

OFFICE BUILDING YEARLY CANADA EXAMPLE

INTRODUCTION

This office example uses features such as Free Rent.

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

Tenant A. 5,000 Sq. Ft

Tenant B. 3,400 Sq. Ft

The Investit Template used is "Invest Office Yearly"

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: Office Building Example

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: 105,000 Sq Ft

Frontage: 300 Ft

Analysis Period: 10 Years

Purchase Price: \$2,700,000

Acquisition Costs: \$30,000

INVESTOR Folder

Marginal Tax Rate: 37.00%

Discount Rate: Before Tax 13.00%

Percentage of Capital Gain Rate: 50.00%

Short Term Rates Before Tax for calculating the Modified Internal Rate of Return (MIRR)

Financing Rate: 8.000%

Reinvestment Rate: 2.500%

INVESTMENT Folder

Description: Land
Amount: \$900,000
Year 1 Jan
CCA Class: Land (No Deprec.)

Description: Building
Amount: \$1,830,000
Year 1 Jan
CCA Class: Building

EXPENSES Folder

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

Property Taxes

\$35,000 compounding at 4.00% per Yr for the next 2 years then increasing at 3.00% per year compounding for the remaining term

Insurance

\$15,000 compounding at 4.00% per year

Maintenance

\$600 per month compounding at 3.00% per year

Utilities

\$450 per month compounding at 3.00% per year

Property Management

5.00% of Effective Gross Income per year

GENERAL REVENUE Folder

Tenant A: 5,000 Sq. Ft

Tenant A Base Rent

\$25.00 per Sq. Ft per Yr paid monthly. One term of one year and two terms of five years. Increase for the second term based on 3.00% compounding per year for five years. Increase for the third term based on 4.00% compounding per year for five years.

Free Rent

25.00% in Year 1

Tenant A Recov. Expenses

\$5.00 per Sq. Ft per Year compounding at 3.00% per year

Tenant B: 3,400 Sq. Ft

Tenant B Base Rent

\$27.00 per Sq. Ft per Yr paid monthly. One term of two years, one term of five years and one term of four years. Increase for the second term based on 3.00% compounding per year for five years. Increase for the third term based on 4.00% compounding per year for four years.

Tenant B Recov. Expenses

\$5.00 per Sq. Ft per Year compounding at 3.00% per year

Parking

60 Spaces at \$45.00 per Space per Month for one year then compounding at 3.00% per year for two years. Then compounding at 4.00% per year for three years. Then compounding at 5.00% per year for five years.

VACANCY Folder

Detailed Entries

Tenant A Base Rent

3.00% of Revenue

Tenant A Recov. Expenses

3.00% of Revenue

Tenant B Base Rent

3.00% of Revenue

Tenant B Recov. Expenses

3.00% of Revenue

FINANCING Folder**1. Mortgage (Borrowing)**

Type: Standard Mortgage
Year 1 January 1, \$2,300,000
Time Period: 10 years
Amortization: 25 years
Interest Rate: 7.00%

SALE Folder**Real Estate Commissions**

5% of Sale Price

Selling Expenses

Selling Expenses 2% of Sale Price
Legal Fees: \$6,000

Sale Price

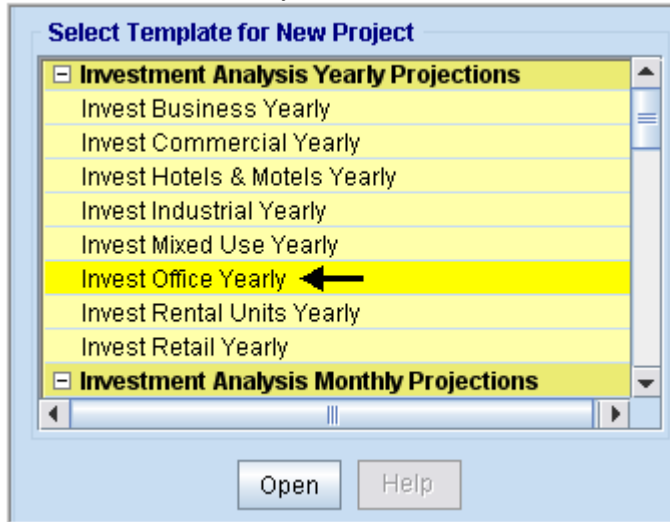
Base on a Cap Rate of 7.00% using Based on the Income for the year following the Sale i.e., based on the Income & Expenses for year 11.

INSTRUCTIONS FOR ENTERING THE PROJECT INTO INVESTOR EXPRESS

Getting started

The first step is to open the Investor Pro Template “Invest Office Yearly” 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 Yearly” 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: Capital Plaza
2. Enter Description: Office Building Example
3. Enter Purchase Price: \$2,700,000
4. Enter Acquisition Costs: a) Select type “Amount” from the scrolling menu
b) Enter \$30,000 into the entry field
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: 105,000 Sq. Ft
9. Enter Frontage: 300 Sq. Ft

The Project Info screen should look like this;

Investor Folder

1. Enter the Investor's Marginal Tax Rate: 37.00%
2. Enter the Discount Rate Before Tax: 13.00%

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

3. Enter Short Term Rates Before Tax
 - Financing Rate: 8.00%
 - Reinvestment Rate: 2.500%

INVESTMENT Folder

The Investment Folder should appear like this;

