Reserva Del Sol

Capital stack & secured land financing

First-lien note conversion, construction costs and LP / GP returns
Includes target sales at $78,000 per lot and $700,000 per commercial pad

$640K sponsor LP capital

$910K first-lien note

$2.65M construction LP

Capital stack and funding priority

Identified cash commitments total $4.200M. Capital Advisors funds $640,000 of that amount.

Capital provider	Instrument / use	Funding timing	Cash amount
Land lender	**First-lien convertible land note**	**At land closing**	**$910,000**
Capital Advisors	LP co-investment for land	At land closing	$390,000
Capital Advisors	LP co-investment for engineering	Through month 12	$250,000
Construction LP	Project equity for construction	NTP / month 12	$2,650,000
Total cash commitments	**Debt + sponsor and LP equity**	**By month 12**	**$4,200,000**

LP pool: $2.65M outside capital + $640K Capital Advisors. The land lender holds the first lien before conversion.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Sources and uses at the funding target

The $2.900M development allowance includes engineering and all other development spending.

Planned use	Funding source	Amount
Land purchase	First-lien loan $910K + sponsor equity $390K	$1,300,000
Entitlement engineering	Capital Advisors	$250,000
Remaining development budget	Construction LP contribution at month-12 NTP	$2,650,000
Total land + development	**All identified sources**	**$4,200,000**

G&H DEVELOPMENT ESTIMATE

$2,980,384

ESTIMATE ABOVE $2.9M ALLOWANCE

$80,384

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Capital Advisors commits $640,000

Capital Advisors co-invests as an LP and separately receives the GP share of residual profit.

LAND EQUITY AT CLOSING

$390,000

30% of the $1.3M land acquisition

ENTITLEMENT ENGINEERING

$250,000

Garza & Hernandez services through NTP at month 12

Sponsor investment measure	Amount
Total planned sponsor cash	$640,000
Share of identified $4.2M funding	15.24%
Share of the $3.29M LP capital pool	19.45%

Capital Advisors receives 19.45% of the 55% LP profit pool, plus its separate 45% GP profit allocation.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

LP capital pool and profit participation

Capital Advisors participates in both roles. Its $640,000 counts once as LP capital, with a separate GP profit allocation.

Participant / role	LP capital	Share of LP pool	Share of total profit
Outside construction LP	$2,650,000	80.55%	44.30%
Capital Advisors as LP	**$640,000**	**19.45%**	**10.70%**
Capital Advisors as GP	$0	0.00%	45.00%
Total	**$3,290,000**	**100.00%**	**100.00%**

After return of LP capital, 55% of residual profit goes to the LP pool in proportion to contributed capital. The remaining 45% goes to Capital Advisors as GP.

The lender’s 13-lot equity entitlement remains separate and does not dilute this $3.29M residual LP pool.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

First-lien land note

The lender advances $910,000 at 70% LTV and receives a first lien on the land before conversion.

Loan term	Sponsor-stated structure / modeled treatment
Land acquisition and advance	$1,300,000 land cost. $910,000 loan. $390,000 sponsor equity.
Security and priority	First lien on the land securing the note before conversion.
Term	12 months from closing. No scheduled principal amortization.
Interest	8% annual simple accrual until conversion or settlement.
Balance after 12 months	$910,000 principal + $72,800 interest = $982,800.
Equity conversion option	At recording, equity tied to 13 lots valued at $72,000 each.
Conversion documentation	Settle interest and coordinate note cancellation and lien release.

NTP and loan maturity occur at month 12. Conversion remains tied to recording, whose date is unconfirmed.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

First lien before conversion, equity afterward

The 13-lot allocation represents the lender’s conversion economics. It is excluded from the remaining LP / GP sales pool.

Stage	Lender position	Treatment in this model
Before conversion	First-lien secured lender	Principal and 8% simple interest remain payable under the note.
At recording / conversion	Equity tied to 13 residential lots	$936,000 assigned lot value. Base case pays $46,800 cash separately.
Conversion completion	Note and lien settlement	Execute conversion and settle the balance, with the lien release documented.
After completed conversion	Equity interest, not outstanding debt	Interest stops. No continuing first-lien claim is modeled for converted debt.

