

INVESTMENT ANALYSIS OFFICE USA 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: 35.00%
Discount Rate: Before Tax 13.00%
Capital Gain Rate: 15.00%
Recaptured Deprec. Rate: 25.00%
Short Term Rates Before Tax for calculating the Modified Internal Rate of Return (MIRR)
Financing Rate: 8.000%
Reinvestment Rate: 3.000%

INVESTMENT Folder

Description: Land
Amount: \$1,000,000
Year 1 Jan
Depreciation Method: Land (No Deprec.)

Description: Building
Amount: \$2,000,000
Year 1 Jan
Depreciation Method: Commercial Prop. St Line

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 \$ 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

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.

Subject to a Recoverable Expense Stop of \$1,800 per month. This means that the Tenant doesn't pay any recoverable expenses until the additional rent exceeds \$1,800 per month and then pays the difference between the Recoverable Expenses and the Expense Stop.

Parking

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

Subject to a Rent Cap of \$450 per month. This means that this tenant's will never pay more than \$450 per month for parking.

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 1, \$2,000,000
Time Period: 10 years
Amortization: 25 years
Interest Rate: 8.00%

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

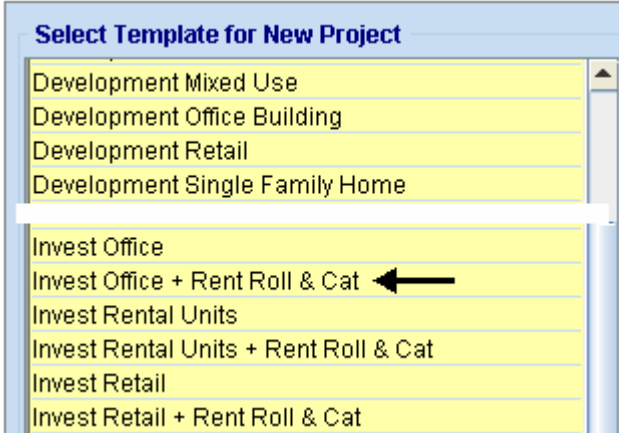
Base on a Cap Rate of 7.500% using Based on the Income for the year following the Sale i.e., based on the Income & Expenses for year 10.

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

Entering the project data and information

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: 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: 20,000 Sq. Ft
9. Enter Frontage: 120 Sq. Ft

The Project Info screen should look like this;

The screenshot shows the 'Investor Pro USA' software interface. The main window has a menu bar (File, Edit, Reports, Tools, Utilities, Investit, Help) and a toolbar with icons for file operations. Below the toolbar are several tabs: 'My Company Info.', 'Property Info.', 'Client Info.', 'Goal Seeking', and 'Notes'. The 'Property Info.' tab is active, showing a grid of sub-tabs: 'Project Info.', 'Investor', 'Investment', 'Expenses', 'General Revenue', 'Rent Roll Revenue', 'Vacancy', 'Financing', and 'Sale'. The 'Project Info.' sub-tab is selected, displaying the following fields:

- Report Headers:**
 - Property Name: Capital Plaza
 - Description: Investment Analysis Office with Rent Roll
- Total Purchase Price:**
 - Purchase Price: \$ 2,970,000
 - Acquisition Costs: \$ 30,000 (Amount)
 - Total Purchase Price: \$ 3,000,000
- Analysis Time Period:**
 - 9 Years
 - Change Analysis Time Period
- Entry Information:**
 - Enter Revenue and Expenses: Monthly
 - Change Entry Information
 - Starting Date: January Year 1
- Calculate Financial Measures based on:**
 - Potential Gross Income (selected)
 - Effective Gross Income
 - Edit Unit of Measure

On the right side of the window, there are two sections: 'Building' and 'Land'.

- 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.

At the bottom of the window, the template is identified as 'Template: Invest Office + Rent Roll & Cat'.

Investor Folder

1. 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

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 USA' software interface. 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 is active, and the 'Investment Losses' dropdown is set to 'Active Investor. No Loss Limitation'. The main area is titled 'Purchase Price and Capital Improvements' and contains a table with the following data:

Description	Amount	Year	Month	Depreciation Method	Recovery Period [yrs]
Land	\$ 0	Year 1	Jan	Land (No Deprec.)	
Building	\$ 0	Year 1	Jan	Commercial Prop. St Line	39.0
Land Improvements	\$ 0	Year 1	Jan	Land Improv. 150% DB	15.0
Mortgage Fees and points	\$ 0	Year 1	Jan	Amort. Mortgage Fees	1.0

Below the table, there is a 'Purchase Price [Year 1 Total]' field set to '\$ 0' and a checkbox for 'Show Deprec. Bonus or Section 179 claim'. At the bottom of the table area are buttons for 'Add', 'Insert', 'Delete', and 'Move'. A 'Comments' button is located at the bottom right of the table area. The status bar at the bottom of the window reads 'Enter description of the Capital Investment E.g., Land, Building etc' and 'Template: Invest Office + Rent Roll & Cat'.


