FOUR-PHASE ALTERNATIVE

50 units at a time. Four phases. 48 months.

200 units at $185,000 each

$8.875M

Modeled initial equity

84.8%

Cumulative project equity ROI

Recycle closed-sale proceeds into each next 50-unit phase.

Four phases TOTAL: 50 + 50 + 50 + 50. The existing 200-unit scope is retained.
Starting with 50 units plus four more equal phases would be a separate 250-unit plan.

$185,000 sales lift projected profit to $7.53M

The $10,000 price increase adds $2M of gross sales and $1.88M of profit after the 6% selling allowance.

Project metric	Prior: 2 x 100 / $175k	4 x 50 / $175k	Updated: 4 x 50 / $185k
Total project duration	36 months	48 months	48 months
Initial equity	$15.000M	$8.875M	$8.875M
Gross sales	$35.000M	$35.000M	$37.000M
Project profit	$5.650M	$5.650M	$7.530M
Final cash / total equity proceeds	$20.650M	$14.525M	$16.405M
Cumulative project equity ROI	**37.7%**	**63.7%**	**84.8%**
Equity multiple	1.38x	1.64x	1.85x
Annualized project equity IRR	**11.2%**	**13.1%**	**16.6%**

All cases assume equity at month 0 and one final payout. At $185,000, development costs stay $27.25M while selling costs rise to $2.22M: total modeled costs are $29.47M. Additional 48-month carry is shown separately.

Four-phase / 48-month scenario. Project returns before financing, income taxes and JV allocations. Base cost inclusions require confirmation.

Initial equity covers horizontal plus the first 50 units

All $2.7M of horizontal development is funded up front. No reduction or deferral of the horizontal budget is assumed.

Initial funding use	Amount
Horizontal development for the full project	$2,700,000
First 50 units x $122,500 land / build basis	$6,125,000
Reserve, assumed spent	$50,000
Total initial equity	**$8,875,000**

Phase earnings (50 units each)	Net sales after 6%	Development cost	Phase profit
Phase 1: all horizontal and reserve included	$8.695M	$8.875M	-$0.180M
Phase 2	$8.695M	$6.125M	$2.570M
Phase 3	$8.695M	$6.125M	$2.570M
Phase 4	$8.695M	$6.125M	$2.570M
Total 200 units	**$34.780M**	**$27.250M**	**$7.530M**

Phase 1 receipts do not restore the full $8.875M initial capital because horizontal is front-loaded. They do cover the $6.125M next-phase unit budget, leaving $2.57M of surplus cash.

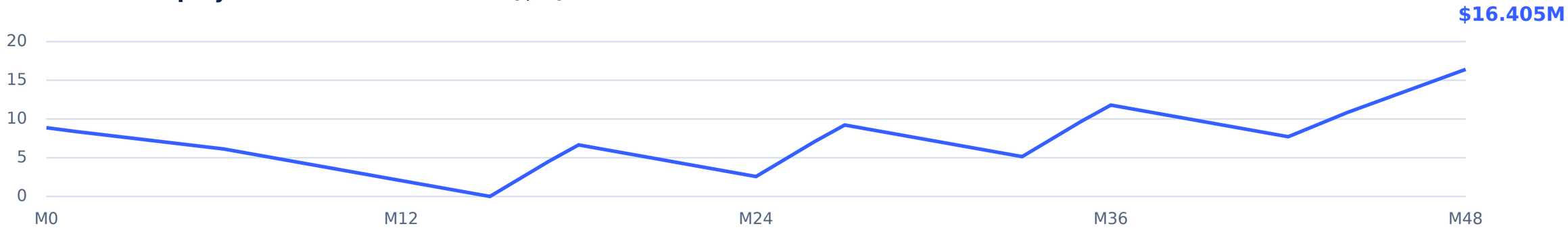
Four-phase / 48-month scenario. Project returns before financing, income taxes and JV allocations. Base cost inclusions require confirmation.

Closed sales fund the next phase within 48 months

Illustrative schedule: nine months of vertical construction per phase; each next phase starts after the prior phase begins closing.