Investor Pro CND - Untitled Project Pro

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

Add Insert Delete Move

Comments

Template: Invest Office Yearly

First Row

1. Enter the Amount: \$900,000

Second Row

1. Select row 2 'Building'
2. Enter the Amount: \$1,830,000

Third Row

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

Your entries for the Investment should look like this;

Investor Pro - Office Building Yearly Pro

File Edit Reports Tools Utilities Investit Activation 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	\$ 900,000	Year 1	Jan	Land	4.00%	50.00%	<input checked="" type="checkbox"/>
Building	\$ 1,830,000	Year 1	Jan	Building	4.00%	50.00%	<input checked="" type="checkbox"/>

Add Insert Delete Move

Comments

Template: Invest Office Yearly

EXPENSES Folder

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

Property Taxes

\$35,000 compounding at 4.00% per Yr for the next 2 years then increasing at 3.00% per year compounding for the remaining term

Insurance

\$15,000 compounding at 4.00% per year

Maintenance

\$600 per month compounding at 3.00% per year

Utilities

\$450 per month compounding at 3.00% per year

The Expenses folder should look like this;

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...	Year 3 J
Property Taxes	Amount	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Insurance	Amount	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Maintenance	Amount	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Utilities	Amount	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Property Management	% of Effective Gross Income	—	<input checked="" type="checkbox"/>	0.00%	0.00%	C

Steps for setting up the Expenses folder

1. Select row 3 'Maintenance'
2. Select Entry Choice "\$ per Mo"
3. Select row 2 'Utilities'
4. Select Entry Choice "\$ per Mo"


The Expenses folder should now look like this;


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

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...	Year 3 J
Property Taxes	Amount	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Insurance	Amount	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Maintenance	\$ per Mo	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Utilities	\$ per Mo	—	<input checked="" type="checkbox"/>	\$ 0	\$ 0	
Property Management	% of Effective Gross Income	—	<input checked="" type="checkbox"/>	0.00%	0.00%	C

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

Steps for setting up Property Taxes

1. Select row 1 'Property Taxes'
2. Click on the  button
In the **Projection Wizard**
3. **Amount column:** Enter \$35,000
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the Compounding Rate of 4.00%
6. **Time Period column:** Select 3 Years
7. **Continue Projection:** Select the Cont. Proj. checkbox
- Row 2
8. **Project Entry Using column:** Select "Annual Compounding"
9. **Increase column:** Enter the Compounding Rate of 3.00%
10. **Time Period column:** Select "To End" checkbox

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

The 'Projection Description' window displays the following information:

Property Taxes
Entry Choice: Amount
Year 1 \$35,000
 Compounding at 4.00% per year for next 2 years
 then Compounding at 3.00% per year for next 8 years

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;

Projection Wizard

Entry Information

Description: Property Taxes

Entry Choice: Amount

Projection

Inflate	Project Entry Using...	Increase	Starting Year	Time Period			Cont. Proj.
Amount				To End	Yrs		
\$ 35,000	Annual Compounding	4.00%	Year 1	<input checked="" type="checkbox"/>	3	<input checked="" type="checkbox"/>	
	Annual Compounding	3.00%	Year 4	<input checked="" type="checkbox"/>	8		


