

INVESTMENT ANALYSIS OFFICE CANADIAN EXAMPLE USING RENT ROLL

INTRODUCTION

This comprehensive office example uses the Rent Roll but not Categories and includes all the lease features such as Free Rent, % Rent and the application of Rent Caps and Recoverable Expense Caps and Stops.

Note: Since there is no need to break the building into profit centres the “Category” column is left at the default setting, which is “Office”

Using one Category is the same as having no Categories

For simplicity there are only two tenants used in the example.

Suite 101 Star Financial Inc. Rentable Area: 5,900 Sq. Ft Usable Area: 5,000
Suite 306 Alliance Holdings. Rentable Area: 2,500 Sq. Ft Usable Area: 2,119

The Investit Template used is “Invest Office + Rent Roll & Cat”

This practice example consists of two Sections;

1. The input information for the project
2. The instructions for entering the project data

PROJECT INFO. Folder

Property Name: Capital Plaza
Description: Investment Analysis Office with Rent Roll
Starting Date: Year 1 Jan
Building Area 9,500 Sq Ft
Total Rentable Area: 8,400 Sq. Ft
Total Usable Area: 7,119 Sq Ft
Land Area: 20,000 Sq Ft
Frontage: 120 Ft
Analysis Period: 9 Year
Purchase Price: \$2,970,000
Acquisition Costs: \$30,000

INVESTOR Folder

Marginal Tax Rate: 42.00%
Discount Rate: Before Tax 13.00%
Capital Gain: 50.00%
Short Term Rates Before Tax for calculating the Modified Internal Rate of Return (MIRR)
Financing Rate: 8.000%
Reinvestment Rate: 3.000%

INVESTMENT Folder

CCA Claim: Claim CCA up to Taxable Income

Land

Description: Land
Amount: \$1,000,000
Year 1 Jan
CCA Class: Land

Building

Description: Building
Amount: \$2,000,000
Year 1 Jan
CCA Class: Building
CCA Rate: 4.00%
First Year: 50.00%
CCA Claim Last Year: Yes

EXPENSES Folder

Operating expenses paid for by the investor such as taxes, insurance, maintenance, property management etc

For simplicity the total operating expenses are expressed as an \$ per Sq. Ft per Yr which includes Taxes, insurance, maintenance and property information

Operating Expenses

\$8.00 per Unit of Total Rentable Area (Office) per Yr paid monthly for 12 months then increasing at 3.00% per year compounding

GENERAL REVENUE Folder

Public Parking

General revenue is revenue that is not specific to an individual tenant such as public parking.

15 spaces generating \$450 per Space per Mo for the first 12 months then increasing at 4.00% per year compounding

RENT ROLL REVENUE Folder

Is the rent paid by the tenant to the landlord and is entered in the "Rent Roll Revenue sub folder" and "Revenue" subfolder for each of the two spaces as follows;

Suite 101 Star Financial Inc.

Rentable Area: 5,900 Sq Ft Usable Area 5,000 Sq Ft

Base Rent

\$26.00 per Unit of Tenant's Rentable Area Per Yr paid monthly. Two terms of 5 years. Increase for the second term base on 3.00% compounding for five years

Free Rent

First three months. 100% of Base Rent

Recoverable Expenses

\$9.00 per Unit of Tenant's Rentable Area per Yr paid monthly for one year then increasing at 3.00% compounding per year. **Subject to a Recoverable Expense Cap** of \$4,500 per month. This means that the maximum recoverable expenses the tenant will pay is \$4,500 per month.

Parking

10 cars at \$60 per Space per Month for 12 months then increasing at 5.00% per year compounding

Suite 306 Alliance Holdings

Rentable Area: 2,500 Sq. Ft. Usable Area: 2,119 Sq. Ft.

Base Rent

\$17.00 per Unit of Tenant's Rentable Area per Year paid monthly. Two terms of 5 years. Increase for the second term base on 3.00% compounding for five years

Free Rent

First three months. 100%.

Recoverable Expenses

\$8.00 per Unit of Tenant's Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year for 9 years.

Parking

6 cars at \$60 per Space per Month for 12 months then increasing at 5.00% per year compounding

VACANCY Folder

General Revenue: Vacancy & Credit Loss Allowance

3.00% using Global option

Rent Roll: Vacancy & Credit Loss Allowance

5.00% using Global option

FINANCING Folder

1. Mortgage (Borrowing)

Type: Standard Mortgage
Year 1 January, \$2,000,000
Time Period: 10 years
Amortization: 25 years
Interest Rate: 8.00%
Compounding Frequency: Semi-annually

SALE Folder

Real Estate Commissions

6.00% of Sale Price

Selling Expenses

Selling Expenses 2.00% of Sale Price
Legal Fees: \$15,000

Sale Price

Base on a Cap Rate of 7.500% using Based on the Income for the year following the Sale i.e., based on the Income & Expenses for year 10.

INSTRUCTIONS FOR ENTERING THE PROJECT INTO INVESTOR PRO

Getting started

The first step is to open the Investit Pro Template “Invest Office + Rent Roll & Cat” as follows:

1. Open Investor Pro.
2. Select the New Project Folder then select the Investit Template folder



3. Select and open the Investit template “Invest Office + Rent Roll & Cat” The analysis period dialog will open at this point.
4. Enter 9 years and click OK

PROJECT INFO Folder

1. Enter the Property Name: Capital Plaza
2. Enter Description: Investment Analysis Office with Rent Roll
3. Enter Purchase Price: \$2,970,000
4. Enter Acquisition Costs: \$30,000
5. Enter Building Area: 9,500 Sq. Ft
6. Enter Rentable Area: 8,400 Sq. Ft
7. Enter Usable Area: 7,119
8. Enter Land Area: 20,000 Sq. Ft
9. Enter Frontage: 120 Sq. Ft

The Project Info screen should look like this;

The screenshot shows the 'Project Info.' tab in the Investit software. The interface includes a menu bar (File, Edit, Reports, Tools, Utilities, Investit, Help) and a toolbar with icons for file operations. Below the menu is a navigation bar with tabs: My Company Info., Property Info., Client Info., Goal Seeking, and Notes. The main content area is divided into several sections:

- Report Headers:** Property Name: Capital Plaza; Description: Investment Analysis Office with Rent Roll; Total Purchase Price: \$2,970,000; Acquisition Costs: \$30,000; Total Purchase Price: \$3,000,000.
- Analysis Time Period:** 9 Years; Change Analysis Time Period button.
- Entry Information:** Enter Revenue and Expenses: Monthly; Starting Date: January Year 1; Change Entry Information button.
- Calculate Financial Measures based on:** Potential Gross Income (selected); Effective Gross Income (unselected); Edit Unit of Measure button.
- Building:** Building Area: 9,500 Sq. Ft; Office Rentable Area: 8,400 Sq. Ft; Usable Area: 7,119 Sq. Ft; Add On Factor: 17.99%.
- Land:** Land Area: 20,000 Sq. Ft; Frontage: 120 Ft.