Program	Construction / spending	Unit closings	Net sales receipts
Horizontal for all 200 units	Months 1-6	No sales	-
Phase 1: 50 units	Months 7-15	Months 16-18	$8.695M
Phase 2: 50 units	Months 16-24	Months 25-27	$8.695M
Phase 3: 50 units	Months 25-33	Months 34-36	$8.695M
Phase 4: 50 units	Months 34-42	Months 43-48	$8.695M

Cash held in the project before distributions ($M)



Cash reaches $0 at month 15. Receipts must clear before same-month construction draws. Phases 1-3 close 17 / 17 / 16 units over three months; Phase 4 closes 50 units over six months.

Recycling capital allows earlier cash distributions

An optional distribution case releases only cash above the modeled cost to complete the next phase.

Distribution timing	Retain all cash to month 48	Release surplus cash*
Month 0: contributed equity	($8.875M)	($8.875M)
Month 18	$0	$2.570M
Month 27	$0	$2.570M
Month 36	$0	$2.570M
Month 48	$16.405M	$8.695M
Total distributions	$16.405M	$16.405M
Cumulative equity ROI / multiple	84.8% / 1.85x	84.8% / 1.85x
Annualized project equity IRR	**16.6%**	**22.1%**

*These are illustrative distributions, not pure profit payments: early amounts can include returned capital. The model retains the full remaining next-phase unit budget; contingency, carry, loan restrictions and the JV waterfall could reduce or defer distributions.

Four-phase / 48-month scenario. Project returns before financing, income taxes and JV allocations. Base cost inclusions require confirmation.

Price and unit cost still drive the project outcome

Four phases / 48 months, with all cash distributed at completion. Selling costs remain 6%.

Sale-price sensitivity: $8.875M initial equity and $122,500 land / build basis per unit

Average sale price	Project profit	Cumulative equity ROI	48-month IRR
$150,000	$0.950M	10.7%	2.6%
$157,500	$2.360M	26.6%	6.1%
$166,250	$4.005M	45.1%	9.8%
$175,000	$5.650M	63.7%	13.1%
$185,000	**$7.530M**	**84.8%**	**16.6%**

Unit-cost sensitivity: $185,000 sales; starting equity adjusts to fund the first 50 units

Land / build / unit	Initial equity	Project profit	Total ROI	48-mo. IRR
$115,000	$8.500M	$9.030M	106.2%	19.8%
$122,500	**$8.875M**	**$7.530M**	**84.8%**	**16.6%**
$130,000	$9.250M	$6.030M	65.2%	13.4%

Four-phase / 48-month scenario. Project returns before financing, income taxes and JV allocations. Base cost inclusions require confirmation.

A longer project can add costs that reduce the return

The $7.53M base profit holds existing costs constant. It does not assume a documented budget for four years of carry.

Added cost above the current budget	Project profit	Cumulative equity ROI	48-month IRR
$0	**$7.530M**	**84.8%**	**16.6%**
$120,000	$7.410M	83.5%	16.4%
$500,000	$7.030M	79.2%	15.7%
$1,000,000	$6.530M	73.6%	14.8%

Illustrative extra-year carry: 12 months x $10,000/month = $120,000. Profit becomes $7.41M; cumulative ROI is 83.5%; the 48-month annualized return is 16.4%.

This allowance is not a bid. Added costs here are funded from retained receipts after sales begin, including carry in months 37-48. Costs due earlier, a sales delay, or a larger land payment could require additional equity and reduce returns further.

Four-phase / 48-month scenario. Project returns before financing, income taxes and JV allocations. Base cost inclusions require confirmation.

Breakeven is unchanged; the timing of funding changes

Smaller batches reduce the modeled peak equity need. They do not lower the full-project development cost.

$144,947

Project breakeven sale price

21.7%

Price decline to breakeven

157 sales

Recover development cost

Cash required for each later phase

A 50-unit phase costs $6.125M. At $185,000 per sale, 36 closings net $6.2604M and cover that phase budget. Four closings before a typical monthly draw cover the modeled $680,556 monthly construction spend.