Definitive documents must specify the equity class, 13-lot entitlement, interest settlement and lien release mechanics.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Capital stack through conversion

NTP funding begins at month 12. The comparison illustrates conversion at that date, subject to recording and settlement.

Capital position	Cash committed	After base conversion
First-lien land debt	$910,000	$0
Lender equity tied to 13 lots	$0	$936,000
Construction LP equity	$2,650,000	$2,650,000
Capital Advisors LP co-investment	$640,000	$640,000
Total funding / modeled equity value	**$4,200,000**	**$4,226,000**

The $72,800 interest accrual increases the pre-conversion note balance to $982,800. The base illustration assigns $936,000 to the lender’s equity and settles the remaining $46,800 in cash.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Funding and development timeline

NTP occurs 12 months after land closing. The base illustration retains a 24-month period from NTP to final distributions.

CLOSING / MONTH 0

$1.300M

First-lien loan $910K.
Sponsor land equity $390K.

THROUGH MONTH 12

$250K

Capital Advisors funds entitlement engineering through NTP.

NTP / MONTH 12

$2.650M

Construction LP funds.
LP IRR clock starts.
Land note reaches maturity.

EXIT / MONTH 36

$6.000M

Assumed retained-lot sales.
Final LP and GP distributions.

Recording / conversion date remains unconfirmed. NTP and the land note’s 12-month maturity occur together.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

13 lots equal $936,000 at the stated value

At month-12 NTP / loan maturity, principal and accrued interest total $982,800. The 13-lot value is $936,000.

Conversion comparison	Amount
Loan principal	$910,000
Accrued interest at 12 months	$72,800
Contract balance before conversion	**$982,800**
Illustrative value of 13 lots	$936,000
Balance not covered by 13-lot value	**$46,800**

Month-12 settlement illustration: $936,000 lot equity plus $46,800 cash. The cash funding source is unassigned.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Alternative ways to settle the note

Each settlement option now allocates the LP pool to outside capital and Capital Advisors pro rata.

Settlement option	Lender total value	Outside LP profit	CA LP profit	CA GP profit
Cash repayment	$982,800	$1,179,822	$284,938	$1,198,440
13 lots + $46,800 cash	**$982,800**	**$1,179,822**	**$284,938**	**$1,198,440**
13 lots + full cash interest	$1,008,800	$1,168,304	$282,156	$1,186,740
13 lots settle everything	$936,000	$1,200,555	$289,945	$1,219,500

Base option: 13 lots valued at $936,000 plus $46,800 cash. Principal-only conversion pays $72,800 cash interest. Full settlement with only 13 lots requires acceptance of $46,800 less than the accrued balance.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Conversion removes 13 lots from shared proceeds

The project still delivers 63 residential lots. The lender allocation leaves 50 residential lots for the LP / GP pool.

Inventory or proceeds	Quantity	Value at base prices
Residential lots allocated to lender	13	$936,000
Residential lots retained by project	50	$3,600,000
Commercial sites retained by project	4	$2,400,000
Total economic sellout / allocated value	**63 residential + 4 commercial**	**$6,936,000**

Remaining project gross sales = $6.000M. The $936,000 lender lot allocation is counted once.

Distribution waterfall at the funding target

Return the $3.29M combined LP capital first, then allocate residual profit to the shared LP pool and GP.

Cumulative cash waterfall	Amount
Retained 50 residential + 4 commercial sales	$6,000,000
Less balancing cash to the land lender	($46,800)
Cash available for equity distributions	**$5,953,200**
Return outside LP capital	$2,650,000
Return Capital Advisors LP capital	$640,000
Residual project profit	**$2,663,200**
55% LP profit pool, shared pro rata	**$1,464,760**
45% GP profit, additional to sponsor LP return	**$1,198,440**

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Outside LP, sponsor LP and separate GP returns

Capital Advisors earns LP returns on its co-investment and receives GP profit in addition. Combined figures count its capital once.

