

INVESTMENT ANALYSIS RENTAL APARTMENT CANADIAN EXAMPLE

INTRODUCTION

This example uses the Invest Rental Units example which doesn't use a rent roll

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: Parklane Place 40 Unit Apartment Building

Description: Investment Analysis Rental Units Example

Analysis Period: 10 years

Starting Date: Year 1 Jan

Building Area 38,000 Sq Ft

Rentable Area: 36,000

No. of Units: 40

Land Area: 46,000 Sq Ft

Frontage: 320 Ft

Purchase Price

Purchase Price: \$5,000,000

Acquisition Costs: 2.00% of Purchase Price

INVESTOR Folder

Marginal Tax Rate: 42.00%

Capital Gain: 50.00%

Desired Return or Discount Rate (Before Tax): 11.00%

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: \$2,000,000

Year 1 Jan

CCA Class: Land

Building

Description: Building

Amount: \$3,100,000

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

Property Taxes

Year 1 June \$35,000 per Year paid every 12 months increasing by 4.00% per year compounded

Insurance

Year 1 Jan \$12,000 per Year paid every 12 months increasing by 5.00% per year compounded

Maintenance

Year 1 Jan \$650 per Unit x Total No. of Units per Year paid monthly for 12 months increasing by 4.00% per year compounded

Resident Caretaker

Year 1 Jan \$3,000 per month paid monthly for 12 months monthly then increasing by 4.00% per year compounded

Property Management

4.00% of Effective Gross Income

Other Expenses

8.00% of Potential Gross Income

REVENUE Folder

One bedroom units

No. of Units: 25

\$900 per unit per month paid monthly for 12 months then increasing at 4.00% per year compounding

Two bedroom units

No. of Units: 15

\$1,100 per unit per month paid monthly for 12 months then increasing at 4.00% per year compounding

Laundry

\$15 per Unit x Total No. of Units per Mo paid monthly for 12 months then increasing at 5.00% per years compounding

Parking

No. of Spaces: 50

\$40 per Space per Mo paid monthly for 12 months then increasing at 5.00% per year compounding

VACANCY Folder

One bedroom Units

2.00% constant for the full period

Two Bedroom Units

3.00% constant over the full period

Laundry

3.00% constant over the full period

Parking

No vacancy

FINANCING Folder

Mortgage

Type: Standard Mortgage

Year 1 January

Amount: \$3,200,000

Time Period 10 years

Amortization Period: 25 years

Interest Rate 6.50%

Compounding Frequency: Semi-Annually

SALE Folder

Real Estate Commissions

5.00% of Sale Price

Selling Expenses

Selling Expenses: \$6,000

Legal Fees: \$3,000

Sale Price

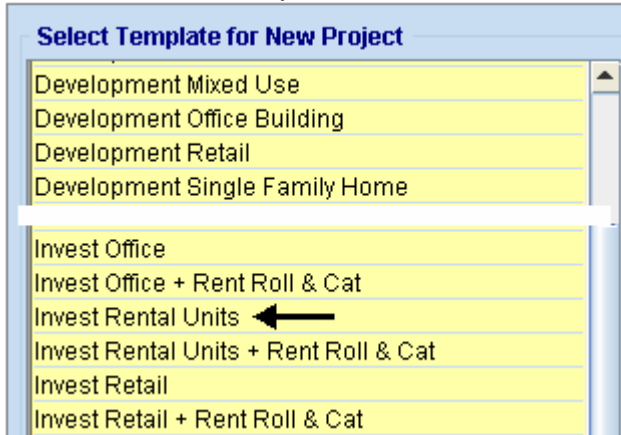
Based on a Cap Rate of 7.00% using the Income for the year following the Sale i.e., based on the Income & Expenses for year 11.