Cost basis and execution assumptions

The $122,500 unit basis is spread across construction periods even though it includes an allocated land component. Confirm cash already invested and any land payment due at closing. Earlier payments can raise peak equity.

Confirm 200 legally saleable units, phase approvals, construction bids, buyer financing and the closing schedule. The source artwork labels 49 lots / 196 units. Returns shown belong to the project before any investor / sponsor allocation.

Sources: sponsor instructions dated October 16, 2026 and the supplied Hand Village underwriting. Pages 9-37 preserve the historical two-phase / 36-month model at $175,000 per unit. Its price, capital and returns do not apply to the updated $185,000 scenario.

HAND VILLAGE

200 units.
Two phases.
One capital plan.

$15M initial Phase 1 funding
Primera, Texas



Illustrative rendering from the supplied project deck

First 100 unit sales fund the remaining 100 units

HISTORICAL REFERENCE | $175,000 PER UNIT | PRIOR TWO-PHASE / 36-MONTH MODEL

$15M of initial capital supports the full buildout

The midpoint case recycles unit-sale proceeds into Phase 2 and distributes cash after the final sale.

$35.0M

Gross sales

200 units at the sponsor’s $175,000 market-value assumption.

$5.65M

Projected project profit

After horizontal, both 100-unit phases, reserve and selling costs.

37.7%

Return on initial capital

Cumulative project profit ÷ $15M of initial funding.

$20.65M final project cash equals $15M returned capital plus $5.65M profit.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

Phase 1 initial funding: $15M

The first phase funds the horizontal program and the first 100 units.

Phase 1 use of funds	Amount	Share of initial funding
Horizontal development	$2,700,000	18.00%
First 100 units: $122,500 each	$12,250,000	81.67%
Remaining reserve*	$50,000	0.33%
Total Phase 1 funding	**$15,000,000**	**100.00%**

*The stated horizontal and first 100-unit budgets total $14.95M. The model allocates the remaining $50,000 to a reserve and conservatively assumes it is spent.

Phase 2 uses recycled sale proceeds

The second 100-unit budget assumes the same $122,500 per-unit midpoint cost.

Capital recycling bridge	Amount
First 100 sales: 100 × $175,000	$17,500,000
Phase 1 selling costs: 6%	($1,050,000)
Net Phase 1 sales receipts	**$16,450,000**
Reinvest in the remaining 100 units	($12,250,000)
Cash retained after funding Phase 2	$4,200,000
Net receipts from the second 100 sales	$16,450,000
Final project cash before distributions	**$20,650,000**

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

Returned capital and profit both fund Phase 2

The first phase’s profit alone does not cover the remaining 100-unit construction budget.

$1.45M

Phase 1 project profit

After all horizontal, the first 100-unit budget, reserve and selling costs.

$10.80M

Returned capital reinvested

Combined with the $1.45M Phase 1 profit to fund the next $12.25M.

$4.20M

Capital retained as cash

The remaining portion of the original $15M capital.

All net sales receipts remain in the project. The model makes no interim investor distributions while capital is needed for Phase 2.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

$29.35M of total modeled costs

Initial capital and total lifetime spending are different measures because sales proceeds fund later work.

Full 200-unit development and sale budget	Total	Per completed unit
Horizontal development	$2,700,000	$13,500
First 100 units, including allocated land / build basis	$12,250,000	$61,250
Remaining 100 units, same midpoint cost	$12,250,000	$61,250
Phase 1 reserve, assumed spent	$50,000	$250
Development subtotal	**$27,250,000**	**$136,250**
Selling costs: 6% of $35M	$2,100,000	$10,500
Total modeled costs	**$29,350,000**	**$146,750**

Per-completed-unit column allocates each phase’s total over all 200 units. Each phase individually budgets $122,500 per unit.

Horizontal budget allocation

Illustrative allocation within the sponsor’s $2.7M budget. No separate horizontal charge is added in Phase 2.

