OFFICE BUILDING YEARLY USA 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: 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: 2.500%

INVESTMENT Folder

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

Description: Improvements Amount: \$1,830,000 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

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 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, \$1,700,000 Time Period: 10 years Amortization: 25 years, 7 Months Interest Rate: 7.00%

SALE Folder Real Estate Commissions 5.00% of Sale Price

Selling Expenses

Selling Expenses 2.00% 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 PRO

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: Investment Analysis Office with Rent Roll
- 3. Enter Purchase Price: \$2,700,000
- 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

🗤 Investor Pro - Office Building Yearly Pro	
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Project Info. Investor Investment Expenses Reve	enue Vacancy Financing Sale
Report Headers	Building
Property Name Capital Plaza 🗲	Building Area 9,500 Sq. Ft 🛶
Description Office Building Example -	Office
Total Purchase Price	Rentable Area C 8,400 Sq. Ft 🔶
Purchase Price \$ 2,700,000	Usable Area C 7,119 Sq. Ft 🔶
	Add On Factor 💌 📀 17.99%
Acquisition Costs 🛛 🗕 🕏 30,000 Amount	
Total Purchase Price \$ 2,730,000 🗲	
- Analysis Time Period	
10 Years Change Analysis Time Period	
- Entry Information	
Enter Revenue and Expenses Yearly Change Entry Information	
Starting Date January Year 1	
Calculate Financial Measures based on	
Potential Gross Income C Effective Gross Income	Land
	Land Area 105,000 Sq. Ft 🔶
Edit Unit of Measure	Frontage 300 Ft 🗲
T	Femplate: Invest Office Yearly

The Project Info screen should look like this:

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: 2.5.00%

INVESTMENT Folder

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Project Info. Investor Investment Expens	ses Rev	renue Vaca	ancy Financing	Sale					
Investment Losses Active Investor. No Loss Limitation 💌]								
Purchase Price and Capital Improvements									
Inflate									
Description	Amount Year Month D		Depreciation Method	Recovery Period [yrs]					
Land	\$0	Year1 🗾 Jan 🖃		-					
Improvements		Year1 🗾 Jan 👱		39.0					
Land Improvements		Year1 🗾 Jan 👱		15.0					
Mortgage Fees and Points	\$0	Year1 🗾 Jan 👱	Amort. Mortgage Fees	1.0					
Purchase Price [Year 1 Total] \$0									
Add Insert Delete Move									
Comments									
		Template: Inves	t Office Yearly						

The Investment Folder should appear like this;

First Row

1. Enter the Amount: \$900,000

Second Row

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

Third Row

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

Fourth Row

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

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Project Info. Investor Investment Expen	ses Re	venue	Vaca	incy Financing	Sale			
Investment Losses Active Investor. No Loss Limitation 💌]							
Purchase Price and Capital Improvements								
Inflate			1					
Description	Amount	Year	Month	Depreciation Method	Recovery Period [yrs]			
Land			Jan 🗾	Land (No Deprec.) 🗾				
Improvements	\$ 1,830,000	Year 1 🗾	Jan 🗾	Commercial Prop. St Line 📃	39.0			
Purchase Price [Year 1 Total] \$ 2,730,000								
Add Insert Delete Move								
	Comments							
		Template	e: Invest	Office Yearly				

Your entries for the Investment should look like this;

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

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Project Info. Investor	Investment Expenses	Revenue Vacancy Financing Sale							
Expenses									
Description	Entry Choice		Qty	NOI	Year 1 Jan	Year 2 Jan	Year 3 J		
Property Taxes	Amount	<u> </u>		•	\$0	\$0			
Insurance	Amount	<u> </u>			\$0	\$0			
Maintenance	Amount	<u> </u>			\$0	\$0			
Utilities	Amount	_			\$0	\$0			
Property Management	% of Effective Gross Income	<u> </u>			0.00%	0.00%	C		
				•	III				
Add Insert Delet	te								
	Projection Wizard Projection Description								
						Co	mments		
		Ter	mplate: Ir	nvest	Office Yearly				

The Expenses folder should look like this;

Steps for setting up the Expenses folder

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

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	<u>File Edit R</u> eports <u>T</u> ools <u>U</u> tilites <u>I</u> nvestit <u>A</u> ctivation <u>H</u> elp								
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Project Info. Investor	Investment Expenses	Revenue	Vacancy	Financing	Sale				
Expenses									
Description	Entry Choice	Qty	NOI Year 1 Jan	Year 2 Jan	Year 3 J				
Property Taxes	Amount	_		\$0 <mark>\$</mark> 0					
Insurance	Amount	_		\$0 \$0					
Maintenance	\$ per Mo	_		\$0 \$0					
Utilities	\$ per Mo	<u> </u>		\$0 \$0					
Property Management	% of Effective Gross Income	<u> </u>	0.0	0.00%	C				
Add Insert Delet	te								
	Projection Wizard	Proj	ection Descriptio	n					
				Co	mments				
		Template: II	nvest Office Yearl	У					