INSTRUCTIONS FOR ENTERING THE PROJECT INTO INVESTOR PRO

Getting started

The first step is to open the Investit Pro Template “Invest Rental Units” as follows:

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



3. Select and open the Investit template “Invest Rental Units” The analysis period dialog will open at this point.
4. Enter 10 years and click OK

Entering the project data and information

PROJECT INFO Folder

1. Enter the Property Name: Parklane Place 40 Unit Apartment Building
2. Enter Description: Investment Analysis Rental Units Example
3. Enter Purchase Price: \$5,000,000
4. Acquisition Cost: 2% of Purchase Price
5. Enter Building Area: 38,000 Sq. Ft
6. Enter Units. Rentable Area: 36,000 Sq. Ft
7. Enter Total No. of Units: 40
8. Enter Land Area: 46,000 Sq. Ft
9. Enter Frontage: 320 Sq. Ft

The Project Info screen should look like this;

The screenshot shows the 'Investor Pro CND' software window. The 'Project Info.' tab is active, displaying several sections for data entry:

- Report Headers:**
 - Property Name: Parklane Place 40 Unit Apartment Building
 - Description: Investment Analysis Rental Units Example
- Total Purchase Price:**
 - Purchase Price: \$ 5,000,000
 - Acquisition Costs: 2.00% (dropdown menu set to '% of Purchase Price')
 - Total Purchase Price: \$ 5,100,000
- Analysis Time Period:**
 - 10 Years (dropdown menu)
 - Change Analysis Time Period button
- Entry Information:**
 - Enter Revenue and Expenses: Monthly (dropdown menu)
 - Change Entry Information button
 - Starting Date: January Year 1
- Calculate Financial Measures based on:**
 - Potential Gross Income (selected radio button)
 - Effective Gross Income (radio button)
 - Edit Unit of Measure button
- Building:**
 - Building Area: 38,000 Sq. Ft.
 - Rental Units:
 - Units, Rentable Area: 36,000 Sq. Ft.
 - Total No. of Units: 40
- Land:**
 - Land Area: 46,000 Sq. Ft.
 - Frontage: 320 Ft.

At the bottom right, it says 'Template: Invest Rental Units'.

INVESTOR Folder

1. Enter the Discount Rate Before Tax: 11.00%
Notes:
The Discount Rate is used to calculate the Net Present Value and Net Effective Rent
The program automatically calculates the Discount Rate After Tax
2. Enter Short Term Rates Before Tax
Financing Rate: 8.00%
Reinvestment Rate: 3.00%

INVESTMENT Folder

The Investment folder should appear like this;

The screenshot shows the 'Investor Pro CND' software window. The 'Investment' tab is selected. Below the menu bar, there are buttons for 'My Company Info.', 'Property Info.', 'Client Info.', 'Goal Seeking', and 'Notes'. The 'Investment' tab contains a 'CCA Claim Option' dropdown set to 'Claim CCA up to Taxable Income'. Below this is the 'Purchase Price and Capital Improvements' section, which includes an 'Inflate' button and a table for CCA Claim Settings.

Description	Amount	Year	Month	CCA Claim Setting			
				CCA Class	CCA Rate	First Year	Claim CCA in Last Year
Land	\$ 0	Year 1	Jan	Land			
Building	\$ 0	Year 1	Jan	Building	4.00%	50.00%	<input checked="" type="checkbox"/>
Furniture & Equipment	\$ 0	Year 1	Jan	Furn/Equip	20.00%	50.00%	<input checked="" type="checkbox"/>

Below the table are buttons for 'Add', 'Insert', 'Delete', and 'Move'. A 'Comments' button is located at the bottom right of the table area. At the very bottom of the window, there is a text field for 'Enter description of the Capital Investment E.g., Land, Building etc' and a label 'Template: Invest Rental Units'.


First Row

1. Enter the Amount: \$2,000,000

Second Row

1. Select row 2 'Building'
2. Enter the Amount: \$3,100,000

Third Row

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

Your entries for the Leasehold improvements should look like this;

Investor Pro CND

File Edit Reports Tools Utilities Investit Help

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

Project Info. Investor **Investment** Expenses Revenue Vacancy Financing Sale

CCA Claim Option: Claim CCA up to Taxable Income

Purchase Price and Capital Improvements

Description	Amount	Year	Month	CCA Claim Setting			
				CCA Class	CCA Rate	First Year	Claim CCA in Last Year
Land	\$ 2,000,000	Year 1	Jan	Land			
Building	\$ 3,100,000	Year 1	Jan	Building	4.00%	50.00%	<input checked="" type="checkbox"/>