Arrows in the image point to the input fields for Property Name, Description, Purchase Price, Acquisition Costs, Building Area, Office Rentable Area, Usable Area, Land Area, and Frontage.

Investor Folder

1. Enter Investor's Marginal Tax Rate: 42.00%
2. Enter the Discount Rate Before Tax: 13.00%

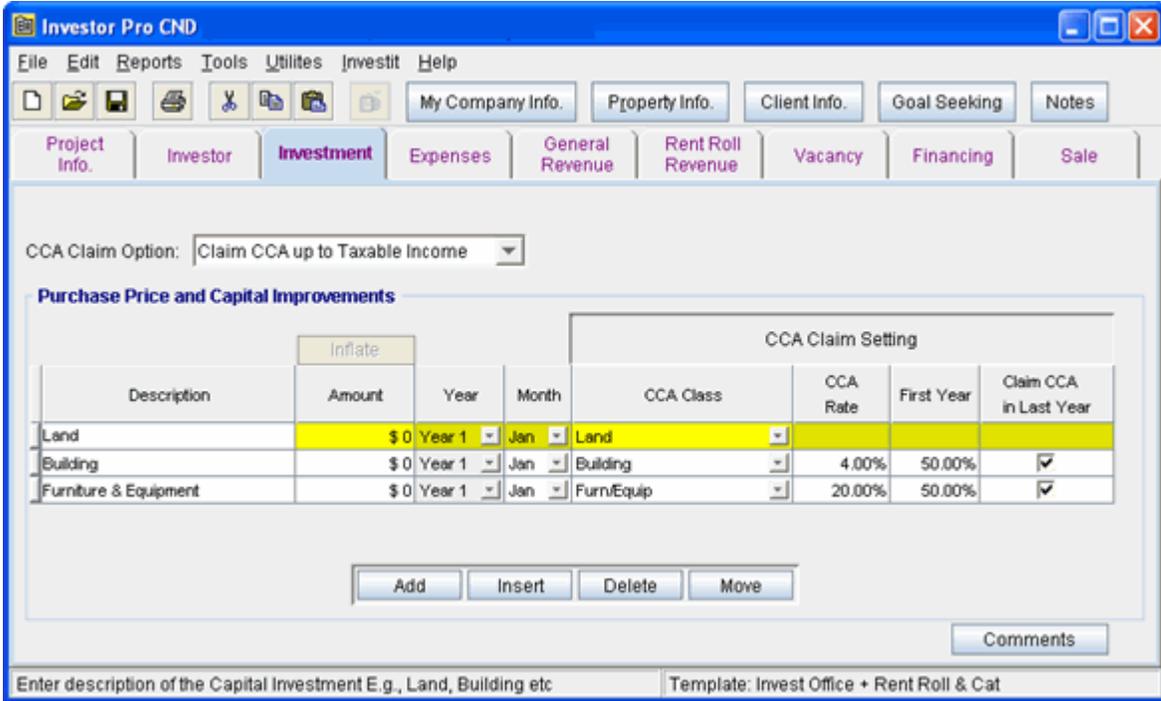
Notes:

The Discount Rate is used to calculate the Net Present Value
The program automatically calculates the Discount Rate After Tax

3. Enter Short Term Rates Before Tax
 - Financing Rate: 8.00%
 - Reinvestment Rate: 3.00%

INVESTMENT Folder

The Investment Folder should appear like this;