Horizontal work package	Allocation	Budget
Roads, paving and internal circulation	30%	$810,000
Water, sewer and utility infrastructure	30%	$810,000
Drainage and stormwater systems	20%	$540,000
Earthwork and grading	10%	$270,000
Common areas and landscaping	5%	$135,000
Site general conditions	5%	$135,000
Total horizontal budget	**100%**	**$2,700,000**

These planning allocations are not bids. The engineer’s scope and contractor pricing must confirm offsite work, capacity charges and quantities.

Phase 1 funding sensitivity

The $15M funding plan exactly covers the midpoint budget, including the $50,000 reserve.

Phase 1 funding requirement	Lower cost	Midpoint	Upper cost
Land / build cost per unit	$115,000	$122,500	$130,000
First 100-unit cost	$11,500,000	$12,250,000	$13,000,000
Horizontal plus reserve	$2,750,000	$2,750,000	$2,750,000
Total Phase 1 cost	**$14,250,000**	**$15,000,000**	**$15,750,000**
Cash remaining / (funding gap)	**$750,000**	**$0**	**($750,000)**

At $130,000 per unit, Phase 1 needs $750,000 more than the stated initial raise. The final bid package determines the required commitment.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

Economics per completed unit

Each unit carries its share of horizontal costs, the reserve and selling costs.

Per-unit economics	Lower cost	Midpoint	Upper cost
Sale price	$175,000	$175,000	$175,000
Land / build basis	($115,000)	($122,500)	($130,000)
Horizontal allocation	($13,500)	($13,500)	($13,500)
Reserve allocation	($250)	($250)	($250)
Selling allowance: 6%	($10,500)	($10,500)	($10,500)
Project profit per unit	**$35,750**	**$28,250**	**$20,750**

Horizontal costs appear separately because the latest Phase 1 instruction adds $2.7M to the $12.25M first 100-unit budget.

$32.9M of net proceeds from 200 sales

Selling expenses are an additional model assumption and scale with actual sales proceeds.

Sales economics	Per unit	200 units
Gross sale price / revenue	$175,000	$35,000,000
Brokerage allowance: 4%	($7,000)	($1,400,000)
Closing and title allowance: 1%	($1,750)	($350,000)
Buyer concessions / marketing: 1%	($1,750)	($350,000)
Net sales receipts	**$164,500**	**$32,900,000**

Each 100-unit sellout generates $16.45M of net proceeds at the base price. No lot sales, rental income or price appreciation are included.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

HISTORICAL REFERENCE | $175,000 PER UNIT | PRIOR TWO-PHASE / 36-MONTH MODEL

Full-project profit: $5.65M

The $50,000 reserve is fully expensed in this case. Unspent reserve would increase final cash.

Project profit reconciliation	Amount
Gross sales from all 200 units	$35,000,000
Phase 1 horizontal	($2,700,000)
First 100-unit land / build budget	($12,250,000)
Remaining 100-unit land / build budget	($12,250,000)
Reserve	($50,000)
Selling costs	($2,100,000)
Projected project profit	**$5,650,000**

37.7%

Return on initial capital

Profit ÷ $15M of initial funding

19.3%

Return on $29.35M of total modeled costs

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

Capital return, project ROI and annualized return

Returns belong to the overall project before any sponsor / partner profit split.

Return measure	Base-case calculation	Result
Gross return on development spending	$7.80M ÷ $27.25M	28.6%
Return after selling costs	$5.65M ÷ $29.35M	19.3%
Return on initial project capital	**$5.65M ÷ $15.00M**	**37.7%**
Project equity multiple	$20.65M ÷ $15.00M	1.38x
Illustrative annualized equity IRR	Capital in month 0; payout in month 36	11.2%

The 37.7% return is cumulative over the illustrative project period. It is not an annual yield or a net LP return.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

A 36-month staged delivery illustration

Phase 2 begins only after Phase 1 unit sales start generating closed proceeds.

Work or sale period	Units	Months	Funding source
Horizontal development	All 200	1–6	Initial $15M capital
Phase 1 land / build spending	100	7–18	Initial $15M capital
Phase 1 unit sales	100	19–24	16–17 closings / month
Phase 2 construction	100	19–30	Closed Phase 1 proceeds
Phase 2 unit sales	100	31–36	16–17 closings / month
Final project distribution	All capital / profit	36	Available project cash

The schedule assumes sale receipts arrive before that month’s Phase 2 draws. This is an underwriting assumption, not an approved contractor schedule.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

Quarterly cash flow and capital recycling

USD millions. Ending cash is before the final distribution. The month 0 raise supplies all initial funding.