Add Insert Delete Move

Comments

Enter description of the Capital Investment E.g., Land, Building etc

Template: Invest Rental Units

EXPENSES Folder

Property Taxes

Year 1 June \$35,000 per Year paid every 12 months increasing by 4.00% per year compounded

Insurance

Year 1 Jan \$12,000 per Year paid every 12 months increasing by 5.00% per year compounded

Maintenance

Year 1 Jan \$650 per Unit x Total No. of Units per Year paid monthly for 12 months increasing by 4.00% per year compounded

Resident Caretaker

Year 1 Jan \$3,000 per month paid monthly for 12 months monthly then increasing by 4.00% per year compounded

Property Management

4.00% of Effective Gross Income

Other Expenses

8.00% of Potential Gross Income

The Expenses folder should appear like this;

Investor Pro CND

File Edit Reports Tools Utilities Investit Help

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

Project Info. Investor Investment **Expenses** Revenue Vacancy Financing Sale

Expenses

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 1 Feb...	Year 1 Mar...
Property Taxes	\$ per Yr	—	✓	\$ 0	\$ 0	\$ 0
Insurance	\$ per Yr	—	✓	\$ 0	\$ 0	\$ 0
Maintenance	\$ per Mo	—	✓	\$ 0	\$ 0	\$ 0
Resident Caretaker	\$ per Mo	—	✓	\$ 0	\$ 0	\$ 0
Property Manager	% of Effective Gross Income	—	✓	0.00%	0.00%	0.00%
Other Expenses	\$ per Mo	—	✓	\$ 0	\$ 0	\$ 0

Add Insert Delete

Projection Wizard Projection Description

Comments

Template: Invest Rental Units

1. Select row 3 'Maintenance'
2. Select Entry Choice: "\$ per Unit x Total No. of Units per Yr"
3. Select row 6 'Other Expenses'
4. Select Entry Choice: "% of Potential Gross Income"


The Expenses folder should now look like this;


The screenshot shows the 'Investor Pro CND' software window. The 'Expenses' tab is selected, displaying a table with the following data:

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 1 Feb...	Year 1 Mar...
Property Taxes	\$ per Yr	—	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$ 0.00
Insurance	\$ per Yr	—	<input checked="" type="checkbox"/>	\$ 12,000.00	-	-
Maintenance	\$ per Unit x Total No. of Units per Yr	40	<input checked="" type="checkbox"/>	\$ 650.00	\$ 650.00	\$ 650.00
Resident Caretaker	\$ per Mo	—	<input checked="" type="checkbox"/>	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Property Management	% of Effective Gross Income	—	<input checked="" type="checkbox"/>	4.00%	4.00%	4.00%
Other Expenses	% of Potential Gross Income	—	<input checked="" type="checkbox"/>	8.00%	8.00%	8.00%

Below the table are buttons for 'Add', 'Insert', 'Delete', 'Projection Wizard', 'Projection Description', and 'Comments'. The status bar at the bottom indicates 'Template: Invest Rental Units'.

Steps for setting up Property Taxes

1. Select row 1 'Property Taxes'
2. Click on the  button
In the **Projection Wizard**
3. **Paid column:** Select "Every 12 Months"
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Entry column:** Enter \$35,000.00
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
7. **Increase column:** Enter the Compounding Rate of 4.00%

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

The 'Projection Description' dialog box displays the following information:

Property Taxes
 Entry Choice: \$ per Year
 Year 1 Jun \$35,000.00 per Year paid every 12 months
 Compounding at 4.00% per year paid every 12 months for next 9 years and 7 months

At the bottom are buttons for 'OK', 'Print Report', and 'Help'.