First Row

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


Second Row

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

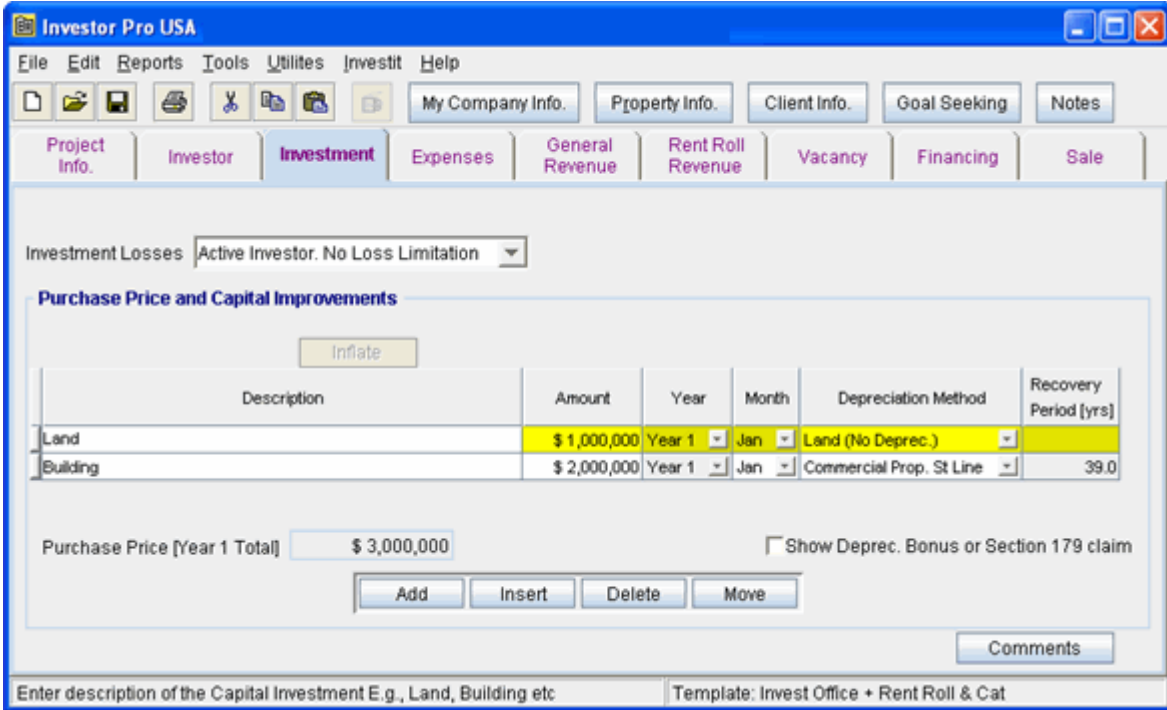
Third Row

1. Select row 3 'Land Improvements'
2. Click on the  button

Fourth Row

1. Select row 4 with Description 'Mortgage Fees and points'
2. Click on the  button

Your entries for the Investment should look like this;

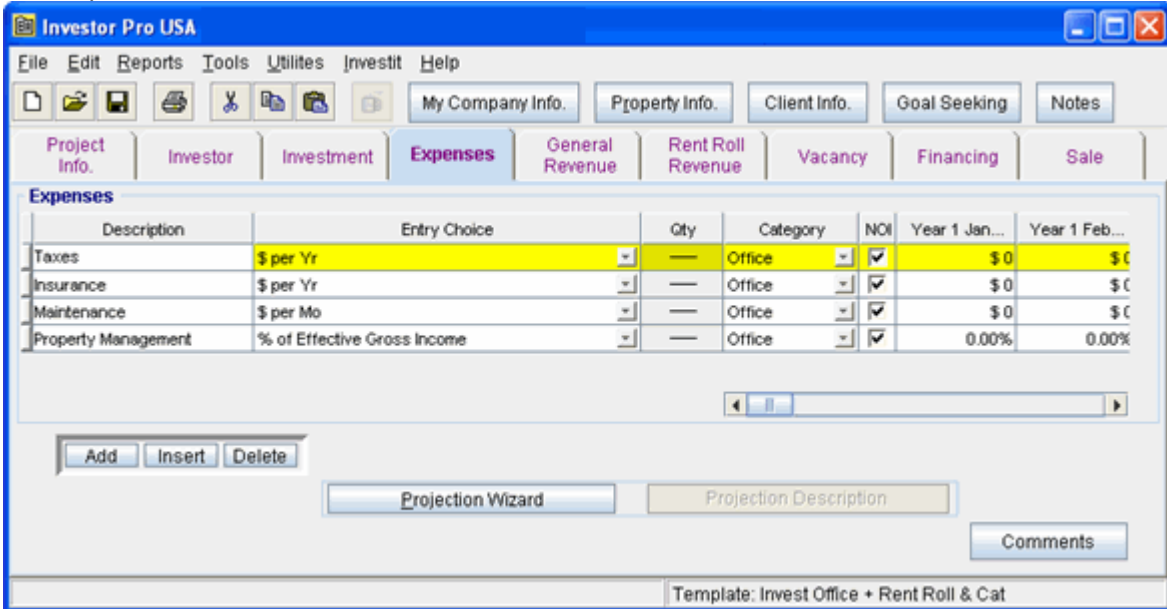


EXPENSES Folder

Operating Expenses

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

The Expenses folder should look like this;

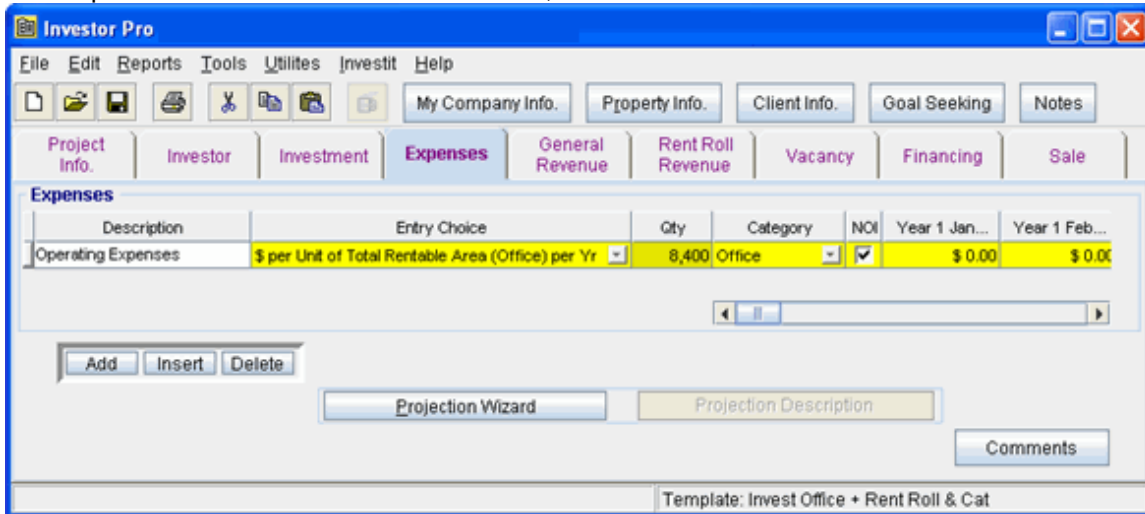


Steps for setting up the Expenses folder

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;

