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Stabilized Industrial Property with Redevelopment in:

820 CREATIVE DRIVE

LAKELAND, FLORIDA

Development Strategy & Investment Thesis

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12 Acres | 24,000 SF Existing Building | BPC-2 Zoning

Off-Market Acquisition Opportunity

Creativity, Luxury & Integrity in Every Transaction

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Executive Summary

This memorandum presents the investment thesis for 820 Creative Drive, a 12-acre industrial property in Lakeland, Florida. The opportunity combines a stabilized cash-flowing asset with significant development upside across multiple phases.

The property is being offered off-market at $3.5 million. While the current income stream does not cover debt service at prevailing interest rates, this pricing reflects a pure development play. The real value lies not in what the property produces today, but in what it can become.

The Investment at a Glance

Purchase Price	$3,500,000
	12 acres (9.9-acre key parcel + 2.1-acre wetland parcel)
Developable Upland	4.4 acres (7.6 acres wetlands)
	24,000 SF (14 bays @ 1,500 SF + 3,000 SF office)
Year Built	
Current NOI	$190,836 (5.5% cap at ask)
	BPC-2 (Business Park Center)

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820 CREATIVE DR. LAKELAND, FL

Signature H PROPERTY GROUP

Conceptual Site Plan
December 2025
Prepared For: Iron Gate Investments LLC

0 50 100 150 200 ft

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Phase0: Acquisition

The Asset

The asking price of $3.5 million for this property may appear aggressive when viewed purely as an income-producing asset. At current rent levels, the property generates approximately $223,200 in gross annual income, which translates to a net operating income of roughly $147,000 after vacancy and operating expenses. This yields a going-in cap rate of approximately 4.2%.

More significantly, at today's interest rates (7.0-7.5% for conventional commercial financing), the property does not cover its debt service from current income. This is the critical insight: we are not buying a cash-flowing investment property. We are buying a development opportunity with an existing income stream that partially offsets holding costs.

Current Income Analysis

Income Source	Monthly	Annual
14 Bay Units @$1,100/month	$15,400	$184,800
1 Office Unit @$3,200/month	$3,200	$38,400
Gross Potential Income	$18,600	$223,200
Less: Vacancy (5%)	($930)	($11,160)
Effective Gross Income	$17,670	$212,040
Taxes	$1,567	$18,809
Insurance	$3,167	$38,000
General Liability	$81	$970
Water	$400	$4,800
CAM	$500	$6,000
	($5,714)	($68,579)
	$12,273	$143,461

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Debt Service Reality

The property is being offered at $3,500,000 with seller financing terms: $1,800,000 down payment with the remaining $1,700,000 financed at 7% interest-only for 5 years with a balloon payment at maturity. This structure results in annual debt service of $119,000.

Against the current NOI of $143,461, this produces cashflow before tax of approximately $24,461, a modest 1.4% cash-on-cash return on the down payment.

The returns on the existing building alone are thin. The real opportunity lies in the development potential: an additional 30,000 SF of small bay industrial and 2 acres of Industrial Outdoor Storage that can be built on the excess land. Buyers should underwrite this as a development play with a cash-flowing asset to carry the hold, not as a stabilized income investment.

The Land: What $3.5M Actually Buys

The acquisition includes two parcels totaling approximately 12 acres. The key parcel is 9.9 acres, of which 5.5 acres are wetlands. A second parcel of roughly 2.1 acres is 100% wetlands and conveys with the property at no additional cost.

The 4.4 acres of developable upland breaks down as follows:

- Existing Improved Area (~2.5 acres): The current 24,000 SF building sits on an asphalt pad with ample room for a second building of similar size.
- Undeveloped Upland (~2 acres): Raw land adjacent to the existing improvements, ideal for Industrial Outdoor Storage (IOS) development.

The wetlands, while not immediately developable, represent long-term optionality. The property's drainage patterns have been impacted by an adjacent railway and county drainage infrastructure, which may support an Environmental Resource Permit (ERP) argument for partial or full development rights.

Renovation & Rent Increase Strategy

The existing building is block masonry construction in good structural condition. However, the property presents as dated and does not command market rents. A targeted renovation will reposition the asset and justify rent increases from $1,200/month to $1,625/month per bay.

Scope of Work

Item	Estimated Cost
Complete Exterior Repaint	$42,000
	$35,000
	$10,000
	$8,000
	$9,500
	$104,500

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Post-Renovation Income

Following renovations and lease renewals at market rates, the income profile improves significantly:

Income Source	Monthly	Annual
14 Bay Units @$1,625/month ($13/SF)	$22,750	$273,000
1 Office Unit @$3,750/month ($15/SF)	$3,750	$45,000
Gross Potential Income	$26,500	$318,000
Less: Vacancy (5%)	($1,325)	($15,900)
Effective Gross Income	$25,175	$302,100
Taxes	$2,583	$31,000
Insurance	$3,167	$38,000
General Liability	$81	$970
Water	$400	$4,800
CAM	$500	$6,000
	($7,234)	($86,812)
Stabilized NOI	$17,940	$215,288

After completing the renovation and implementing rent increases, the stabilized NOI of $215,288 significantly exceeds the $119,000 annual debt service, producing positive cashflow of approximately $96,288 per year. The property becomes strongly self-sustaining while we execute the development phases.