Period	New capital	Units sold	Gross sales	Costs	Ending cash
Month 0	**15.00**	**0**	**0.00**	**0.00**	**15.00**
Q1	0.00	0	0.00	1.40	13.60
Q2	0.00	0	0.00	1.35	12.25
Q3	0.00	0	0.00	3.06	9.19
Q4	0.00	0	0.00	3.06	6.12
Q5	0.00	0	0.00	3.06	3.06
Q6	**0.00**	**0**	**0.00**	**3.06**	**0.00**
Q7	0.00	50	8.75	3.59	5.16
Q8	0.00	50	8.75	3.59	10.32
Q9	0.00	0	0.00	3.06	7.26
Q10	0.00	0	0.00	3.06	4.20
Q11	0.00	50	8.75	0.53	12.42
Q12	**0.00**	**50**	**8.75**	**0.53**	**20.65**

First sales start in Q7. Later construction uses those receipts. No investor distribution is also counted as available recycling capital.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

Project cash rebuilds as the units sell

The initial $15M reaches full deployment before the first unit closings in this illustration.



$4.20M

Cash after Phase 2 build

Remains at month 30 after funding all 200 units.

$20.65M final cash

The model has no unspent cash cushion immediately before first sales. Budget contingencies and working-capital reserves require confirmation.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

Three different breakeven price tests

All thresholds use a 6% selling allowance. Each answers a different cost or funding question.

Test	Calculation	Price / unit	Meaning at $175k
Full 200-unit project	($27.25M / 200) / 94%	$144,947	17.2% below target
Phase 1 recovers its $15M cost	($15.00M / 100) / 94%	$159,574	8.8% below target
100 Phase 1 sales fund Phase 2	($12.25M / 100) / 94%	$130,319	25.5% below target

Project breakeven: $144,947 per unit. The $30,053 price cushion is exhausted at that level. Phase 2 funding coverage alone does not establish whole-project profitability.

166 sales recover the full development budget

At $175,000, each closing nets $164,500 after selling costs. The full 200-unit development budget stays fixed.

Recovery test	Cost to recover	Closings needed	Share of 200 units
Fund the 100-unit Phase 2 budget	$12,250,000	75	37.5%
Recover the original Phase 1 investment	$15,000,000	92	46.0%
Recover all 200 units of development cost	**$27,250,000**	**166**	**83.0%**

Why 166? 165 closings net $27,142,500, leaving $107,500 unrecovered. 166 closings net $27,307,000, covering modeled development costs by $57,000.

This is a cash-recovery test with all 200 units built and no residual value assigned to the remaining 34 units. Additional holding costs on unsold units are excluded. Receipts stay in the project until Phase 2 is funded.

Sale-price sensitivity at the midpoint cost

200 sales; $27.25M development cost; 6% selling costs. Equity remains $15M in these price-only cases.

Sale price / unit	Gross sales	Project profit	Profit margin	Total equity ROI	36-mo. IRR*
$140,000	$28.00M	-$0.930M	-3.3%	-6.2%	-2.1%
$145,000	$29.00M	$0.010M	0.0%	0.1%	0.0%
$150,000	$30.00M	$0.950M	3.2%	6.3%	2.1%
$157,500	$31.50M	$2.360M	7.5%	15.7%	5.0%
$166,250	$33.25M	$4.005M	12.0%	26.7%	8.2%
$175,000	**$35.00M**	**$5.650M**	**16.1%**	**37.7%**	**11.2%**
$185,000	$37.00M	$7.530M	20.4%	50.2%	14.5%
$200,000	$40.00M	$10.350M	25.9%	69.0%	19.1%

*IRR assumes all equity contributed at month 0 and all cash distributed at month 36. At $145,000, the approximately $10,000 surplus is effectively breakeven before excluded costs.