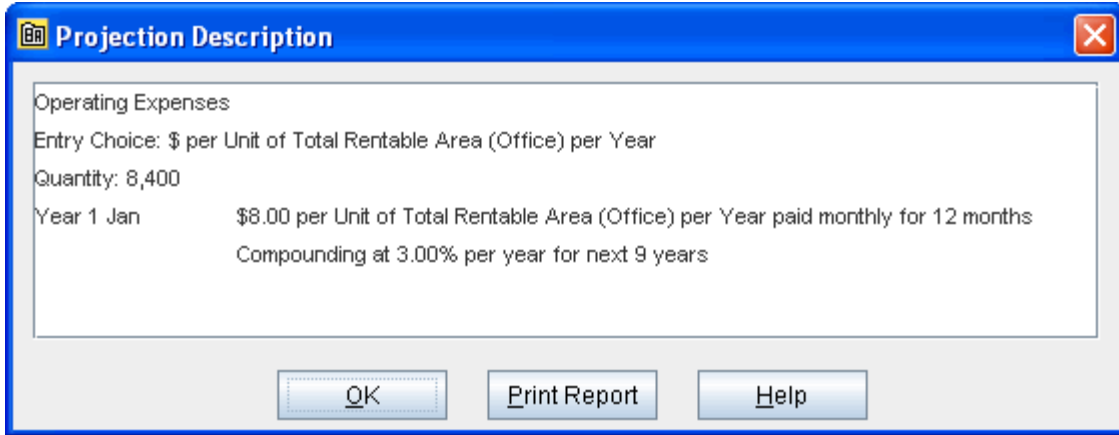


Steps for setting up Operating Expenses

1. Select row 1 'Operating Expenses'
 2. Click on the button
- In the **Projection Wizard**

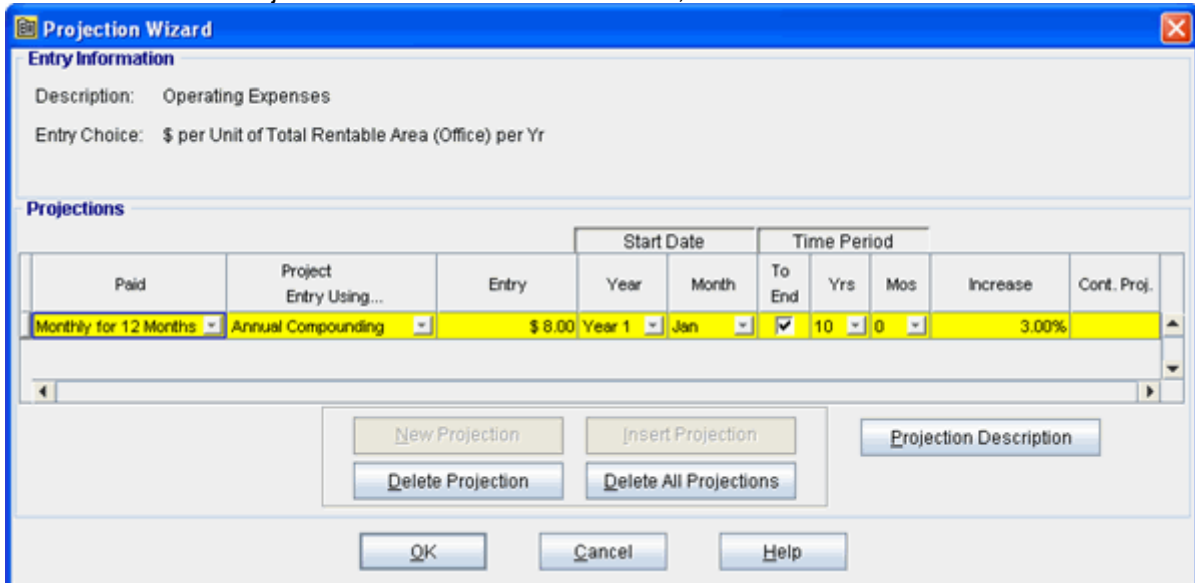
3. **Paid column:** Select "Monthly for 12 Months"
4. **Project Entry Using column:** Select "Annual Compounding"
5. **Entry column:** Enter \$8.00
6. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 10 year Analysis Period
7. **Increase column:** 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;




Press OK to return to the Expenses folder

GENERAL REVENUE Folder

Public Parking

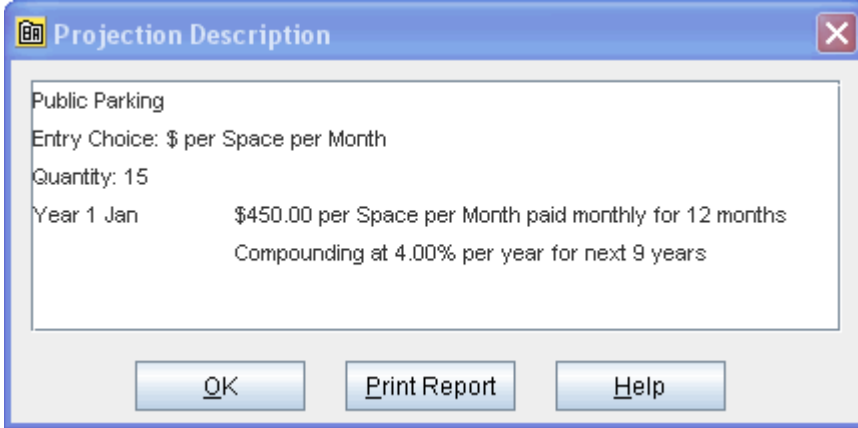
15 spaces generating \$450 per Space per Mo for the first 12 months then increasing at 4.00% per year compounding