Market Research: Rent Justification

The target rent of $1,625/month ($13/SF/year for a 1,500 SF bay) is supported by current market data for small bay industrial space in the Lakeland market:

Lakeland Industrial Market Overview

- Average Asking Rent: $15-18/SF/year for industrial space in Lakeland (CityFeet, CommercialSearch, PropertyShark 2024 data)
- Small Bay Premium: National data shows small bay (<5,000 SF) commands $12-15/SF NNN, representing 40%+ rent growth since 2020
- Vacancy: Small bay vacancy remains around 4% nationally vs. 7%+ for large format, indicating strong demand
- I-4 Corridor: Small bay rents have increased as much as 100% in the I-4 corridor compared to 20-30% for larger properties

Our target rent of $13/SF positions the property squarely in the mid-market range ($12-14/SF) for improved industrial product, reflecting the building's updated condition post-renovation. This pricing ensures strong occupancy while achieving positive cashflow.

Comparable Properties

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Property	Year Built	Unit Size	Rent/SF
Older Flex/Industrial (1980s)	1980-1989	1,500-3,000 SF	$10-12.50
Mid-Market Industrial	1990-2010	2,000-5,000 SF	$12-14
New Construction (2025)	2023-2025	1,500-3,000 SF	$15+
820 Creative (Post-Reno)	1980 (reno'd)	1,500 SF	$13.00

Phase0 Summary: Total Investment

Item	Amount
Purchase Price	$3,500,000
	$70,000
	$104,500
Total Phase0 Investment	$3,674,500

Equity Requirement (25% Down)

Down Payment	$1,800,000
	$70,000
Renovation Capital	$104,500
Total Equity Required	$1,974,500

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Phase 1: Second Building Development

Phase 1 represents the most significant value-creation opportunity in this development plan: the construction of a second 30,000 SF small bay industrial building on the existing asphalt pad behind Building 1. This phase leverages the unique site characteristics to deliver new product at below-market construction costs while commanding premium rents.

The Case for Small Bay Industrial

Small bay industrial has emerged as one of the strongest performing asset classes in commercial real estate. While large-format distribution centers have seen rising vacancy rates and softening rents following the pandemic-era construction boom, small bay product under 50,000 SF continues to outperform across virtually every metric.

National Market Dynamics

- Vacancy Divergence: Properties under 150,000 SF show half the vacancy of larger format industrial. Small bay vacancy nationally hovers around 4% compared to 7%+ for big-box warehouses.
- Rent Premium: Small bay commands a consistent 22% rent premium over bulk industrial properties, with that premium remaining in double digits through 2024-2025.
- Rent Growth: Small bay rents have increased over 40% since 2020, compared to approximately 30% for the broader industrial market. CompStak projects small bay rent growth will continue to outpace bulk industrial through 2026.
- Supply Constraints: New small bay construction represents just 0.5% of existing stock. The economics of building small simply do not pencil in most markets without premium rents, creating structural undersupply.
- Investor Demand: Properties under 150,000 SF accounted for 62% of all industrial sales in Q2 2025.

Who Drives Small Bay Demand

The tenant base for small bay industrial is remarkably diverse and resilient. These are not speculative users chasing e-commerce trends. They are essential service providers whose businesses are tied to local population and economic activity:

- Building Trades: HVAC contractors, plumbers, electricians, roofers, and general contractors need space for equipment storage, vehicle parking, and material staging.
- Home Services: Landscapers, pool service companies, pest control, cleaning services, and home improvement suppliers.
- Light Manufacturing: Custom metal fabrication, millwork, signage, cabinetry, and small-scale assembly operations.

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- Auto Services: Mechanics, detailers, parts distributors, fleet maintenance, and specialty vehicle services.
- Distribution: Last-mile delivery, building supply, restaurant supply, and regional distribution for small retailers.

These businesses share a common characteristic: they must be located near their customer base. A roofing contractor cannot efficiently serve Lakeland from a warehouse in Tampa. This creates what industry analysts describe as "mandatory demand" that is largely insulated from broader economic cycles.

Why Lakeland, Why This Site

The Polk County Growth Story

Polk County is not just growing. It is the fastest-growing county in Florida and ranks among the top ten fastest-growing counties in the entire United States. This is not a short-term trend but a sustained migration pattern driven by fundamental economics.

- Population Growth: Nearly 30,000 new residents moved to Polk County in 2022, followed by over 26,000 in 2023. The county's population has grown 46% since 2010, reaching an estimated 881,584 in 2025.
- Projected Growth: Population is expected to increase another 20%+ by 2030, adding roughly 175,000 additional residents.
- Affordability Advantage: Average home prices in Lakeland ($345,000) run approximately 25% below Tampa ($436,000), attracting families and businesses seeking value.
- Strategic Location: Positioned on the I-4 corridor between Tampa and Orlando, Polk County offers access to two major metro areas while maintaining lower operating costs.

Every new home built requires HVAC installation, roofing, plumbing, electrical, landscaping, and ongoing maintenance. Every new resident needs auto service, home repair, and delivery logistics. The service businesses that support this growth need space to operate, and that space must be local.

The 820 Creative Drive Location Advantage

This property occupies a rare position in the Lakeland market: industrial zoning in the heart of a densely populated, high-traffic commercial corridor.