Investor economics	Outside LP	CA as LP	CA as GP	CA combined
Cash capital invested	$2,650,000	$640,000	$0	$640,000
Capital returned	$2,650,000	$640,000	$0	$640,000
Profit	**$1,179,822**	**$284,938**	**$1,198,440**	**$1,483,378**
Total distributions	**$3,829,822**	**$924,938**	**$1,198,440**	**$2,123,378**
Total ROI	**44.52%**	**44.52%**	**N/A**	**231.78%**
Annualized IRR	20.22%	15.06%	N/A	56.94%

Timing: outside LP funds at month 12. Sponsor proxy: $390K at month 0 and $250K at month 12. Exit: month 36.

Standalone GP ROI / IRR is undefined because no separate GP cash capital is assigned. Combined ROI uses the $640K once.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

All distributions reconcile without double counting

Capital Advisors' LP co-investment and GP profit appear separately. The $640,000 capital return appears only once.

Participant / role	Original cash	Cash or lot value returned	Gain over capital
Land lender	$910,000	$982,800	$72,800
Outside construction LP	$2,650,000	$3,829,822	$1,179,822
Capital Advisors as LP	$640,000	$924,938	$284,938
Capital Advisors as GP	$0	$1,198,440	$1,198,440
Total	**$4,200,000**	**$6,936,000**	**$2,736,000**

Capital Advisors combined: $1,483,378 profit + $640,000 capital returned = $2,123,378 total proceeds.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Development savings and investor returns

Spending excludes the separate $250K engineering allowance and includes any contingency used. All LP capital stays fixed.

Metric	$2.65M budget	$2.60M spend	$2.50M spend	$2.40M spend
Unspent construction cash	$0	$50,000	$150,000	$250,000
Residual project profit	$2,663,200	$2,713,200	$2,813,200	$2,913,200
Outside LP profit	**$1,179,822**	**$1,201,972**	**$1,246,273**	**$1,290,574**
Capital Advisors LP profit	**$284,938**	**$290,288**	**$300,987**	**$311,686**
Capital Advisors GP profit	**$1,198,440**	**$1,220,940**	**$1,265,940**	**$1,310,940**
Capital Advisors total profit	**$1,483,378**	**$1,511,228**	**$1,566,927**	**$1,622,626**
LP-only total ROI, both LPs	**44.52%**	**45.36%**	**47.03%**	**48.70%**
Capital Advisors combined ROI	**231.78%**	**236.13%**	**244.83%**	**253.54%**

Each $100K saved adds $44,301 to outside LP profit, $10,699 to sponsor LP profit and $45,000 to GP profit.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Target sales: $78,000 lots and $700,000 pads

Appraisal-based pricing provided by the sponsor. Retained inventory: 50 residential lots and four commercial pads.

Retained-project cash and profit	Base sale prices	Target sale prices
50 residential lots	$3,600,000	$3,900,000
4 commercial pads	$2,400,000	$2,800,000
Total retained sales	**$6,000,000**	**$6,700,000**
Less lender balancing cash	($46,800)	($46,800)
Less return of combined LP capital	($3,290,000)	($3,290,000)
Residual project profit	**$2,663,200**	**$3,363,200**

Target pricing adds $700,000 to shared-project profit. The lender’s 13 lots remain outside this sales pool.

Target sale-price scenario. $2.900M development budget. 12-month note settlement assumed. Before unprovided costs.

Target pricing: LP and GP returns

Capital Advisors receives its pro rata LP profit and a separate GP allocation. Total ROI is cumulative, not annualized.

Investor economics	Outside LP	CA as LP	CA as GP	CA combined
Cash capital invested	$2,650,000	$640,000	$0	$640,000
Capital returned	$2,650,000	$640,000	$0	$640,000
Profit	**$1,489,928**	**$359,832**	**$1,513,440**	**$1,873,272**
Total distributions	**$4,139,928**	**$999,832**	**$1,513,440**	**$2,513,272**
Total ROI	**56.22%**	**56.22%**	**N/A**	**292.70%**
Annualized IRR	24.99%	18.49%	N/A	66.99%

Outside LP ROI: 44.52% base / 56.22% target. Capital Advisors combined ROI: 231.78% base / 292.70% target.