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"

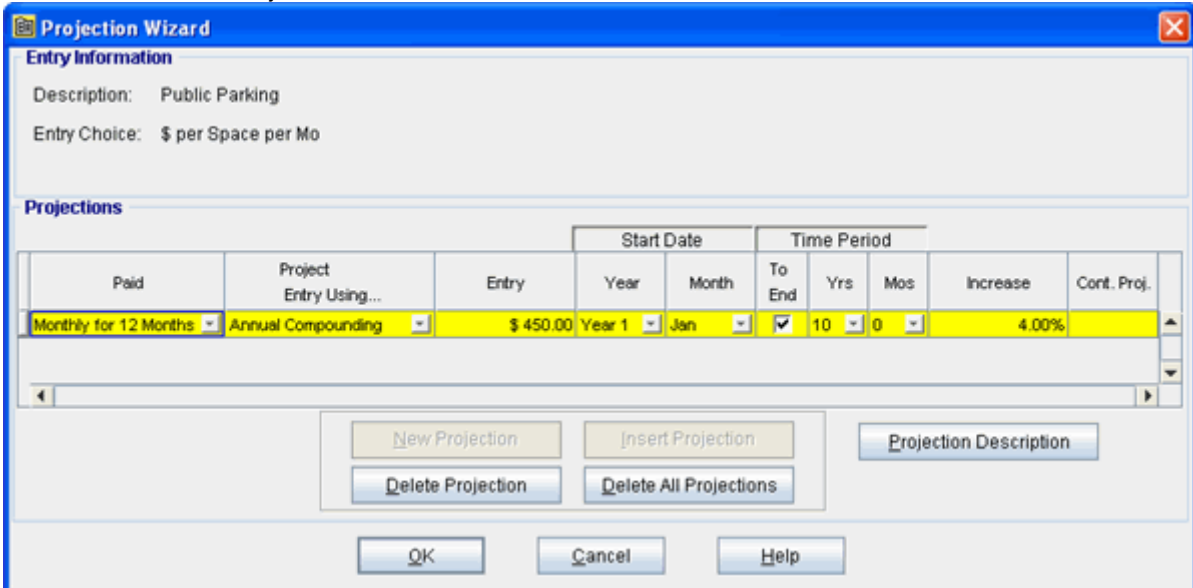
7. **Project Entry Using column:** Select "Annual Compounding"
8. **Entry column:** Enter \$450.00
9. **Time Period column:** Check the "To End" box. This allows the projection to continue until the end of the 10 year Analysis Period
10. **Increase column:** Enter the Compounding Rate of 4.00%

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

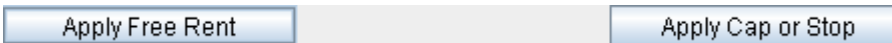
The only information that needs to be entered is the Tenant Name, Tenant's Rentable Area and Tenant's Usable Area


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 Sq. Ft

Usable Area Sq. Ft

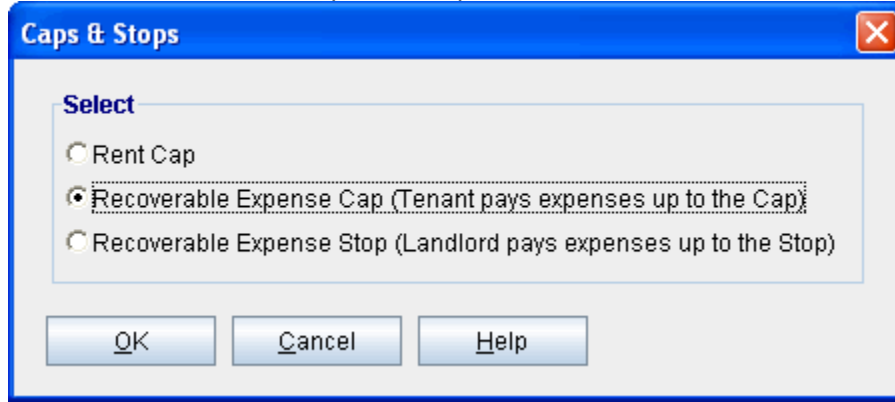
Revenues

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. Select Row 1 Base Rent
2. Select Entry Choice: "\$ per Unit of Tenant's Rentable Area per Yr

- Click on the row with the Description "Additional Rent"
- Select Row 3 with Entry Choice: "\$ per Unit of Tenant's Rentable Area per Yr"
- Click on the button to access the Rent Cap & Stop dialog and select "Recoverable Expenses Cap" and click Ok.



- Click on the row with the Description 'Parking'
- 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, Caps and Stops 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 base on 3.00 % compounding for five years

Free Rent

First three months. 100%.