Creative Drive is a quiet side street of industrial buildings tucked just off Florida Avenue (US-98), one of Lakeland's primary commercial arteries. Florida Avenue at this location carries approximately 37,500 vehicles per day (AADT). The surrounding area is dominated by retail, restaurants, and residential neighborhoods, not competing industrial parks.

For a service-based business, this location is ideal. A contractor operating from 820 Creative Drive is minutes from the residential neighborhoods that comprise their

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customer base. They have visibility and accessibility without the higher rents of retail space. They can respond to service calls quickly, reducing windshield time and increasing billable hours.

Industrial-zoned land in this type of infill location is exceptionally scarce. Most small bay development occurs on the periphery of metro areas where land is cheaper but access to customers is compromised. This site offers both the zoning for industrial use and the location that service businesses need.

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Development Efficiencies

The decision to develop a second building on this site is driven not only by market demand but by the significant cost and timeline advantages that come from building on an existing improved pad.

Permitting & Entitlement Advantages

SWFWMD (Stormwater): The existing property was developed in 1980, predating Florida's modern Environmental Resource Permit (ERP) program. The current stormwater infrastructure was engineered to handle the existing impervious area. Because Building 2 will be constructed on the same impervious footprint (replacing asphalt with building), we are not changing the stormwater conditions. This likely qualifies for a "No Permit Required" (NPR) verification from SWFWMD, a simple $100 letter confirming the project does not trigger permitting requirements. This bypasses what would otherwise be a 90+ day ERP process which can often trigger more complications and significant costs.

Polk County: With BPC-2 zoning already in place and the use consistent with the existing building, the county approval process is straightforward. We require Site Plan Review (Level 2), building permits, and trade permits. There is no rezoning, no variance, and no public hearing required. The site has already demonstrated its use case for 44 years.

Retention Contingency: Should SWFWMD require any additional retention capacity, the site includes approximately 20,000 SF of developable upland immediately behind the building footprint that is ideally positioned for a retention area. This land is not part of the wetlands and provides a clean solution if needed, without impacting the building program.

Site Infrastructure Savings

Building on an existing developed pad eliminates or dramatically reduces several major cost categories that would apply to a greenfield site:

- Existing Parking & Circulation: The asphalt parking lot and drive aisles are already in place. No new paving is required beyond potential repairs and Re-stripping.
- Existing Ingress/Egress: The curb cuts, turn lanes, and site access from Creative Drive are established. No road improvements or DOT coordination required.
- Existing Utilities: Water, sewer, and electrical infrastructure already serve Building 1 and can be extended to Building 2 at minimal cost versus bringing new services from the street.
- Existing Drainage: The original site was engineered for the current impervious coverage. We are not adding net new impervious area, so no drainage redesign is anticipated.

These efficiencies translate directly to the bottom line. A comparable 30,000 SF building on a greenfield site could require $750,000+ in site development costs. Our

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conservative budget of $400,000 reflects the advantage of building within an existing improved envelope.

Building Program

Design Parameters

Building 2 is designed to maximize the available site while delivering a product that commands premium rents and attracts quality tenants.

	30,000 SF
Dimensions	
Number of Bays	16 bays
Bay Size	1,875 SF each (~31' wide × 60' deep)
Access	Front-loaded only (wetland buffer at rear)
	16-18' (standard for small bay)
Doors	Grade-level overhead door + man door per bay

Bay Flexibility: The 16-bay configuration targets the core small bay market (1,500-2,500 SF). However, the demising wall design allows adjacent bays to be combined for larger tenants requiring 3,750 SF (2 bays), 5,625 SF (3 bays), or larger. This flexibility maximizes the tenant pool and reduces downtime between leases.

Construction Method

Pre-Engineered Metal Building (PEMB): For buildings under 50,000 SF, PEMB is the most cost-effective construction method. The long, narrow footprint (500' × 60') is ideal for pre-engineered systems, which are manufactured off-site and erected quickly on-site. This reduces the construction timeline by up to 50% compared to traditional methods.

Concrete Slab Foundation: While PEMB structures can be built on various foundation types, we will pour a full concrete slab foundation. This serves two purposes: it provides the durability and finish quality that allows us to command market-rate rents, and it signals to prospective tenants that this is a professional-grade facility, not a basic metal shed. The concrete floor is a key differentiator that attracts higher-quality tenants willing to sign longer-term leases.

Tenant Improvements

The building will be delivered as shell space with basic electrical and plumbing stubouts. This is standard practice for small bay industrial, as tenant requirements vary significantly. A subcontractor needs different electrical requirements than a light manufacturer, which differs from an e-commerce fulfillment operation.

