

**CONFIDENTIAL INVESTMENT MEMORANDUM**

*Comprehensive Business Plan*

**12/31/2025**



**INGALLS** | **CREATIVE**  
 **& Co.** | **SPACES**

*Building Ohio's First Grand-Scale,  
Hollywood-Caliber Sound Stage*

[FilmCLE.com](http://FilmCLE.com)

[invest@IngallsAndCompany.com](mailto:invest@IngallsAndCompany.com)

Prepared by James Ingalls & Allan Velez

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## EXECUTIVE SUMMARY

### ***Company Overview***

Ingalls & Co. is developing Ohio's premier filmmaking infrastructure through three integrated divisions: Creative Spaces (soundstage facilities), Tape 30 (production services), and Simple Suite (production software). Our mission is to build Cleveland's next industrial sector—one that serves every level of Greater Cleveland's skilled workforce while attracting major studio productions to the region.

### ***The Opportunity***

Creative Spaces is constructing Stage 01, a purpose-built 15,000 square foot professional sound stage with production offices on a 4.32-acre campus located at E219th Street, Euclid, Ohio (Parcel No. 646-09-005)—just 15 minutes from Downtown Cleveland. This facility will be the first professional-grade sound stage in Ohio, serving an underserved regional market while positioning Cleveland as a nationally recognized production destination. In 2025 alone, more than twenty feature film, television, and streaming productions received the Ohio Motion Picture Tax Credit—but *not even one* used in-state sound stages, losing that credit for all shoots out-of-state: because those facilities do not exist yet in Ohio.

### ***What A Sound Stage Is & Why It Matters***

A professional sound stage is a purpose-built industrial facility required for filming movies, television, and streaming content. Unlike warehouses or repurposed buildings, sound stages provide sound isolation, high-capacity electrical power, and quiet climate systems that professional productions cannot operate without. Ohio currently has no professional-grade sound stages, forcing productions to film interiors out of state and export jobs, spending, and tax-credit value elsewhere. Creative Spaces fills this infrastructure gap, enabling productions to remain fully in Ohio and capture the economic impact that film incentives are designed to generate.

### ***Current Status***

- Development parcel acquired just 15 minutes from downtown Cleveland
- Schematic designs for the master plan of the first 4+ acres of our campus completed
- Construction documents in progress for city submission
- City leadership engaged and supportive
- SimpleStrips, Simple Suite's first software offering, is in active free public beta

### ***Investment Terms***

- Offering: up to 35 membership units at \$50,000 per unit
- Total Capital Raise: \$1,750,000
- Ownership Per Unit: 1.0% Equity
- Post-Money Valuation: \$5,000,000

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***Projected Returns***

Financial projections demonstrate strong returns across multiple utilization scenarios. A summary of these projected scenarios are on the following page; fully detailed scenarios can be found on page 17.

***Base Case Scenario***

- MOIC: 8.19x to 10.77x (at 6.0x to 8.0x EBITDA exit multiples)
- Annual Dividend Yields: Ramping from 1.8% in Year 1 to 19.35% by Year 5
- Cumulative Dividends: \$25,725 per unit over 5 years

***Slow Start Scenario***

- MOIC: 6.47x to 8.51x
- Demonstrates downside resilience even with conservative market adoption

***Series-Driven Scenario***

- MOIC: 4.88x to 6.41x
- Greater revenue stability from longer-duration episodic productions

***Why Now***

- Market Gap: No Hollywood-level sound stages exist in Northeast Ohio
- Production Activity: Ohio film industry now supported by 30% state tax credit
- Infrastructure Deficit: Regional productions currently travel to Chicago, Pittsburgh, Atlanta, or build temporary facilities
- Expansion Capital Secured: All future phases funded from retained earnings (no dilution)
- Strategic Optionality: SimpleStrips software creates brand awareness with emerging filmmakers

## INVESTMENT OPPORTUNITY

### ***Investment Structure***

- Securities Offered: Membership Units
- Price Per Unit: \$50,000
- Minimum Investment: 1 Unit (\$50,000)
- Maximum Offering: 35 Units (\$1,750,000)
- Ownership Per Unit: 1.0% Equity

Note: The Company has 100 authorized Units under its Operating Agreement. James Ingalls currently holds 100 Units (100% ownership). This offering involves the sale of up to 35 Units from James Ingalls to new investors, resulting in post-closing ownership of: Founding Members 65 Units (65%), New Investors up to 35 Units (35%). All Units have equal economic rights to quarterly distributions and liquidation proceeds.

### ***Dividend Policy***

- 15% of Net Operating Profit distributed annually to equity holders
- Dividends paid pro rata to all membership units
- 85% of profit retained for reinvestment and balance sheet strength
- First dividends expected at end of Q4 2027 (first full quarter of operations)
- Distributions made quarterly thereafter within 30 days following quarter end.

### ***Capital Allocation Policy***

In profitable years, Ingalls & Co. follows this capital allocation framework:

1. Net Operating Profit calculated annually
2. 15% distributed as dividends to equity holders
3. 85% retained as Retained Earnings
4. Of Retained Earnings, 50% allocated to Reinvestment Budget (growth, expansion, improvements), 50% retained as cash on balance sheet
5. All expansion capital expenditures funded exclusively from Reinvestment Budget
6. No investor capital calls; no dilution from expansion phases

### ***Use of Investment Proceeds***

Total Capital Raise of \$1,750,000 to be allocated as follows

- **\$1,054,440:** Campus construction completion
  - Construction documents and final engineering
  - City permitting and approvals
  - Site work, utilities, and infrastructure
  - Stage 01 construction
  - Office building constructions
  - Portico entry structure construction
  - Technical systems installation
  - Contingency reserves
- **\$695,560:** Operating capital and strategic reserves
  - Treat as Year 1 retained revenue for capital allocation purposes
  - Marketing and business development
  - Pre-opening operating expenses
  - Working capital reserves
  - Strategic opportunities

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***Investor Protections***

- No debt or leverage in capital structure
- Asset-backed investment: physical real estate and improvements
- Costanzo FLP's ownership of parcel provides institutional credibility of an established real estate company for future financing if needed
- No future dilution; expansion funded exclusively from operations
- Early liquidity as dividend distributions begin in Year 1 of operations

Note: The Company is managed by a Board of Directors as specified in the Operating Agreement. Consistent with standard private company structure, individual minority investors do not receive board seats. The Operating Agreement provides supermajority protections requiring two-thirds member approval for major corporate actions including sale of substantially all assets, merger, or material changes to capital structure (Section 7.5 of Operating Agreement).

***Expected Timeline***

- Q1 - Q2 2026: Construction documents submitted and approved
- Q2 2026 - Q1 2027: Construction Period
- 2027: Stage 01 and offices operational; first productions commence
- 2027 - 2030: Operating period modeled in financial projections
- 2030+: Exit opportunity or continued operations with dividends

## COMPANY OVERVIEW

### ***Mission***

Ingalls & Co. is developing Ohio's premier filmmaking infrastructure not merely to attract distant pictures, but to build Cleveland's next industrial sector—one that serves every level of Greater Cleveland's skilled workforce. Our comprehensive approach provides world-class facilities for major studio productions while creating accessible pathways for local talent, educational institutions, and emerging enterprises.

We recognize that sustainable industry growth requires deep community investment rather than extractive business models. Our facilities and partnerships are designed to ensure that Cleveland's students, independent filmmakers, local businesses, and regional service providers share directly in the prosperity that comprehensive manufacturing infrastructure creates.