IRR timing: outside LP at month 12. Sponsor: $390K at month 0 + $250K at month 12. Exit at month 36.

Target sales: $78K per residential lot and $700K per pad. $2.900M development budget. Before unprovided costs.

Target prices with development-cost sensitivity

Sales stay at $6.700M. The $2.65M outside LP contribution and $640K sponsor LP contribution remain fixed.

Metric	G&H estimate	$2.65M spend	$2.60M spend	$2.50M spend	$2.40M spend
Development incl. engineering	$2,980,384	$2,900,000	$2,850,000	$2,750,000	$2,650,000
Residual project profit	$3,282,816	$3,363,200	$3,413,200	$3,513,200	$3,613,200
Outside LP profit	**$1,454,317**	**$1,489,928**	**$1,512,079**	**$1,556,380**	**$1,600,681**
Capital Advisors LP profit	$351,231	$359,832	$365,181	$375,880	$386,579
Capital Advisors GP profit	$1,477,267	$1,513,440	$1,535,940	$1,580,940	$1,625,940
Capital Advisors total profit	**$1,828,499**	**$1,873,272**	**$1,901,121**	**$1,956,820**	**$2,012,519**
LP-only total ROI, both LPs	**54.88%**	**56.22%**	**57.06%**	**58.73%**	**60.40%**
Capital Advisors combined ROI	**285.70%**	**292.70%**	**297.05%**	**305.75%**	**314.46%**

Spend headers exclude $250K engineering. G&H includes $247,650 engineering and deducts the $80,384 budget overrun.

Target sales: $78K per residential lot and $700K per pad. G&H estimate includes its published approximate 15% contingency.

Garza & Hernandez development estimate

Conway Subdivision feasibility study 26p18, August 24, 2026. Conceptual costs from the supplied estimate.

Cost category	Estimate
A. Construction	$2,009,504
B. County and municipal review fees	$343,294
C. Engineering and survey fees	$247,650
D. Power and lighting	$95,700
Subtotal before contingency	**$2,696,148**
Construction contingency (source: approximately 15%)	**$284,236**
Total development estimate	**$2,980,384**

Engineering appears once in this total. Land and financing interest are additional project costs.

Source: Garza & Hernandez Engineering, feasibility study 26p18, August 24, 2026, p. 5. Amounts transcribed as shown.

Detailed construction costs

The seven construction categories total $2,009,504 before separately listed fees, power and contingency.

Construction category	Estimated cost
General	$114,600
Erosion control	$40,500
Water infrastructure	$377,780
Sewer infrastructure	$360,758
Storm infrastructure	$309,513
Paving	$579,015
Amenities	$227,338
Construction subtotal	**$2,009,504**

Source: Garza & Hernandez Engineering, feasibility study 26p18, August 24, 2026, p. 5. Conceptual estimate.

Engineering and survey detail

Capital Advisors contributes $250,000 through NTP. The engineer’s published fee subtotal is $247,650.

Engineering / survey service	Estimated cost
Civil design	$157,165
Civil project management and inspections	$30,143
Survey: metes and bounds + topography	$7,000
Survey: property pins and staking	$43,343
Geotechnical	$10,000
Reconciliation to published subtotal	($1)
Published engineering and survey subtotal	**$247,650**

Listed fees sum to $247,651, a $1 source difference. Sponsor’s $250K allowance exceeds the published subtotal by $2,350.

Source: Garza & Hernandez Engineering, feasibility study 26p18, August 24, 2026, p. 5. Line items preserved as printed.

Construction contingency: approximately 15%

The estimate includes a $284,236 contingency allowance inside its $2,980,384 total.

Contingency measure	Amount / percentage
Published contingency allowance	**$284,236**
Published description	Construction contingency (approximately 15%)
Allowance as a share of $2,009,504 construction	14.14%
Allowance as a share of $2,696,148 subtotal	10.54%
Exact 15% of listed construction subtotal	$301,426
Difference from the published allowance	$17,190

The engineer has not identified the contingency calculation base on this page. The deck preserves the published allowance and does not add a second 15% charge.