First Row

1. Enter the Amount: \$1,000,000

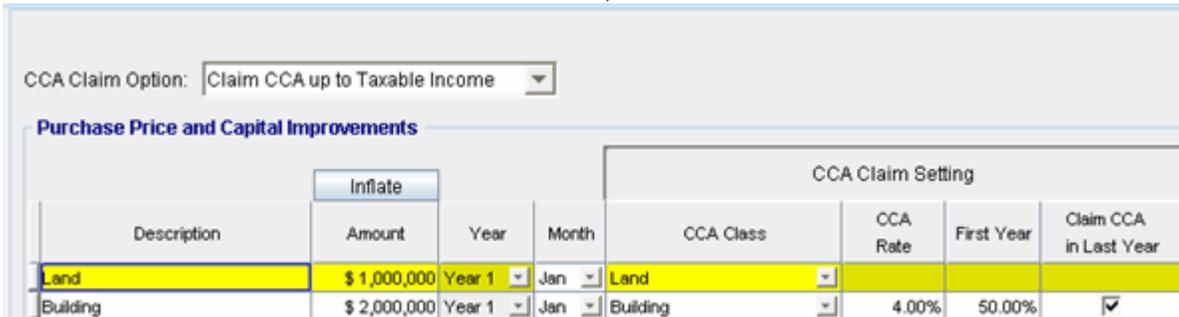
Second Row

1. Select row 2 'Building'
2. Enter the Amount: \$2,000,000

Third Row

1. Select row 3 'Furniture & Equipment'
2. Click on the button

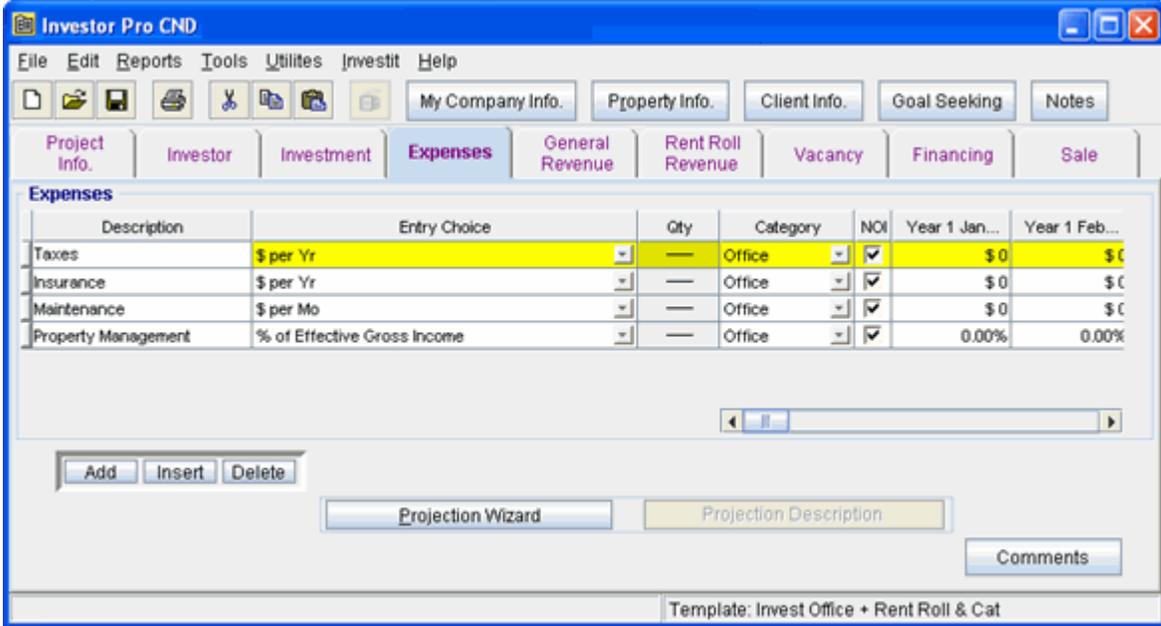
Your entries for the Investment should look like this;



EXPENSES Folder
Operating Expenses

\$8.00 per Unit of Total Rentable Area (Office) per Yr paid monthly for 12 months then increasing at 3.00% per year compounding

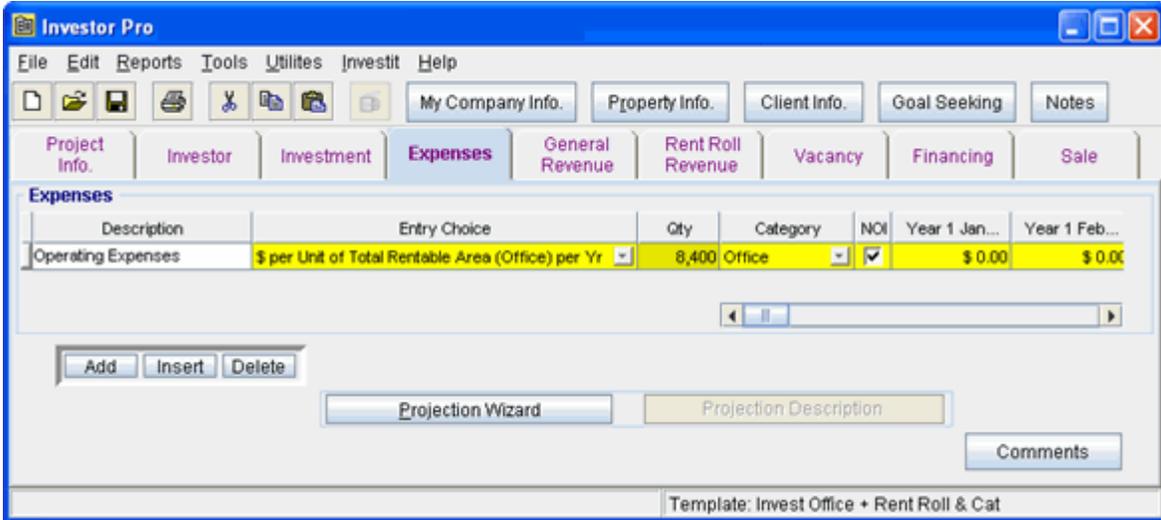
The Expenses folder should look like this;



Steps for setting up the Expenses folder

1. Select row 1 'Taxes'
2. Enter Description "Operating Expenses"
3. Select Entry Choice "\$ per Unit of Total Rentable Area (Office) per Yr"
4. Select row 2 'Insurance'
5. Click on the button
6. Select row with Description 'Maintenance'
7. Click on the button
8. Select row with Description 'Property Management'
9. Click on the button

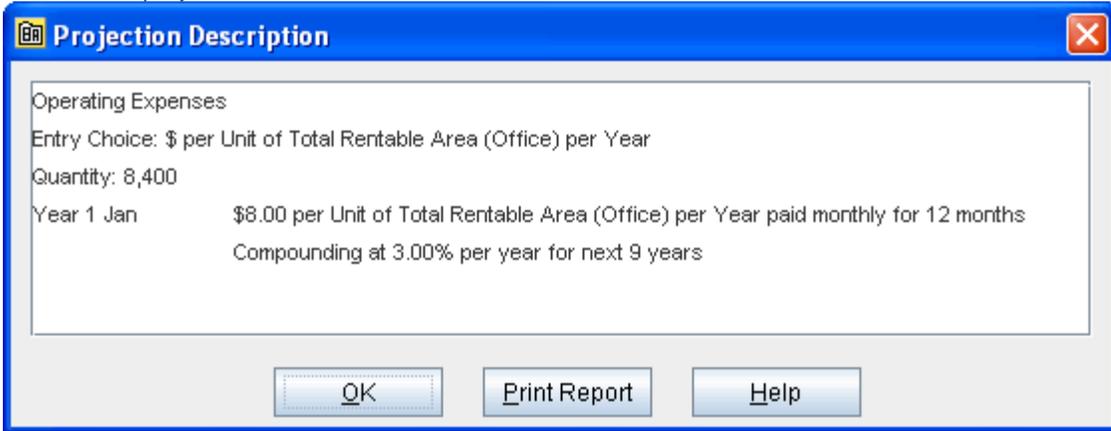
The Expenses folder should now look like this;



Steps for setting up Operating Expenses

1. Select row 1 'Operating Expenses'
2. Click on the  button
In the **Projection Wizard**
3. **Paid column:** Select "Monthly for 12 Months"
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Entry column:** Enter \$8.00
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 10 year Analysis Period
7. **Increase column:** Enter the Compounding Rate of 3.00%

To view your entries, click on the  button, which describes the entries and projections.