## **The Three-Division Structure**

### **CREATIVE SPACES** | Production Infrastructure Division

- The Flagship Division
- Stage 01 (in development)
- Production Office Space (in development)
- Future expansion: Additional Stages, mills, post-production facilities
- Located on 4.32-acre site in Euclid, Ohio, 15 minutes from Downtown Cleveland

### **SIMPLESUITE** | Production Software Division

- Software for use by film-industry professionals and students
- Designed to undercut expensive legacy desktop software and per-user cloud platforms while being easier to use and faster to learn
- SimpleSuite: strip boards, call sheets, breakdowns, and scheduling (free beta)
- Future software: SimpleShots for shot lists and story boarding
- Future commercialization planned but not included in financial projections

### **TAPE 30** | Production Services Division

- In-house production capabilities for commercial and branded content
- Provides marking and internal media production for Ingalls & Co.
- Will operate on-site when Stage 01 opens
- Currently functions as a support division, not a revenue driver

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### ***Strategic Real Estate Partnership***

Costanzo Family Limited Partnership No. 1 (Costanzo FLP) serves as the real estate partner for Creative Spaces development:

- **Parcel Ownership:** Costanzo FLP owns Parcel No. 646-09-005 (4.32 acres)
- **Development Structure:** Ingalls & Co. builds to suit and pays nominal rent
- **Strategic Benefits:**
  - Institutional credibility for potential future financing (established company vs. startup)
  - Asset protection through corporate structure layers
  - Clean separation of real estate and operating entities
- **Leadership:** Mary Costanzo, CEO of Costanzo FLP and former CEO of Revelations Salon & Spa (top 10 nationally in sales), serves as both strategic adviser and real estate partner
- **Funding to Date:** All \$245,560 in development expenditures to date funded by Costanzo FLP as personal loan to founder James Ingalls

### ***Branding Recognition Through Art & Industry***

The Ingalls family carries established associations with infrastructure development and cultural institutions across Ohio and nationally, providing immediate credibility advantages competitors lack.

- **Infrastructure Credibility:** Historical association with major infrastructure projects (Melville Ezra Ingalls' Big Four railroad consolidation, Cincinnati's Ingalls Building—America's first reinforced concrete skyscraper) positions the company as builders of lasting regional assets, not short-term speculative ventures.
- **Art-Industry Convergence:** The Ingalls Library & Museum Archives at the Cleveland Museum of Art and the Louise H. and David S. Ingalls Foundation (supporting Northeast Ohio institutions since 1953) create instant name recognition with city leadership, cultural organizations, and educational partners—critical for permitting, partnerships, and community support.
- **National Cultural Impact:** The name's connection to both industrial development and cultural institutions (Cleveland Museum of Art, Laura Ingalls Wilder's cultural impact, Albert G. Ingalls' democratization of technical crafts) aligns perfectly with film production's dual nature—requiring both industrial-scale infrastructure and creative/cultural value.
- **Market Differentiation:** In competitive discussions with productions, vendors, and investors, "Ingalls & Co." signals established regional legacy and long-term commitment versus generic startup names. The brand communicates stability, permanence, and alignment with Cleveland's identity as a city where industry and culture intersect.

This branding strategy provides tangible business value through enhanced stakeholder trust, simplified relationship building with institutions and city leadership, and market positioning as continuation of proven regional infrastructure development rather than untested new venture.

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### ***Creative Spaces as Cleveland's Film Factory***

The Creative Spaces campus design reflects Cleveland's industrial heritage—not a generic warehouse conversion or Los Angeles imitation. Working with Cleveland architectural partners, the design language is rooted in the region's historic industrial structures: places built with purpose, durability, and pride.

The design reflects that. Working with our architects, we've developed a design language rooted in Cleveland's industrial heritage. This is not a generic warehouse conversion, and we're not trying to imitate Los Angeles. The campus is modeled after the region's own historic industrial structures—places built with purpose, durability, and pride. The idea is simple: creative fire in an industrial forge.

The schematic master plan shows three 15,000 square foot sound stages and one 11,700 square foot stage (future phases), with any stage building configurable as mills or production design warehouses depending on demonstrated client needs. Site planning prioritizes real production workflows: truck circulation, long-term parking, and staging areas—not just aesthetics.



## MARKET OPPORTUNITY

### ***The Ohio Production Gap***

While more than twenty feature film, television, and streaming productions received the Ohio Motion Picture Tax Credit, the state currently has no professional-grade sound stages...

### **Creating A Significant Market Gap For**

- Feature films requiring controlled acoustic environments
- Episodic television and streaming series
- High-end commercial productions
- Corporate and branded content
- Educational partnerships with Greater Cleveland's film schools

### **Productions Currently Face Three Inadequate Alternatives:**

1. Travel to Chicago, Pittsburgh, or Atlanta facilities
2. Build temporary facilities in warehouses without proper acoustic treatment
3. Compromise production quality due to lack of infrastructure

## **Cleveland's Strategic Advantages**

### ***Industrial Heritage & Skilled Workforce***

- Deep manufacturing and skilled trades legacy supports below-the-line crew needs
- IATSE Local 209 (Cleveland) covers stagecraft, lighting, and technical crews
- Cost advantages compared to coastal markets
- Strong work ethic and collaborative culture

### ***Central Geographic Positioning***

- Within 500 miles of 60% of North America's population
- Major markets accessible: New York, Chicago, Toronto, Detroit, Pittsburgh
- Lower operating costs than coastal production centers
- Direct flights from Cleveland Hopkins International Airport

### ***Economic Development Alignment***

- City of Euclid leadership enthusiastic about project
- Regional economic development initiatives support creative industries
- Educational institutions seeking production partnerships
- Growing independent film community in Cleveland metro area

### ***Ohio Motion Picture Tax Credit***

- Up to **30% tax credit** on qualified Ohio production spending
- Includes both below-the-line and above-the-line expenses
- Transferable credits provide liquidity to productions
- Competitive with neighboring states' incentive programs

## Target Market Segments

### ***Feature Films***

- Independent features (\$1M-\$20M budgets)
- Studio features requiring Midwest locations
- Average rental duration: 1.5 months per production

### ***Episodic Television & Streaming***

- Limited series (6-10 episodes)
- Ongoing series production
- Average rental duration: 3 months per season
- Higher utilization, more revenue stability

### ***Commercial Productions***

- National brand commercials
- Regional advertising campaigns
- Corporate communications
- Shorter-duration, higher day rates possible

### ***Regional & Educational***

- Local independent productions
- Film school programs
- Film school thesis projects
- High school media programs
- Community access pricing tier

## Competitive Landscape

While several facilities exist in Northeast Ohio, none meet professional industry standards for major studio productions:

### ***School Yard Studios***

Facilities converted from former Berkshire High School, resulting in many serious deviations from industry standards.

- Located in Burton, Ohio (30 miles from Cleveland, results in union fees)
- 10,175 sq ft sound stage (one of the smallest in the Midwest)
- Permanently installed 100 ft cyc wall (contrary to industry standards)
- Wooden sound stage floor (contrary to industry standard concrete)
- 23 ft clear height (significantly below industry standard)

### ***Creative House Studios***

Small footprint and low clear height makes this facility primarily for commercial/photography rather than major film/TV production .