Recoverable Expenses

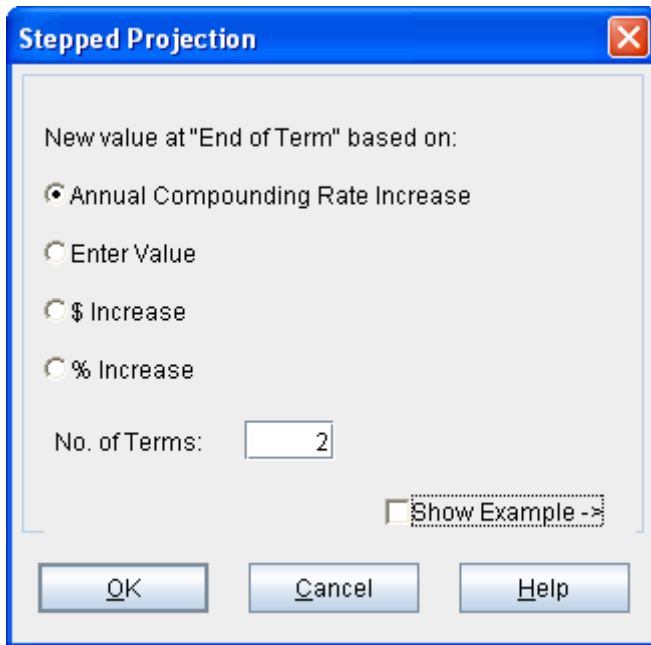
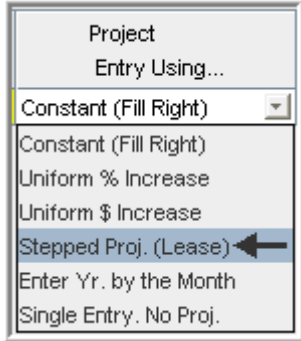
\$9.00 per Unit of Tenant's Rentable Area per Yr paid monthly for one year then increasing at 3.00% compounding per year. **Subject to a Recoverable Expense Cap** of \$4,500 per month. This means that the maximum recoverable expenses the tenant will pay is \$4,500 per month.

Parking

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

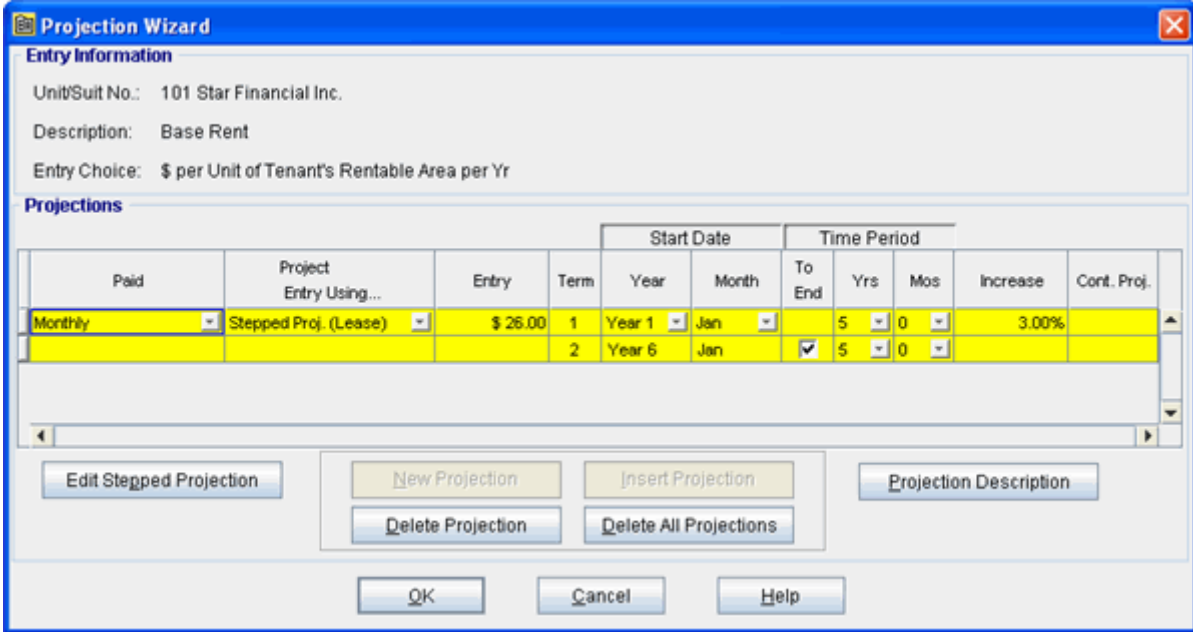
Following are the steps for entering and projecting the revenues for tenant Unit 101 Star Financial Inc.

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	Qty	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:

Projection Wizard									
Entry Information									
Unit/Suit No.: 101 Star Financial Inc.									
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	\$ 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;

Projection Wizard									
Entry Information									
Unit/Suit No.: 101 Star Financial Inc.									
Description: Recoverable Expense Cap									
Entry Choice: Amount									
Projections									
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**

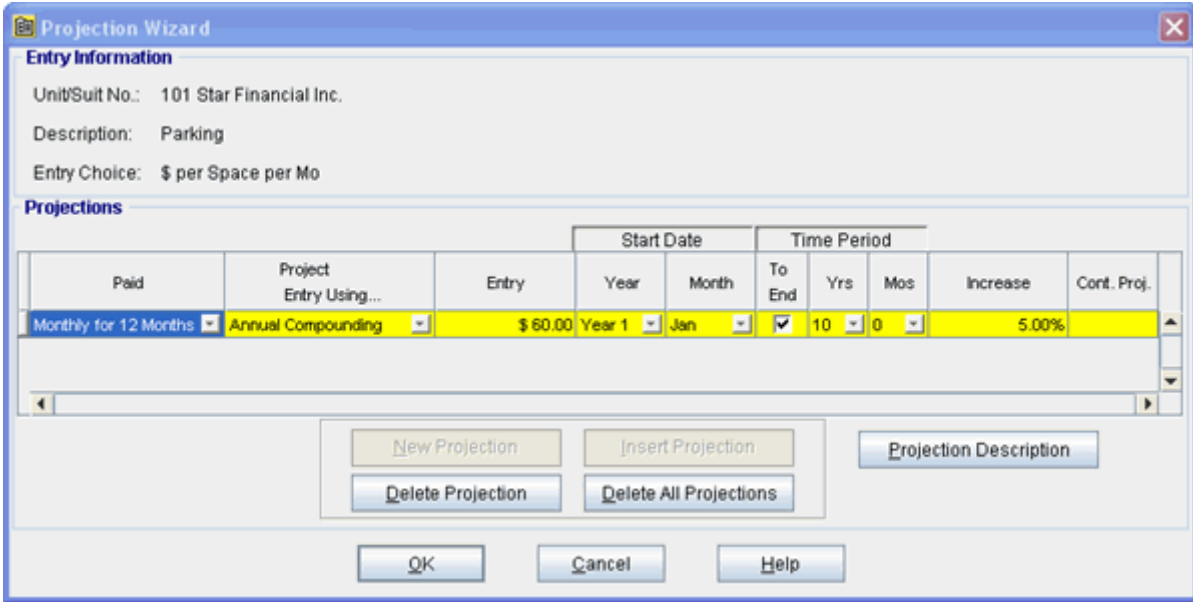
10 cars at \$60 per Space per Month for 12 months then increasing at 5.00% per year compounding