Source: G&H estimate, August 24, 2026, p. 5. Percentages below are calculated checks, not a revised engineer budget.

Engineer estimate versus committed capital

The $2.900M development allowance is $250K sponsor engineering plus $2.650M construction LP funding.

Budget reconciliation	Published estimate	Keep $250K engineering
Engineering and survey	$247,650	$250,000
All other development, including contingency	$2,732,734	$2,732,734
Total development uses	**$2,980,384**	**$2,982,734**
Land acquisition	$1,300,000	$1,300,000
Land + development uses	**$4,280,384**	**$4,282,734**
Identified cash commitments	$4,200,000	$4,200,000
Additional funding / savings needed	**$80,384**	**$82,734**

The stated $4.3M envelope would cover these uses, but $100K of funding remains unidentified. Interest is additional.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Returns at the engineer’s estimated cost

All cases apply the revised shared LP pool. Dollar returns assume month-12 note settlement and final distributions at month 36.

Development case	Outside LP profit	CA LP profit	CA GP profit	CA total profit	LP-only ROI	CA total ROI
Target: $2.900M development	$1,179,822	$284,938	$1,198,440	$1,483,378	44.52%	231.78%
G&H: $2.980M development	**$1,144,211**	**$276,338**	**$1,162,267**	**$1,438,605**	**43.18%**	**224.78%**
G&H + $2,350 buffer	$1,143,170	$276,086	$1,161,210	$1,437,296	43.14%	224.58%

G&H CASE: OUTSIDE LP PROFIT

$1,144,211

G&H CASE: CAPITAL ADVISORS TOTAL PROFIT

$1,438,605

Assumes the $80,384–$82,734 cost gap is paid from lot sales. Earlier cash needs require additional funding.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Average lot cost at the funding target

Allocation uses the source model’s 75.9814% residential and 24.0186% commercial shares.

Cost component	Residential total	Per res. lot	Commercial total	Per comm. site
Land acquisition	$987,758	$15,679	$312,242	$78,060
Entitlement engineering	$189,954	$3,015	$60,046	$15,012
Construction budget	$2,013,508	$31,960	$636,492	$159,123
12-month land-note interest	$55,314	$878	$17,486	$4,371
Total economic project cost	**$3,246,534**	**$51,532**	**$1,026,266**	**$256,567**

Costs cover all 63 residential lots and 4 commercial sites, including the 13 allocated to the lender.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Allocated lot breakeven by cost case

Original 63 residential lots and 4 commercial sites. Costs include land, development and 12-month loan interest.

Cost case	Total project cost	Residential / lot	Commercial / site
Current funding target	$4,272,800	$51,532	$256,567
G&H published estimate	**$4,353,184**	**$52,502**	**$261,393**
$2.600M other development	$4,222,800	$50,929	$253,564
$2.500M other development	$4,122,800	$49,723	$247,560
$2.400M other development	$4,022,800	$48,517	$241,555

G&H CASE: RESIDENTIAL / LOT

$52,502

G&H CASE: COMMERCIAL / SITE

$261,393

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Cash breakeven for the retained inventory

Funding-target case below: retained sales cover $3.29M equity plus $46,800 balancing cash after conversion.

Commercial price / site	Required retained res. price
$300,000	$42,736
$400,000	$34,736
$500,000	$26,736
$600,000	$18,736
$700,000	$10,736

Retained res. price / lot	Required comm. price
$40,000	$334,200
$50,000	$209,200
$60,000	$84,200
$66,000	$9,200
$72,000	$0

Four commercial sites at $600K + 14 retained residential lots at $72K cover the $3.3368M cash hurdle.

G&H estimate: $3,417,184 cash hurdle. With four $600K commercial sales, residential breakeven is $20,344 per lot.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Residential price sensitivity after conversion

Only the 50 retained residential lots change price. The lender’s 13 lots retain the stated $936,000 conversion value.