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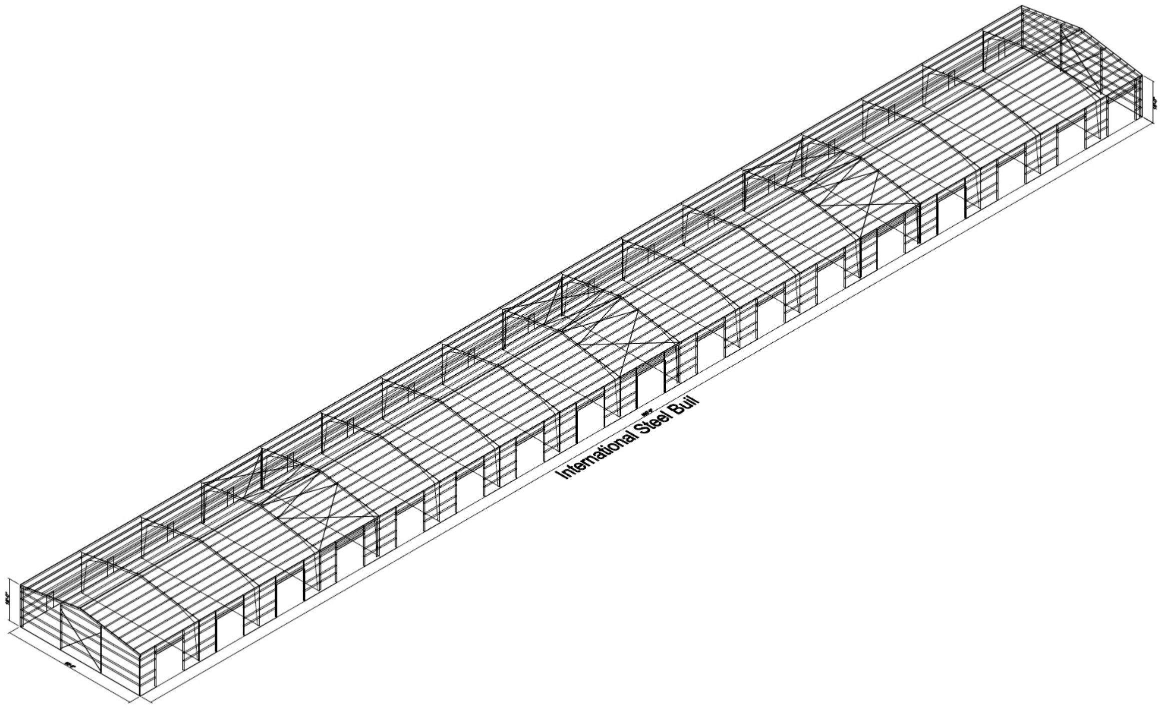
3D Illustration of 500' x 60' PEMB
[Assumes (16) 30' bays + (1) 20' bay]



Actual PEMB from 'Industrial Steel Buildings'

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Development Economics

Development Budget

	Amount
PEMB Material & Install (30,000 SF@$25/SF)	$750,000
Partition Walls	$90,000
	$450,000
Site Work	$400,000
Soft Costs (8%)	$137,120
Impact Fees($800/1,000 SF)	$24,000
	$58,310
Developers Fee (4%)	$77,747
Construction Interest Reserve	$50,000
	$92,556
Total Development Cost	$2,129,733
Cost Per SF	$71/SF
TI Reserve(held separately)	$300,000

The all-in development cost of $71/SF is well below the market averages of $100+/SF for small bay industrial construction. While much of this cost advantage is a direct result of the site efficiencies described above and competitive PEMB pricing, it still requires additional bidding to ensure this is an achievable cost.

TI Reserve: An additional $300,000 ($10/SF) is held separately as a tenant improvement reserve. This allowance is not advertised to every prospective tenant but is available to secure higher-quality tenants willing to commit to longer lease terms (3-5 years). For short-term or credit-challenged tenants, we lease as-is with no TI contribution. This approach is standard in the small bay market and protects our capital while remaining competitive for the best tenants.

Stabilized Income

Income Source	Monthly	Annual
16 Bays @1,875 SF@$14/SF NNN	$35,000	$420,000
Gross Potential Income	$35,000	$420,000
Less: Vacancy (5%)	($1,750)	($21,000)
Effective Gross Income	$33,250	$399,000
Taxes	$2,592	$34,077
Insurance	$2,500	$30,000
CAM	$300	$3,600
Water	$500	$6,000
	$655	$7,980
	($6,804)	($81,656)
Stabilized NOI	$26,445	$317,344

Rent Justification

The $14/SF NNN rent assumption for Building 2 reflects its status as new construction with concrete slab foundation. Current market data supports this rate:

- Average industrial asking rent in Lakeland: $15-18/SF
- New construction in Polk County (2024): $15/SF
- Mid-market improved product: $12-14/SF
- I-4 Corridor small bay rent growth: up to 100% since 2020

At $14/SF, Building 2 is priced at a modest discount to new construction averages while commanding a premium over the renovated Building 1 ($13/SF). This positions the property competitively for rapid lease-up while capturing the value of new product.

Return Metrics

	Value
Total Development Cost	$2,129,733
Stabilized NOI	$317,344
Yield on Cost	14.9%
Stabilized Value (6.5% cap)	$4,882,219
Value Creation	$2,752,486

The yield on cost of 14.9% significantly exceeds the market cap rate of 6.5%, indicating substantial value creation.

Financing & Equity Requirement

Item	Amount
Total Development Cost	$2,129,733
Equity Required (30%)	$638,920
Construction Loan (70% LTC)	$1,490,813
Annual Debt Service (7.00%, 25 yr)	$122,219
Phase 1 Cash Flow	$195,125
Cash-on-Cash Return	30.5%
Equity Multiple (Phase 1)	5.31x

Phase 1 delivers exceptional returns: a 30.5% cash-on-cash return on equity with a 5.31x equity multiple. Combined with Phase 0, the total property will generate approximately $291,400 in annual cash flow from buildings alone.

