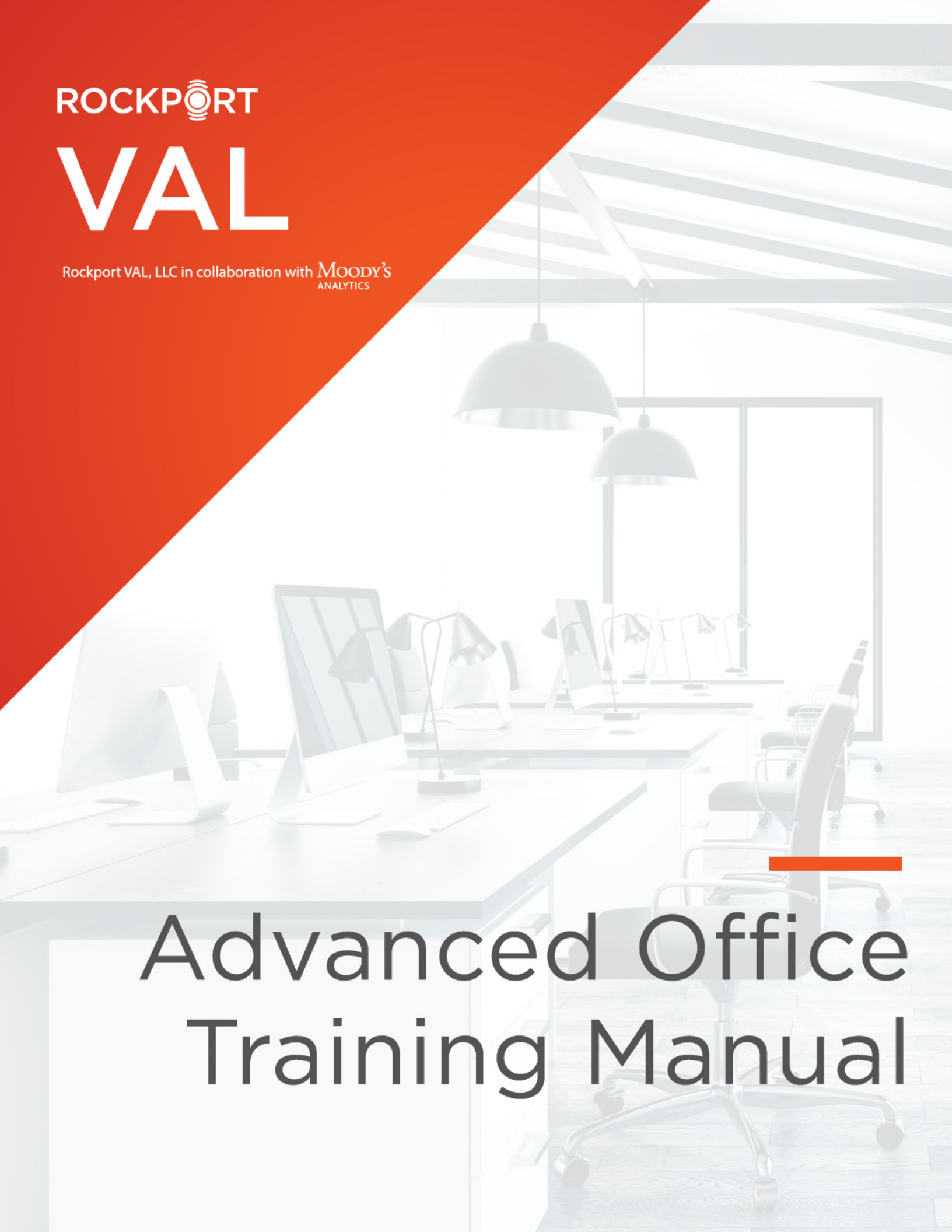
ROCKPORT

VAL

Rockport VAL, LLC in collaboration with MOODY'S ANALYTICS



Advanced Office Training Manual

Table of Contents

Introduction to VAL 3
Questions about VAL? 3
Login to VAL 4
VAL User Interface 4
Create New Property 5
Growth Rates 7
Misc. Income 7
Operating Expenses 9
Clone X Times 9
Sub Accounts 12
% Variable Expenses 13
Capital Expenses 14
Property Cash Flow 15
Rent Roll 16
Rent Steps - % Increase 18
Tenant Cash Flow – Monthly View 24
Recoveries 25
Expense Pools 26
Create Recovery Method – Base Stop 27
Recovery Audit Report 29
Gross-Up Expenses for Reimbursement 30
Upon Expiration 32
Rollover Assumptions 32
Vacant Space 35
Stacking Plan 36
Cash 37
Valuation 38

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Prospective Present Value Report 39
Closing Costs 40

Introduction to VAL

VAL is a cash flow modeling & valuation platform that is user friendly, affordable, efficient and a powerful alternative to all other products on the market. It is cloud-based so you can login to VAL from anywhere, on any device. Seamlessly collaborate and share with colleagues and clients. Today, you will learn how your team can benefit from technology's newest solution to DCF modeling and valuation.