- 3,000 sq ft sound stage (unacceptably small by industry standards)
- Permanently installed 50 ft cyc wall (contrary to industry standards)
- 22 ft clear height (significantly below industry standard)

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### **TRG Multimedia / TRG Sound & Vision**

TRG is primarily a commercial production powerhouse (video, photography, CGI for brands) with cutting-edge virtual production capability, NOT a sound stage rental facility for outside productions. They produce content in-house rather than renting stage space to external film/TV productions. Their virtual production stage is specialized for LED volume work, not traditional sound stage production.

- State-of-the-art 8,000 sq ft virtual production stage
- No sound stage facilities, nor capacity for conversion
- No sound proofing
- No sound damping
- No industry-standard company switches for power delivery

### **Critical Gap in Market**

None of these facilities offer *all* of what major studio film and television productions require:

- **Professional Clear Height:** Creative Spaces' 30ft clear span
- **Professional Scale:** Creative Spaces' 15,000 sq ft stage
- **Industry-Standard Electrical:** Creative Spaces' 400 amp company switches
- **Full Acoustic Isolation:** Creative Spaces' sound proofing and damping
- **Industry Standards Specifications Throughout:** 35 watts/sq ft power, 20ft drive-in door, integrated production offices, etc.

### **Out-of-State Competition**

Moving out-of-state to complete filming requires productions to relocate entire crews and logistics, adding significant cost and complexity, in addition to giving up their Ohio Motion Picture Tax Credit.

**CINESPACE CHICAGO** | 1.5 million sq ft of professional stages, 250 miles away

**PITTSBURGH-AREA FACILITIES** | Smaller converted warehouses, 130 miles away

### **Creative Space's Competitive Positioning**

- Ohio's first professional-specification sound stage meeting industry standards
- 30ft clear height without obstructions (vs. 20-23ft at competitors)
- 15,000 sq ft professional scale (vs. 3,000-10,000 sq ft at local facilities)
- Purpose-built for production rental, not in-house commercial work
- Traditional sound stage model serving external film/TV productions
- Full acoustic isolation from ground-up design
- Up to 30% tax credit makes rental effectively 30% less expensive
- Complementary to TRG's virtual production stage
- Local market proximity: Productions avoid Chicago/Pittsburgh relocation costs

## **Market Size & Growth**

### ***Ohio Production Activity***

- Ohio film tax credit incentives in-state production
- In 2025 alone, more than twenty feature film, television, and streaming productions received the Ohio Motion Picture Tax Credit
- Growing independent film scene in Cleveland, Columbus, Cincinnati
- Netflix, Amazon, and streaming platforms increasing episodic content demand
- Corporate video and commercial production growing with digital marketing

### ***Rental Rate Justification***

- \$300,000/month pricing reflects scarcity value and professional specifications
- Comparable to adjusted rates in secondary markets (adjusted for local cost basis)
- Lower than Chicago or coastal rates while offering similar quality
- Productions save on crew housing, travel, and logistics by staying regional

## DEVELOPMENT PLAN

### ***Campus Groundwork, Offices, & Stage 01***

Targeting mid-2026 to early 2027 completion, operational in 2027. Facilities will include a 15,000 sq ft sound stage, production office space, entryway portico, and parcel infrastructure. See the Schematic Designs package for visual details.

#### **Stage 01**

- 15,000 sq ft (100ft by 150 ft)
- 30ft minimum clear height
- 20ft drive-in access door
- Fully soundproofed and acoustically isolated
- Sound deadened interior
- 35 watts per sq ft power capacity
- Industry standard 400 amp switches
- Used by cast and crew to shoot productions

#### **Production Office Space**

- 8,100 sq ft
- Conference rooms
- Collaborative work spaces
- Direct access to Stage 01
- Used by producers, directors, etc. (the "production office") to manage the business needs of a production

#### **Portico Entry Structure**

- Central welcoming entry structure for both the offices and Stage 01
- Weather protection for cast and crew members
- Brand identity statement (modeled after regional industrial-era architecture)

#### **Site Infrastructure**

- 4-lane central road on campus
- On-site parking for cars, trailers, and production trucks
- Utilities and power distribution
- Site lighting and security
- Truck circulation and staging areas

#### **Current Progress**

- Land secured (4.32 acres, Parcel No. 646-09-005)
- Surveying & geotechnical site analysis completed
- Pre-design & schematic master plan architectural documents completed
- City leadership engaged with clear approval pathway
- Construction documents for city approval currently in progress

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### ***Future Expansion Plans***

The schematic master plan shows the complete build-out potential of the 4.32-acre site before further expansion would require adjacent parcel expansion for parking capacity. When expansion is required, there are 12 acres of adjacent industrial parcels we can acquire.

### **Additional Sound Stages** (per master plan)

- Two 15,000 sq ft stages
- One 11,700 sq ft stage
- All with professional specifications matching Stage 01
- All alternately configurable as mills/warehouses (as determined by client needs)

### **Planned Support Facilities**

- On-site mill/workshop for set construction
- Production design warehouse for prop and set storage
- Post-production facilities

### ***Expansion Funding Model***

- All future phases funded exclusively from Retained Earnings Reinvestment Budget
- 50% of retained earnings (42.5% of Net Operating Profit) allocated to reinvestment
- No additional investor capital calls
- No dilution of existing equity positions
- Expansion timing driven by utilization and cash flow generation

### ***Base Case Projections Expansion Example***

By 2030 in the Base Case scenario, Creative Spaces will have generated sufficient reinvestment capital and sufficient utilization to justify the construction of Stage 02, with the financial projections showing 2 stages operational in Year 5 (2030).

### ***Professional Partners***

Architecture & Design | **LOBAS ARCHITECTS & RAKAUSKAS ARCHITECTURE**

Engineering | **NEFF & ASSOCIATES**

Technical Consulting | **WERTZ GEOTECHNICAL ENGINEERING, INC.**

Real Estate | **COSTANZO FAMILY LIMITED PARTNERSHIP NO. 1**

## REVENUE MODEL & FINANCIAL PROJECTIONS

### ***Revenue Model***

The primary revenue stream is sound stage rental fees, with a standard film production rental being \$300,000 per month, and a series/episodic production rental being \$275,000 per month. Film productions average 1.5 months of occupancy per production, while series productions average 3.0 months.

### ***Pricing Justifications***

Our pricing reflects scarcity value in an underserved market, and professional specifications justify a premium over converted warehouses. Further, our rates are lower than Chicago/Atlanta rates while offering comparable quality and massive savings on crew relocation and logistics costs.

### ***Operating Economics***

We've intentionally padded and over-estimated our projected operating expenses, assuming 100% utilization from day one on top of that. We include facility maintenance, utilities, insurance costs, administrative overhead, etc. based on comparable facilities and regional rates.

### ***Operating Margin Profile***

We have a high fixed-cost, low variable-cost structure, with significant margin expansion as utilization increases. Net operating profit margins range from 67% - 95% depending on utilization.

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### ***Financial Projections: Three Scenarios***

The financial projections model three scenarios to demonstrate both upside potential and downside resilience. All scenarios assume conservative operating expense estimates and no SimpleStrips software revenue (strategic optionality not included). For a more focused look at these projections, see the dedicated financial projections document.

#### **Scenario 1: Base Projections**

This scenario assumes steady market adoption of a purpose-built, industry-standard sound stage in an underserved regional market. Rental pricing (\$300,000 per Month) reflects scarcity and professional specifications, while utilization ramps in line with increasing market awareness, repeat customers, and growing production activity, resulting in improving operating leverage and internally funded expansion.