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Phase2: Industrial Outdoor Storage (IOS)

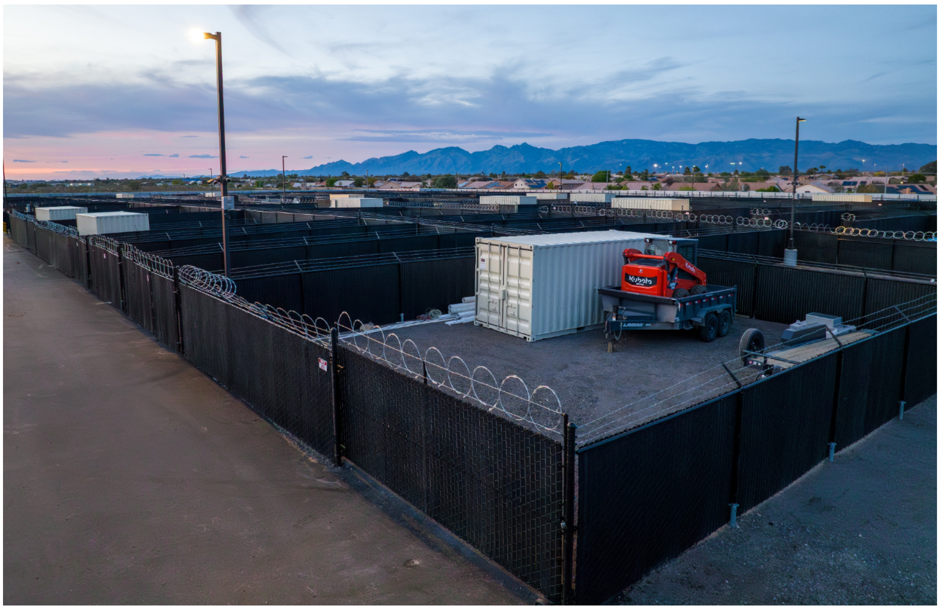
Phase2 develops the remaining 2 acres of undeveloped upland into a subdivided Industrial Outdoor Storage (IOS) facility. This phase can be executed in parallel with Phase1, and due to the simplicity of IOS construction, will likely reach stabilization before Building 2 is complete. The result is early cashflow generation that partially offsets construction-period carrying costs.

The IOS Asset Class

Industrial Outdoor Storage has emerged as one of the most compelling niches within commercial real estate. What was once an overlooked category of land has become a $200 billion market with over $1.7 billion in institutional capital raised in the past year alone.

Market Fundamentals

- Rent Growth: IOS rents have advanced nearly 30% on average since the end of 2019, with vacancy falling below 3% in many markets.
- Supply Constraints: Municipalities have constrained supply by limiting by-right zoning for IOS due to lower tax revenue and traffic concerns. This creates a favorable supply/demand dynamic for existing sites.
- Low Capital Intensity: IOS properties can be developed in months rather than years. Grading, gravel, and fencing cost a fraction of steel-frame construction, allowing investors to capture rental income quickly.
- Minimal CapEx: With no roof to replace and gravel surfaces that require minimal maintenance, IOS portfolios are relatively simple to manage with limited capital expenditure requirements.
- Strong Returns: Most stabilized IOS investments deliver 8-12% annual ROI, with development yields often reaching 40%+ due to the low basis.



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Target Tenants

The IOS tenant base overlaps significantly with small bay industrial users, creating natural synergies on a combined site like 820 Creative Drive:

- Contractors & Trades: General contractors, roofers, HVAC companies, electricians, and plumbers who need secure storage for vehicles, trailers, equipment, and materials.
- Landscapers: Lawn care and landscape companies storing mowers, trailers, mulch, and plant materials.
- Construction Equipment: Heavy machinery, excavators, skid steers, and construction materials staging.
- Fleet & Logistics: Small fleet operators, delivery companies, and logistics businesses needing secure vehicle parking.
- Specialty Trades: Pool service, pest control, pressure washing, and mobile service businesses with vehicle and equipment storage needs.

These tenants share a common need: secure, accessible outdoor space near their customer base. Many currently operate from residential properties, shared lots, or inadequate facilities. A purpose-built contractor yard with proper security, individual gated access, and month-to-month flexibility represents a significant upgrade.

Why IOS Makes Sense for This Site

Highest and Best Use for Undeveloped Upland

The 2 acres of undeveloped upland at 820 Creative Drive presents a strategic decision: what is the optimal use for this land? While a third building might seem appealing, several factors make IOS the superior choice:

- SWFWMD Considerations: Unlike Building 2 (which sits on an existing impervious area), a third building would add a new impervious surface, triggering more complex ERP requirements and potentially requiring additional retention capacity.
- Capital Efficiency: IOS development costs approximately $140,000/acre versus $80+/SF for building construction. The same $280,000 that develops 2 acres of IOS would only build 3,500 SF of industrial space.
- Return Profile: IOS yields on cost of 40%+ far exceed the 15% yield on Building 2. Dollar-for-dollar, IOS generates significantly higher returns.
- Tenant Synergy: Many small bay tenants also need outdoor storage. Offering both under unified ownership creates cross-selling opportunities and tenant retention advantages.

The Zoning Advantage: Accessory Use

In Polk County's BPC-2 zoning, outdoor storage is permitted only as an accessory use. The Land Development Code is clear:

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> "Accessory uses are permitted in conjunction with the primary use in all land use districts. Accessory uses are those land uses that are incidental and subordinate to the primary use of the property."