Press OK to return to the Projection Wizard

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Operating Expenses
 Entry Choice: \$ per Unit of Total Rentable Area (Office) per Yr

Projections

Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 8.00	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%	

Buttons: New Projection, Insert Projection, Delete Projection, Delete All Projections, Projection Description, OK, Cancel, Help

Press OK to return to the Expenses folder

GENERAL REVENUE Folder

Public Parking

15 spaces generating \$450 per Space per Mo for the first 12 months then increasing at 4.00% per year compounding

Steps for setting up the Expenses folder

1. Select row 1
2. Enter Description "Public Parking"
3. Select Entry Choice "\$ per Space per Mo"
4. Enter QTY: 15
5. Click on the  button

In the **Projection Wizard**

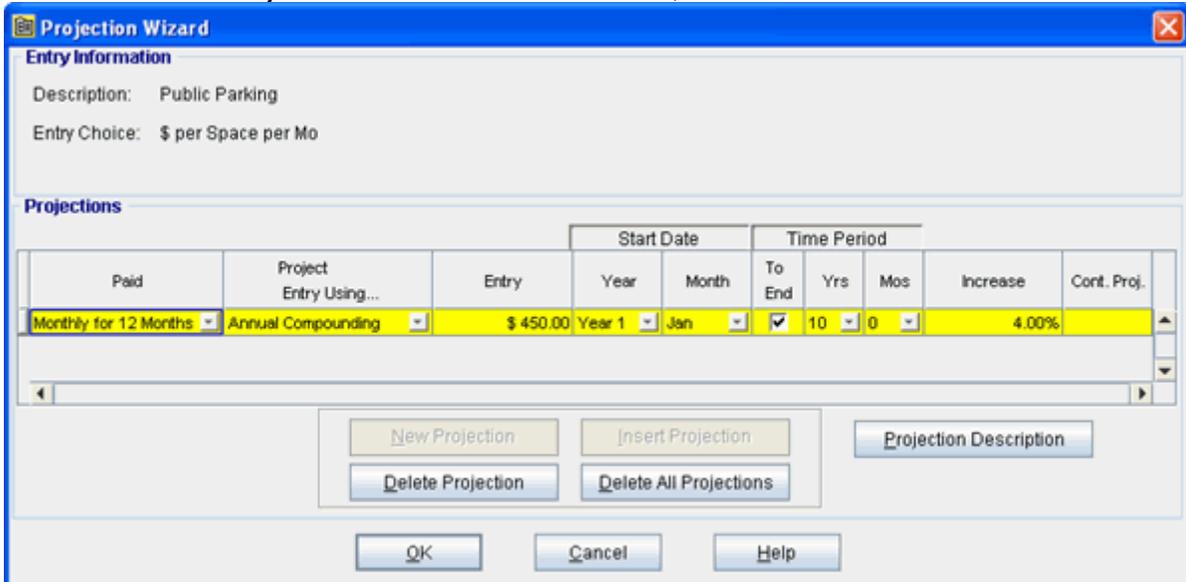
6. **Paid column:** Select "Monthly for 12 Months"
7. **Project Entry Using column:** Select "Annual Compounding"
8. **Entry column:** Enter \$450.00
9. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 10 year Analysis Period
10. **Increase column:** Enter the Compounding Rate of 4.00%

To view your entries, click on the  button, which describes the entries and projections.



Press OK to return to the Projection Wizard

Your entries in the Projection Wizard should look like this;



Press OK to return to the General Revenue Folder

RENT ROLL REVENUE Folder

Tenancy Information Sub-Folder

First row enter the following information for Star Financial Inc.'s space;

1. Suite/Unit No: 101
2. Tenant's Name: Star Financial Inc.
3. Rentable Area: 5,900 Sq. Ft
4. Usable Area: 5,000 Sq. Ft

Click on the button to add a second row and enter the following information on the Alliance Holdings' space;

Second row enter the following for Alliance Holdings' space

1. Suite/Unit No: 306

2. Tenant's Name: Alliance Holdings
3. Rentable Area: 2,500 Sq. Ft
4. Usable Area: 2,119

Note: For each tenant you can enter information on the tenancy and lease arrangements by completing the Tenancy Information grid.

Expiration Date	Lease Term	Renewal Options	Estimated Renewal Rate

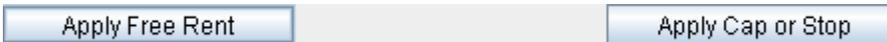
The only information that needs to be entered is the Tenant Name, Tenant's Rentable Area and Tenant's Usable Area

Click on the Revenue sub-folder

Revenue Sub-Folder

The Revenue folder is used to enter the Tenant's rent and other payments to the Landlord.

You can use the following buttons to enter Free Rent, Rent Caps and Recoverable Expense Caps and Stops.



The  button provides access to the Projection Wizard, which allows you to enter and project the revenues.

Follow these steps to enter and project the revenues;

Select Tenant 101 Star Financial Inc. from the scroll down menu

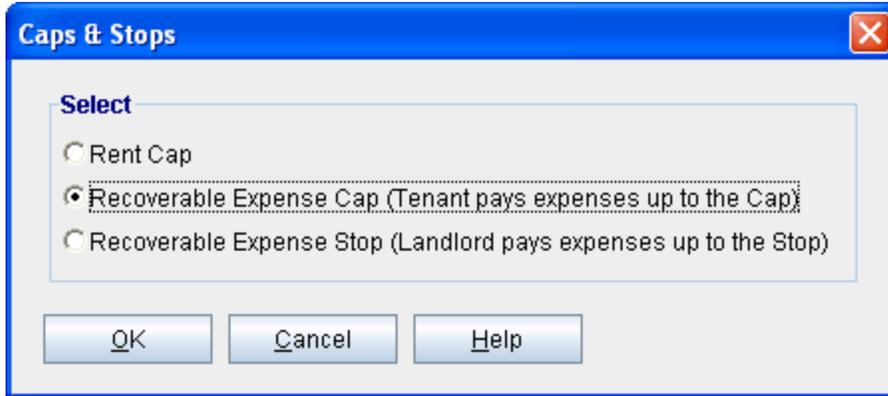
The Revenue sub-folder should appear like this;

101 Star Financial Inc.	Rentable Area	5,900	Sq. Ft
	Usable Area	5,000	Sq. Ft

Revenues						
Description	Entry Choice	Qty	Category	NOI	Year 1 Jan...	
Base Rent	\$ per Unit of Tenant's Rentable Area per Yr	5,900	Office	<input checked="" type="checkbox"/>	\$ 0.00	
Free Rent	% of Rent	—			0.00%	
Recoverable Expenses	\$ per Unit of Tenant's Rentable Area per Yr	5,900	Office	<input checked="" type="checkbox"/>	\$ 0.00	
Parking	\$ per Space per Mo	0	Office	<input checked="" type="checkbox"/>	\$ 0.00	

The above rows appear automatically for the first tenant to allow the user to enter their data more quickly

1. Click on the row with the Description "Recoverable Expenses"
2. Click on the  button to access the Rent Cap & Stop dialog and select "Recoverable Expenses Cap" and click Ok.