#### **Revenue & Dividends**

Year	Stages	Films	Revenue	Op. Expenses	Net Op. Profit	Dividend per Unit	Dividend Return %	Reinvest. Cap.
2026	0	0	\$0	\$1,300,000	\$0	\$0	0%	\$347,780
2027	1	2	\$900,000	\$300,000	\$600,000	\$900	1.8%	\$255,000
2028	1	5	\$2,250,000	\$300,000	\$1,950,000	\$2,925	5.85%	\$828,750
2029	1	7	\$3,150,000	\$300,000	\$2,850,000	\$4,275	8.55%	\$1,211,250
2030	1	8	\$3,600,000	\$300,000	\$3,300,000	\$4,950	9.9%	\$1,402,500
2031	2	15	\$6,750,000	\$300,000	\$6,450,000	\$9,675	19.35%	\$2,741,250

#### **Exit Values (Equity + Dividends Recieved)**

Exit Multiple	Enterprise Value at Exit	Equity Value Per Unit	Cumu. Dividends Received	Total Value Per Unit	MOIC
6.0x	\$38,700,000	\$387,000	\$22,725	\$409,725	8.19
7.0x	\$45,150,000	\$451,500	\$22,725	\$474,225	9.48
8.0x	\$51,600,000	\$516,000	\$22,725	\$538,725	10.77

#### **Tables Key**

- Equity Value per Unit = 1% ownership × Enterprise Value
- Total Value per Unit = Exit value + all dividends received
- MOIC (Multiple on Invested Capital) = Total value ÷ \$50,000 initial investment

#### **In Summary**

Even at a conservative 6× exit multiple, investors recover over 8× their capital, with dividends providing early partial liquidity and the majority of returns coming from equity appreciation.

### Scenario 2: Slow-Start Projections

This scenario assumes a slower-than-expected market adoption during the company's first three operating years, reflecting delayed awareness, longer sales cycles, or temporary softness in regional production activity. Rental pricing remains unchanged (\$300,000 per Month), but annual film volume ramps more gradually before converging toward the base case by Year 5.

#### Revenue & Dividends

Year	Stages	Films	Revenue	Op. Expenses	Net Op. Profit	Dividend per Unit	Dividend Return %	Reinvest. Cap
2026	0	0	\$0	\$1,300,000	\$0	\$0	0%	\$347,780
2027	1	1	\$450,000	\$300,000	\$150,000	\$225	0.45%	\$63,750
2028	1	3	\$1,350,000	\$300,000	\$1,050,000	\$1,575	3.15%	\$446,250
2029	1	5	\$2,250,000	\$300,000	\$1,950,000	\$2,925	5.85%	\$828,750
2030	1	8	\$3,600,000	\$300,000	\$3,300,000	\$4,950	9.9%	\$1,402,500
2031	2	12	\$5,400,000	\$300,000	\$5,100,000	\$7,650	15.3%	\$2,167,500

#### Exit Values (Equity + Dividends Recieved)

Exit Multiple	Enterprise Value at Exit	Equity Value Per Unit	Cumu. Dividends Received	Total Value Per Unit	MOIC
6.0x	\$30,600,000	\$306,000	\$17,325	\$323,325	6.47
7.0x	\$35,700,000	\$357,000	\$17,325	\$374,325	7.49
8.0x	\$40,800,000	\$408,000	\$17,325	\$425,325	8.51

#### Tables Key

- Equity Value per Unit = 1% ownership × Enterprise Value
- Total Value per Unit = Exit value + all dividends received
- MOIC (Multiple on Invested Capital) = Total value ÷ \$50,000 initial investment

#### In Summary

Even under a materially slower ramp, the investment remains capital-positive, with meaningful dividend income and a 6–8× equity outcome driven by long-term asset value.

### Scenario 3: Series-Driven Utilization Projections

This scenario assumes the facility attracts episodic or limited-series productions that occupy the stage for longer continuous periods. While headline monthly pricing moderates slightly, utilization increases materially, resulting in higher annual revenue stability and improved operating leverage.

### Assumptions Adjusted

- Average Duration: 3.0 months
- Monthly Rate: \$275,000

### Revenue & Dividends

Year	Stages	Series	Revenue	Op. Expenses	Net Op. Profit	Dividend per Unit	Dividend Return %	Reinvest. Cap.
2026	0	0	\$0	\$1,300,000	\$0	\$0	0%	\$347,780
2027	1	1	\$825,000	\$300,000	\$525,000	\$788	1.58%	\$223,125
2028	1	2	\$1,650,000	\$300,000	\$1,350,000	\$2,025	4.05%	\$573,750
2029	1	3	\$2,475,000	\$300,000	\$2,175,000	\$3,263	6.53%	\$923,438
2030	1	4	\$3,300,000	\$300,000	\$3,000,000	\$4,500	9.0%	\$1,275,000
2031	2	5	\$4,125,000	\$300,000	\$3,825,000	\$5,738	11.48%	\$1,624,688

### Exit Values (Equity + Dividends Recieved)

Exit Multiple	Enterprise Value at Exit	Equity Value Per Unit	Cumu. Dividends Received	Total Value Per Unit	MOIC
6.0x	\$22,950,000	\$229,500	\$16,314	\$245,814	4.92
7.0x	\$26,775,000	\$267,750	\$16,314	\$284,064	5.68
8.0x	\$30,600,000	\$306,000	\$16,314	\$322,314	6.45

### Tables Key

- Equity Value per Unit = 1% ownership × Enterprise Value
- Total Value per Unit = Exit value + all dividends received
- MOIC (Multiple on Invested Capital) = Total value ÷ \$50,000 initial investment

### In Summary

Under an episodic-heavy utilization mix, returns moderate but stability improves, supporting a defensible 5–6.5× equity outcome driven by long-duration occupancy and predictable cash flow.

***Exit Multiple Context***

The 6.0x to 8.0x EBITDA exit multiples used in these projections are conservative and justified for entertainment infrastructure assets:

- Private entertainment production facilities and infrastructure assets typically trade at 6-12x EBITDA
- Real estate-backed production facilities command premium multiples due to tangible asset base
- Single-market scarcity assets (only professional facility in the state) support higher valuations
- Recurring revenue models with high operating leverage justify strong multiples
- Regional economic development projects often receive strategic acquisition premiums

The projections use the lower end of typical industry multiples, providing downside protection in valuation assumptions.

## MANAGEMENT TEAM & ADVISERS

### ***James Ingalls II, Chief Executive Officer***

James Ingalls II brings strategic leadership, infrastructure-minded execution, and hands-on media experience to Ingalls & Co., continuing a four-century family legacy of American enterprise building.

#### **Education**

- BFA in Film & TV Production, DePaul University
- St. Ignatius High School, Cleveland

#### **Professional Experience**

- Multi-Emmy Award winning production companies: Spirit Juice Studios and Behold
- Projects earned Emmy nominations in less than two years
- Key positions creating video content for international brands: Beam Suntory, Lennox International, Emmy Awards, ISDA, Knights of Columbus
- Extensive experience shooting in Cinespace Studios Chicago sound stages, providing crucial insight into professional facility operations

#### **Vision**

Transform Greater Cleveland into a nationally recognized production hub through development of world-class sound stages, production offices, and comprehensive creative infrastructure.

