Investment-Grade Municipal Net Lease on Scarce IOS Land

OFFERING MEMORANDUM

5299 NE 12TH AVENUE, OAKLAND PARK, FLORIDA 33334

UPSIDE PARTNERS

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Executive Summary

100% Leased to The City of Oakland Park

'AA' Rated by Standard & Poors

Upside Partners, LLC is pleased to exclusively present a rare opportunity to acquire a net-leased income property backed by one of the strongest credit profiles in commercial real estate: a Florida municipality rated 'AA'. The City of Oakland Park has 100% leased the subject site at 5299 NE 12th Avenue under a five-year absolute net lease commenced February 1, 2025, with three (3) two-year renewal options and contractual 4% annual rent escalations.

The investment thesis is built on two pillars: (1) the City's AA credit — stronger than the vast majority of corporate net-lease tenants, including Walgreens (BBB), CVS (BBB), Dollar General (BBB), and on par with select cities like New York, Miami and Dallas; and (2) the underlying real estate — a 29,175 SF B-3 commercial-industrial parcel in one of South Florida's most supply-constrained infill industrial corridors, providing meaningful residual value protection should the income stream ever end.

$2,180,000	5.50%	AA (S&P)
OFFERING PRICE	CAP RATE	TENANT CREDIT

QUICK FACTS

PROPERTY ADDRESS	5299 NE 12th Avenue Oakland Park, FL 33334
COUNTY	Broward County
PARCEL / FOLIO NUMBER	49-42-14-20-0100
LAND AREA	29,175 SF | 0.67 acres
ZONING	B-3 Commercial-Industrial, City of Oakland Park
PERMITTED USE	Parking of vehicles, storage of road materials, pipe, dumpsters, solid waste carts, and related municipal maintenance materials; access control, gates, and signage permitted
CURRENT USE	Municipal parking & materials yard for the City of Oakland Park Public Works
LEGAL OWNER OF RECORD	QUALCON 15, LLC

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Investment Highlights

AA Municipal Net Lease

INVESTMENT-GRADE GOVERNMENT TENANT

- The City of Oakland Park carries an 'AA' issuer credit rating from S&P Global Ratings — superior credit to most corporate net-lease tenants. Florida municipalities have statutory taxing authority, cannot file for Chapter 11 bankruptcy, and have perpetual existence.

STRONGER CREDIT THAN MAJOR NL RETAIL TENANTS

- All the heavyweight net-lease tenants — Walgreens, CVS, Dollar General — carry only BBB ratings. The subject tenant sits multiple notches above them on the credit scale, yet the property is offered at a comparable or wider cap rate.

ABOVE AVERAGE RENT GROWTH

- 4.00% annual escalations every February 1, including during all renewal terms — automatic inflation-hedged cash flow growth, baked into the lease.

LONG RUNWAY OF TERM

- Five-year primary term commenced February 1, 2025, plus three (3) two-year renewal options. Fully exercised, the lease extends to January 31, 2036 — over a decade of contractual income.

EFFECTIVE TAX PASS-THROUGH

- The lease establishes a 2024 base year for real estate taxes. The Tenant reimburses the Landlord for any increase above the 2024 amount — capping landlord's tax exposure at $11,093.43 for the duration of the lease.

LANDLORD-FRIENDLY ECONOMICS

- Tenant separately pays all utilities, maintains insurance, keeps the premises in 'as-is' condition, and is responsible for all on-site improvements (gates, access control, security cameras). The Landlord has zero service obligations.

UNDERLYING REAL ESTATE VALUE

- The site sits in one of South Florida's most supply-constrained B-3 industrial corridors (3-4% vacancy; rents 20-30% below adjacent Fort Lauderdale). The 5149 NE 12th Avenue parcel on the same block sold February 2026 for $4.62M — establishing tangible residual value far above the offering price.

Lease Summary

5299 NE 12TH AVENUE, OAKLAND PARK, FL 33334

LANDLORD	Qualcon 15, LLC
TENANT	The City of Oakland Park (AA / S&P)
LEASE TYPE	Land Lease — effectively NN+ (tenant pays utilities, insurance, permits, all on-site improvements, all tax increases above 2024 base)
LEASE COMMENCEMENT	February 1, 2025
PRIMARY TERM	Five (5) years — expires January 31, 2030
RENEWAL OPTIONS	Three (3) options of two (2) years each — total potential term through January 31, 2036
BASE RENT — YEAR 2 (CURRENT BASIS)	$10,920/month $131,040 annual
ANNUAL RENT ESCALATION	4.00% on every February 1 anniversary, including during all renewal terms
PROPERTY TAX	Landlord pays 2024 base year ($11,093.43) Tenant reimburses all increases
INSURANCE	Tenant pays insurance directly
UTILITIES	Tenant pays all utilities directly (separately metered)