3. Click on the row with the Description 'Parking'
4. Enter QTY: 10

The Revenue sub-folder should look like this;

101 Star Financial Inc.		Rentable Area	5,900	Sq. Ft	
		Usable Area	5,000	Sq. Ft	
Revenues					
Description	Entry Choice	Qty	Category	NOI	Year 1 Jan...
Base Rent	\$ per Unit of Tenant's Rentable Area per Yr	5,900	Office	<input checked="" type="checkbox"/>	\$ 0.00
Free Rent	% of Rent	—			0.00%
Recoverable Expenses	\$ per Unit of Tenant's Rentable Area per Yr	5,900	Office	<input checked="" type="checkbox"/>	\$ 0.00
Recov. Exp. Cap	Amount	—			\$ 0
Parking	\$ per Space per Mo	10	Office	<input checked="" type="checkbox"/>	\$ 0.00

The next step is to enter and project the revenues, Free Rent using



Suite 101 Star Financial Inc.

Rentable Area: 5,900 Sq Ft Usable Area 5,000 Sq Ft

Base Rent

\$26.00 per Unit of Tenant's Rentable Area per Yr paid monthly. Two terms of 5 years. Increase for the second term based on 3.00% compounding for five years

Free Rent

First three months. 100%.

Recoverable Expenses

\$9.00 per Unit of Tenant's Rentable Area per Yr paid monthly for one year then increasing at 3.00% compounding per year. **Subject to a Recoverable Expense Cap** of \$4,500 per month. This means that the maximum recoverable expenses the tenant will pay is \$4,500 per month.

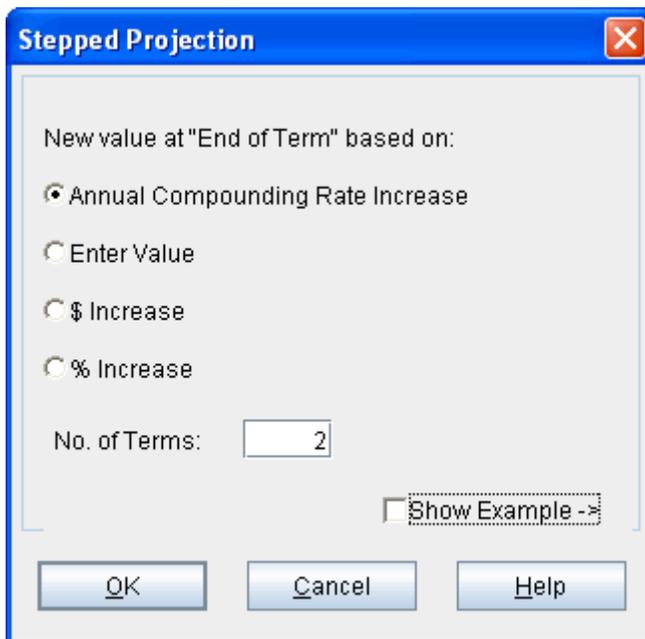
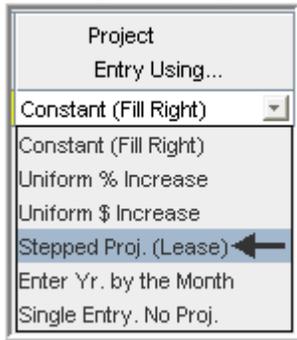
Parking

10 cars at \$60 per Space per Month for 12 months then increasing at 5.00% per year compounding

Following are the steps for entering and projecting the revenues for tenant Unit 101 Star Financial Inc.

1. Select row 1: 'Base Rent'

2. Click on  button
3. **Project Entry Using.. column:** select “Stepped Proj. (Lease)



4. Set the No. of Terms to 2, which is the default setting and click OK
5. **Entry column:** Enter the lease rate \$26.00
6. **Time Period column:** Set Term 1 (the first row) to 5 years and Term 2 (second row) to 5 years (or check the "To End" box).
7. **Increase column:** Enter the Annual Compounding Rate at 3.00%

The Projection Wizard should look like this;

Press OK to return to the Revenue sub-folder

Entering the Free Rent.

100% of the Base Rent for the for the first three months

1. Enter 100% in Year 1 Jan, Feb and March on the entry grid

Revenues							
Description	Entry Choice	Gty	Category	NOI	Year 1 Jan...	Year 1 Feb...	Year 1 Mar...
Base Rent	\$ per Unit of Tenant's Rentable Area per Yr	5,900	Office	<input checked="" type="checkbox"/>	\$ 26.00	\$ 26.00	\$ 26.00
Free Rent	% of Rent	—			100.00%	100.00%	100.00%

Entering the Recoverable Expenses

\$9.00 per Unit of Tenant’s Rentable Area per Yr paid monthly for one year then increasing at 3.00% compounding per year

1. Select row with Description "Recoverable Expenses"
2. Click on  which displays the Projection Wizard

In the Projection Wizard

3. **Paid column:** Select “Monthly for 12 Months”
4. **Project Entry Using column:** Select “Annual Compounding”
5. **Entry column:** Enter \$9.00
6. **Time Period column:** Check the "To End" box.
7. **Increase column:** Enter the compounding rate of 3.00%

Your entries in the projection wizard should look like this:

Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 9.00	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%	

Press OK to return to the Revenue sub-folder

Entering the Recoverable Expense Cap

1. Select the row with the entry choice: Rec. Exp. Cap
2. Click on  which displays the Projection Wizard
3. Amount column: Enter \$4,500
4. **Time Period column:** Check the "To End" box

Your entries in the projection wizard should look like this;