### ***Allan Velez, Chief Networking Officer***

Allan Velez brings essential networking expertise and production experience to Ingalls & Co.'s mission of establishing Cleveland as a major production hub.

#### **Education**

- BS in Business Administration in Marketing, John Carroll University
- St. Ignatius High School, Cleveland

#### **Professional Experience**

- Angela Boehm Casting for the Russo Brothers' film *Cherry*
- Locations department for *Superman*
- Direct experience with major Hollywood productions providing invaluable insight into high-level film project needs and expectations

#### **Role**

Cultivates relationships with producers, directors, production companies, and industry professionals, positioning Ingalls & Co. as the go-to partner for productions seeking world-class facilities in Ohio.

***Isabel Rothberg, Head of Operations***

Isabel brings essential operational expertise and organizational leadership to Ingalls & Co.'s mission of establishing world-class production infrastructure in Cleveland.

**Education**

- BFA in Film & TV Production, DePaul University

**Professional Experience**

- Administrative Manager for various Chicago companies
- Successfully managed complex scheduling systems for administrators, employees, and clients
- Extensive shooting experience in Cinespace Studios Chicago sound stages, providing invaluable operational insight

**Role**

Oversees day-to-day internal operations, client scheduling, and organizational systems. Ensures productions using Creative Spaces facilities experience smooth, professional service from booking through wrap.

**Advisers**

Ingalls & Co. is guided by a distinguished group of advisers who bring decades of experience from entertainment, finance, real estate, and business development.

***Ferenc Sanderson, Economics & Alternative Investment***

Founder of FS Consulting Inc., Ferenc provides crucial guidance on capital allocation, investment strategies, and financial structuring for the company's expansion plans. His deep understanding of alternative investment markets and economic analysis helps ensure Ingalls & Co.'s growth is built on sound financial foundations.

***Katerine Moner, Entertainment Industry & Talent Management***

Seasoned Hollywood talent manager with extensive network of relationships with actors, directors, producers, and industry executives. Her deep understanding of industry dynamics, production requirements, and talent needs helps guide facility development and service offerings to meet exacting standards that major productions and A-list talent expect.

***Barry Goldman, Entertainment Production & Studio Operations***

Decades of entertainment industry leadership and production expertise from executive career at Disney and work as independent producer. His intimate knowledge of large-scale production operations, studio requirements, and industry best practices provides crucial guidance for Creative Spaces facility design and operational strategies.

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**Mary Costanzo, Real Estate & Business Leadership**

Serves as both strategic adviser and real estate partner for Creative Spaces development. Current proprietor and CEO of Costanzo FLP (real estate holding company) and former CEO of Revelations Salon & Spa (one of top 10 salons nationally in sales). Proven business leadership and extensive real estate expertise guide property development, operational excellence, and strategic growth planning.

**James Ingalls, Esq., Legal Counsel**

Provides essential legal counsel and business guidance, bringing both legal expertise and family heritage to the company's strategic development. His comprehensive understanding of business law, contract negotiation, and corporate governance helps navigate the complex legal landscape of the entertainment industry while ensuring compliance with all regulatory requirements.

**Marc Loutzenhiser, Grand Strategy & Business Development**

Extensive experience in large-scale business development and project management. Provides high-level guidance on grand strategy and long-term vision, helping the company set ambitious goals, evaluate opportunities, and avoid common pitfalls, ensuring that Ingalls & Co.'s growth is both sustainable and aligned with its core values.

## STRATEGIC ADVANTAGES

### 1. *The First Industry-Standard Soundstage in Ohio*

Creative Spaces will be Ohio's first traditional soundstage meeting professional industry standards for major studio productions, providing significant competitive advantages:

- **No professional-specification competition** for traditional soundstage rental within Ohio
- **School Yard Studios:** 10,175 sq ft stage with only 23ft clear height (vs. Creative Spaces' unobstructed 30ft industry standard); converted gymnasium structure
- **Creative House Studio:** Only 3,000 sq ft with 22ft ceiling and beam obstruction; designed for commercial/photography work, not major film/TV production
- **TRG Multimedia:** 160,000 sq ft commercial production powerhouse with cutting-edge virtual production LED volume stage, but operates as in-house production company (not soundstage rental facility); different business model serving different market need
- **Clear market gap:** Traditional soundstage rental for external film/TV productions does not currently exist at professional specifications in Ohio
- **Out-of-state alternatives** (Chicago, Pittsburgh) require crew relocation and added logistics costs
- **Scarcity pricing power** justified by lack of professional traditional soundstage alternatives
- **Market capture opportunity** from productions currently traveling out of state
- **Brand establishment** as Ohio's professional film production destination
- **Time to build moat** before potential competitors can develop comparable purpose-built facilities

### 2. *Purpose-Built, Professional Design*

Creative Spaces will have *all* of the following, unlike converted and temporary facilities:

- **30ft clear height:** Industry standard for lighting and set construction
- **Full acoustic isolation:** Eliminates ambient noise interference
- **Sound deadened interior:** Professional audio recording environment
- **35 watts/sq ft power capacity:** Supports professional lighting packages
- **20ft drive-in door:** Accommodates vehicles and large set pieces
- **Industry standard 400 amp switches:** Professional power distribution
- **Integrated production offices:** Complete on-site production workflow

### 3. *An Experienced Team with Hollywood Credentials*

Ingalls & Co.'s leadership team brings together the the following:

- **Hollywood-level experience** (Emmy-nominations, major studio productions)
- **Cleveland roots & relationships** (St. Ignatius High School, regional networks)
- **CineSpace Chicago experience** (understanding of professional facilities)
- **Business and marketing expertise** (John Carroll University business

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#### **4. Strategic Optionality: SimpleStrips**

SimpleStrips production scheduling software creates multiple strategic advantages:

##### **Market Validation Underway**

- Free public beta building user base and gathering feedback
- Modern desktop application addressing pain points in legacy software market
- No recurring subscriptions fees or per-user pricing (one-time purchase model planned)

##### **Strategic Benefits**

- Brand awareness with emerging filmmakers (future facility customers)
- Student/independent filmmaker positioning (non-negotiable demographic for long-term market development)
- Complementary revenue stream potential (not included in financial projections)
- Production workflow integration opportunity with Creative Spaces facilities
- Data and insights into production planning and market needs

##### **Competitive Landscape**

- Legacy desktop software (MovieMagic Scheduling) suffers from technical issues, outdated UI, expensive licensing
- Cloud platforms (StudioBinder) charge \$85/month per user, prohibitively expensive for teams
- SimpleStrips designed to undercut both models with superior user experience

##### **Conservative Approach**

SimpleStrips revenue is not included in financial projections, representing pure upside optionality. Any successful commercialization provides additional returns beyond modeled scenarios.

#### **5. Vertical Integration With Tape 30**

Tape 30 production services provide:

- In-house production capabilities for company marketing and communications
- Operational knowledge from active production work
- Potential anchor tenant when Stage 01 opens
- Market intelligence on production needs and trends
- Credibility with productions (team that uses its own facilities)

#### **6. Expansion Capital Model Protects Investors**

No dilution. No capital calls. Base Case Projections show by Year 5 (2030), utilization needs and annual reinvestment budget enables Stage 02 construction without any external capital raise.