New Projection Insert Projection Delete Projection

Delete All Projections Projection Description

OK Cancel Help

Press OK to return to the Expenses folder

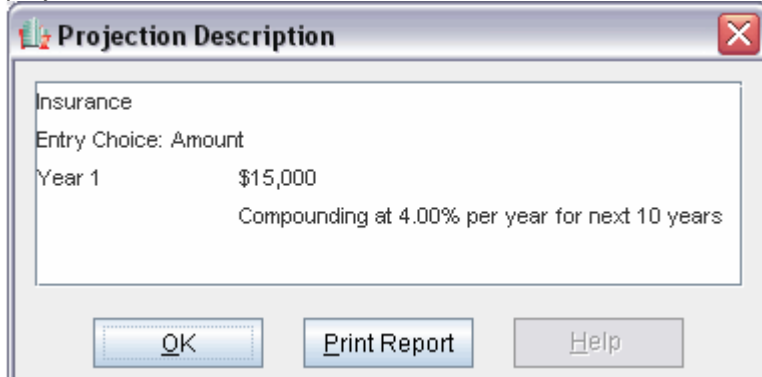
Steps for setting up Insurance

1. Select row 2 'Insurance'
2. Click on the  button

In the **Projection Wizard**

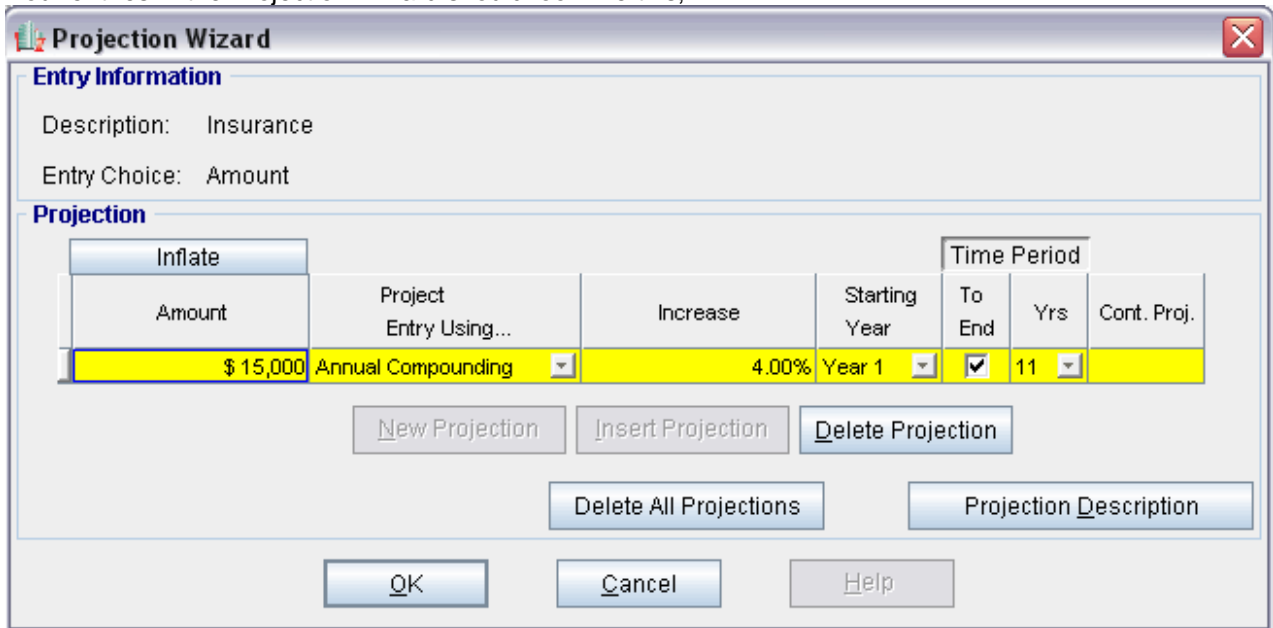
3. **Amount column:** Enter \$15,000
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the Compounding Rate of 4.00%
6. **Time Period column:** Select the "To End" checkbox

To view your entries, click on the **Projection Description** 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 Expenses folder

Steps for setting up Maintenance

1. Select row 3 'Maintenance'
2. Click on the **Projection Wizard** button
In the **Projection Wizard**
3. **Amount column:** Enter \$600
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the Compounding Rate of 3.00%
6. **Time Period column:** Select the "To End" checkbox

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Maintenance

Entry Choice: \$ per Mo

Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period			Cont. Proj.
				To End	Yrs		
\$ 600	Annual Compounding	3.00%	Year 1	<input checked="" type="checkbox"/>	11		

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 Utilities

1. Select row 4 'Utilities'
2. Click on the button

In the **Projection Wizard**

3. **Amount column:** Enter \$450
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the Compounding Rate of 3.00%
6. **Time Period column:** Select the "To End" checkbox

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Utilities

Entry Choice: \$ per Mo


Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period			Cont. Proj.
				To End	Yrs		
\$ 450	Annual Compounding	3.00%	Year 1	<input checked="" type="checkbox"/>	11		

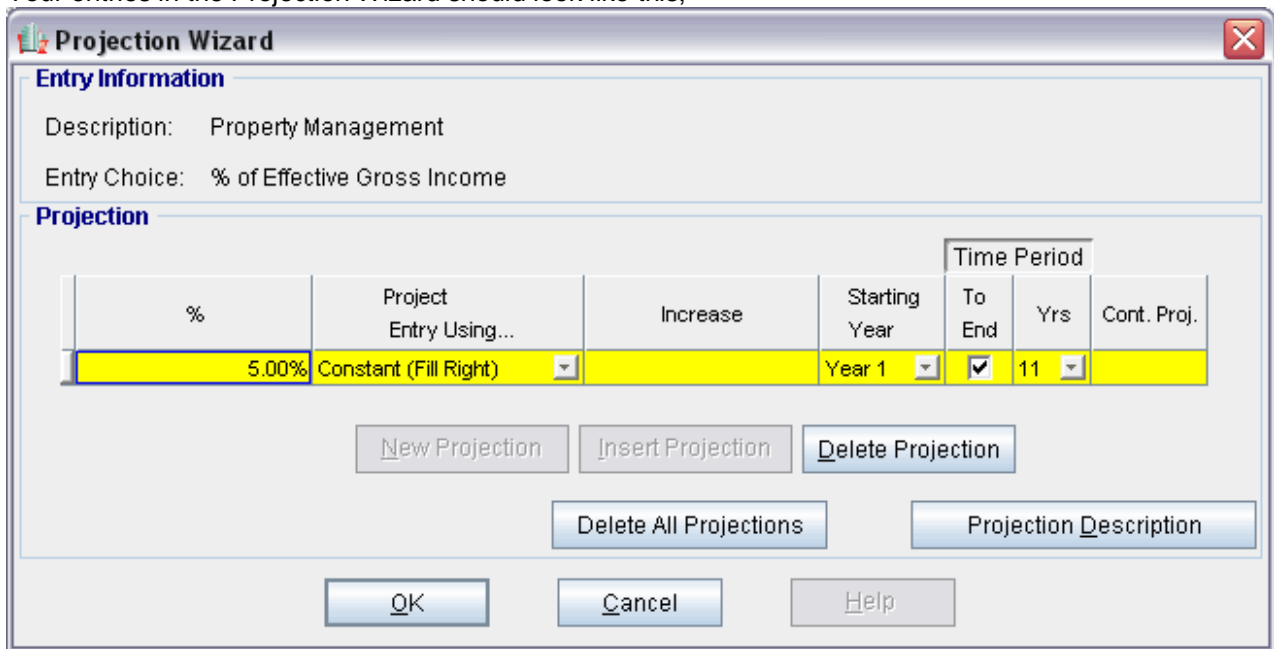
Buttons: New Projection, Insert Projection, Delete Projection, Delete All Projections, Projection Description, OK, Cancel, Help