Paid	Project Entry Using...	Amount	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly	Constant (Fill Right)	\$ 4,500	Year 1	Jan	<input checked="" type="checkbox"/>	10	0		

Press OK to return to the Revenue sub-folder

Entering the **Parking**

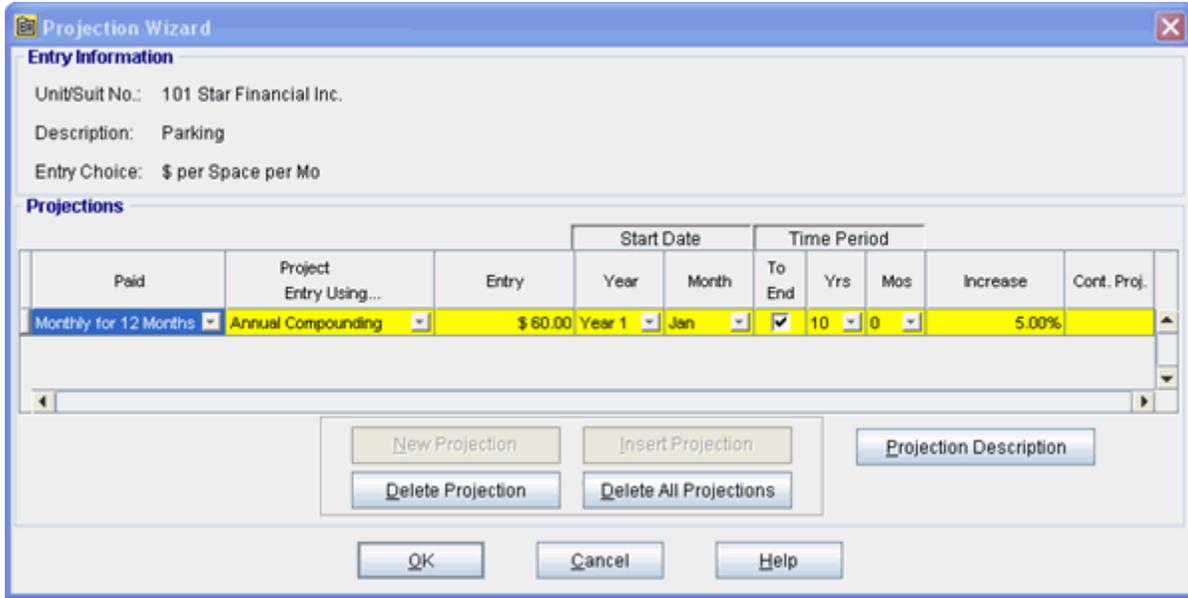
10 cars at \$60 per Space per Month for 12 months then increasing at 5.00% per year compounding

1. Select row with Description "Additional Rent"
2. Click on  which displays the Projection Wizard

In the **Projection Wizard**

3. **Paid column:** Select "Monthly for 12 Months"
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Entry column:** Enter \$60.00
6. **Time Period column:** Check the "To End" box.
7. **Increase column:** Enter the compounding rate of 5.00%

Your entries in the projection wizard should look like this:



Press OK to return to the Revenue sub-folder

8. Select Tenant 306 Alliance Holdings from the scroll down menu

Suite 306 Alliance Holdings Rentable Area: 2,500 Sq. Ft. Usable Area: 2,119 Sq. Ft.

Follow these steps to enter and project the revenues

1. Enter Description: 'Base Rent'
2. **Entry Choice column:** Select "\$ per Unit of Tenant's Rentable Area per Yr"
3. Click on the  button
4. Press the  button to add another row
5. Enter Description: 'Recoverable Expenses'
6. **Entry Choice column:** Select "\$ per Unit of Tenant's Rentable Area per Yr"
7. Press the  button to add another row
8. Enter Description: 'Parking'
9. **Entry Choice column:** Select "\$ per Space per Mo"
10. Enter QTY: 6

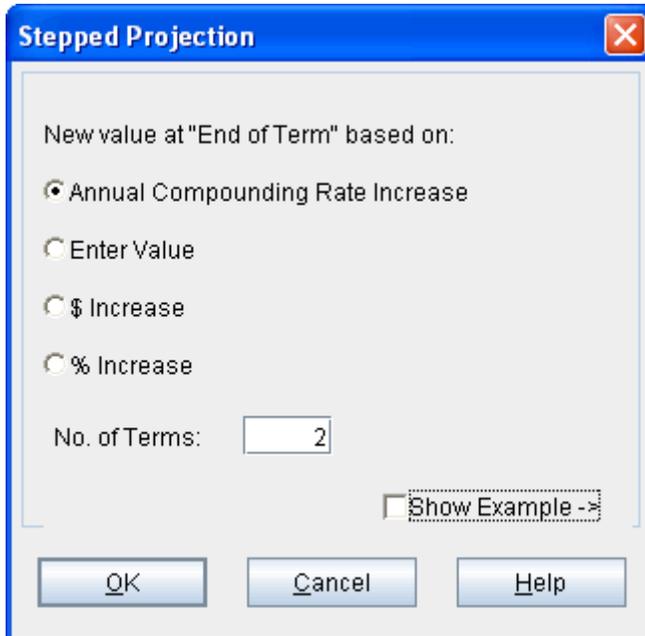
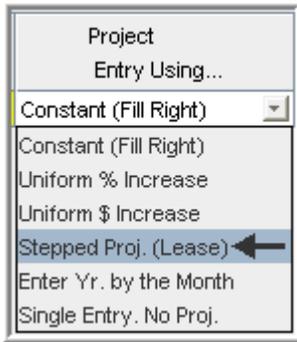
Press OK to return to the Revenue subfolder

Entering the Base Rent

\$17.00 per Unit of Tenant's Rentable Area paid monthly. Two terms of 5 years. Increase for the second term base on 3.00 % compounding for five years

Following are the steps for entering the Revenue for tenant Unit 306 Alliance Holdings

1. Select row 1: 'Base Rent'
2. Click on  which displays the Projection Wizard
3. **Project Entry Using.. column:** select "Stepped Proj. (Lease)"



4. Set the No. of Terms to 2, which is the default setting and click OK
5. **Entry column:** Enter the lease rate \$17.00
6. **Time Period column:** Set Term 1 (the first row) to 5 years and term 2 (the second row) to 5 years or check the "To End" box
7. **Increase column:** Enter the Annual Compounding Rate at 3.00%

The projection should look like this;

Press OK to return to the Revenue sub-folder

Entering the Free Rent.