Press OK to return to the Projection Wizard

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		
Every 12 Months	Annual Compounding	\$ 35,000.00	Year 1	Jun	<input checked="" type="checkbox"/>	11		4.00%	

Press OK to return to the Expenses folder

Steps for setting up Insurance

1. Select row 2 'Insurance'
2. Click on the  button
In the **Projection Wizard**

3. **Paid column:** Select "Every 12 Months"
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Entry column:** Enter \$12,000.00
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
7. **Increase column:** Enter the Compounding Rate of 5.00%

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

Insurance

Entry Choice: \$ per Year

Year 1 Jan \$12,000.00 per Year paid every 12 months

Compounding at 5.00% per year paid every 12 months for next 10 years

Press OK to return to the Projection Wizard

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Insurance

Entry Choice: \$ per Yr


Projections

Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Every 12 Months	Annual Compounding	\$ 12,000.00	Year 1	Jan	<input checked="" type="checkbox"/>	11		5.00%	

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

Press Ok to return to the Expenses folder

Steps for setting up Maintenance

1. Select row 3 'Maintenance'
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 \$650.00
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period

Increase column: Enter the Compounding Rate of 4.00%

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Maintenance

Entry Choice: \$ per Unit x Total No. of Units 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	\$ 650.00	Year 1	Jan	<input checked="" type="checkbox"/>	11	0	4.00%	

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

Press Ok to return to the Expenses folder

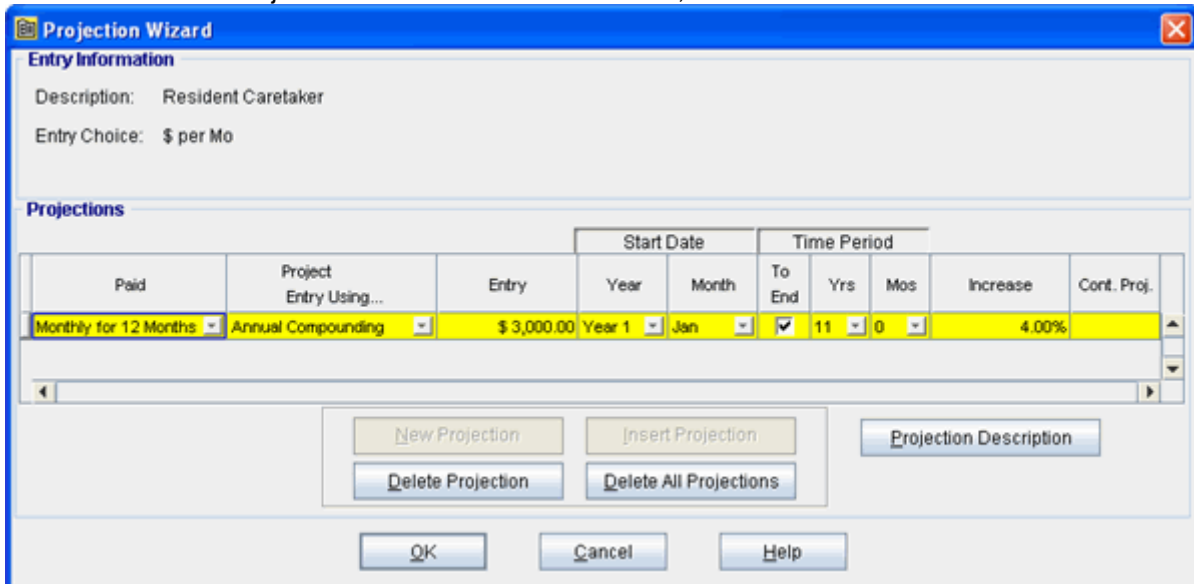
Steps for setting up Resident Caretaker

1. Select row 4 'Resident Caretaker'
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 \$3,000.00
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period

Increase column: Enter the Compounding Rate of 4.00%


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	\$ 3,000.00	Year 1	Jan	<input checked="" type="checkbox"/>	11	0	4.00%	

Press OK to return to the Expenses folder

Steps for setting up Property Management

1. Select row 5 'Property Management'
2. Click on the  button
In the **Projection Wizard**
3. **% column:** Enter \$4.00%
4. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Property Management
Entry Choice: % of Effective Gross Income

Projections

Enter	Project Entry Using...	%	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly	Constant (Fill Right)	4.00%	Year 1	Jan	<input checked="" type="checkbox"/>	11	0		