This regulatory framework creates a significant competitive moat. Standalone IOS facilities cannot be developed on vacant land in BPC-2 zoning without a principal use (such as a warehouse building) already in place. You will not find dedicated IOS lots anywhere near this site in Lakeland because the zoning simply does not permit them.

820 Creative Drive is perfectly positioned to capitalize on this dynamic. The existing 24,000 SF building (and soon, Building 2) establishes the principal use that enables IOS as an accessory. We can offer a product that competitors cannot legally develop on comparable sites.

Local Market Gap

Polk County and Lakeland have very few purpose-built contractor storage yard operators. The market is currently served by:

- RV/Boat Storage Facilities: Consumer-focused facilities like Lakeland Boat & RV Storage that accept some contractors but are not designed for commercial use.
- Traditional Self-Storage: Facilities with outdoor parking spaces, but limited to vehicle storage without the fenced, private yard configuration contractors need.
- One Direct Competitor: Longyard in Winter Haven (15 miles away) is the only Lynx-style contractor yard operator in Polk County.

No one is operating the Lynx model directly in Lakeland. This gap, combined with Polk County's explosive population growth driving demand for contractor services, creates an ideal market entry opportunity.

Development Program

The Lynx Model

Our IOSdesign is benchmarked against Lynx Contractor Storage, the leading purpose-built contractor yard operator. The Lynx model features subdivided, individually fenced yards with private gated access, gravel surfaces, and 24/7 security. This approach maximizes revenue per acre by offering flexibility across multiple yard sizes while providing the security and privacy that contractors demand.

Site Configuration

Total Area	2.0 acres (87,120 SF)
Leasable Area	~78,000 SF (90% efficiency)
Number of Yards	22 individual yards
Surface	
Perimeter Security	8' chain link with privacy slats + barbed wire
	6' chain link dividers between yards
Access	Individual 12' swing gates per yard, keypad entry
Security	

Screening Compliance: The 8' perimeter fencing with privacy slats serves dual purposes: it provides the security tenants expect while satisfying BPC-2 screening requirements for outdoor storage as an accessory use. No additional landscaping buffer is required.

Yard Mix

Size	Quantity	SF Each	Rent/Month	$/SF/Mo
Small	6	1,500	$300	$0.20
Medium	8	3,000	$500	$0.17
	6	5,000	$800	$0.16
XL	2	7,500	$1,200	$0.16
Total	22	78,000	$13,000	

Pricing is benchmarked against Lynx Contractor Storage ($0.21-$0.38/SF/month in Tucson) and adjusted for the Lakeland market. Our $0.16-$0.20/SF range is competitive while reflecting Florida's lower land costs versus Arizona.

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Permitting & Timeline

SWFWMD Permitting

Unlike Building 2 (which qualifies for NPR status on existing impervious area), the IOS development involves new land disturbance and will require SWFWMD permitting. However, at 2 acres, the project falls well under the 10-acre threshold for General Permit consideration.

General Permit Pathway: Projects under 10 acres that meet certain criteria can qualify for General Permit, which has a streamlined review process of approximately 30 days versus 60-90+ days for an Individual ERP. Key factors in our favor:

- Project size (2 acres) is well under the 10-acre threshold
- No direct wetland impact (development stays on upland)
- Gravel surface allows infiltration versus fully impervious paving

Adjacency Consideration: The 2-acre parcel is adjacent to wetlands, which may trigger additional scrutiny regarding secondary impacts. If drainage flows toward the wetland, SWFWMD may require stormwater treatment before discharge. A pre-application meeting with SWFWMD (free) is recommended before engineering to confirm the permit pathway and any special requirements.

Development Timeline

One of the primary advantages of IOS development is speed. Unlike building construction, there is no structural work, no MEP rough-in, no inspections sequence, and no "dried-in" phase. The work is essentially site preparation and fencing.

Phase	Duration
	30-60 days
	1-2 weeks
Gravel Installation (6" base)	2-3 weeks
	3-4 weeks
	1-2 weeks
Total: Permit to Lease-Ready	3-4 months

Parallel Execution Advantage: Phase 2 can begin permitting simultaneously with Phase 1. Given the compressed IOS timeline (3-4 months) versus building construction (8+ months), the IOS facility will likely reach stabilization while Building 2 is still under construction. This generates early cashflow that helps offset construction-period carrying costs on the larger Phase 1 investment.

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Development Economics

Development Budget

	Amount
	$57,228
Gravel Surface (6" crusher run)	$78,305
	$37,540
	$59,750
Security & AccessControl	$8,000
	$15,800
BaseBuild Total	$256,623
	$25,662
	$8,853
Developer Fee (5%)	$14,756
Soft Costs (5%)	$12,831
Total IOSDevelopment	$318,726
Cost Per Acre	$159,363

Projected Income

Income Source	Monthly	Annual
Small Yards (6 @$300/mo)	$1,800	$21,600
Medium Yards (8 @$500/mo)	$4,000	$48,000
	$4,800	$57,600
XL Yards (2 @$1,200/mo)	$2,400	$28,800
Gross Potential Income	$13,000	$156,000
Less: Vacancy (10%)	($1,300)	($15,600)
Effective Gross Income	$11,700	$140,400
Taxes	$425	$5,100
Insurance	$208	$2,500
CAM	$300	$3,600
Electric/Security Cameras	$300	$3,600
	$235	$2,808
	($1,467)	($17,608)
	$10,232	$122,792