100% of the Base Rent for the for the first three months

1. Enter 100% in Year 1 Jan, Feb and March on the entry grid
- 2.

Revenues								
Description	Entry Choice	Qty	Category	NOI	Year 1 Jan...	Year 1 Feb...	Year 1 Mar...	
Base rent	\$ per Unit of Tenant's Rentable Area per Yr	2,500	Office	<input checked="" type="checkbox"/>	\$ 17.00	\$ 17.00	\$ 17.00	
Free Rent	% of Rent	—			100.00%	100.00%	100.00%	

Recoverable Expenses

\$8.00 per Unit of Tenant's Rentable Area per Yr paid monthly for 12 months then increasing at 3.00% compounding per year for 9 years.

Entering the Recoverable Expenses

1. Select row with description: Recoverable Expenses
2. Click on  which displays the Projection Wizard
3. **Paid column:** Select "Monthly for 12 Months"
4. **Project Entry Using... column:** Select "Annual Compounding"
5. **Entry column:** Enter the lease rate \$8.00
6. **Time Period column:** Check the "To End" box
7. **Increase column:** Enter the Annual Compounding Rate at 3.00%

The projection should look like this;

Projection Wizard

Entry Information

Unit/Suit No.: 306 Alliance Holdings
 Description: Recoverable Expenses
 Entry Choice: \$ per Unit of Tenant's Rentable Area per Yr

Projections

Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 8.00	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	3.00%	

Press OK to return to the Revenue sub-folder

Parking

6 cars at \$60 per Space per Month for 12 months then increasing at 5.00% per year compounding

Entering the Parking

1. Select the row with Description 'Parking'
2. Click on  which displays the Projection Wizard

In the **Projection Wizard**

3. **Paid column:** Select "Monthly for 12 Months"
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Entry column:** Enter \$60.00
6. **Time Period column:** Check the "To End" box.
7. **Increase column:** Enter the compounding rate of 5.00%

Your entries in the projection wizard should look like this;

Projection Wizard

Entry Information

Unit/Suit No.: 306 Alliance Holdings
 Description: Parking
 Entry Choice: \$ per Space per Mo

Projections

Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 60.00	Year 1	Jan	<input checked="" type="checkbox"/>	10	0	5.00%	

New Projection Insert Projection Projection Description
 Delete Projection Delete All Projections
 OK Cancel Help

Press OK to return to the Revenue sub-folder

Select the Vacancy tab

VACANCY Folder

General Revenue: Vacancy & Credit Loss Allowance

3.00% using Global option

Rent Roll: Vacancy & Credit Loss Allowance

5.00% using Global option

Entering the Vacancy

1. Select Global Vacancy from the scroll down menu



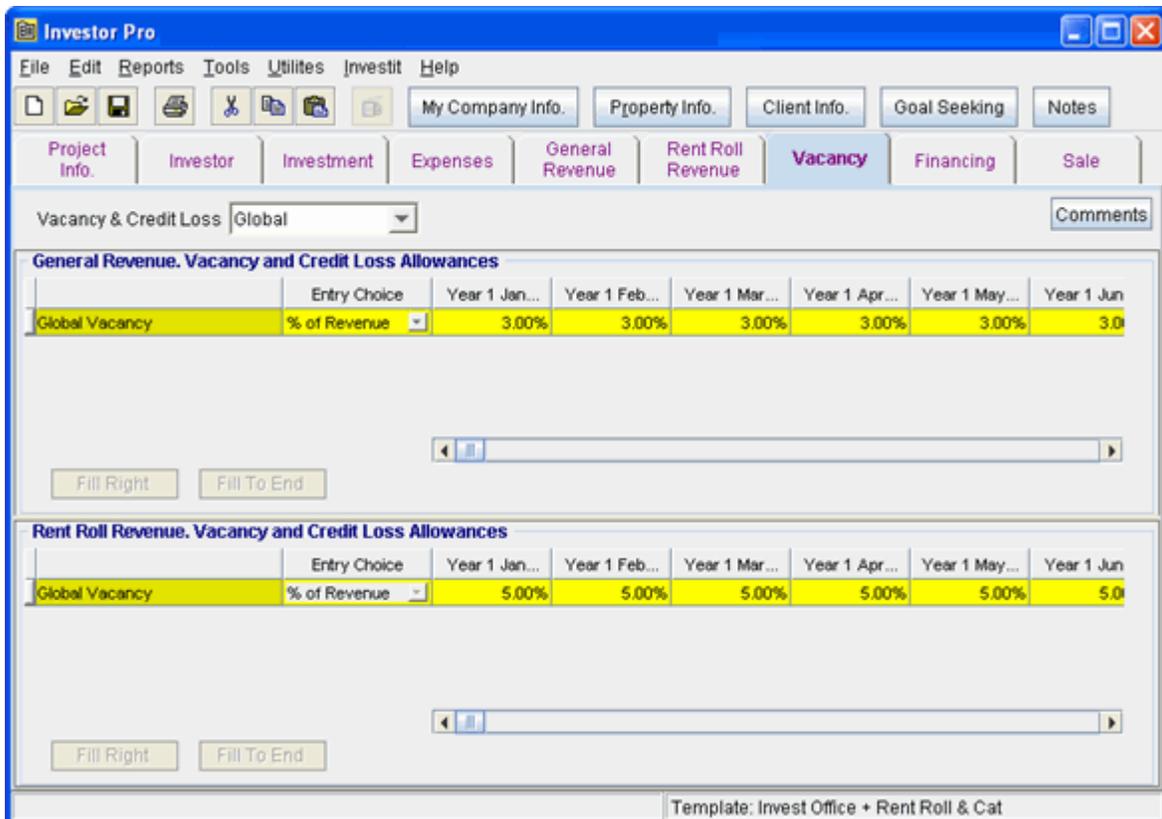
General Revenue Vacancy

1. Enter 3.00% into Year 1 Jan
2. Click on the button

Rent Roll Vacancy

1. Enter 5% into Year 1 Jan
2. Click on the button

The Vacancy Folder should look like this;



Select the Financing tab

FINANCING Folder

Mortgage (Borrowing)

Commencing: Year 1 January
 Type: Standard Mortgage
 Amount: \$2,000,000
 Description: First Mortgage
 Time Period: 10 Years
 Amortization: 25 Years
 Interest Rate: 8.00%
 Compounding Frequency: Semi-annually