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

Press Ok to return to the Expenses folder

Steps for setting up Other Expenses

5. Select row 6 'Other Expenses'
6. Click on the button

In the **Projection Wizard**

7. **% column:** Enter 8.00%
8. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Other Expenses
Entry Choice: % of Potential Gross Income

Projections

Enter	Project Entry Using...	%	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly	Constant (Fill Right)	8.00%	Year 1	Jan	<input checked="" type="checkbox"/>	11	0		

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

Press Ok to return to the Expenses folder

REVENUE Folder

One Bedroom Units

No. of Units: 25

\$900 per unit per month paid monthly for 12 months then increasing at 3.00% per year compounding

Two Bedroom Units

No. of Units: 15

\$1,100 per unit per month paid monthly for 12 months then increasing at 4.00% per year compounding

Laundry

\$15 per Unit of Total No. of Units per Mo paid monthly for 12 months then increasing at 5.00% per years compounding

Parking

No. of Spaces: 50

\$40 per Space per Mo paid monthly for 12 months then increasing at 5.00% per year compounding

The Revenue folder should appear like this;

The screenshot shows the 'Investor Pro CND' software window. The 'Revenue' tab is selected in the top navigation bar. Below the navigation bar, there is a table with the following columns: Description, Entry Choice, Qty, NOI, Year 1 Jan..., Year 1 Feb..., and Year 1 Mar... The table contains five rows of data:

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 1 Feb...	Year 1 Mar...
One bedroom Units	\$ per Unit per Mo	0	<input checked="" type="checkbox"/>	\$ 0	\$ 0	\$ 0
Two bedroom Units	\$ per Unit per Mo	0	<input checked="" type="checkbox"/>	\$ 0	\$ 0	\$ 0
Three Bedroom Units	\$ per Unit per Mo	0	<input checked="" type="checkbox"/>	\$ 0	\$ 0	\$ 0
Laundry	\$ per Unit x Total No. of Units per Yr	40	<input checked="" type="checkbox"/>	\$ 0	\$ 0	\$ 0
Parking	\$ per Space per Mo	0	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$ 0.00

Below the table, there are buttons for 'Add', 'Insert', 'Delete', 'Apply Free Rent', 'Apply Cap or Stop', 'Projection Wizard', 'Projection Description', and 'Comments'. The 'Template: Invest Rental Units' is displayed at the bottom right.

Steps for setting up the Revenue folder


1. Select row 1 'One Bedroom Units'
2. Enter QTY: 25
3. Select row 2 'Two Bedroom Units'
4. Enter QTY: 15
5. Select row 3 'Three Bedroom Units'
6. Click on the **Delete** button
7. Select row 4 'Laundry'
8. Select Entry Choice: "\$ per Unit x Total No. of Units per Mo"
9. Select row 5 'Parking'

10. Enter QTY: 50

The Revenue folder should now look like this;

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 1 Feb...	Year 1 Mar...
One bedroom Units	\$ per Unit per Mo	25	<input checked="" type="checkbox"/>	\$ 0	\$ 0	\$ 0
Two bedroom Units	\$ per Unit per Mo	15	<input checked="" type="checkbox"/>	\$ 0	\$ 0	\$ 0
Laundry	\$ per Unit x Total No.of Units per Mo	40	<input checked="" type="checkbox"/>	\$ 0	\$ 0	\$ 0
Parking	\$ per Space per Mo	50	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$ 0.00

Steps for setting up One bedroom units

1. Select row 1 'One Bedroom Units'
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 \$900
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
7. **Increase column:** Enter the Compounding Rate of 4.00%


Your entries in the Projection Wizard should look like this;

, Yrs: 11, Mos: 0, Increase: 4.00%."/>

Paid	Project Entry Using...	Entry	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly for 12 Months	Annual Compounding	\$ 900	Year 1	Jan	<input checked="" type="checkbox"/>	11	0	4.00%	