Return Metrics

Metric	Value
Total Development Cost	$318,726
Stabilized NOI	$122,792
Cash-on-Cash Return	38.5%
Stabilized Value (8% cap)	$1,534,905
Value Creation	$1,216,179
Payback Period	2.6 years
Equity Multiple	4.82x

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The IOS component delivers exceptional returns: a 38.5% cash-on-cash return, full payback in 2.6 years, and value creation of over $1.2 million on a $318,726 investment. The 8% cap rate used for valuation is conservative for IOS assets, which typically trade at 6-8% in institutional transactions.

Notably, Phase 2 requires no financing. The $318,726 development cost can be funded from equity, generating immediate unlevered returns without debt service. This positions the IOS income as pure cash flow that enhances the overall project economics.

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Combined Investment Summary

Phases 0, 1, and 2 together transform a dated single-building industrial property into a diversified small bay and outdoor storage campus. This section consolidates the capital requirements, income projections, and return metrics across all three phases to present the complete investment thesis.

Total Capital Required

The following table summarizes the equity and cash requirements across all phases. Note that Phases 0 and 1 utilize leverage while Phase 2 is funded entirely from equity.

Phase	Total Cost	Equity Required	LTV
Phase 0: Acquisition & Renovation	$3,674,500	$1,974,500	49%
	$2,129,733	$638,920	70%
Phase 2: IOS (2 acres, 22 yards)	$318,726	$318,726	0%
Total	$6,122,959	$2,932,146	48%
TI Reserve (held separately)	$300,000	$300,000	-

Total Equity Requirement: $2,932,146 (plus $300,000 TI reserve) — This represents the total out-of-pocket capital needed to execute all three phases, including acquisition down payment, closing costs, renovation, new construction, and IOS development.

Combined Stabilized Income

At stabilization, the property will generate income from three distinct sources: the renovated original building, the new 30,000 SF Building 2, and the 22-yard IOS facility.

Income Source	Annual NOI	% of Total
	$215,288	33%
	$317,344	49%
IOS Facility (2 acres — 22 yards)	$122,792	18%
Total Stabilized NOI	$655,425	100%

The diversified income stream reduces concentration risk. No single tenant or building represents more than half of total NOI. The IOS component, while smaller in absolute dollars, contributes disproportionately to returns given its minimal capital basis.

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Combined Return Metrics

Metric	Value
Total Development Cost (All Phases)	$6,052,959
Total Equity Invested	$2,932,146
Total Stabilized NOI	$655,425
Blended Yield on Cost	10.8%
Total Stabilized Value	$9,729,247
Total Value Creation	$3,676,288
Total Annual Debt Service	($241,219))
Combined Annual Cash Flow	$414,206
Cash-on-Cash Return on Equity	14.1%
Equity Multiple (at stabilization)	2.25x

The Complete Picture

This investment transforms a $3.5 million acquisition into a $9.7 million stabilized asset through disciplined execution of three complementary phases. The strategy leverages every advantage the site offers: existing infrastructure, favorable zoning, a growing market, and diverse income streams.

- Total Equity Required: $2,932,146 (plus $300,000 TI reserve)
- Total Stabilized Value: $9,729,247
- Total Value Creation: $3,676,288
- Annual Cash Flow: $414,206
- Cash-on-Cash Return: 14.1%
- Equity Multiple: 2.25x

And this analysis excludes any potential value from Phase 3 wetland optionality —7.6 acres that conveys with the property at no additional cost and may offer substantial long-term upside.

Phase 3: Wetland Optionality

Phase 3 represents long-term upside that is not underwritten in our base case projections. The 7.6 acres of wetlands included in this acquisition should be viewed as optionality rather than immediate development potential. However, the unique characteristics of these wetlands suggest that partial or full development rights may be achievable through mitigation or regulatory pathways.

The Opportunity

The 7.6 acres of wetlands consist of the 5.5 acres on the primary 9.9-acre parcel plus a separate 2.1-acre parcel that is 100% wetlands. This second parcel conveys with the property at no additional cost. At current land values for developable industrial property in this location, unlocking even a portion of this acreage would create substantial value.

To be clear: we are not assuming any value from Phase 3 in our investment thesis. Phases 0, 1, and 2 stand on their own merits. Phase 3 is pure upside that requires further study and regulatory engagement to quantify.

Why This Wetland May Be Different

Not all wetlands are created equal. The regulatory framework for wetland protection considers the quality, function, and origin of wetland systems. Two factors make this particular wetland worth investigating:

Railroad Impact

A railroad corridor runs through or adjacent to the wetland area. Rail construction historically altered natural drainage patterns, often creating or expanding wetland conditions that would not otherwise exist. If the wetland can be demonstrated to be partially or wholly man-made as a result of railroad construction and operation, the regulatory burden for development or mitigation may be significantly reduced.

Drainage System Impacts

The property appears to have been affected by a county drainage system that has not been properly maintained. Unmaintained drainage infrastructure can cause water to pool and create wetland conditions on properties that were historically upland. If documentation can establish that the wetland conditions resulted from the county's failure to maintain drainage infrastructure, this could support an argument for development rights or reduced mitigation requirements.

