC will acquire and control a 30-acre site, lease it to Coastal Crypto for immediate cash flow, and expand the power and infrastructure to support up to 30 MW and multiple industrial facilities, creating a scalable digital-infrastructure campus.

3. Market & Industry

The digital-infrastructure sector—including Bitcoin mining, high-density compute, and server colocation—continues to grow as demand for low-cost power and industrial real estate increases. The site’s acreage and power potential position it competitively in a market where power availability is the primary limiting factor.

4. Business Model

Sandman generates revenue through:

- Property leasing to Coastal Crypto
- Electricity arbitrage (pre-purchasing at wholesale, reselling at higher rates)
- Future leases on three new industrial pads
- Long-term asset appreciation

5. Competitive Advantage

- 30 acres with 20+ acres developable
- Existing 1.5 MW operation with proven performance
- Ability to scale rapidly to 30 MW
- Strategic partnership with Titan Impact Group for capital raising
- Coastal Crypto’s active enterprise client contract

6. Traction & Validation

- Current operations generate \$100K–\$200K/mo at 1.5 MW

- Enterprise client under active service agreement
- Proven ability to scale MW-to-revenue performance

7. Team

Sandman Holdings, Coastal Crypto, and Titan Impact Group form a vertically integrated ownership, operations, and capital-raising ecosystem.

8. Financials (Summarized)

- Current BTC price assumption: \$75,000
- 30 MW projected annual revenue: ~\$21.9M
- Additional pads projected NOI: \$1.62M–\$2.34M
- 5-year valuation: \$30M–\$50M

9. Funding Request

- **Debt:** \$5M DSCR acquisition loan (1.23 DSCR)
- **Equity:** \$10M development raise (18% pref + 80/20 split)

10. Use of Funds

- Acquisition of property
- Power infrastructure expansion to 30 MW
- Pre-purchase electricity at wholesale rates
- Development of three additional income-producing pads

11. Exit Strategy

- Sale or refinance at \$30M–\$50M valuation
- Continued lease income and electricity resale models support long-term stability

Sandman Holding Company LLC is acquiring a 30-acre industrial property to serve as the foundation for a scalable, multi-phase digital-infrastructure development. The holding company will own the land, buildings, and power infrastructure, leasing the primary facility to **Coastal Crypto**, an established operator specializing in Bitcoin mining, server hosting, and data-center management.

This project combines:

1. **Property Ownership & DSCR-Based Acquisition** (\$5M debt request)
2. **Expansion Capital & Development Funding** (\$10M equity raise)
3. **Electricity Pre-Purchase & Wholesale Arbitrage Program**
4. **Long-term site expansion across 20+ developable acres**

The integrated structure creates layered, durable revenue streams ideal for lenders and investors.

Current Operations

- Coastal Crypto currently operates at **1.5 MW** of power usage.
- Monthly NOI at this level: **\$100,000–\$200,000**.
- With Bitcoin priced around **\$75,000**, production aligns with ~0.04 BTC/day and ~\$90,000/month revenue confirmation.

Sandman Holding will assume ownership of the property and lease it to Coastal Crypto, supported by Coastal Crypto's active **service and colocation agreement with an enterprise-level client**, ensuring stable revenue and predictable lease performance.

Expansion Plan: Scaling to 30 MW

A portion of the \$10M equity raise will be used to:

- Expand electrical infrastructure from **1.5 MW** → **30 MW**
- Upgrade cooling, distribution, and mechanical systems
- Install additional ASIC and server-hosting infrastructure
- Subdivide and develop 20 acres into **three additional industrial pads**

Revenue at 30 MW

Using updated BTC pricing at **\$75,000**:

- Projected output: **~0.81 BTC/day**
- Estimated monthly revenue: **~\$1.82M**
- Estimated annual revenue: **~\$21.9M**

Combined with electricity-resale margins (see below), this positions the site for massive upside.

Electricity Pre-Purchase & Power Arbitrage Program

Sandman Holdings will allocate a portion of expansion capital to:

- **Pre-purchase bulk electricity at wholesale rates**
- **Lock long-term pricing** to protect against volatility
- **Resell electricity to Coastal Crypto and future tenants at higher market rates**

This power-arbitrage model provides:

- Predictable recurring income
 - Higher margins independent of Bitcoin price
 - A secondary revenue stream supporting DSCR and investor returns
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DSCR Loan: \$5,000,000 Acquisition Debt

- Loan Amount: **\$5,000,000**
- Rate: **8%**, amortized over 30 years
- Monthly Debt Service: **~\$36,680**
- Inherited lease income: **\$45,000/month**
- **DSCR \approx 1.23**

Property Valuation (Income Approach)

- Monthly NOI: **\$45,000** → Annual NOI: **\$540,000**
- Cap Rate Used: **7.49%**
- Valuation: **\$7.21 million**
- LTV at \$5M loan: **~69–70%**

Equity Raise: \$10,000,000

The development equity raise offers:

- **18% preferred return** to investors
- **80/20 profit split** after preferred return
- **5-year target horizon**
- Projected site value after expansion: **\$30M–\$48M** (with upside toward \$50M based on BTC, power margins, and pad development)

This positions equity investors for major upside driven by new NOI streams and asset appreciation.

Five-Year Valuation Projection

Future NOI from:

- 30 MW mining/data-center operations
- Electricity resale margins
- Three new industrial pads generating **\$45,000–\$65,000/month each**

Projected NOI: \$2.16M–\$2.88M+ annually

Cap Rate Range (6%–7%): \$30M–\$48M valuation

Upside exists for higher valuation based on:

- Increased BTC price
- Full pad development
- Long-term energy contracts

Summary

Sandman Holding Company offers a vertically integrated acquisition, development, and operations ecosystem with stable base NOI, high-growth expansion potential, and dual revenue streams from mining operations and energy resale. With a \$5M DSCR-backed acquisition loan and a \$10M equity development raise, the company is positioned to scale into a \$30M–\$50M asset within five years while providing strong security for lenders and attractive returns for investors.