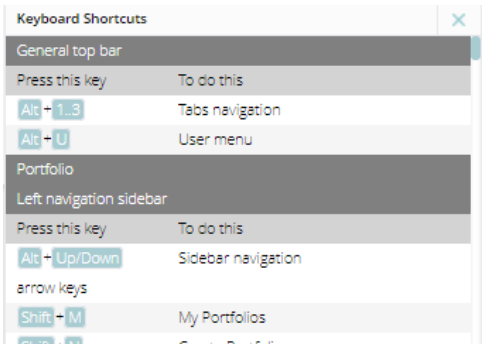
Questions about VAL?

On-Screen Tutorials: Click on the question mark located at the bottom right corner of any VAL screen to access the tutorials. Tutorials include slide shows, interactive data entry assistance, and pdf downloads.

Training Resources Page: Access numerous training videos at: www.therockportgroup.com/resources

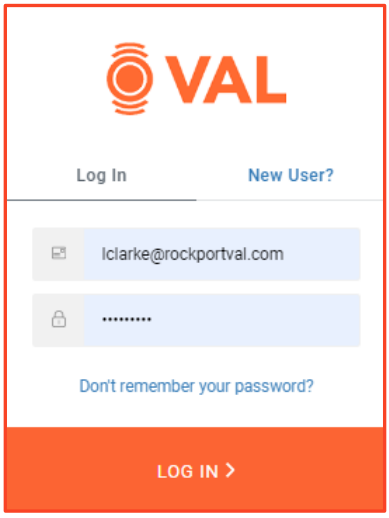
Support: Email support at support@rockportval.com.

*Helpful Hint: Click **F1** to view VAL hot keys and short cuts.*



Login to VAL

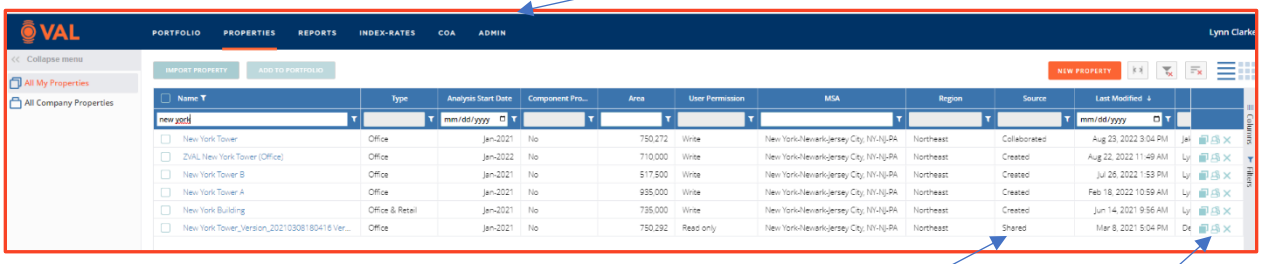
Go to www.rockportval.com and click "**Login**" in the upper right-hand corner, select Rockport VAL and enter credential to access.



VAL User Interface

The VAL user interface is designed to be intuitive and easy to navigate.

Access Portfolios and Properties and setup Report Packages, Index Rates and Chart of Accounts.

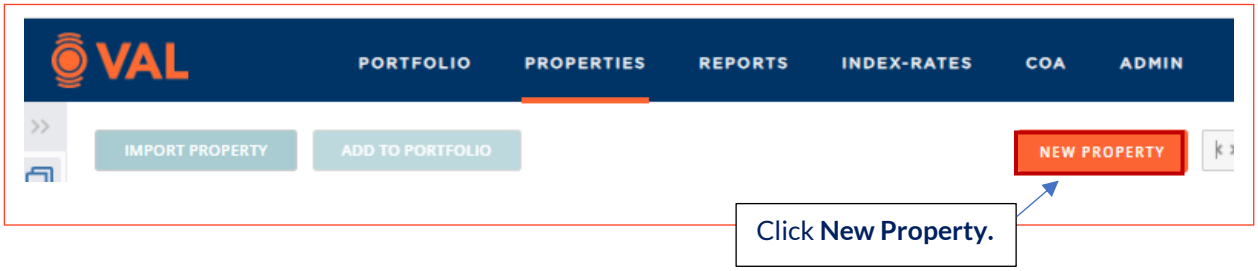


The Source column displays if model was created, shared, or collaborated.