Press OK to return to the Expenses folder

Steps for setting up Property Management

1. Select row 4 'Management'
 2. Click on the  button
- In the **Projection Wizard**
3. **% column:** Enter 5.00%
 4. **Time Period column:** Select the "To End" checkbox

Your entries in the Projection Wizard should look like this;



Projection Wizard

Entry Information

Description: Property Management

Entry Choice: % of Effective Gross Income

Projection

%	Project Entry Using...	Increase	Starting Year	Time Period		Cont. Proj.
				To End	Yrs	
5.00%	Constant (Fill Right)		Year 1	<input checked="" type="checkbox"/>	11	

Press OK to return to the Expenses folder

GENERAL REVENUE Folder

Tenant A

5,000 Sq. Ft

Tenant A Base Rent

\$25.00 per Sq. Ft per Yr paid monthly. One term of one year and two terms of five years. Increase for the second term based on 3.00% compounding per year for five years. Increase for the third term based on 4.00% compounding per year for five years.

Free Rent

25.00% in Year 1

Tenant A Recov. Expenses

\$5.00 per Sq. Ft per Year compounding at 3.00% per year

Tenant B

3,400 Sq. Ft

Tenant B Base Rent

\$27.00 per Sq. Ft per Yr paid monthly. One term of two years, one term of five years and one term of four years. Increase for the second term based on 3.00% compounding per year for five years. Increase for the third term based on 4.00% compounding per year for four years.

Tenant B Recov. Expenses

\$5.00 per Sq. Ft per Year compounding at 3.00% per year

Parking

60 Spaces at \$45.00 per Space per Month for one year then compounding at 3.00% per year for two years. Then compounding at 4.00% per year for three years. Then compounding at 5.00% per year for five years.

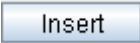
The General Revenue fold should appear like this;

The screenshot shows the 'Investor Pro - Untitled Project Pro' window. The 'Revenue' tab is selected in the top navigation bar. Below the navigation bar, the 'Revenue' section is active, displaying a table with the following data:

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...	Year 3 J...
Base Rent	\$ per Sq. Ft per Yr	0	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$
Free Rent	% of Rent	—		0.00%	0.00%	0
Recoverable Expenses	\$ per Sq. Ft per Yr	0	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$
Parking	\$ per Space per Mo	0	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$

Below the table, there are buttons for 'Add', 'Insert', and 'Delete'. To the right of these buttons is an 'Apply Free Rent' button. At the bottom of the window, there is a 'Projection Wizard' button, a 'Projection Description' button, and a 'Comments' button. The status bar at the very bottom indicates 'Template: Invest Office Yearly'.

Steps for setting up the Revenue folder

1. Select row 1 'Base Rent'
2. Enter Description "Tenant A Base Rent"
3. Enter QTY: 5,000
4. Select row 3 'Recoverable Expenses'
5. Enter Description "Tenant A Recov. Expenses"
6. Enter QTY: 5,000
7. Select row 4 'Parking'
8. Enter QTY: 60
9. Press the  button TWO times. Two new rows will appear above 'Parking'

10. Select row 4 with no Description
11. Enter Description "Tenant B Base Rent"
12. Select Entry Choice "\$ per Sq. Ft per Yr"
13. Enter Qty: 3,400
14. Select row 5 with no Description
15. Enter Description "Tenant B Recov. Expenses"
16. Select Entry Choice "\$ per Sq. Ft. per Yr"
17. Enter QTY: 3,400

The Revenue folder should now look like this;

Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...	Year 3 Jan...
Tenant A Base Rent	\$ per Sq. Ft per Yr	5,000	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$ 0.00
Free Rent	% of Rent	—		0.00%	0.00%	0.00%
Tenant A Recov. Expenses	\$ per Sq. Ft per Yr	5,000	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$ 0.00
Tenant B Base Rent	\$ per Sq. Ft per Yr	3,400	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$ 0.00
Tenant B Recov. Expenses	\$ per Sq. Ft per Yr	3,400	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$ 0.00
Parking	\$ per Space per Mo	60	<input checked="" type="checkbox"/>	\$ 0.00	\$ 0.00	\$ 0.00


Steps for Entering Tenant A

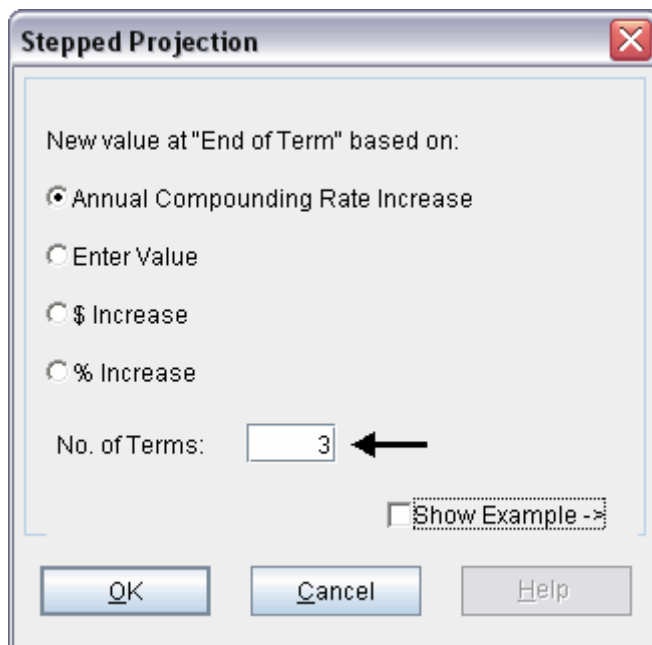
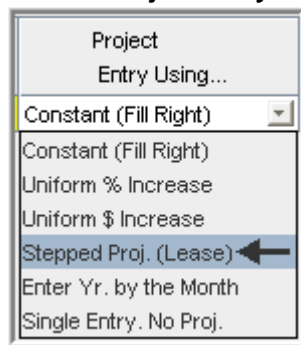
Tenant A Base Rent