The Expenses folder should now look like this:

Steps for setting up Property Taxes

- 1. Select row 1 'Property Taxes'
- Projection Wizard 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%
- Time Period column: Select 3 Years
 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	Projection Description	button, which describes the entries and
projections.		

🔟 Projectio	on Description 🛛 🔀
Property Taxe	38
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
	OK Print Report Help

Press OK to return to the Projection Wizard

Your	entries ir	the Pro	iection	Wizard	should	look like	this:
1001	011010011	1 110 1 10	10001011	v vizai a	onioura	10010 11100	

🕎 Projection Wizard										X												
Entry Information																						
Description: Property	Faxes																					
Entry Choice: Amount																						
Projection																						
Inflate						Time	Per	iod														
Amount	Project Entry Using		Increase			_		_						_		_		To End	Y	rs	Cont. Proj.	
\$ 35,000	Annual Compounding	<u>*</u>		Year 1	<u> </u>		3	-	V													
	Annual Compounding	-	3.00%	Year 4		v	8	×														
	New Projection		Insert Projection	<u>D</u> elete	Proje	ection																
Delete All Projections Projection Description																						
	<u>0</u> K		<u>C</u> ancel	<u>H</u> eip																		

Press OK to return to the Expenses folder

Steps for setting up Insurance

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

In the Projection Wizard

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

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

🕎 Projectio	n Description 🛛 🛛 🔀
Insurance	
Entry Choice:	Amount
Year1	\$15,000
	Compounding at 4.00% per year for next 10 years
	<u>Print Report</u> <u>H</u> elp

Press OK to return to the Projection Wizard

Your entries in the Projection Wizard should look like this;

🕎 P	rojection Wizard							X	
Ent	ry Information								
De	scription: Insurance	e e e e e e e e e e e e e e e e e e e							
En	try Choice: Amount								
Pro	jection								
	Inflate				Time	Period			
	Amount	Project Entry Using	Increase	Starting Year	To End	Yrs	Cont. Proj.		
	\$ 15,000	Annual Compounding 📃 🗾	4.00%	Year 1 🗾		11 🖃			
		New Projection	Insert Projection	<u>D</u> elete Proje	ection]			
	Delete All Projections Projection Description								
		<u>0</u> K	<u>C</u> ancel	<u>H</u> elp					

Press OK to return to the Expenses folder

Steps for setting up Maintenance 1. Select row 3 'Maintenance'

- Projection Wizard 2. Click on the 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

👍 Projection Wizard							X
Entry Information							
Description: Maintena	nce						
Entry Choice: \$ per Mo							
Projection			_				
			ŀ	Time F	Period		
Entry	Project Entry Using	Increase	Starting Year	To End	Yrs	Cont. Proj.	
\$ 600	Annual Compounding 📃 🖃	3.00%	Year1 🗾		11 🖃		
	New Projection	Insert Projection	<u>D</u> elete Projec	ction			
Delete All Projections Projection Description							
	<u>0</u> K	<u>C</u> ancel	Help]			

Your entries in the Projection Wizard should look like this;

Press OK to return to the Expenses folder

Steps for setting up Utilities

- 1. Select row 4 'Utilities'
- 2. Click on the Projection Wizard 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;

👍 Proje	ction W	/izard									X
Entry Inf	formatio	on									
Descrip	ption:	Utilities									
Entry C	hoice:	\$perMo									
- Projecti	ion										
								Time	Period		
	Entry		Project Entry Using		Increase Star Yea		g	To End	Yrs	Cont. Proj.	
		\$ 450	Annual Compounding	-	3.00%	Year 1	-	•	11 🔟		
	New Projection Insert Projection Delete Projection										
	Delete All Projections Projection Description										
			<u>0</u> K		<u>C</u> ancel	Help					

Press OK to return to the Expenses folder

Steps for setting up Property Management

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

Your entries in the Projection Wizard should look like this;

🔟 P	Projection Wiza	ard									X
- Ent	try Information -										
De	Description: Property Management										
Entry Choice: % of Effective Gross Income											
Projection											
								Time	Period		
	%		Project		Increase	Starting		То	Yrs	Cont. Proj.	
-			Entry Using			Year		End			
		5.00%	Constant (Fill Right)	-		Year 1	Ŧ	✓	11 🛨		
			New Projection		Insert Projection	<u>D</u> elete F	Proje	ction]		
	Delete All Projections Projection Description										
			<u>0</u> K		<u>C</u> ancel	Help					

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

Press OK to return to the Expenses folder

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.