Primary Term + Renewal Options

LEASE YEAR	PERIOD	MONTHLY RENT	ANNUAL RENT
Year 1	Feb 2025 – Jan 2026	$10,500	$126,000
Year 2	Feb 2026 – Jan 2027	$10,920	$131,040
Year 3	Feb 2027 – Jan 2028	$11,357	$136,282
Year 4	Feb 2028 – Jan 2029	$11,811	$141,733
Year 5	Feb 2029 – Jan 2030	$12,283	$147,402
Year 6 (Opt 1)	Feb 2030 – Jan 2031	$12,775	$153,298
Year 7 (Opt 1)	Feb 2031 – Jan 2032	$13,286	$159,430
Year 8 (Opt 2)	Feb 2032 – Jan 2033	$13,817	$165,807
Year 9 (Opt 2)	Feb 2033 – Jan 2034	$14,370	$172,439
Year 10 (Opt 3)	Feb 2034 – Jan 2035	$14,944	$179,337
Year 11 (Opt 3)	Feb 2035 – Jan 2036	$15,542	$186,510

Tenant Analysis

Credit Comparison vs. Major Net-Lease Retail Tenants

TENANT	S&P RATING	CREDIT NOTCH	TYPICAL NL CAP RATE*
City of Oakland Park (SUBJECT)	**AA**	**Upper Investment Grade**	**5.50% (offering)**
Apple Inc.	AA+	Upper Investment Grade	≈4.50% – 5.00%
McDonald's Corporation	BBB+	Lower Investment Grade	≈4.50% – 5.25%
Chick-fil-A (private, A-equivalent)	≈A	Mid Investment Grade	≈4.45% – 5.00%
CVS Health	BBB	Lower Investment Grade	≈5.75% – 6.50%
Walgreens Boots Alliance	BB+	Below Investment Grade	≈7.50% – 8.00%
Dollar General	BBB	Lower Investment Grade	≈6.25% – 7.25%
7-Eleven	A	Mid Investment Grade	≈5.00% – 5.75%

Why Municipal Credit Is Structurally Stronger Than Corporate Credit

STATUTORY TAXING AUTHORITY

- The City can levy ad valorem property taxes on its tax base to satisfy obligations. Corporate tenants have no such power — they must generate operating profit to pay rent.

NO BANKRUPTCY RISK

- Florida municipalities cannot file Chapter 11. A landlord's recovery is not subject to the cram-down and lease-rejection risks that plague corporate net-lease investors.

PERPETUAL EXISTENCE

- Cities don't go out of business. Compare to net-lease retail tenants — Toys R Us, Sears, Bed Bath & Beyond — that have all defaulted on long-term leases in recent memory.

INTERGOVERNMENTAL BACKSTOPS

- Florida cities benefit from extensive state and federal support during distress events. The City of Oakland Park received a $25M Federal Department of the Interior grant in late 2024 for stormwater and resilience infrastructure — exactly the kind of support that strengthens municipal credit.

NO COMPETITIVE DISPLACEMENT RISK

- A retail tenant can go dark if a new competitor opens nearby. A municipal Public Works yard has no competitive substitute — the City needs this site to operate its Public Works function.

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Income Approach Valuation

The offering is priced based on capitalization of in-place lease income at a cap rate appropriate for an AA-rated municipal tenant under a long-duration, contractually-escalating, net-lease structure.

CAP RATE JUSTIFICATION

The 5.50% cap rate is supported by the convergence of four key factors:

- **Tenant Credit (AA):** Per Boulder Group's Q1 2026 Net Lease Ground Lease Report, investment-grade ground lease tenants (Chick-fil-A, McDonald's, Walgreens, CVS) trade at 4.45% – 5.50% asking caps. The subject tenant's AA rating fits squarely within — and arguably below — that range.
- **Effectively a Ground Lease:** The lease is structured as a land lease (Lease §6.02), with the tenant responsible for all improvements, maintenance, utilities, and tax increases. Economically this trades as a ground lease, which is the lowest cap rate structure in net-lease investing.
- **Long-Duration Contractual Income:** 5-year primary + 3×2-year options = up to 11 years of contractual term, with 4% annual escalations baked in. This is durable, growing income.
- **Operational Stickiness:** Government tenants on purpose-built operational sites do not vacate. The renewal probability approaches 100%, which is why ground-leased government property is one of the most defensive asset classes in CRE.