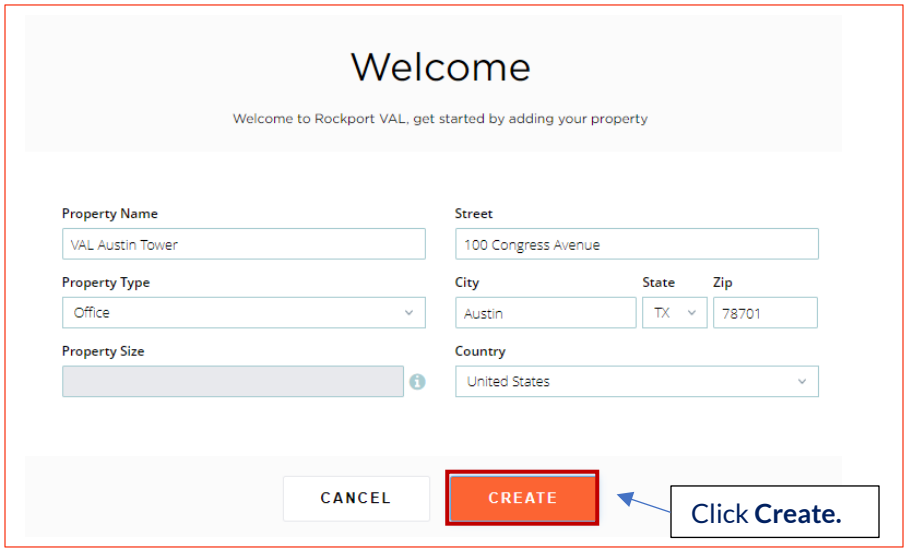
Copy, Share and Delete Models.

Create New Property

In this training scenario, we will create an Office property.



- Click **New Property.**



Add the following property details:

- Property Name: VAL Austin Tower
- Property Type: Office
- Address: 100 Congress Avenue Austin, TX 78701
- Click **Create.**

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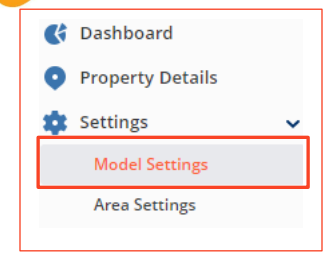
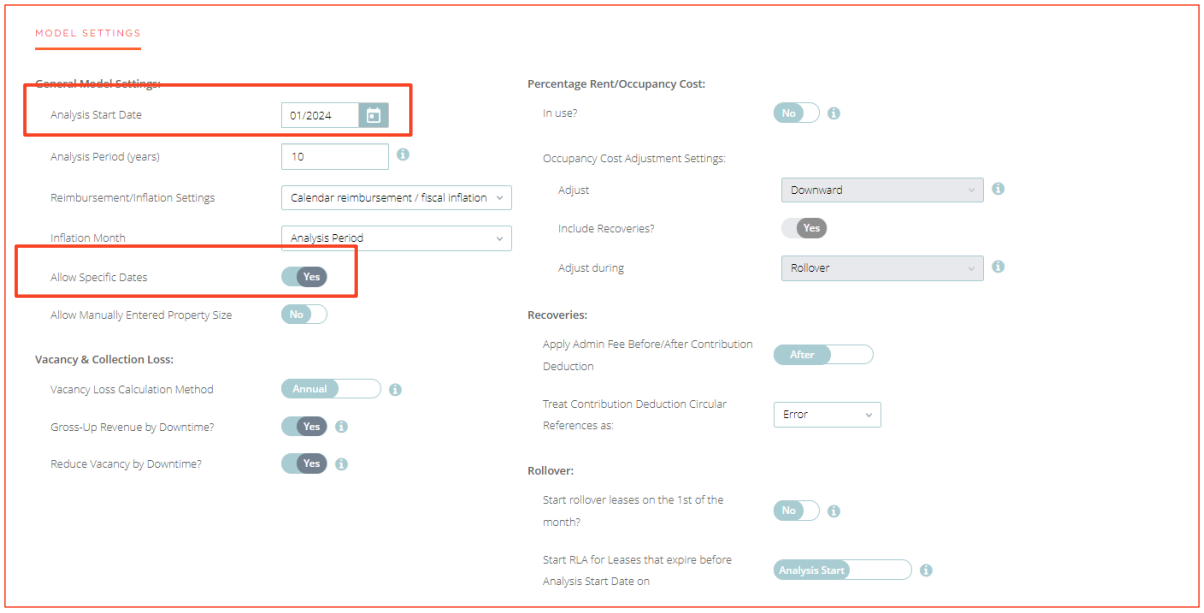