1. Select row with Description "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 \$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:






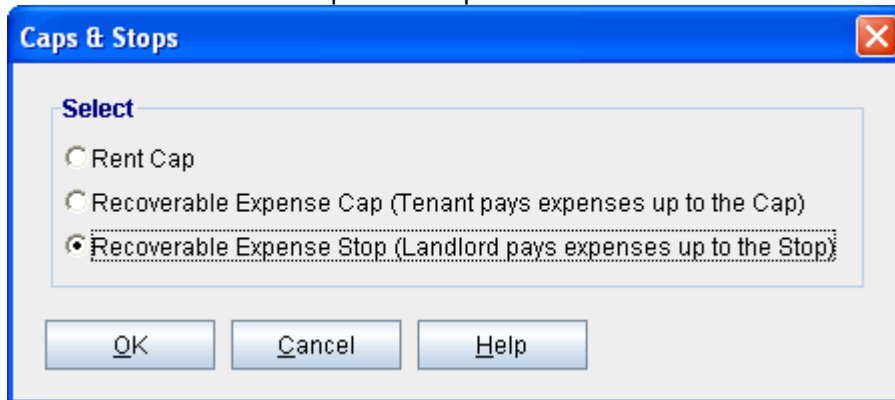
Press OK to return to the Revenue sub-folder

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.

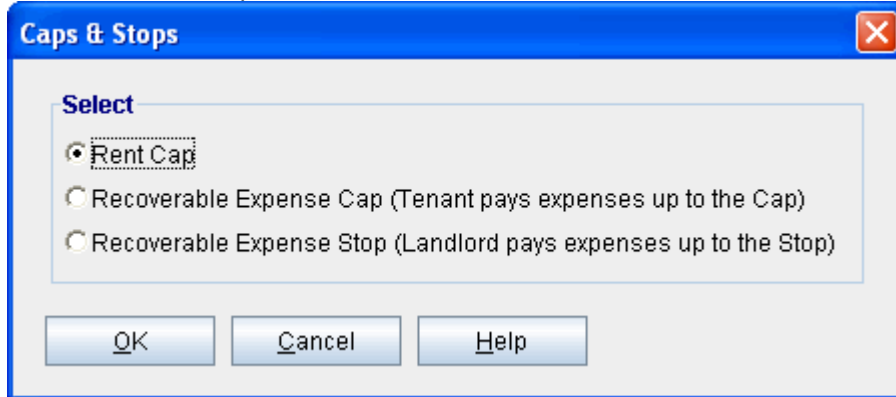
Follow these steps to enter and project the revenues

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. Click on the  button to access the Rent Cap & Stop dialog and select "Recoverable Expenses Stop" and click Ok



8. Press the  button to add another row
9. Enter Description: 'Parking'
10. **Entry Choice column:** Select "\$ per Space per Mo"

11. Enter QTY: 6
12. Click on the  button to access the Rent Cap & Stop dialog and select "Rent Cap" and click Ok




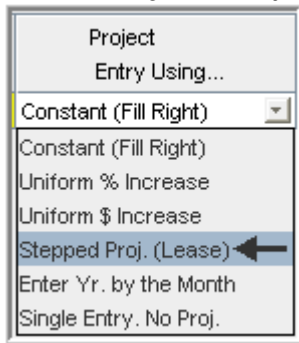
The Revenue sub-folder should look like this;