Net Operating Income Build-Up

	AMOUNT
Monthly Base Rent (Yr 2, current basis)	$10,920
Annualized Gross Rent	$131,040
Less: 2024 Property Taxes (capped)	($11,093.43)
Net Operating Income	$119,946.57

Capitalization & Indicated Value

	AMOUNT
Net Operating Income	$119,946.57
Capitalization Rate	5.50%
Indicated Value (NOI ÷ Cap Rate)	$2,180,000

Why The Underlying Land Is Scarce And Valuable

BUILT-OUT SUBMARKET

- Oakland Park's B-3 industrial corridor is fully built out. BCPA's Sales Search confirms only a handful of qualified vacant CRE land transactions in the immediate ZIP since 2017. Vacant industrial land here is genuinely irreplaceable — a future buyer would need to acquire an improved property and demolish to replicate the subject site.

B-3 ZONING FLEXIBILITY

- Permits commercial-industrial uses including warehousing, IOS (industrial outdoor storage), contractor yards, vehicle storage, signage, gates, security improvements, and light industrial. The universe of future end-users is deep.

OUTSIDE-STORAGE ENTITLEMENTS

- The subject already enjoys outside-storage entitlement under B-3 — one of the most valuable and scarce zoning attributes in South Florida industrial real estate. National IOS investors (Alterra, Zenith, JBG SMITH) are actively pursuing yards exactly like this one.

Submarket Fundamentals

- Oakland Park industrial space is currently at 3-4% vacancy, with rents 20-30% below comparable Fort Lauderdale product. Strong corridor leasing fundamentals translate directly to underlying land value support.