- All future expansion funded exclusively from Retained Earnings Reinvestment
- 50% of retained earnings (42.5% of Net Operating Profit) allocated to growth
- Investor equity positions remain intact through all expansion phases
- Company grows while protecting original investor ownership percentages

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## **7. Ohio Motion Picture Tax Credit**

Ohio offers up to 30% tax credit on qualified Ohio production spending:

- Includes both above-the-line and below-the-line expenses
- Covers payroll, vendor services, equipment, and facilities
- Transferable credits provide liquidity to productions
- Competitive advantage in attracting productions to Ohio vs. non-incentive states
- Stage 01 rental qualifies as creditable production expense

This incentive makes Creative Spaces rental effectively 30% less expensive for qualified productions, strengthening demand.

## **8. Preferred Vendors Network Create Ecosystem Value**

Established partnerships with regional providers:

### **Current Vendor Partners**

- Liminal Space Productions
- Cleveland Camera Rental
- Pixel Planet
- Angela Boehm Casting
- Ohio Burn Unit
- RollSound76
- Prime Security Management
- Cleveland Scoring

### **Ecosystem Benefits**

- One-stop coordination for productions
- Quality assurance through vetted partners
- Regional economic impact keeping production spending local
- Network effects as more vendors join and strengthen offerings
- Competitive moat through comprehensive service infrastructure

## **9. Community Integration & Workforce Development**

Deep commitment to regional economic development builds political support, community goodwill, and sustainable long-term market development.

- Educational partnerships with film programs for workforce development
- Accessible pricing tiers for local productions alongside major studio work
- High school media program access building next generation of regional talent
- Local hiring emphasis supporting Cleveland's skilled workforce
- Economic stewardship model ensuring community benefits from infrastructure investment

**10. City of Euclid Partnership & Political Support**

- Direct relationship with city leadership including Zoning Commissioner J. Scott Muscatello & Director of Planning and Development Patrick Grogan-Myers
- City enthusiasm for project as economic development driver
- Clear approval pathway with master plan approach
- Political risk minimized through transparent engagement
- Long-term partnership mindset vs. adversarial permitting process

**11. Asset-Backed Investment with Institutional Structure**

- Real property and improvements provide tangible asset backing
- Costanzo FLP ownership structure enables institutional financing if needed
- No debt in initial capital structure provides clean balance sheet
- Professional partnerships (architecture, engineering) ensure quality execution
- 400-year legacy demonstrates long-term commitment and execution capability

## RISK FACTORS & MITIGATION

### ***1. Permitting Timeline Uncertainty***

Construction document approval and permitting process could experience delays, pushing operational start date and first revenue.

#### **Mitigation**

- City leadership directly engaged and supportive
- Clear master plan approach streamlines approvals
- Experienced architectural and engineering partners navigating approval process
- No debt service or fixed obligations creating time pressure
- Investment proceeds provide runway for extended timeline if needed

#### **Impact**

Delays would push revenue timeline but not impair long-term value creation. Strong operating economics and asset value provide resilience.

### ***2. Competition from Established Markets***

Productions may prefer established Chicago or Pittsburgh facilities despite distance and cost.

#### **Mitigation**

- Professional specifications match or exceed Chicago facilities
- Up to millions saved by productions by eliminating travel costs
- Ohio tax credit provides financial incentive vs. non-incentive states
- First-mover advantage establishes Creative Spaces as regional brand before potential local competitors
  - Growing streaming/episodic content demand increases overall market size (not zero-sum with Chicago)

#### **Impact**

Purpose-built professional facility with Ohio tax credit creates compelling value proposition vs. distant alternatives. Multiple utilization scenarios modeled (Base, Slow-Start, Series-Driven). First-mover advantage allows time for market development.

## RISK FACTORS & MITIGATION

### **3. *Ohio Motion Picture Tax Credit Program Risk***

The Ohio Motion Picture Tax Credit provides up to 30% tax credit on qualified production spending, making Creative Spaces rental effectively 30% less expensive for eligible productions. However, the program is subject to legislative appropriation and administrative rules that could change. Potential adverse changes include reduction in credit percentage, imposition of stricter caps, elimination of transferability provisions, or program termination due to budgetary pressures.

#### **Mitigation**

- Bipartisan political support and documented positive economic impact
- Multiple Midwest states maintain competitive programs, creating pressure for Ohio to remain competitive
- Facility economics remain viable without credit; cost structure and professional specifications provide value versus coastal markets
- Diversified customer base reduces dependence on credit-driven productions
- Commercial and corporate productions typically don't utilize credits but still require professional facilities
- Commercial and corporate productions typically don't utilize credits but still require professional facilities

#### **Impact**

Facility remains competitive on fundamental cost basis even without tax credit. Professional specifications, elimination of crew relocation costs, and lower operating expenses versus coastal markets provide compelling value proposition independent of incentives. Credit enhancement strengthens demand but is not essential to core business model.

#### **4. *Economic Cycles Affecting Production Spending***

Recessions or industry downturns could reduce production activity and rental demand.

##### **Mitigation**

- Multiple revenue scenarios modeled demonstrate range of outcomes
- High operating leverage means facility remains profitable even at low utilization
- Diversified customer base: major studios, streaming platforms, commercials, regional productions
- Essential infrastructure in underserved market maintains value through cycles
- No debt service eliminates fixed obligations during downturns
- Strong cash position from investment proceeds and retained earnings provides cushion

##### **Impact**

Lower cost structure than coastal markets makes facility attractive even during downturns. Asset-backed investment retains value. Entertainment production has demonstrated resilience (streaming growth, content demand). Diversified customer base across features, episodic, commercial, and regional productions.

#### **5. *Construction Cost Overruns***

Construction costs could exceed \$1,100,000 campus development budget.

##### **Mitigation**

- Geotechnical assessment completed reducing subsurface unknowns
- Schematic design completed with detailed specifications and cost estimates
- Experienced architectural and engineering partners provide accurate budgeting
- Contingency reserves included in construction budget allocation
- \$695,560 strategic reserves from investment proceeds provide additional cushion
- Costanzo FLP partnership provides access to construction expertise and potential bridge financing if needed

##### **Impact**

Conservative budgeting and reserves provide protection. Even moderate overruns accommodated within capital structure.

## 6. Key Person Dependency

The company relies heavily on founder James Ingalls for vision, technical knowledge, and execution. The Operating Agreement grants permanent board seats with minimum voting rights to the Founding Executives, ensuring continuity of strategic vision. This structure, standard for founder-led private companies, concentrates decision-making authority with individuals who have deep industry expertise and long-term commitment. Individual minority investors do not receive automatic board representation, though supermajority protections apply to major corporate actions.

### Mitigation

- Strong leadership team: Allan Velez, Isabel Rothberg provide depth
- Experienced advisory board offers guidance and industry connections
- Professional service providers not dependent on founder
- Institutional structure through Costanzo FLP provides continuity
- Facility operations model scalable beyond founder's direct involvement
- Standard entertainment infrastructure business model
- Founder economic alignment through 60%+ ownership ensures decisions benefit all stakeholders
- Supermajority provisions protect investors on sale of assets, merger, and dissolution

### Impact

Team and advisers provide redundancy. Asset-backed business model has inherent value independent of founder.

## Overall Risk Assessment

The investment presents **moderate risk with significant upside potential**.

Conservative financial assumptions and multiple mitigation strategies provide investor protection while maintaining strong return potential. Conservative financial assumptions and multiple mitigation strategies provide investor protection while maintaining strong return potential.