In such cases, property owners may be able to pursue an Environmental Resource Permit (ERP) without full mitigation, or negotiate reduced mitigation ratios based on the degraded or artificial nature of the wetland system.

Path Forward

Unlocking Phase 3 value will require professional analysis and regulatory engagement. The recommended approach includes:

- Wetland Delineation: A formal delineation to establish the precise boundaries and classification of the wetland areas.
- Historical Analysis: Research into historical aerial photography, railroad construction records, and county drainage maintenance records to document how the wetland conditions developed over time.

- SWFWMD Pre-Application Meeting: Early engagement with SWFWMD to discuss the site history and gauge receptivity to reduced mitigation arguments.
- Mitigation Cost Analysis: If mitigation is required, evaluate mitigation bank credit costs versus on-site mitigation options to determine economic feasibility.

Potential Upside

If even half of the 7.6 acres (approximately 3.8 acres) could be converted to developable land, the value creation potential is significant. At current development yields demonstrated in Phases 1 and 2, additional developable acreage could support:

- Additional small bay industrial buildings
- Expanded IOS capacity
- A mixed-use business park configuration
- Land sale to a third-party developer

We are not underwriting this upside, but we are acquiring the optionality. The wetland acreage comes with the property at no incremental cost. Any value unlocked through Phase 3 is pure upside above and beyond the returns projected in Phases 0, 1, and 2.

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EXHIBIT 1: ACTUAL BID FOR 30,000 SQFT PEMB (INCLUDES PARTITION WALLS)

International Steel

135 Cedar Island Way ◆ Crawfordville, FL ◆ (863)840-4518 Office ◆ (888)685.9402 Fax

December 11, 2025

Project Information: Multi-Tenant Industrial Building, Lakeland, FL

Proposal Provided By:

Kacee Hopper
Business Development
Lake Placid, FL 33852
T+ 863.840.4518
F+ 888.685.9402

Proposal No.: E11-4722W REVISED

Qualifications and Estimated costs for Purchase and Installation of the proposed 60' x 500' x 18' Pre-Engineered Steel Building with a 1:12 Roof Pitch with (16) Full Height Partition Walls, (17) 14' x 14' Wind Loaded Roll Up Doors, (17) 3070 Walk Doors and 6" VBR Roof Insulation located in Lakeland, FL.

International Steel, Inc. is pleased to submit the following proposal for your review and consideration. The proposal covers all costs in accordance with your recent request for the above referenced project.

Our Base Bid **includes** the following by Trade:

Building Erection of the above Pre-Engineered Steel Building

Pre-Engineered Metal Building Scope of Duties for Erection

- Manufacture and Delivery of the above listed PEMB System and Components
- Install all pre-engineered structural steel, columns, frames, girt, purling and listed framed openings
- Install 6" VBR Roof Insulation
- Install (16) Full Height Partition Walls, Sheeted One Side
- Install 26 Gauge PBR Roof System
- Install 26 Gauge R Panel Wall System
- Install (17) Wind Loaded Roll Up Doors
- Install (17) 3070 Walk Doors
- Install flashing/trim located around the entire building
- Steel Erector - Sub Contractor to provide materials list details needed per building delivery
- Check manifest to make sure all materials arrived and keep inventory of materials throughout job
- No damage to slab from steel – staging area required by General Contractor/Owner.
- Contractor/Owner to provide portable toilet if facilities are unavailable.
- Proposal does not include any specialty licenses or permits

NOTE:

*** ITEMS EXCLUDED IN THIS PROPOSAL SUPPLY & INSTALL OF ANCHOR BOLTS**
****PRICE SUBJECT TO CHANGE BASED ON JOB SITE CONDITIONS, LOCATION.**

International Steel

Steel Division

Kacee Hopper –President of Business Development

Amount of Bid Proposal per specs for PURCHASE and INSTALLATION:

$829,200.00.

EIGHT HUNDRED TWENTY NINE THOUSAND TWO HUNDRED DOLLARS AND NO/100

***PAYMENT SCHEDULE: TBD**

Pricing Alternate(s)

- **NONE**

***PRICE IS BASED ON PRELIMINARY SPECIFICATIONS. PRICE MAY VARY ONCE FINAL SPECIFICATIONS ARE AVAILABLE.**

Standard Clarifications:

- No Bond Fees Included
- No Design Fees Included
- No Permit(s) / Fee(s) and Inspection(s), No Special Licensing or Training Fees Included
- Stamped Engineered Building Drawings Included
- No Roof Seamer or Platform Included in Erection Bid
- Excludes Unforeseen conditions
- Temporary power / lighting provided by Owner
- Owner to provide at least 25' clear area around perimeter of slab
- Barricades and Signage to be priced as Alternate upon request
- Excludes Night work and/or premium time unless otherwise priced / agreed
- Proposal based on Preliminary Arch Plan Set(s) provided by Leopardo.
- This proposal may be withdrawn by us if not accepted within 30 days

Thank you for the opportunity to have bid this project, please do not hesitate to call us should you have any questions or concerns related to the information provided herein.

Sincerely,

Kacee Hopper
Business Development
khopper@internationalsteelcorp.com
863.840.4518
steelbuildit.com

SIGNATURE OF ACCEPTANCE:______________________________