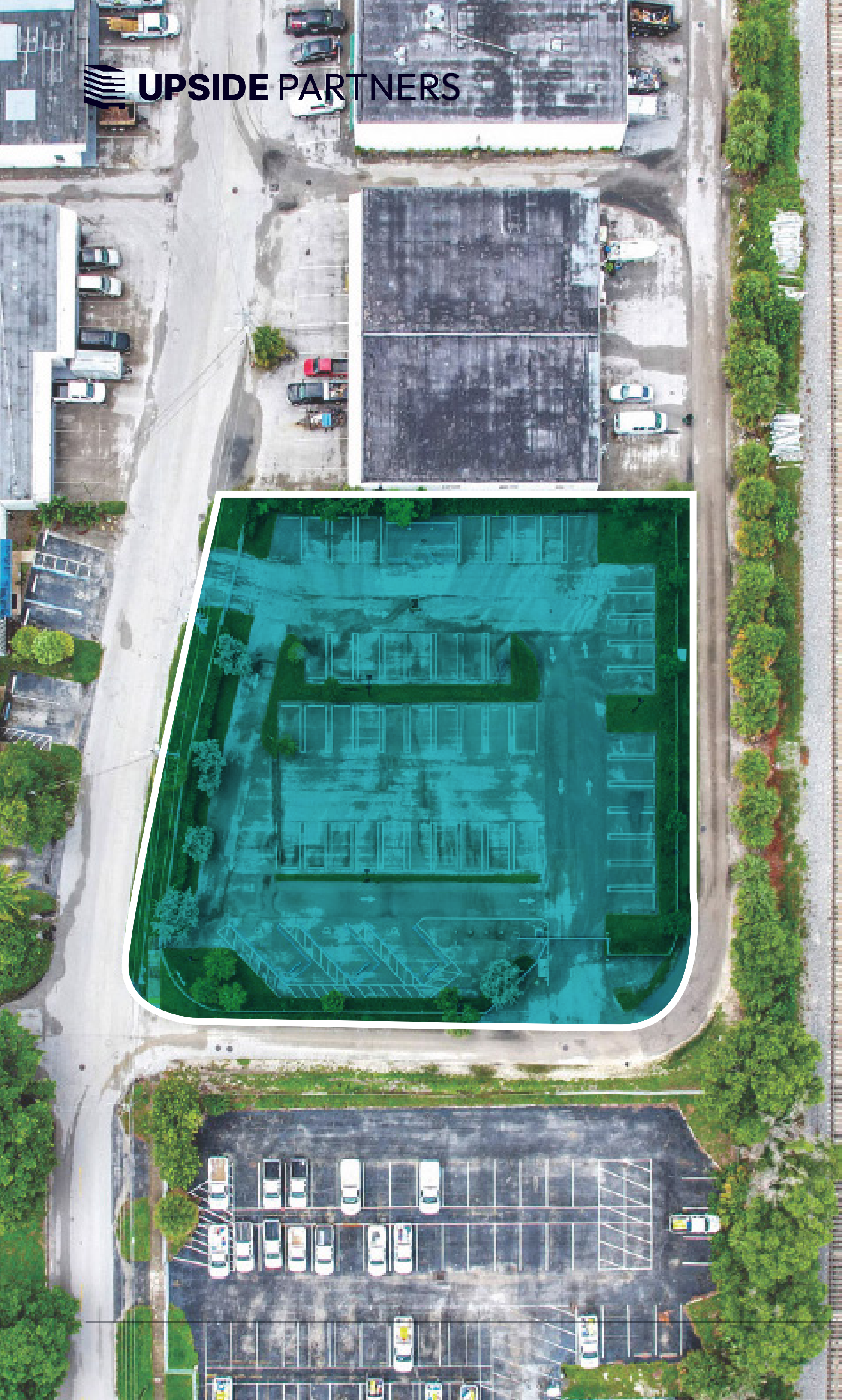
PUBLIC INVESTMENT TAILWIND

- The City received $25M in federal Department of the Interior funding in late 2024 for stormwater and resilience infrastructure. Public capital investment in the corridor structurally supports land values.

Residual Value Scenarios

Should the tenant choose not to renew at the end of any term — a scenario the operational analysis suggests is highly improbable — the buyer would have multiple paths to monetize the underlying real estate:

- **Re-Lease to an IOS Operator:** National and regional IOS investors are actively acquiring fenced, paved industrial yards. The site is already configured for this use — minimal repositioning required.
- **Re-Lease to a Contractor or Trade:** Plumbing, HVAC, electrical, and roofing contractors actively seek vehicle storage and materials yards in this corridor. NE 12th Avenue location is desirable for proximity to I-95 and the airport.
- **Sell to an Owner-User:** Small-bay warehouse end-users (the buyer of 5149 NE 12 Ave is a recent example) routinely acquire infill industrial sites in this corridor.
- **Develop Light Industrial Building:** B-3 zoning permits ground-up light industrial development. The site could support a 12,000-15,000 SF small-bay warehouse — the most in-demand product type in the South Florida industrial market.



Location

5299 NE 12TH AVENUE | OAKLAND PARK, FL

SUBMARKET OVERVIEW

Oakland Park is a 45,000-population municipality in central Broward County, bordered by Fort Lauderdale to the south and Pompano Beach to the north, with Wilton Manors and Lauderdale-by-the-Sea immediately adjacent. The City has emerged as one of South Florida's most active value-add infill submarkets — supported by ongoing public investment, a $25M federal Department of the Interior grant awarded in late 2024 for stormwater and resilience infrastructure, and continued private capital flow into the NE 12th Avenue corridor.

Industrial market fundamentals are exceptional: Oakland Park industrial space is at 3-4% vacancy, with rents 20-30% below comparable Fort Lauderdale product. Outside-storage entitlements (which the subject already enjoys under its B-3 zoning) are particularly scarce and command a meaningful premium.

- **Adjacent Public Works Campus:** The City's primary Public Works facility sits immediately south at 5100 NE 12th Terrace, Oakland Park — operational continuity with the subject site is the reason for the lease.
- **Major Thoroughfares:** Three blocks from US-1 (Federal Highway); 5 minutes to I-95; 10 minutes to Fort Lauderdale-Hollywood International Airport.
- **Demographic Profile:** Oakland Park / Wilton Manors / NE Fort Lauderdale combined trade area exceeds 250,000 within 5 miles; median household income above $70,000.
- **B-3 Zoning Flexibility:** Permits commercial-industrial uses including warehousing, outside storage, contractor yards, vehicle storage, and light industrial — deep universe of future end-users.

DISCLAIMER & CONFIDENTIALITY

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This OM contains forward-looking statements regarding the IOS market, the Oakland Park submarket, and post-lease upside scenarios. These statements are based on market data and third-party reports available as of the date of this OM. Actual results may differ materially.

By accepting this OM, the recipient agrees to keep its contents confidential and not to distribute the OM, in whole or in part, to any third party without the Seller's prior written consent.

All offers, inquiries, communications with the Subject's tenant, and site visits must be coordinated through the Seller's representative. Direct tenant contact is strictly prohibited.

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