### Summarized

- Downside protected by asset-backed investment, conservative underwriting, and zero debt
- Multiple return scenarios modeled demonstrate resilience across utilization outcomes
- First-mover advantage in underserved professional market
- Experienced team with Hollywood credentials and regional relationships
- Political support and clear approval pathway
- Strategic optionality through SimpleStrips software (not modeled)

## USE OF FUNDS

### *Allocation Summary*

With a total capital raise of \$1,750,000 (35 membership units @ \$50,000 per unit)

#### **Creative Spaces Construction (\$1,054,440)**

- Remaining development budget to complete construction and open facility
- Funds construction, engineering, permitting, and all physical improvements

#### **Operating Capital & Strategic Reserves ( \$695,560)**

- Treated as Year 1 retained revenue for capital allocation purposes
- Provides working capital, marking budget, and strategic flexibility
- Strengthens balance sheet for operational launch

### *Enumerated Uses of Construction Fund*

With \$1,054,440 allocated to completing Creative Spaces' campus

#### **Creative Spaces Construction Documents & Engineering (≈\$70,000)**

- Final architectural construction documents
- Structural engineering drawings and specifications
- MEP (mechanical, electrical, plumbing) engineering
- Acoustic engineering and specifications
- Civil engineering and site plans
- Acoustic isolation modeling and specifications to meet STC performance targets
- HVAC noise mitigation design
- Electrical load calculations supporting 35 watts/sq ft power density

#### **City Permitting & Approvals (≈\$40,000)**

- Master plan submission and review
- Building permit fees
- Plan review fees
- Impact fees and municipal requirements
- Inspections and certifications
- Fire marshal review and life-safety approvals

#### **Site Work & Infrastructure (≈\$110,000)**

- Site preparation and grading
- Utility connections (water, sewer, gas, electric)
- Storm water management
- 4-lane central road on campus
- Parking areas for cars, trailers, and trucks
- Site lighting and security systems
- Landscaping and erosion control
- Heavy vehicle-rated paving for production trucks and equipment transport

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**Stage 01 Construction** (~\$735,000)

- PEMB Order & Assembly
- 20ft drive-in access door installation
- Full acoustic isolation systems
- Sound deadening interior treatment
- Roofing and weatherproofing
- Interior finishing
- Concrete foundation & flooring
- Oversized, low-noise HVAC distribution with acoustic silencers
- Dual sound-isolated personnel entrances with vestibule airlocks

**Production Offices Construction** (~\$50,000)

- Office building structure and envelope
- Conference rooms
- Collaborative work spaces
- Producer/director offices
- Production coordinator work space
- Restrooms and facilities
- HVAC systems
- Interior finishing and furnishings

**The Portico Construction** (~\$20,000)

- Entry structure construction
- Weather protection systems
- Branding and signage

**Technical Systems Installation** (~\$35,000)

- 35 watts/sq ft power distribution infrastructure
- Industry standard 400 amp switches
- Power distribution throughout facility
- Recording indicator light and alert system tied to stage entrances
- Control systems
- Network and communications infrastructure
- Security systems

**Equipment & Fixtures** (~\$15,000)

- Office furniture and technology
- Safety system and equipment

**Contingency Reserves**

- Construction cost contingency
- Unforeseen conditions buffer
- Change order reserve

### ***Enumerated Uses of Operating Capital & Strategic Reserve***

With \$695,560 treated as Year 1 retained revenue for capital allocation purposes

#### **Reinvestment Budget Use (~\$347,780)**

- Marketing push
- Industry outreach and networking
- Trade show and festival presence
- Sales materials and presentations
- Operational setup
- Insurance & legal costs
- Administrative infrastructure
- SimpleStrips commercialization support
- Partnership development
- Market expansion initiatives

#### **Cash Reserves (~\$347,780)**

- Working capital for operations
- Bridge funding between productions
- Operational cushion during ramp-up
- Strategic opportunities buffer
- Financial flexibility for growth

### ***Capital Already Invested***

**\$245,560** in expenditures has been completed as of 12/31/25

Item	Paid To	Cost	Date	Description
Land	Vertical LTD	\$200,000	01/02/25	Parcel No. 646-09-005 purchased by Costanzo FLP
Schematic Design	Christopher A. Lobas and Associates	\$21,000	12/05/25	Master Plan Schematic Design + Rendering
Pre-Design	Christopher A. Lobas and Associates.	\$10,975	10/01/25	Pre-design Architectural Work
Surveying	D.J. Neff Enterprises, Inc.	\$7,100	01/07/25	Boundary, Topo, Utility + ALTA Survey Upgrade
Geotechnical	Wertz Geotechnical Engineering, Inc.	\$6,485	02/03/25	Geotechnical Site Analysis and Report

See the dedicated expenditures to date document for a focused look.

## EXIT STRATEGY

### ***Exit Timeline***

Financial projections model a 5-year operating period (2026-2030) before exit opportunity, though actual exit timing would depend on:

- Market conditions and buyer interest
- Company performance relative to projections
- Strategic opportunities for liquidity
- Investor preference for continued dividend income vs. liquidity event

The company can operate indefinitely with ongoing dividend distributions if exit opportunities are not compelling.

### ***Potential Exit Paths***

#### ***1. Strategic Acquisition by Studio or Production Company***

Major studios and production companies increasingly acquire production infrastructure to secure capacity:

#### **Rational**

Vertical integration, guaranteed stage access, regional market presence

#### **Likely Buyers**

Major studios, streaming platforms (Netflix, Amazon, Apple), or major sound stage operators (CineSpace, Universal Production Services)

#### **Valuation**

Premium multiples for strategic fit and scarcity asset

#### **Timing**

Typically after demonstrated operating history (3-5 years)

**2. *Entertainment-Focused REIT or Private Equity***

Entertainment infrastructure REITs and private equity funds actively invest in production facilities:

**Rational**

Stable cash flows, asset-backed investment, diversification into entertainment infrastructure

**Likely Buyers**

Entertainment-focused REITs, private equity funds specializing in media infrastructure

**Valuation**

Cash flow multiples based on NOI and asset value

**Timing**

Flexible based on operating performance and market conditions

**3. *Recapitalization with Institutional Capital***

Company could raise institutional capital while providing partial liquidity to early investors:

**Rational**

Institutional investor buys some existing units plus new capital for expansion

**Likely Buyers**

Entertainment-focused REITs, private equity funds specializing in media infrastructure

**Valuation**

Based on demonstrated operating performance

**Timing**

After 2-3 years of operations, once track record established

#### **4. Continued Operations with Ongoing Dividends**

If exit valuations are not compelling, company continues operating with dividend distributions:

##### **Rational**

Strong cash flow generation, increasing dividends over time

##### **Benefits**

No forced sale, investors receive ongoing income, equity value continues appreciating

##### **Flexibility**

Exit when optimal rather than forced timeline

##### **Example**

Base Case projects \$9,675/year per unit dividends by Year 5 (19.35% annual yield)

#### ***Valuation Framework***

Financial projections model 6.0x to 8.0x EBITDA exit multiples, which are conservative relative to entertainment infrastructure comparables:

#### **Industry Context**

- Private entertainment production facilities typically trade at 6-12x EBITDA
- Real estate-backed production facilities command premium multiples
- Single-market scarcity assets support higher valuations
- Recurring revenue models with high operating leverage justify strong multiples
- Strategic acquisitions often command premiums above financial buyer valuations