\$25.00 per Sq. Ft per Yr paid monthly. One term of one year and two terms of five years. Increase for the second term based on 3.00% compounding per year for five years. Increase for the third term based on 4.00% compounding per year for five years.

Free Rent

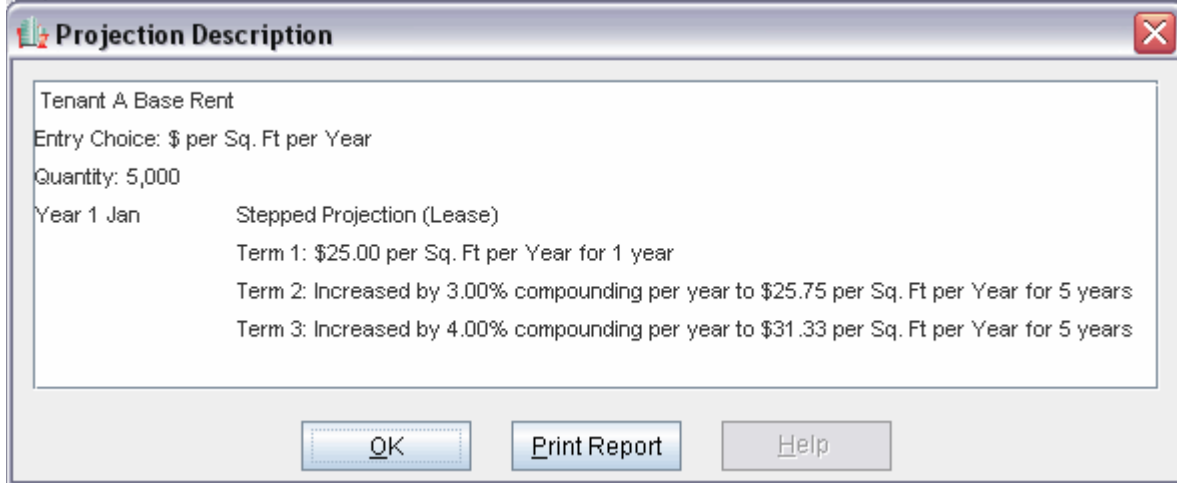
25.00% in Year 1

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 3 and click OK
5. **Entry column:** Enter the lease rate \$25.00
6. **Increase column:** Set row 1 to Annual Compounding Rate at 3.00%. Set row 2 to 4.00%
7. **Time Period column:** Leave Term 1 (the first row) at 1 year. Set term 2 (the second row) to 5 years and set Term 3 (the third row) to 5 years or check the "To End" box.