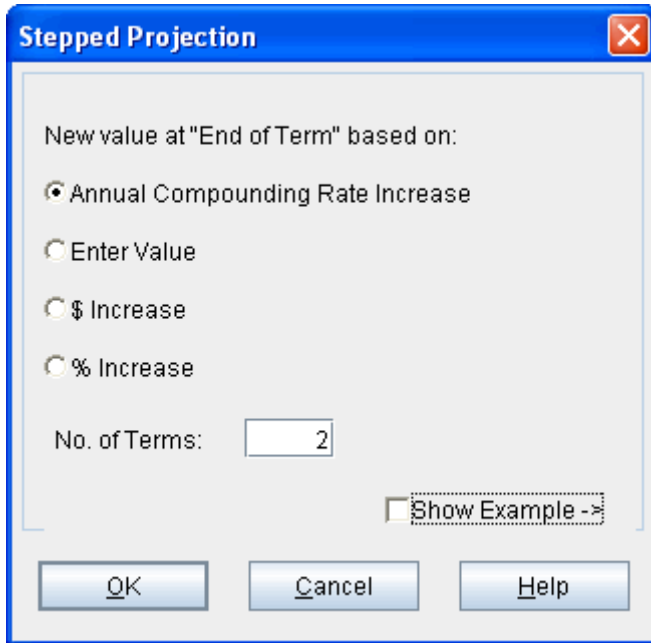
Base Rent

\$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

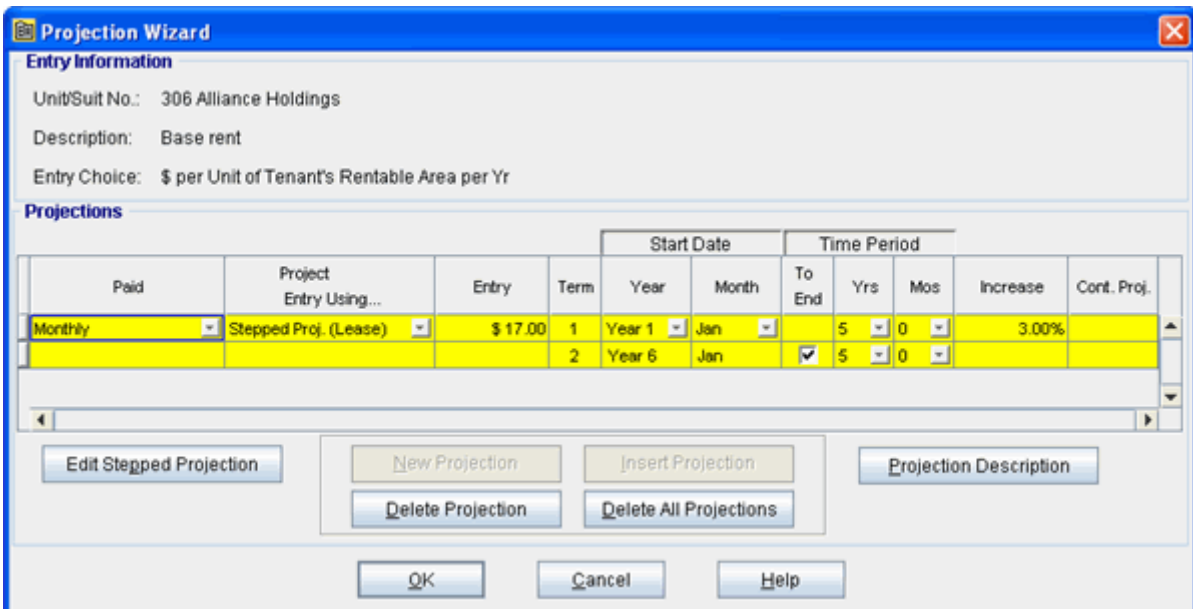
1. Select row 1: 'Base Rent'
2. Click on  which displays the Projection Wizard
3. **Project Entry Using.. column:** select "Stepped Proj. (Lease)"





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

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

Entering the Recoverable Expense Stop

1. Select the row with the Description: Recov. Exp. Stop
2. Click on  which displays the Projection Wizard
3. **Amount column:** \$1,800
4. **Time Period column:** check "To End" box

The projection 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)	\$ 1,800	Year 1	Jan	<input checked="" type="checkbox"/>	10	0		

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%	

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

Press OK to return to the Revenue sub-folder

Entering the Rent Cap

5. Select the row with the entry choice: Rent Cap
6. Click on **Projection Wizard** which displays the Projection Wizard
7. Amount column: Enter \$450
8. Check the "To End" box

Your entries in the projection wizard should look like this;

Projection Wizard

Entry Information

Unit/Suit No.: 306 Alliance Holdings
 Description: Rent Cap
 Entry Choice: Amount

Projections

Paid	Project Entry Using...	Amount	Start Date		Time Period			Increase	Cont. Proj.
			Year	Month	To End	Yrs	Mos		
Monthly	Constant (Fill Right)	\$ 450	Year 1	Jan	<input checked="" type="checkbox"/>	10	0		