#### **Conservative Approach**

Using 6-8x multiples provides downside protection in exit assumptions while maintaining realistic upside scenarios. Actual exit valuations could exceed modeled ranges based on:

- Strategic buyer interest and competitive dynamics
- Demonstrated operating performance exceeding projections
- Multiple stage operations (future phases completed)
- SimpleStrips software commercialization adding revenue streams
- Regional production industry growth enhancing market position

### ***Exit Value Examples***

Based on financial projections modeling 2030 exit (Year 5):

#### **Base Case Scenario** (15 films, 2 stages)

- Net Operating Profit Year 5: \$6,450,000
- Enterprise Value at 6.0x: \$38,700,000
- Enterprise Value at 8.0x: \$51,600,000
- Equity Value per Unit (1%) at 6.0x: \$387,000
- Equity Value per Unit (1%) at 8.0x: \$516,000

#### **Slow-Start Scenario** (15 films, 2 stages)

- Net Operating Profit Year 5: \$5,100,000
- Enterprise Value at 6.0x: \$30,600,000
- Enterprise Value at 8.0x: \$40,800,000
- Equity Value per Unit (1%) at 6.0x: \$306,000
- Equity Value per Unit (1%) at 8.0x: \$408,000

#### **Series-Driven Scenario** (5 Shows, 2 stages)

- Net Operating Profit Year 5: \$3,825,000
- Enterprise Value at 6.0x: \$22,950,000
- Enterprise Value at 8.0x: \$30,600,000
- Equity Value per Unit (1%) at 6.0x: \$229,500
- Equity Value per Unit (1%) at 8.0x: \$306,000

### ***Investor Returns Summary***

#### **Base Case Scenario** (6.0x-8.0x exit multiples)

- Total Value per Unit: \$409,725 to \$538,725
- MOIC: 8.19x to 10.77x
- Cumulative Dividends: \$22,725 per unit

#### **Slow-Start Scenario** (6.0x-8.0x exit multiples)

- Total Value per Unit: \$323,325 to \$425,325
- MOIC: 6.47x to 8.51x
- Cumulative Dividends: \$17,325 per unit

#### **Series-Driven Scenario** (6.0x-8.0x exit multiples)

- Total Value per Unit: \$245,814 to \$322,314
- MOIC: 4.92x to 6.45x
- Cumulative Dividends: \$16,314 per unit

## INVESTMENT HIGHLIGHTS

### ***Strong Return Profile Across Multiple Scenarios***

- Base Case: 8.19x-10.77x MOIC with annual dividend yields reaching 19.35%
- Slow-Start: 6.47x-8.51x MOIC demonstrating downside resilience
- Series-Driven: 4.92x-6.45x MOIC with greater revenue stability
- Early liquidity through dividends beginning Year 1 of operations
- Conservative exit multiples (6-8x EBITDA) provide valuation protection

### ***First Professional-Specification Traditional Soundstage in Ohio***

- Ohio's first traditional soundstage rental facility meeting professional studio standards
- 30ft unobstructed clear height (vs. 20-23ft with beam obstructions at local competitors)
- 15,000 sq ft professional scale (vs. 3,000-10,000 sq ft at existing Ohio facilities)
- Purpose-built for external production rental, different model than TRG's in-house production
- No professional-specification traditional soundstage competition within Ohio
- Time to establish brand as Ohio's go-to traditional soundstage before potential competitors

### ***Experienced Team with Hollywood Credentials***

- Emmy-nominated production work (James Ingalls)
- Major studio production experience (Allan Velez on *Cherry*, *Superman*)
- Cinespace Chicago experience informing facility design
- Cleveland roots and relationships throughout region

### ***Development De-Risked Through Progress to Date***

- 4.32-acre development site secured through Costanzo FLP partnership
- \$245,560 already invested in land, surveys, geotechnical, and design
- Schematic design phase completed with detailed specifications
- City leadership engaged and supportive with clear approval pathway
- Construction documents phase underway for submission
- Professional partners assembled (Lobas Architects, Rakauskas Architecture, Neff & Associates)

### ***No Future Dilution & Self-Funded Expansion***

- No investor capital calls for future expansion phases
- All growth funded from retained earnings (42.5% of NOI to reinvestment)
- Investor equity positions protected through all expansion
- Stage 02 construction funded internally by Year 5 in Base Case
- Sustainable growth model preserving original ownership percentages

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### ***Strategic Optionality Through SimpleStrips Software***

- Free public beta deployed building user base and market presence
- Modern production scheduling software addressing legacy market pain points
- Brand awareness with emerging filmmakers (future facility customers)
- Complementary revenue stream potential not included in financial projections
- Pure upside optionality - any commercialization success adds to returns

### ***Strong Operating Economics***

- High operating leverage: 67-95% net operating profit margins
- Low variable costs once facility operational
- Rental pricing: \$300,000/month (film) or \$275,000/month (series)
- Conservative operating expenses (\$300,000 annually, intentionally padded)
- Multiple target markets: features, series, commercials, regional productions

### ***Ohio Motion Picture Tax Credit Advantage***

- Up to 30% tax credit on qualified Ohio production spending
- Stage rental qualifies as creditable production expense
- Effective 30% discount for productions using Ohio tax credit
- Competitive advantage attracting productions vs. non-incentive states
- Transferable credits provide production liquidity

### ***Asset-Backed Investment with Institutional Structure***

- Real property and improvements provide tangible asset value
- No debt in capital structure - clean balance sheet
- Costanzo FLP ownership structure enables institutional financing if needed
- Professional facility specifications maintain asset value
- Regional economic development asset with political support

### ***Community Integration & Political Support***

- Direct relationship with city leadership
- City enthusiasm for project as economic development driver
- Educational partnerships for workforce development
- Preferred Vendors Network supporting regional economic impact
- Long-term community commitment building political and social capital

### ***Comprehensive Ecosystem Being Built***

- Creative Spaces: Physical production infrastructure
- Tape 30: In-house production services and market intelligence
- SimpleStrips: Software tools for production community
- Preferred Vendors Network: Regional service provider partnerships
- Educational partnerships: Workforce development and next-generation talent



## **Summary**

Ingalls & Co. presents a compelling investment opportunity to capitalize on Ohio's production infrastructure gap through development of the state's first professional-grade sound stage. With experienced leadership, de-risked development progress, strong financial projections across multiple scenarios, and no future dilution from expansion, Creative Spaces Stage 01 offers investors the potential for 5-10× returns while building transformative regional infrastructure.

The combination of first-mover advantage, purpose-built professional design, Ohio tax credit incentives, strategic optionality through SimpleStrips software, and a proven family legacy of infrastructure development positions Ingalls & Co. for exceptional value creation over the next five years.

**CONTACT INFORMATION**

*For Qualified Investors*

**General Investment Inquiries**

Email: [invest@IngallsAndCompany.com](mailto:invest@IngallsAndCompany.com)

**James Ingalls, CEO**

Email: [JamesIngalls@IngallsAndCompany.com](mailto:JamesIngalls@IngallsAndCompany.com)

Phone: 216-288-1463

**Allan Velez, CNO**

Email: [AllanVelez@IngallsAndCompany.com](mailto:AllanVelez@IngallsAndCompany.com)

Phone: 216-682-5695

**Websites**

[www.FilmCLE.com](http://www.FilmCLE.com)

[www.IngallsAndCompany.com](http://www.IngallsAndCompany.com)

**IMPORTANT LEGAL DISCLOSURES**

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