Cost sensitivity at $175,000 per unit

Land / build cost varies; $2.7M horizontal and $50,000 reserve remain separate and unchanged.

Land / build per unit	Project profit	Breakeven sale price	Extra Phase 1 equity	Total equity ROI*
$115,000	$7.15M	$136,968	$0.000M	47.7%
$122,500	**$5.65M**	**$144,947**	**$0.000M**	**37.7%**
$130,000	$4.15M	$152,926	$0.750M	26.3%
$140,000	$2.15M	$163,564	$1.750M	12.8%
$150,750	$0.00M	$175,000	$2.825M	0.0%

*ROI uses total contributed capital: $15M minimum, plus any Phase 1 funding gap. Positive profit does not remove the need to fund a shortfall.

$130,000 per-unit cost: $4.15M projected profit, with $750,000 more Phase 1 equity required. Maximum land / build basis at project breakeven is $150,750 per unit.

Price and unit-cost sensitivity

Project profit in USD millions. Includes horizontal, reserve and 6% selling costs; excludes financing and taxes.

Land / build cost per unit	$140k	$150k	$157.5k	$166.25k	$175k	$185k
$115,000	0.570	2.45	3.86	5.505	7.15	9.03
$122,500	-0.930	0.950	2.36	4.005	5.65	7.53
$130,000	-2.43	-0.550	0.860	2.505	4.15	6.03
$140,000	-4.43	-2.55	-1.14	0.505	2.15	4.03
$150,750	-6.58	-4.70	-3.29	-1.645	0.000	1.88

Combined pressure matters: $150,000 sales with $130,000 unit costs produce a $550,000 loss. Blue marks the $5.65M base case. Near-zero outcomes are shown to three decimals.

The base case has $5.65M of cost-overrun capacity

At $175,000 sales, net receipts of $32.9M cover the $27.25M development budget by $5.65M.

20.7%
Development-cost cushion

$28,250
Additional cost per unit

$150,750
Maximum land / build basis

Increase in total development budget	Revised budget	Project profit	Breakeven price
0%	**$27.250M**	**$5.650M**	**$144,947**
5%	$28.613M	$4.287M	$152,194
10%	$29.975M	$2.925M	$159,441
15%	$31.337M	$1.562M	$166,689
20%	$32.700M	$0.200M	$173,936
20.73%	$32.900M	$0.000M	$175,000

Budget-overrun cases apply to the full $27.25M development subtotal, including horizontal and reserve. They do not assume that cash to fund overruns is available. Selling costs remain 6%.

Illustrative project economics before financing, income taxes and JV allocations. $175,000 base sale price; 6% selling costs.

Phase 2 depends on closed sale proceeds

The $15M initial capital is fully spent by the end of Phase 1 construction in the base schedule.

Average Phase 1 sale price	Net receipts: 100 sales	Phase 2 budget	Cash left / (shortfall)
$175,000	**$16.450M**	**$12.250M**	**$4.200M**
$157,500	$14.805M	$12.250M	$2.555M
$150,000	$14.100M	$12.250M	$1.850M
$140,000	$13.160M	$12.250M	$0.910M
$130,000	$12.220M	$12.250M	-$0.030M

Monthly funding test: A 12-month Phase 2 budget requires about $1.021M per month. At $164,500 net per closing, at least 7 closings must arrive before a typical monthly draw when starting with no cash.

The base schedule assumes roughly 16-17 monthly closings during each six-month sellout. This is an assumed schedule. Deposits are not treated as unrestricted cash; no interim distributions are modeled.

Combined downside: profit and additional capital

Funding gaps are calculated separately from profit. All sale proceeds are retained for the next phase.

Scenario	Sale / unit	Land / build / unit	Project profit	New capital > $15M
Base case	**$175,000**	**$122,500**	**$5.650M**	**$0.000M**
Sale price -10%	$157,500	$122,500	$2.360M	$0.000M
Both unit budgets +10%	$175,000	$134,750	$3.200M	$1.225M
Price -10%; unit budgets +10%	$157,500	$134,750	-$0.090M	$1.225M
Price -10%; unit budgets +20%	$157,500	$147,000	-$2.540M	$2.450M
Severe combined stress*	$150,000	$130,000	-$1.910M	$1.010M

*Severe case: $150,000 sales, $130,000 unit costs, a further 10% Phase 2 cost increase and a six-month delay at $10,000/month. Extra capital is $810,000 before first sales plus $200,000 for Phase 2.