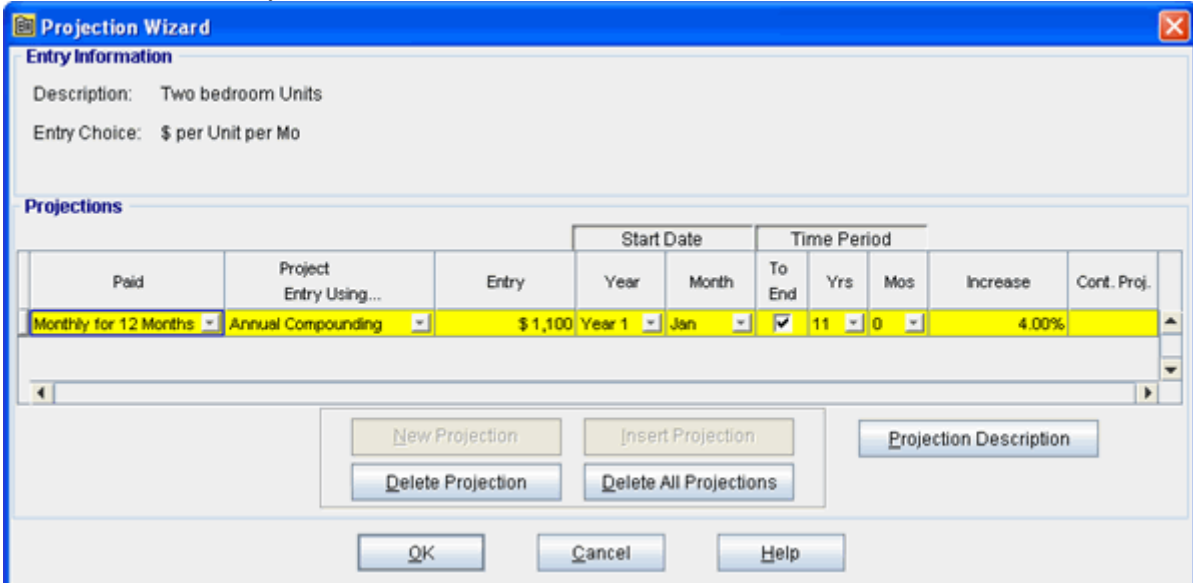
Press OK to return to the Revenue folder

Steps for setting up Two Bedroom Units

1. Select row 2 'Two Bedroom Units'
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 \$1,100
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
7. **Increase column:** Enter the Compounding Rate of 4.00%


Your entries in the Projection Wizard should look like this;



		Start Date		Time Period			Increase	Cont. Proj.
Paid	Project Entry Using...	Entry	Year	Month	To End	Yrs		
Monthly for 12 Months	Annual Compounding	\$ 1,100	Year 1	Jan	<input checked="" type="checkbox"/>	11	0	4.00%

Press OK to return to the Revenue folder

Steps for setting up Laundry

1. Select row 3 'Laundry'
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 \$15
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
7. **Increase column:** Enter the Compounding Rate of 5.00%

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Laundry

Entry Choice: \$ per Unit x Total No. of Units 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	\$ 15.00	Year 1	Jan	<input checked="" type="checkbox"/>	11	0	5.00%	

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

Press OK to return to the Revenue folder

Steps for setting up Parking

1. Select row 4 'Parking'
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 \$40
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 11 year Period
7. **Increase column:** Enter the Compounding Rate of 5.00%

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

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	\$ 40.00	Year 1	Jan	<input checked="" type="checkbox"/>	11	0	5.00%	

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

Press OK to return to the Revenue folder

VACANCY Folder

One bedroom Units

2.00% constant over the full period

Two Bedroom Units

3.00% constant over the full period

Laundry

3.00% constant over the full period

Parking

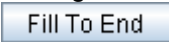
0.00% constant over the full period

Steps for entering the Vacancy


Note: Detailed Entries should be the default selection

This project uses Detailed Entries vacancies so leave as default


Entering the One Bedroom Units

1. Select row 1 'One Bedroom Units'
2. Enter 2% in the grid for Year 1 Jan...
3. Press the  button

Entering the Two Bedroom Units

4. Select row 2 'Two Bedroom Units'
5. Year 1 Jan...: Enter 3%
6. Press the  button

Entering the Laundry

7. Select row 3 'Laundry'
8. Year 1 Jan...: Enter 3.00%
9. Press the  button

Entering the Parking

10. Parking is at 0.00% so leave as is

Select the Financing tab


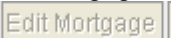
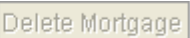