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



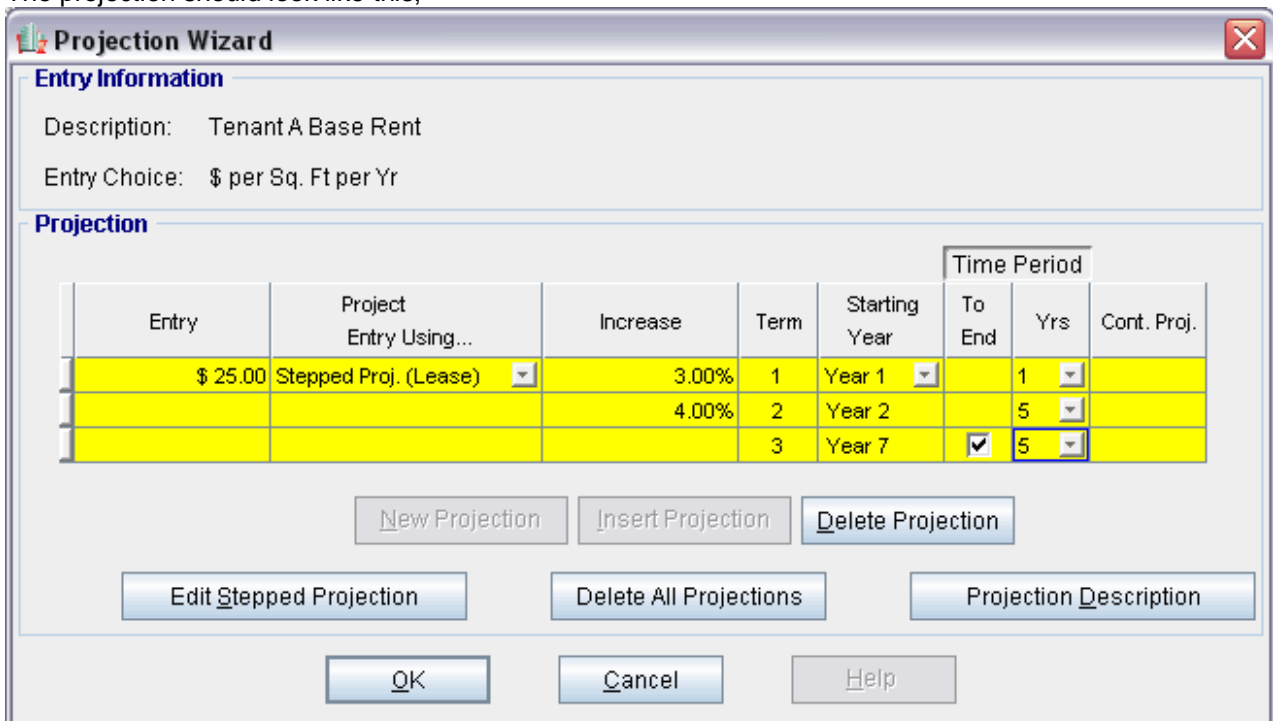
Projection Description

Tenant A Base Rent
 Entry Choice: \$ per Sq. Ft per Year
 Quantity: 5,000
 Year 1 Jan Stepped Projection (Lease)
 Term 1: \$25.00 per Sq. Ft per Year for 1 year
 Term 2: Increased by 3.00% compounding per year to \$25.75 per Sq. Ft per Year for 5 years
 Term 3: Increased by 4.00% compounding per year to \$31.33 per Sq. Ft per Year for 5 years

OK Print Report Help

Press OK to return to the Projection Wizard

The projection should look like this;



Projection Wizard

Entry Information
 Description: Tenant A Base Rent
 Entry Choice: \$ per Sq. Ft per Yr

Projection

Entry	Project Entry Using...	Increase	Term	Starting Year	Time Period		Cont. Proj.
					To End	Yrs	
\$ 25.00	Stepped Proj. (Lease)	3.00%	1	Year 1		1	
		4.00%	2	Year 2		5	
			3	Year 7	<input checked="" type="checkbox"/>	5	

New Projection Insert Projection Delete Projection

Edit Stepped Projection Delete All Projections Projection Description

OK Cancel Help

Press OK to return to the Revenue sub-folder

Entering the **Free Rent**.


25.00% of Base Rent in Year 1

1. Enter 25.00% in Year 1 Jan... on the entry grid

Revenue						
Description	Entry Choice	Qty	NOI	Year 1 Jan...	Year 2 Jan...	
Tenant A Base Rent	\$ per Sq. Ft per Yr	5,000	<input checked="" type="checkbox"/>	\$ 25.00	\$ 25.75	
Free Rent	% of Rent	—		→ 25.00%	0.00%	

Entering **Tenant A Recov. Expenses**

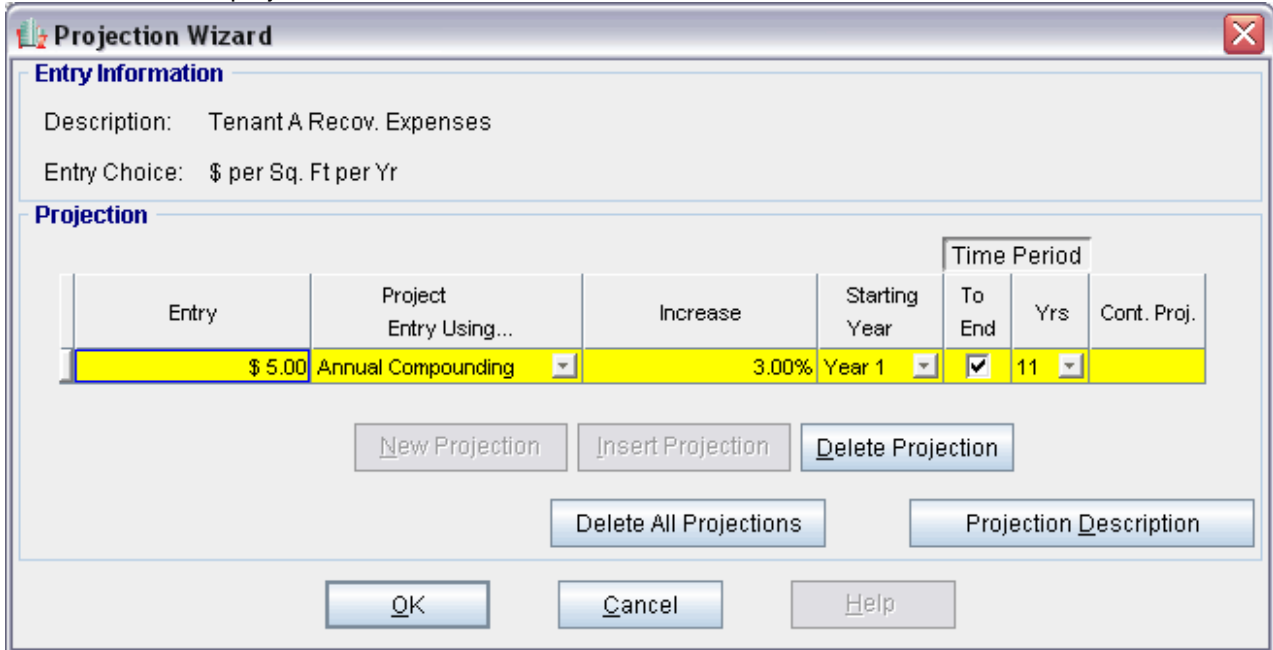
\$5.00 per Sq. Ft per Year compounding at 3.00% per year

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

In the **Projection Wizard**

3. **Entry column:** Enter \$5.00
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the compounding rate of 3.00%
6. **Time Period column:** Check the "To End" box.

