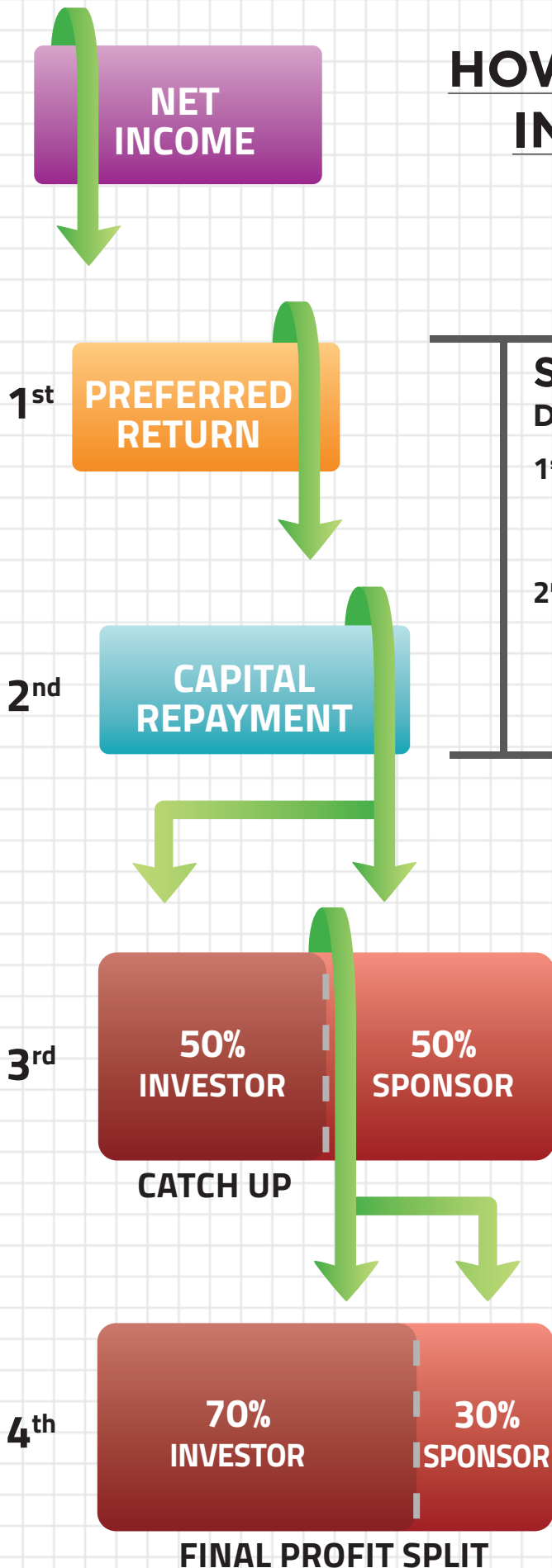


# HOW IS DEVELOPMENT NET INCOME DISTRIBUTED?



## STEP 1

### Distribution to Investor

- 1<sup>st</sup> - Every quarter you will be paid a preferred return first.
  - Preferred return is calculated 8% (annualized) x your outstanding capital account balance.
- 2<sup>nd</sup> - Any left over money will pay down your outstanding capital account balance.
  - Investors capital is preserved as a priority.
  - Investors get 8% (annual, simple) return before splitting profits with sponsor.

## STEP 2

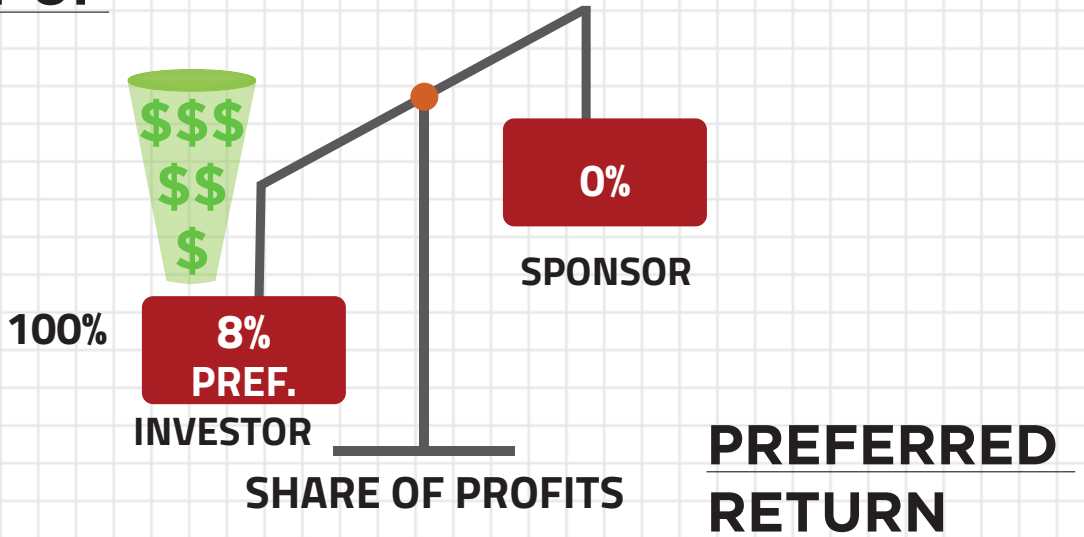
### Distribution to Investor and Sponsor

- Once 100% of originally invested capital is returned to you, the investor, profits are split between investors and sponsor.
- 3<sup>rd</sup> - To make up for the preferred return giving investors a 100% share of profits, the 3<sup>rd</sup> step splits profits 50/50 until the total investor/sponsor profit split is rebalanced to 70/30.
- 4<sup>h</sup> - All remaining profit is split 70/30.

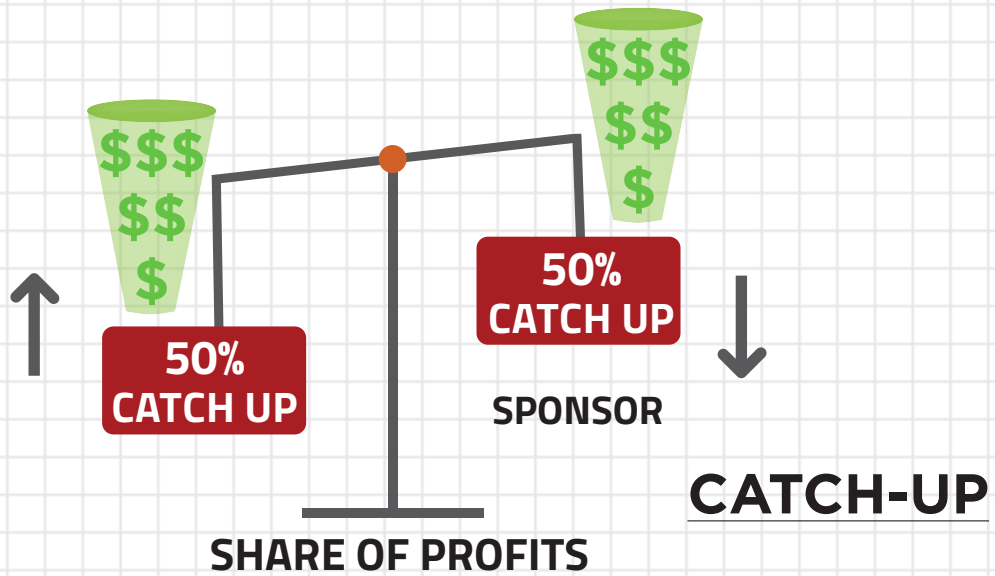


# CATCH-UP

1



2



3