Delays and selling expenses reduce returns

Timing cases shift the entire sales / Phase 2 schedule. Carry is an incremental modeling allowance.

Timing sensitivity at $175,000 sales

Final payout	Extra carry / equity*	Project profit	Annualized IRR*
36 months	**$0**	**$5.650M**	**11.2%**
42 months	$60,000	$5.590M	9.4%
48 months	$120,000	$5.530M	8.1%

Selling-cost sensitivity at $175,000 sales

Selling allowance	4%	5%	6% base	7%	8%
Project profit	$6.35M	$6.00M	$5.65M	$5.30M	$4.95M
Breakeven sale price	$141,927	$143,421	$144,947	$146,505	$148,098

*$10,000/month added carry is funded with extra equity because the delay occurs before first sales. IRRs conservatively assume all required equity at month 0, with one final payout; no financing or taxes.

Unbudgeted costs consume the same profit cushion

Add these amounts only to the extent they are not already included in the existing unit and horizontal budgets.

Additional financing / other costs	Project profit	Profit / gross sales	Breakeven sale price
$0	**$5.65M**	**16.1%**	**$144,947**
$500,000	$5.15M	14.7%	$147,606
$1,000,000	$4.65M	13.3%	$150,266
$1,500,000	$4.15M	11.9%	$152,926
$2,000,000	$3.65M	10.4%	$155,585
$5,650,000	$0.00M	0.0%	$175,000

Confirm the treatment of financing, taxes and insurance during construction, soft costs, developer fees, warranty, HOA support and contingency. The $50,000 reserve is only 0.18% of the modeled development budget.

Illustrative project economics before financing, income taxes and JV allocations. $175,000 base sale price; 6% selling costs.

Calculation notes and underwriting assumptions

Updated October 16, 2026. Sponsor-confirmed sale price: $175,000 for each of 200 units.

Project profit

200 x price x (1 - selling rate) - development costs - added costs.

Project breakeven price

(Development costs + added costs) / [200 x (1 - selling rate)].

Closings needed

Round up: cost to recover / [price x (1 - selling rate)].

Return on contributed equity

Project profit / all contributed equity, including modeled capital calls.

Single-payout annualized IRR

(Final cash / contributed equity)^(12 / months) - 1.

Cost basis follows the supplied deck

$122,500 land / build cost per unit plus $2.7M horizontal once and $50,000 reserve, assumed spent. Verify that horizontal and land have not been counted twice.

Capital recycling preserves cash

Initial $15M funds Phase 1. All closed-sale receipts remain in the project. Additional capital is added when Phase 1 or total Phase 2 funds are insufficient.