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



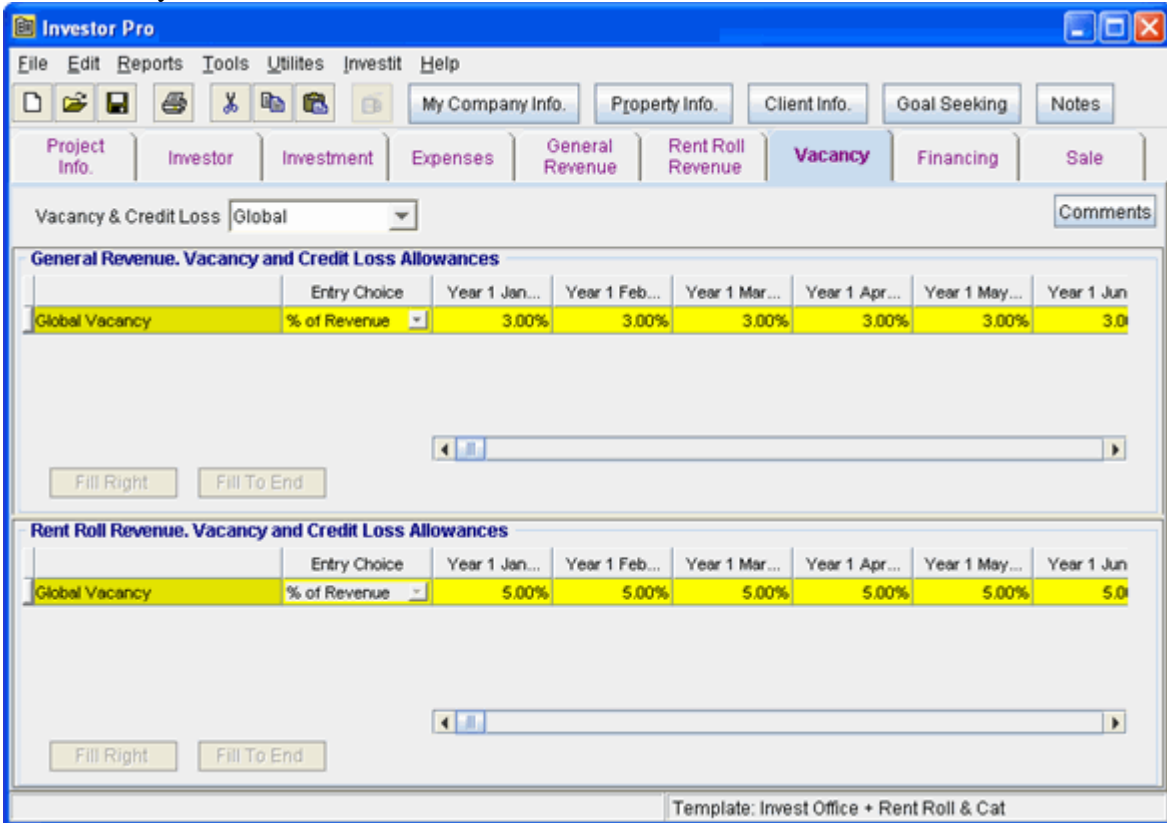
General Revenue Vacancy

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

Rent Roll Vacancy

1. Enter 5.00% into Year 1 Jan
2. Click on the button

The Vacancy Folder should look like this;



Select the Financing tab

FINANCING Folder

Mortgage (Borrowing)

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

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;

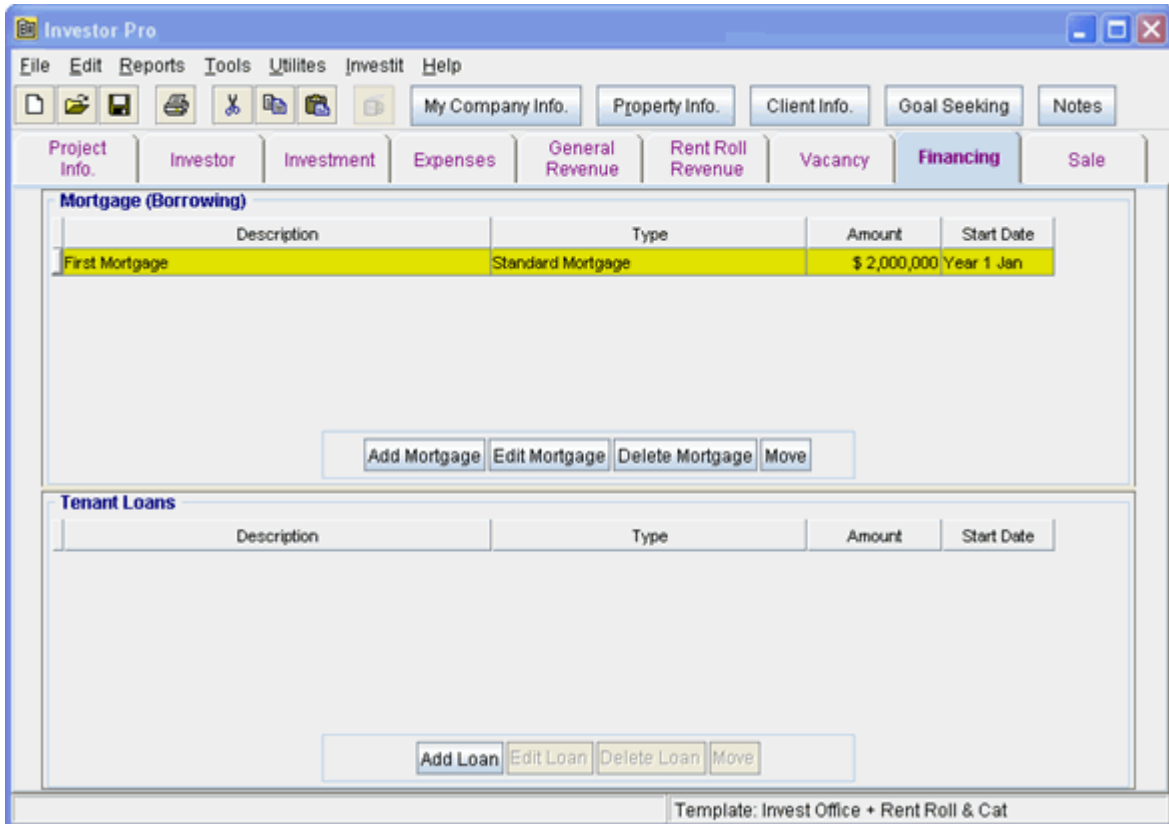
The screenshot shows the "Mortgage" dialog box with the following fields and values:

- 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: Monthly
- Terms and Amortization Details:**
 - No of (Balloon) Terms: 1
 - Table with columns: Term No, Time Period (Years, Months), Amortization (Years, Months), Nominal Interest Rate.
 - Row 1: Term No 1, Time Period (10 Years, 0 Months), Amortization (25 Years, 0 Months), Nominal Interest Rate 8.000%.

Buttons at the bottom: OK, Compute (highlighted in red), 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;



Select the Sale Folder

Real Estate Commissions

6.00% of Sale Price

The Real Estate Commission should appear like this;

The dialog box is titled 'Real Estate Commission'. It features 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 6.00% in the appropriate box

The Real Estate Commission should now look like this;

The dialog box is titled 'Real Estate Commission'. It features a dropdown menu set to 'Fixed Percentage of Sale Price' and a text input field containing '6.00%'.

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

Add Insert Delete Move

Entering the Selling Expenses

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

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

The Selling Expenses should now appear like this;

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

Add Insert Delete Move

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 Wizard

\$ 0

1. Press the  button

The Sale Price Wizard dialog will pop up;

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;

Press OK to return to the Sale folder

The Sale Price Estimator should look like this;

Sale Price Estimator

Sale Price Wizard

\$ 4,149,275

SAVE YOUR PROJECT