Your entries in the projection wizard should look like this:



Projection Wizard

Entry Information

Description: Tenant A Recov. Expenses

Entry Choice: \$ per Sq. Ft per Yr

Projection


Entry	Project Entry Using...	Increase	Starting Year	Time Period		Cont. Proj.
				To End	Yrs	
\$ 5.00	Annual Compounding	3.00%	Year 1	<input checked="" type="checkbox"/>	11	

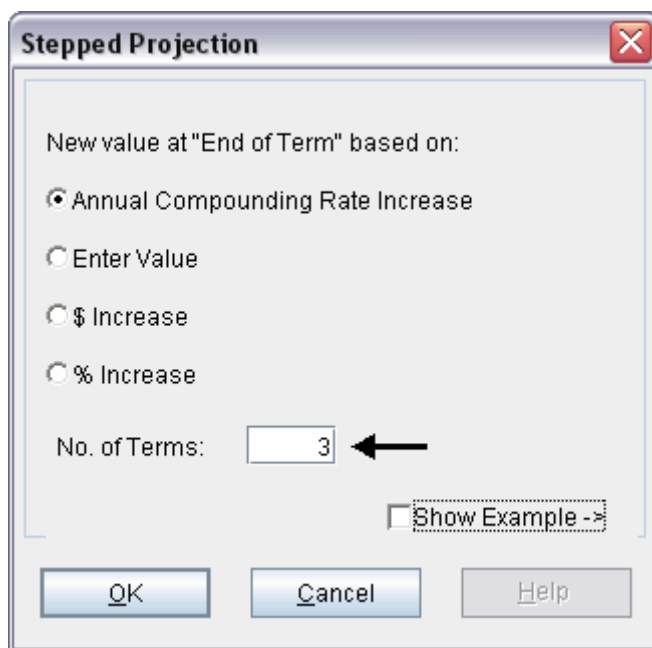
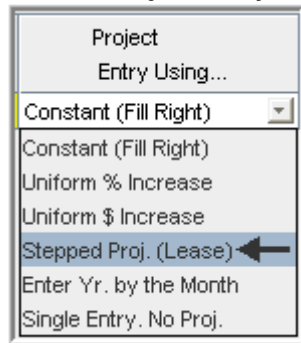
Press OK to return to the Revenue sub-folder

Steps for Entering Tenant B

Entering **Tenant B Base Rent**

\$27.00 per Sq. Ft per Yr paid monthly. One term of two years, one term of five years and one term of four years. Increase for the second term based on 3.00% compounding per year for five years. Increase for the third term based on 4.00% compounding per year for four years.

1. Select row 4: 'Tenant B 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 3 and click OK
5. **Entry column:** Enter the lease rate \$27.00
6. **Increase column:** Set row 1 to Annual Compounding Rate at 3.00%. Set row 2 to 4.00%
7. **Time Period column:** Leave Term 1 (the first row) at 2 years. Set term 2 (the second row) to 5 years and set Term 3 (the third row) to 4 years or check the "To End" box.

The projection should look like this:

Projection Wizard

Entry Information

Description: Tenant B Base Rent

Entry Choice: \$ per Sq. Ft per Yr


Projection

Entry	Project Entry Using...	Increase	Term	Starting Year	Time Period		Cont. Proj.
					To End	Yrs	
\$ 27.00	Stepped Proj. (Lease)	3.00%	1	Year 1		2	
		4.00%	2	Year 3		5	
			3	Year 8	<input checked="" type="checkbox"/>	4	

Press OK to return to the Revenue sub-folder

Entering **Tenant B Recov. Expenses**

\$5.00 per Sq. Ft per Year compounding at 3.00% per year

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

In the **Projection Wizard**

3. **Entry column:** Enter \$5.00
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the compounding rate of 3.00%
6. **Time Period column:** Check the "To End" box.

Your entries in the projection wizard should look like this:

Projection Wizard

Entry Information

Description: Tenant B Recov. Expenses

Entry Choice: \$ per Sq. Ft per Yr


Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period		Cont. Proj.
				To End	Yrs	
\$ 5.00	Annual Compounding	3.00%	Year 1	<input checked="" type="checkbox"/>	11	<input type="checkbox"/>

Press OK to return to the Revenue sub-folder

Entering **Parking**

60 Spaces at \$45.00 per Space per Month for one year then compounding at 3.00% per year for two years. Then compounding at 4.00% per year for three years. Then compounding at 5.00% per year for five years.

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

3. **Amount column:** Enter \$45.00
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Increase column:** Enter the Compounding Rate of 3.00%
6. **Time Period column:** Select 3 Years
7. **Continue Projection:** Select the Cont. Proj. checkbox

Row 2

11. **Project Entry Using column:** Select "Annual Compounding"
12. **Increase column:** Enter the Compounding Rate of 4.00%
13. **Time Period column:** Select 3 Years
14. **Continue Projection:** Select the Cont. Proj. checkbox

Row 3

15. **Project Entry Using column:** Select "Annual Compounding"
16. **Increase column:** Enter the Compounding Rate of 5.00%
17. **Time Period column:** Select "To End" Checkbox

Your entries in the Projection Wizard should look like this;