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Project Info. Investor	Investment Expenses	Rever	Revenue Vacancy Financing) Sale			
Revenue										
Description	Entry Choice		Qty	NOI	Year 1 Jan	Year 2 Jan	Year 3 J			
Base Rent	\$ per Sq. Ft per Yr	-	0		\$ 0.00	\$ 0.00	9			
Free Rent	% of Rent	*	—		0.00%	0.00%	C			
Recoverable Expenses	\$ per Sq. Ft per Yr		0	· · · ·	\$ 0.00	\$ 0.00				
Parking	\$ per Space per Mo	*	0		\$ 0.00	\$ 0.00				
				•			•			
Add Insert	Delete Apply Free Rent									
Projection Wizard Projection Description Comments										
		Te	emplate: Ir	vest	Office Yearly					

The General Revenue fold should appear like this;

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

- 10. Select row 4 with no Description
- Enter Description "Tenant B Base Rent"
 Select Entry Choice "\$ per Sq. Ft per Yr"
 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;

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	🗅 🗃 🛃 🎒 🛍 🛍 🗊 My Company Info. Property Info. Client Info. Goal Seeking Notes									
Project Info. Investor	Investment	Expenses	ses Revenue Vacancy Fina				ancing Sale			
Revenue	Revenue									
Description	E	intry Choice		Qty	NOI	Year 1 Jan	Year 2 Jan	Year 3 J		
Tenant A Base Rent	\$ per Sq. Ft per Yr		-	5,000	•	\$ 0.00	\$ 0.00	<u>, </u>		
Free Rent	% of Rent		<u> </u>	—		0.00%	0.00%	C		
Tenant A Recov. Expenses	\$ per Sq. Ft per Yr		-	5,000		\$ 0.00	\$ 0.00	(
Tenant B Base Rent	\$ per Sq. Ft per Yr		*	3,400		\$ 0.00	\$ 0.00			
Tenant B Recov. Expenses	\$ per Sq. Ft per Yr		*	3,400		\$ 0.00	\$ 0.00			
Parking	\$ per Space per Mo		*	60		\$ 0.00	\$ 0.00			
					•			Þ		
Add Insert	Delete	Apply Free Rent								
		Projection Wizard	Pro	ojection D	escr	iption	0.00	monto		
	Comments									
	Template: Invest Office Yearly									

Steps for Entering Tenant A

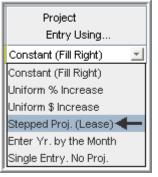
Tenant A Base Rent

\$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'
- Projection Wizard Click on <u>Projection Wizard</u> which displays the F
 Project Entry Using.. column: select "Stepped Proj. (Lease) which displays the Projection Wizard



Stepped Projection									
New value at "End of Term" based on:									
 Annual Compounding Rate Increase 									
C Enter Value									
C\$ Increase									
C % Increase									
No. of Terms: 3									
Show Example ->									
OK Cancel Help									

- 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.

o view your er orojections.	ntries, click on the Projection Description button, which describes the e	ntries a
👍 Projection	Description	
Tenant A Base	ent	1
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;

🕎 P	rojection Wizard	1							X		
Ent	Entry Information										
Description: Tenant A Base Rent											
Entry Choice: \$ per Sq. Ft per Yr											
Projection											
						Time	Period				
	Entry	Project Entry Using	Increase	Term	Starting Year	To End	Yrs	Cont. Proj.			
	\$ 25.00	Stepped Proj. (Lease) 📃 🗾	3.00%	1	Year 1 🗾		<u>1</u> <u>-</u>				
			4.00%	2	Year 2		5 💌	-			
				3	Year 7	~	<mark>5 _</mark>				
		New Projection	Insert Project	ion	<u>D</u> elete Proje	ection					
	Edit Stepped Projection Delete All Projections Projection Description										
		<u>0</u> K	<u>C</u> ancel		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, Feb and March 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		\$ 25.00	\$ 25.75				
Free Rent	% of Rent	×	—			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 Projection Wizard 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							X		
Entry Information									
Description: Tenant A Recov. Expenses									
Entry Choice: \$ per Sq. Ft per Yr									
Projection						-			
				Time	Period				
Entry	Project Entry Using	Increase Starting Year		To End	Yrs	Cont. Proj.			
\$ 5.00	Annual Compounding 📃 👱	3.00%	Year 1 🗾	V	11 🔟				
	New Projection	Insert Projection	<u>D</u> elete Proje	ection					
Delete All Projections Projection Description									
	ΟΚ	<u>C</u> ancel	<u>H</u> elp						

