

# Winnie I-10 Example Deal

## Ten acres developed, the rest held

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*An illustrative example built on a real, currently listed parcel. This is not an offer to sell securities, and no particular return is promised. Figures are planning examples; any preferred return or split is set with counsel. Returns shown are over the full deal cycle — build, lease-up, and sale — not per year.*

## The parcel

The listing is public; the site can be driven.

|              |   |
|--------------|---|
| Location     | 14.67 acres, Interstate-10 frontage, Winnie, TX 77665 |
| Frontage     | ~630 ft on the IH-10 feeder; ~1,049 ft on Dugat Road  |
| Setting      | Mostly level, near the IH-10 & Hwy 73 interchange     |
| Zoning       | None (buyer to confirm)                               |
| Asking price | \$395,000 — \$26,926 per acre                         |
| Listing      | RE/MAX ONE, on market since March 2026                |

The listing states no zoning, which may reduce municipal land-use risk, but the use still requires confirmation of county rules, TxDOT access, drainage, stormwater, floodplain, fire, environmental, utility, and permitting requirements.

## The program

Control the 14.67-acre parcel. Develop ten acres as the first yard — fenced, lit, gated, hard-surfaced, controlled access. Hold the remaining 4.67 acres in reserve for a later phase, a lease, or a sale. Developing ten acres rather than five spreads the \$395,000 land cost across twice the income, which raises the yield on cost.

## The floor

North Star commits land capital only when the deal underwrites to:

**Stabilized NOI ÷ total cost ≥ 12%.**

A site below a 12% yield on cost is not pursued. iVerify identifies candidate sites; the 12% test determines which are built. Sites that do not clear it are screened out before land capital is committed.

## Cost — two columns

The yard is priced in two layers. Field-built civil work — grading, aggregate base, stabilization, drainage, access — is priced conventionally and confirmed by a civil rough-order on the parcel. Componentized work — fence, gate and access control, lighting, cameras, restroom — is procured owner-direct under North Star's method and carries a lower target. The method is applied only where the parts are definable and purchasable. Sitework is not assumed to fall the same way.

Underwriting uses the conventional column. The North Star target is upside, counted only after vendor quotes confirm it.

| First-phase capitalization — 10 acres                                       | Conventional (underwritten)      | North Star target                |
|---|----------------------------------|----------------------------------|
| Land — the 14.67-acre parcel  | \$395,000                        | \$395,000                        |
| Ten-acre yard hard costs — surface, fence, gate, lighting, drainage, launch | \$1.8M – \$2.5M                  | \$1.6M – \$2.2M                  |
| Due diligence, closing, civil, legal  | \$50,000 – \$100,000             | \$50,000 – \$100,000             |
| North Star origination / intelligence and developer fees                    | included in total capitalization | included in total capitalization |
| <b>Total capitalization</b>   | <b>~\$2.2M – \$3.0M</b>          | <b>~\$2.0M – \$2.7M</b>          |

The civil rough-order firms the surface and drainage lines, the largest and most site-specific.

## Return at the floor

At a 7% exit cap, a yard built to a 12% yield on cost sells for about 1.7× its cost. The five-point spread between the build yield and the exit cap is the source of the margin. A real estate broker commission, modeled at 4% of sale price, is treated as a third-party cost of disposition and deducted from sale proceeds before the investor/North Star waterfall. North Star charges no separate disposition fee in this example.

The order of distribution at sale is fixed: (1) gross sale proceeds, (2) less broker commission and closing costs, (3) net sale proceeds, (4) return of investor capital, (5) preferred return, (6) the tiered split of remaining profit shown here.

The investor's capital and an 8% annual preferred return come first. North Star's larger share comes only after the investor clears a 20% total return.

| Tier   | Investor | North Star |
|--|----------|------------|
| Return of capital  | 100%     | 0%         |
| 8% annual preferred return (on unreturned capital)             | 100%     | 0%         |
| Remaining profit until the investor reaches a 20% total return | 70%      | 30%        |

| Tier                            | Investor | North Star |
|---------------------------------|----------|------------|
| Profit above a 20% total return | 50%      | 50%        |

The preferred return applies the same way to operating cash flow during a hold and to the gain at sale: the investor's 8% comes before any split, and an unpaid year accrues and is caught up later. The example assumes a 24-month hold, so the 8% accrues to about 16% of capital before the split.

Every term is a ratio, so the return profile is the same on any deal that clears the floor; size changes the dollars, not the percentage. North Star contributes no required cash capital in this example. Its 2% interest is a sponsor or carried interest, subject to counsel, and its promote is earned through the waterfall.

| Total cost — civil ROM sets this | Floor NOI @ 12% | Net sale @ 7% (after 4% commission) | Investor profit after capital return | Investor return | North Star promote |
|----------------------------------|-----------------|-------------------------------------|--------------------------------------|-----------------|--------------------|
| ~\$2.2M                          | \$264,000       | \$3.62M                             | \$911,000                            | ~41.4%          | \$509,000          |
| ~\$2.6M                          | \$312,000       | \$4.28M                             | \$1,077,000                          | ~41.4%          | \$602,000          |
| ~\$3.0M                          | \$360,000       | \$4.94M                             | \$1,243,000                          | ~41.4%          | \$694,000          |

In each row, capital returns first and the 8% preferred accrues before North Star's promote; the 4.67-acre reserve is excluded from the figures.

The 7% exit cap is favorable. The example holds at a more conservative exit: at an 8% cap the sale nets about 1.44x cost and the investor return about 31%; at a 9% cap, about 1.28x cost and about 23%. The preferred is covered in all three. A full exit-cap sensitivity can accompany the deal.

## How North Star is paid

| Layer            | Payment   | Purpose                         |
|------------------|---|---------------------------------|
| Pre-closing work | \$25,000 start fee + \$10,000/month + approved expenses                                       | Work before land funding        |
| Development work | 2% origination/intelligence fee (the \$25,000 credited) + 3% developer fee on yard hard costs | Creating and executing the deal |
| Success upside   | Promote, after investor capital and the preferred return                                      | Paid only if the deal works     |

North Star is paid for work and paid for success in separate ways. Pre-closing work is covered by a work authorization and monthly retainer. If the project closes, North Star receives a disclosed origination/intelligence fee and developer fee as project costs. North Star's promote is separate and is earned only after the investor receives return of capital and the preferred return hurdle.

The origination and developer fees are project costs included in the total capitalization above; the returns shown are after them and after the ~4% broker commission at sale. North Star charges no separate disposition fee.

## Ownership and structure

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Each deal is held in a single-purpose LLC formed for it. North Star is the sponsor and managing member, holding a 2% interest (sponsor or carried interest), subject to counsel; the funders hold the remaining 98%. Ownership and the cash split are separate layers. The 98% ownership carries the tax items: depreciation on the improvements passes mainly to the funders, subject to their own tax advice. The cash distribution is unchanged from above — capital returns first, then the 8% annual preferred (about 16% over the 24-month example), then the tiered split. North Star's 2% interest does not limit its economics; its share is earned through that split. Entity terms, the characterization of North Star's interest, the allocation of tax items, and the split are set in the operating agreement with counsel. North Star is not a tax or legal advisor.

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*The numbers move with the civil rough-order, the stabilized rent roll, occupancy, the sale cap rate, and buyer demand. The conventional column is underwritten; the North Star target is upside pending vendor quotes. The 8% preferred return, the tiered split, and the fees are illustrative and set in final documents with counsel. The table returns are over the full deal cycle, not annual returns. Nothing here is an offer to sell, or a solicitation to buy, a security.*