Scope and timing remain assumptions

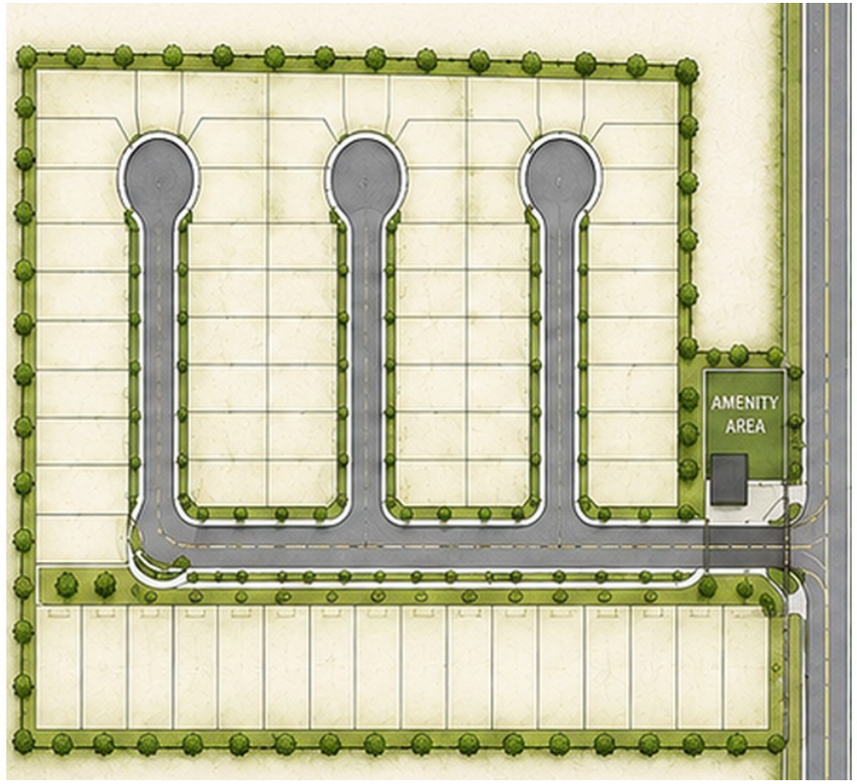
200 saleable units, $175,000 realized prices, 6% selling costs and a 36-month base schedule are not independently verified. Artwork in the source labels 49 lots / 196 units.

Project results are before partner splits

No debt proceeds, income taxes, rental income, price growth or GP/LP waterfall are modeled. IRRs are illustrative project-equity returns, not investor-specific returns.

The complete 200-unit development scope

The latest plan builds 100 units first and funds the remaining 100 through recycled sales proceeds.



PRELIMINARY SITE ARTWORK

100 + 100

Two construction phases

The attached artwork labels 49 lots.

If each contains four units, that equals 196. Final engineering and the condo documents must reconcile all 200 saleable units and legal phasing.

Execution requirements for the unit-sale strategy

The recycling plan works when completed units close at the assumed price and on the required schedule.

Cost verification

Obtain the first 100-unit bid package, confirm land already allocated to the basis and document the same scope for Phase 2. Itemize any cost exclusions.

Market-value support

The $175,000 value is the sponsor’s latest input. Verify closed comparables, unit sizes, appraisal support and 16–17 monthly closings during each sellout.

Buyer financing

Where Fannie Mae’s new-project Full Review rules apply, at least 50% must be sold or contracted to principal-residence or second-home purchasers.

Recycling and distributions

Definitive JV documents must permit sales proceeds to fund Phase 2. Legal phases, completion and occupancy must meet the applicable lender review.

Source S3: Fannie Mae new condo Full Review requirements, accessed October 13, 2026. Applicability requires lender review.

Illustrative project returns before financing, income taxes and JV allocations. 6% selling costs added. Confirm all inclusions in the sponsor unit budget.

Sources and calculation notes

Latest sponsor instructions control this underwriting snapshot

UPDATED SPONSOR INPUTS

S1 Joshua Brown, October 13, 2026
$15M initial Phase 1 funding: $2.7M horizontal plus $12.25M for the first 100 units. Recycle proceeds into the remaining 100 units.
Unit land / build cost: $115,000–$130,000.
Market value: $175,000 per unit.

S2 Hand Village Modern Investor Deck Updated (1)
Project location and illustrative building / site artwork.

S3 Fannie Mae Selling Guide
New condo Full Review requirements, August 5, 2026 version. Accessed October 13, 2026.

Historical $175,000 case: pages 9-37. Updated $185,000 / four-phase / 48-month scenario: pages 1-8.

Read the Fannie Mae source

MODEL CONVENTIONS

Phase 2 assumes another $12.25M at the same unit basis. Horizontal appears once, separately. The $50,000 funding residual is assumed spent.

Selling costs add 6% of sales. Financing, income taxes and JV allocations sit outside the base case. Unit-budget exclusions remain unverified.

All $15M arrives in month 0. First sales fund Phase 2 draws. No interim distributions. The base case pays $20.65M in month 36.

IRR annualizes monthly project cash flows. Cash returned as capital is not counted again as profit.