Res. price / lot	Project profit	Outside LP profit	CA LP profit	CA GP profit	LP-only ROI	CA total ROI
$40,000	$1.063M	$0.471M	$0.114M	$0.478M	17.77%	92.53%
$50,000	$1.563M	$0.693M	$0.167M	$0.703M	26.13%	136.05%
$60,000	$2.063M	$0.914M	$0.221M	$0.928M	34.49%	179.56%
$66,000	$2.363M	$1.047M	$0.253M	$1.063M	39.51%	205.67%
$72,000	**$2.663M**	**$1.180M**	**$0.285M**	**$1.198M**	**44.52%**	**231.78%**
$78,000	$2.963M	$1.313M	$0.317M	$1.333M	49.54%	257.89%

Each $1,000 per retained lot adds $50K profit: $22,150 outside LP + $5,350 sponsor LP + $22,500 GP.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Commercial price sensitivity after conversion

50 retained residential lots sell at $72,000 each. All four commercial sites remain in the project.

Comm. price / site	Project profit	Outside LP profit	CA LP profit	CA GP profit	LP-only ROI	CA total ROI
$300,000	$1.463M	$0.648M	$0.157M	$0.658M	24.46%	127.34%
$400,000	$1.863M	$0.825M	$0.199M	$0.838M	31.15%	162.15%
$500,000	$2.263M	$1.003M	$0.242M	$1.018M	37.83%	196.97%
$600,000	**$2.663M**	**$1.180M**	**$0.285M**	**$1.198M**	**44.52%**	**231.78%**
$700,000	$3.063M	$1.357M	$0.328M	$1.378M	51.21%	266.59%

Each $100K per commercial site adds $400K profit: $177,204 outside LP + $42,796 sponsor LP + $180,000 GP.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Combined price sensitivity after conversion

Residual project profit in $M. Fixed 13-lot allocation at $936,000 plus $46,800 cash settlement.

Res. / comm.	$200,000	$300,000	$400,000	$500,000	$600,000	$700,000
$40,000	−$0.537M	−$0.137M	$0.263M	$0.663M	$1.063M	$1.463M
$50,000	−$0.037M	$0.363M	$0.763M	$1.163M	$1.563M	$1.963M
$60,000	$0.463M	$0.863M	$1.263M	$1.663M	$2.063M	$2.463M
$66,000	$0.763M	$1.163M	$1.563M	$1.963M	$2.363M	$2.763M
$72,000	$1.063M	$1.463M	$1.863M	$2.263M	$2.663M	$3.063M
$78,000	$1.363M	$1.763M	$2.163M	$2.563M	$2.963M	$3.363M

Cash breakeven frontier: 50 × residential price + 4 × commercial price = $3.3368M.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Loan maturity coincides with NTP

The note matures at month 12. Recording may occur later, and no early lot-sale cash is assumed at NTP.

Settlement month	Accrued interest	Debt balance	Cash above $936K
12 / NTP	**$72,800**	**$982,800**	**$46,800**
15 / illustration	$91,000	$1,001,000	$65,000
18 / illustration	$109,200	$1,019,200	$83,200
24 / illustration	$145,600	$1,055,600	$119,600

At month 12, the base conversion needs $46,800 cash, or full note repayment needs $982,800. A funding source or agreed deferral is required. Construction equity is already allocated to development.

Beyond month 12: hypothetical 8% simple-interest extensions only. No extension, deferral or funding source is agreed.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Outside LP IRR from construction funding

Base LP hold: month-12 NTP to month-36 exit. Dollar profits assume 12-month note settlement and exclude later accrual.

Construction spend	18 months	24 months	30 months	36 months
$2.650M	27.83%	20.22%	15.87%	13.06%
$2.600M	28.32%	20.56%	16.14%	13.28%
$2.500M	29.30%	21.26%	16.67%	13.71%
$2.400M	30.28%	21.94%	17.20%	14.14%

OUTSIDE LP TOTAL ROI

44.52%

OUTSIDE LP IRR AT 24 MONTHS

20.22%

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

The $100,000 gap and selling-cost sensitivity

Costs reduce the shared LP profit pool and GP profit. Capital contributions remain fixed in these illustrations.