Projection Wizard

Entry Information

Description: Parking

Entry Choice: \$ per Space per Mo

Projection

Entry	Project Entry Using...	Increase	Starting Year	Time Period			Cont. Proj.
				To End	Yrs		
\$ 45.00	Annual Compounding	3.00%	Year 1		3		<input checked="" type="checkbox"/>
\$ 45.00	Annual Compounding	4.00%	Year 4		3		<input checked="" type="checkbox"/>
\$ 45.00	Annual Compounding	5.00%	Year 7	<input checked="" type="checkbox"/>	5		<input type="checkbox"/>

New Projection Insert Projection Delete Projection

Delete All Projections Projection Description

OK Cancel Help

Press OK to return to the General Revenue folder

VACANCY Folder

Detailed Entries

Tenant A Base Rent

3.00% of Revenue

Tenant A Recov. Expenses

3.00% of Revenue

Tenant B Base Rent

3.00% of Revenue

Tenant B Recov. Expenses

3.00% of Revenue

Entering the Vacancy

The Default Vacancy Type is Detailed Entries. For this example that is correct.

Tenant A Base Rent

1. Enter 3.00% into Year 1 Jan
2. Click on the **Fill To End** button

Tenant A Recov. Expenses

1. Enter 3.00% into Year 1 Jan
2. Click on the **Fill To End** button

Tenant B Base Rent

1. Enter 3.00% into Year 1 Jan
2. Click on the **Fill To End** button

Tenant B Recov. Expenses

1. Enter 3.00% into Year 1 Jan
2. Click on the **Fill To End** button

The Vacancy Folder should look like this;

Investor Pro - Office Building Yearly Pro

File Edit Reports Tools Utilities Investit Activation Help

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

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

Vacancy & Credit Loss Detailed Entries Comments

Revenue	Entry Choice	Year 1 Jan...	Year 2 Jan...	Year 3 Jan...	Year 4 Jan...	Year 5 Jan...	Yea
Tenant A Base Rent	% of Revenue	3.00%	3.00%	3.00%	3.00%	3.00%	
Tenant A Recov. Expenses	% of Revenue	3.00%	3.00%	3.00%	3.00%	3.00%	
Tenant B Base Rent	% of Revenue	3.00%	3.00%	3.00%	3.00%	3.00%	
Tenant B Recov. Expenses	% of Revenue	3.00%	3.00%	3.00%	3.00%	3.00%	
Parking	% of Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	

Fill Right Fill To End

Template: Invest Office Yearly

Select the Financing tab

FINANCING Folder

Mortgage (Borrowing)

Type: Standard Mortgage
 Year 1 January 1, \$2,300,000
 Time Period: 10 years
 Amortization: 25 years
 Interest Rate: 7.00%

Setting up a mortgage

1. Click on the Financing folder tab
2. Click on the Add Mortgage button
3. Amount box: \$2,300,000
4. Description box: "First Mortgage"
5. Time Period box: 10 Years
6. Amortization box: 25 Years
7. Nominal Interest Rate box: 7.00%

Add Mortgage Edit Mortgage Delete Mortgage Move

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 \$ 2,300,000 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	7.000%

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 - Office Building Yearly Pro

File Edit Reports Tools Utilities Investit Activation Help

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

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

Mortgage (Borrowing)

Description	Type	Amount	Start Date
First Mortgage	Standard Mortgage	\$ 2,300,000	Year 1 Jan

Add Mortgage Edit Mortgage Delete Mortgage Move

Tenant Loans

Description	Type	Amount	Start Date
-------------	------	--------	------------

Add Loan Edit Loan Delete Loan Move

Template: Invest Office Yearly

Select the Sale Folder

Real Estate Commissions

5.00% of Sale Price

The Real Estate Commission should appear like this;

Real Estate Commission

Fixed Percentage of Sale Price

0.00%

Entering the Real Estate Commission

1. Enter 5.00% in the appropriate box

The Real Estate Commission should now look like this;

Real Estate Commission

Fixed Percentage of Sale Price

5.00%

Selling Expenses

Selling Expenses 2.00% of Sale Price

Legal Fees: \$6,000

The Selling Expenses should appear like this;

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

Buttons: Add, Insert, Delete, Move

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	% of Sale Price	2.00%
Legal	Amount	\$ 6,000

Buttons: Add, Insert, Delete, Move

This example does not contain Selling Expenses so leave the fields as they are.

Sale Price

Base on a Cap Rate of 7.00% using Based on 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;

Buttons: Sale Price Wizard

Text field: \$ 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 7.50%

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

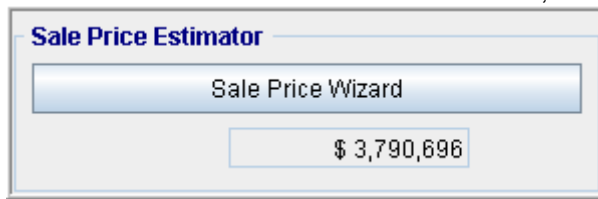
The Sale Price Wizard should now look like this;

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	7.00%	\$ 3,790,696
Net Income Multiplier	0.00	\$ 0	0.00	\$ 0
Compound Annual Growth Rate	0.00%	\$ 2,730,000	Enter Your Own Estimation	
Uniform Annual Increase	0.00%	\$ 2,730,000		

OK Cancel Help

Press OK to return to the Sale folder

The Sale Price Estimator should look like this;



The screenshot shows a software window titled "Sale Price Estimator". Inside the window, there is a button labeled "Sale Price Wizard". Below the button, the estimated sale price is displayed as "\$ 3,790,696".

SAVE YOUR PROJECT