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

Project Entry Using
Constant (Fill Right) 🛛 🗾
Constant (Fill Right)
Uniform % Increase
Uniform \$ Increase
Stepped Proj. (Lease) 🔶
Enter Yr. by the Month
Single Entry. No Proj.

Stepped Projection								
New value at "End of Term" based on:								
Annual Compounding Rate Increase								
C Enter Value								
C \$ Increase								
C % Increase								
No. of Terms: 3								
Show Example ->								
OK Cancel Help								

- Set the No. of Terms to 3 and click OK
 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;

🔟 P	rojection Wizar	d							X	
Ent	Entry Information									
Description: Tenant B Base Rent										
Entry Choice: \$ per Sq. Ft per Yr										
Projection										
						Time	Perio	od		
	Entry	Project Entry Using	Increase	Term	Starting Year	To End	Yrs	s Cont. Proj.		
	\$ 27.00	Stepped Proj. (Lease) 🛛 🗾	3.00%	1	Year 1 🗾			<u> </u>		
			4.00%	2	Year 3					
				3	Year 8	v	4	<u>×</u>		
		New Projection	Insert Projec	tion	<u>D</u> elete Proje	ection]			
	Edit Stepped Projection Delete All Projections Projection Description									
	OK Cancel Help									

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"
- Projection Wizard 2. Click on which displays the Projection Wizard

In the Projection Wizard

- Entry column: Enter \$5.00
 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:

👍 Projec	ction Wizard							X
Entry Inf	ormation							
Descrip	tion: Tenant B I	Recov. Expenses						
Entry Ch	noice: \$perSq.I	Ft per Yr						
- Projectio	DN						_	
					Time	Period		
	Entry	Project	Increase	Starting	To Food	Yrs	Cont. Proj.	
	8 5 00	Entry Using Annual Compounding	1 2.00%	Year <mark>Year1 </mark>	End	11 🖃		
	φ ^{-0.00}	Annual compounding	J 5.00%					
		New Projection	Insert Projection	<u>D</u> elete Proje	ection			
			Delete All Projections		Proje	ection <u>C</u>	escription	
		οκ	<u>C</u> ancel	<u>H</u> elp				

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 Projection Wizard 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									X
Entry Information									
Description: Parking									
Entry Choice: \$ per Spa	ice per Mo								
Projection								_	
					Time	Per	riod		
Entry	Project Entry Using		Increase	Starting Year	To End	Y	′rs	Cont. Proj.	
\$ 45.00		-	3.00%	Year 1 🔄		3	-		
		-	4.00%	Year 4		3	-		
	Annual Compounding	-	5.00%	Year 7		5	-		
	New Projection		Insert Projection	<u>D</u> elete Pro	jection				
			Delete All Projections		Proj	jecti	on <u>C</u>	<u>)</u> escription	
	<u>0</u> K		<u>C</u> ancel	<u>H</u> elp					

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 Buil	ding Yearly Pro					_	
<u>F</u> ile <u>E</u> dit <u>R</u> eports <u>T</u> ools <u>U</u>	tilites <u>I</u> nvestit <u>A</u>	ctivation <u>H</u> elp					
🗅 🛩 🖬 🎒 👗 🖻		ly Company Inf	o. P <u>r</u> operty	/ Info. Clie	ent Info. G	oal Seeking	Notes
Project Info. Investor	Investment	Expenses	Revenue	Vacancy	/ Financ	ing S	ale
Vacancy & Credit Loss Detai	ed Entries 💌					Co	mments
Revenue. Vacancy and Credit	Loss Allowances						
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 E	ind	•	III				
			Templ	ate: Invest Offic	e Yearly		

Select the Financing tab

FINANCING Folder

Mortgage (Borrowing)

Type: Standard Mortgage Year 1 January 1, \$1,700,000 Time Period: 10 years Amortization: 25 years, 7 Months Interest Rate: 7.00%

Setting up a mortgage

- 1. Click on the Financing folder tab
- 2. Click on the Add Mortgage button Add Mortgage Edit Mortgage Delete Mortgage Move
- 3. Amount box: \$1,700,000
- 4. Description box: "First Mortgage"
- 5. Time Period box: 10 Years
- 6. Amortization box: 25 Years, 7 Months
- 7. Nominal Interest Rate box: 7.00%