Additional-cost case	Extra expense	Outside LP profit	CA LP profit	CA GP profit	LP-only ROI	CA total ROI
Identified budget	$0	$1,179,822	$284,938	$1,198,440	44.52%	231.78%
Additional $100K expense	$100,000	$1,135,521	$274,239	$1,153,440	42.85%	223.07%
3% selling costs on retained sales	$180,000	$1,100,080	$265,680	$1,117,440	41.51%	216.11%
5% selling costs on retained sales	$300,000	$1,046,919	$252,841	$1,063,440	39.51%	205.67%
5% selling costs + $100K expense	$400,000	$1,002,618	$242,142	$1,018,440	37.83%	196.97%

Identified funding remains $4.2M versus the stated $4.3M. Earlier expenses require a separate liquidity source.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Downside cash recovery and capital loss

Outside LP and Capital Advisors co-invested LP capital share losses pro rata. GP profit is zero when residual profit is negative.

Metric	Base prices	Lower prices + costs	Severe pricing loss
Retained res. / comm. price	$72,000 / $600,000	$60,000 / $400,000	$40,000 / $300,000
Project profit / (shortfall)	$2.663M	$0.933M	−$0.137M
Outside LP distributions	$3,829,822	$3,063,416	$2,539,812
Capital Advisors LP distributions	$924,938	$739,844	$613,388
Capital Advisors GP profit	$1,198,440	$419,940	$0
Capital Advisors combined proceeds	**$2,123,378**	**$1,159,784**	**$613,388**
LP-only total ROI, both LPs	**44.52%**	**15.60%**	**-4.16%**
Capital Advisors combined ROI	**231.78%**	**81.22%**	**-4.16%**

Capital Advisors combined proceeds include its LP capital recovery, LP profit and GP profit, without duplication.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Model assumptions and remaining deal terms

The revised financing structure replaces the previous $1.3M note and $2.9M construction-LP model.

Item	Current treatment
Sponsor LP capital	$390K land + $250K engineering = $640K in the shared LP pool.
Loan and conversion	$910K first-lien note, 12 months at 8%. Equity conversion option at recording.
13-lot equity	Dedicated equity entitlement modeled. Class and lien release require documentation.
Interest settlement	Base uses $936K credit + $46.8K cash. Alternatives shown on the note-settlement page.
Equity waterfall	Return $3.29M LP capital. Then 55% to LPs pro rata + 45% to CA as GP.
Timing	NTP at month 12 confirmed. Exit at month 36 assumed. Recording date unconfirmed.
Open budget items	G&H cost gap $80,384–$82,734. $100K funding unassigned. Contingency base open.

Returns assume month-12 note settlement. Conversion cash, any extension and earlier cost-gap funding remain unresolved.

Target-budget case unless labeled. 12-month loan at 8%. 55% shared LP pool / 45% GP. Before unprovided costs.

Calculation reference

Capital Advisors participates in the LP pool and separately as GP. Capital is returned once.

Calculation	Formula
LP capital pool and weights	$3.29M = $2.65M outside LP + $640K sponsor LP. Weights: 265 / 329 and 64 / 329.
12-month note balance	$910K + ($910K × 8%) = $982,800. Base: $936K lot equity + $46,800 cash.
Retained sales	50 × residential price + 4 × commercial price.
Residual profit	Sales + unspent cash − lender cash settlement − $3.29M LP capital − other costs.
LP pool and GP profit	LP pool = 55% × positive residual. GP profit = 45% × positive residual.
Outside LP profit	55% × positive residual × ($2.65M / $3.29M).
Capital Advisors profit	LP profit = LP pool × ($640K / $3.29M). Combined = LP profit + GP profit.
ROI and IRR	ROI = distributions / contributed capital − 1. IRR uses each investor’s cash-flow timing.

GP-only ROI / IRR is undefined without a separate GP cash investment. Capital Advisors combined ROI uses $640K once. No unprovided selling, legal, tax or financing costs are included.

Sources: Sep. 25, 2026 deck; sponsor updates, Oct. 15, 2026; G&H estimate, Aug. 24, 2026, p. 5. IRR method: Microsoft XIRR.