FINANCING Folder

Mortgage (Borrowing)

Type: Standard Mortgage
Year 1 January, \$3,200,000
Time Period 10 years
Amortization Period: 25 years
Interest Rate 6.50%

Setting up a mortgage

1. Click on the Financing folder tab
2. Click on the Add Mortgage button

3. Amount box: \$3,200,000
4. Description box: "First Mortgage"
5. Time Period box: 10 Years

6. Amortization box: 25 Years
7. Nominal Interest Rate box: 6.50%

The mortgage dialog should look like this;

Mortgage

Mortgage Details

Analysis Period: Year 1 Jan to Year 10 Dec

Commencing Year 1 Month January

Type Standard Mortgage

Amount \$ 3,200,000 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	6.500%

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;

The screenshot shows the 'Investor Pro CND' software window. The 'Financing' tab is selected, displaying a table for 'Mortgage (Borrowing)'. The table has four columns: Description, Type, Amount, and Start Date. One entry is visible: 'First Mortgage' with Type 'Standard Mortgage', Amount '\$ 3,200,000', and Start Date 'Year 1 Jan.'. Below the table are buttons for 'Add Mortgage', 'Edit Mortgage', 'Delete Mortgage', and 'Move'. A second section for 'Tenant Loans' is also visible with similar columns and buttons. The bottom status bar indicates 'Template: Invest Rental Units'.

Description	Type	Amount	Start Date
First Mortgage	Standard Mortgage	\$ 3,200,000	Year 1 Jan.

Select the Sale folder

SALE Folder

Real Estate Commissions

5.00% of Sale Price

The Real Estate Commission should appear like this;

The 'Real Estate Commission' dialog box is shown. It has a dropdown menu set to 'Fixed Percentage of Sale Price' and a text input field containing '0.00%'.

Entering the Real Estate Commission

1. Enter 5.00% in the appropriate box

The Real Estate Commission should now look like this;

The 'Real Estate Commission' dialog box is shown again, but now the text input field contains '5.00%'.

Selling Expenses

Selling Expenses: \$6,000

Legal Fees: \$3,000

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. Expense: \$6,000
3. Select row 2: 'Legal Fees'
4. Enter Expense: \$3,000

The Selling Expenses should now look like this;

Description	Entry Choice	Expense
Selling Expenses	Amount	\$ 6,000
Legal Expenses	Amount	\$ 3,000

Sale Price

Based on a Cap Rate of 7.00% using the Income for the year following the Sale i.e., based on the Income & Expenses for year 11.

The Sale Price Estimator should appear like this;

Sale Price Estimator
<input type="button" value="Sale Price Wizard"/>
<input type="text" value="\$ 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	0.00	\$ 0	0.00	\$ 0
Effective Gross Income Multiplier	0.00	\$ 0	0.00	\$ 0
Cap Rate	0.00%	\$ 0	0.00%	\$ 0
Net Income Multiplier	0.00	\$ 0	0.00	\$ 0
Compound Annual Growth Rate	0.00%	\$ 0	Enter Your Own Estimation	
Uniform Annual Increase	0.00%	\$ 0		

OK Cancel Help

For this example we are using a Cap Rate

Row 1

1. In the second entry field to the right of Cap Rate: enter 7.00%

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	7.00%	\$ 6,780,955
Net Income Multiplier	0.00	\$ 0	0.00	\$ 0
Compound Annual Growth Rate	0.00%	\$ 5,100,000	Enter Your Own Estimation	
Uniform Annual Increase	0.00%	\$ 5,100,000		

OK Cancel Help

Press OK to return to the Sale Price folder

The Sale Price Estimator should now look like this;

Sale Price Estimator

Sale Price Wizard

\$ 6,780,955