Mortgage Details Analysis Period: Year 1 Jan to Year 10 Dec Commencing Year 1 T Month January Type Standard Mortgage Amount \$1,700,000 Interest Rate Fixed T Description First Mortgage Payment Frequency Monthly	lortgage					
Payment Rounded Up to Nearest Cent Compounding Frequency Monthly	Mortgage Details Analysis Period: Year 1 Jan to Year 10 Dec Commencing Year 1 Month January Type Standard Mortgage Amount \$ 1,700,000 Interest Rate Fixed Description First Mortgage Mortgage Settings Payment Frequency Monthly Additional Payments/Borrowing Payment Rounded Up to Nearest Cent	No of (E	3alloon) Ten Time F Years	ms 1 Period Months	Amorti Years	Nominal Interest Rate
OK Compute Fill Down Qancel Help Comments		vn	<u>C</u> ance		Help	Co <u>m</u> ments

The mortgage dialog should look like this;

9. Press the OK button to return to the Financing folder

	-)		
🕼 Investor Pro 🗉 Office Building Yearly Pro			
<u>File Edit Reports Tools Utilites Investit Activa</u>	ition <u>H</u> elp		
	ompany Info. P <u>r</u> operty Info. CI	ient Info. Go	oal Seeking Notes
Project Investor Investment Ex	penses Revenue Vacanc	y Financir	Ig Sale
Mortgage (Borrowing)			
Description	Туре	Amount	Start Date
First Mortgage	Standard Mortgage	\$ 2,300,000	Year 1 Jan
	Edit Mortgage Delete Mortgage Move		
Tenant Loans			
Description	Туре	Amount	Start Date
Add Loa	n Edit Loan Delete Loan Move		
	Template: Invest Off	ice Yearly	

The financing folder should now look like this;

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
Price	Fixed Percentage of Sale
-	1
	5.00%
	5.00%
Price	Fixed Percentage of Sale

Selling Expenses

Selling Expenses 2.00% of Sale Price Legal Fees: \$6,000

The Selling Expenses should appear like this;

Selling Expenses			
Description	Entry Choice	Exp	pense
Selling Expenses	Amount	<u> </u>	\$ 0
Legal	Amount	-	\$0
Add Inser	t Delete	Move	

Entering the Selling Expenses

- Select row 1 'Selling Expenses'
 Entry Choice: "% of Sale Price"
- 3. Enter Expense: 2.00%
- 4. Select row 2: 'Legal Fees'
- 5. Enter Expense: \$6,000

The Selling Expenses should now appear like this;

Selling Expenses		
Description	Entry Choice	Expense
Selling Expenses	% of Sale Price 📃 🗾	2.00%
Legal	Amount 📃	\$ 6,000
Add Inse	t Delete	Move

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;

Sale Price Estimat	or
Sa	le Price Wizard
[\$ O
1. Press the	Sale Price Wiza

The Sale Price Wizard dialog will pop up;

Sale Price Wizard				
Financial Measure	Based on the inco for the last year Sale Price		ased on the income for e year following the Sale Sale Price	
Potential Gross Income Multiplier	0.00	\$0 (•	0.00	\$ O O
Effective Gross Income Multiplier	0.00	\$0 C	0.00	\$0 C
Cap Rate	0.00%	\$0 C 0	.00%	\$0 C 🔶
Net Income Multiplier	0.00	\$0 C	0.00	\$0 C
Compound Annual Growth Rate	0.00%		nter Your Own Estimation	
Uniform Annual Increase	0.00%	\$0 C		
Ōĸ	Cancel	Helb		

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;

nancial Measure		sed on the income for the last year Sale Price	the year fol	the income for lowing the Sale le Price	
otential Gross Income Multiplier	0.00	\$0 C	0.00	\$0	C
ffective Gross Income Multiplier	0.00	\$0 C	0.00	\$0	C
Cap Rate	0.00%	\$0 C	7.00%	\$ 3,790,696	•
Net Income Multiplier	0.00	\$0 C	0.00	\$0	C
ompound Annual Growth Rate	0.00%	\$ 2,730,000	C Enter Your	Own Estimation	
Iniform Annual Increase	0.00%	\$ 2,730,000			

Press OK to return to the Sale folder

The Sale Price Estimator should look like this;

Sale Price Estimator	
Sale Price Wizard	
	\$ 3,790,696

SAVE YOUR PROJECT