Setting up a mortgage

1. Click on the Financing folder tab
2. Click on the Add Mortgage button
3. Amount box: \$2,000,000
4. Description box: "First Mortgage"
5. Time Period box: 10 Years
6. Amortization box: 25 Years
7. Nominal Interest Rate box: 8.00%



The mortgage dialog should look like this;

Mortgage

Mortgage Details
 Analysis Period: Year 1 Jan to Year 9 Dec
 Commencing: Year 1, Month: January
 Type: Standard Mortgage
 Amount: \$ 2,000,000 Interest Rate: Fixed
 Description: First Mortgage

Mortgage Settings
 Payment Frequency: Monthly
 Additional Payments/Borrowing:
 Payment Rounded: Up to Nearest Cent
 Compounding Frequency: Semi-annually

Terms and Amortization Details
 No of (Balloon) Terms: 1

Term No	Time Period		Amortization		Nominal Interest Rate
	Years	Months	Years	Months	
1	10	0	25	0	8.000%

Buttons: OK, Compute, Fill Down, Cancel, Help, Comments

8. Press the **Compute** button
9. Press the OK button to return to the Financing folder

The financing folder should now look like this;

Investor Pro

File Edit Reports Tools Utilities Investit Help

My Company Info. Property Info. Client Info. Goal Seeking Notes

Project Info. Investor Investment Expenses General Revenue Rent Roll Revenue Vacancy **Financing** Sale

Mortgage (Borrowing)

Description	Type	Amount	Start Date
First Mortgage	Standard Mortgage	\$ 2,000,000	Year 1 Jan

Add Mortgage Edit Mortgage Delete Mortgage Move

Tenant Loans

Description	Type	Amount	Start Date
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Add Loan Edit Loan Delete Loan Move

Template: Invest Office + Rent Roll & Cat

Select the Sale Folder

Real Estate Commissions

6.00% of Sale Price

The Real Estate Commission should appear like this;



Entering the Real Estate Commission

1. Enter 6.00% in the appropriate box

The Real Estate Commission should now look like this;

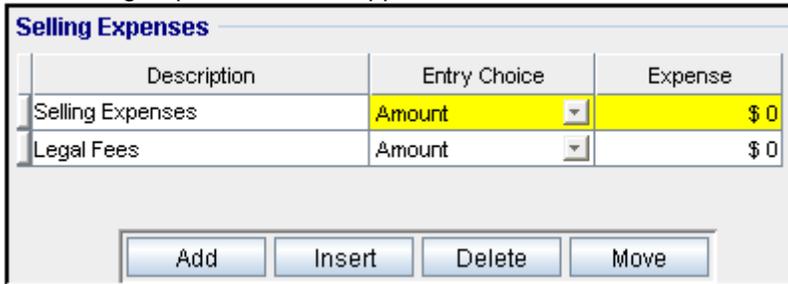


Selling Expenses

Selling Expenses 2.00% of Sale Price

Legal Fees: \$15,000

The Selling Expenses should appear like this;



Description	Entry Choice	Expense
Selling Expenses	Amount	\$ 0
Legal Fees	Amount	\$ 0

Entering the Selling Expenses

1. Select row 1 'Selling Expenses'
2. Entry Choice: "% of Sale Price"
3. Enter Expense: 2.00%

4. Select row 2: 'Legal Fees'
5. Enter Expense: \$15,000

The Selling Expenses should now appear like this;

Selling Expenses		
Description	Entry Choice	Expense
Selling Expenses	% of Sale Price	2.00%
Legal Fees	Amount	\$ 15,000

Sale Price

Based on a Cap Rate of 7.50% using the Income for the year following the Sale i.e., based on the Income & Expenses for year 10.

The Sale Price Estimator should appear like this;

Sale Price Estimator	
<input type="button" value="Sale Price Wizard"/>	
\$ 0	

1. Press the button

The Sale Price Wizard dialog will pop up;

Financial Measure	Based on the income for the last year		Based on the income for the year following the Sale	
	Sale Price		Sale Price	
Potential Gross Income Multiplier	<input type="text" value="0.00"/>	<input type="text" value="\$ 0"/>	<input type="text" value="0.00"/>	<input type="text" value="\$ 0"/>
Effective Gross Income Multiplier	<input type="text" value="0.00"/>	<input type="text" value="\$ 0"/>	<input type="text" value="0.00"/>	<input type="text" value="\$ 0"/>
Cap Rate	<input type="text" value="0.00%"/>	<input type="text" value="\$ 0"/>	<input type="text" value="0.00%"/>	<input type="text" value="\$ 0"/>
Net Income Multiplier	<input type="text" value="0.00"/>	<input type="text" value="\$ 0"/>	<input type="text" value="0.00"/>	<input type="text" value="\$ 0"/>
Compound Annual Growth Rate	<input type="text" value="0.00%"/>	<input type="text" value="\$ 0"/>	<input type="radio"/> Enter Your Own Estimation	
Uniform Annual Increase	<input type="text" value="0.00%"/>	<input type="text" value="\$ 0"/>		

For this example we are using a Cap Rate

Row 1

1. In the second entry field to the right of Cap Rate: enter 7.50%
Note: the field with the red box around it is the correct field on the above screenshot
The Sale Price should now automatically appear in the field to the right

2. Click on the selection box next to the Sale Price
Note: the correct field is circled in red on the above screenshot

The Sale Price Wizard should now look like this;

Financial Measure	Based on the income for the last year		Based on the income for the year following the Sale	
	Sale Price		Sale Price	
Potential Gross Income Multiplier	0.00	\$ 0	0.00	\$ 0
Effective Gross Income Multiplier	0.00	\$ 0	0.00	\$ 0
Cap Rate	0.00%	\$ 0	7.50%	\$ 4,439,364
Net Income Multiplier	0.00	\$ 0	0.00	\$ 0
Compound Annual Growth Rate	0.00%	\$ 3,000,000	Enter Your Own Estimation	
Uniform Annual Increase	0.00%	\$ 3,000,000		

Buttons: OK, Cancel, Help

Press OK to return to the Sale folder

The Sale Price Estimator should look like this;

Sale Price Estimator

Sale Price Wizard

\$ 4,439,364

SAVE YOUR PROJECT