- From the navigation pane go to **Model Settings.**



Update the following Model Settings:

- Analysis Start Date: 1/2024, 10 Years
- Allow Specific Dates: Yes

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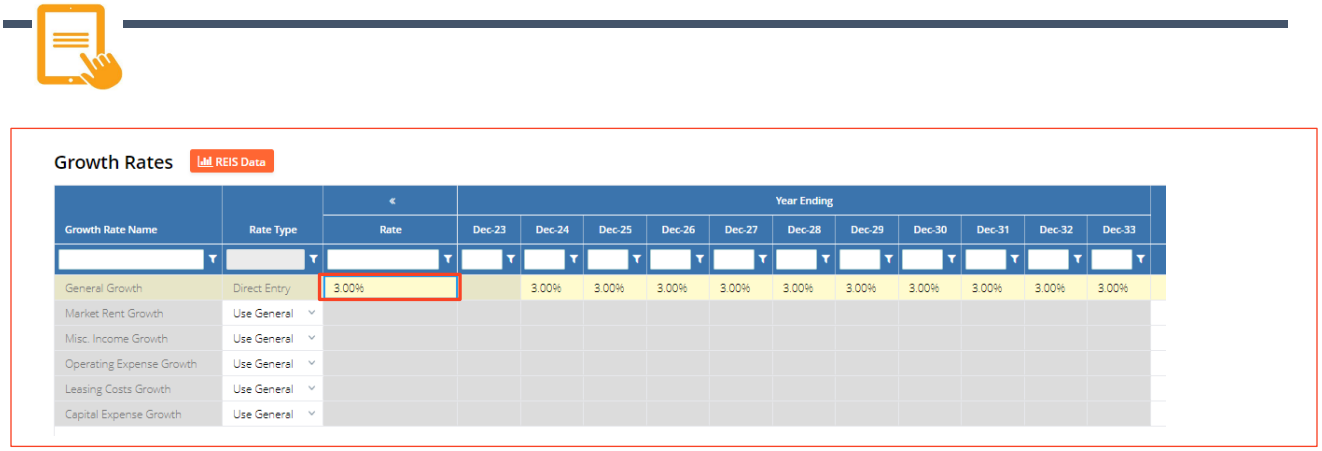
Growth Rates

Enter the growth rates to be applied to the model. Growth rates can be overridden at the line-item level. Create an unlimited number of growth rates as applicable to the property.



Add the following Growth Rates:

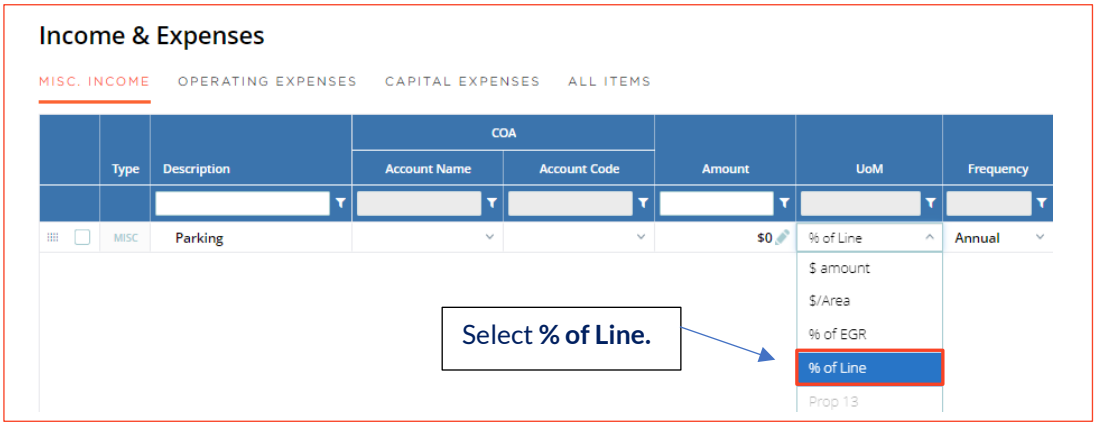
- General Growth: 3%

Misc. Income

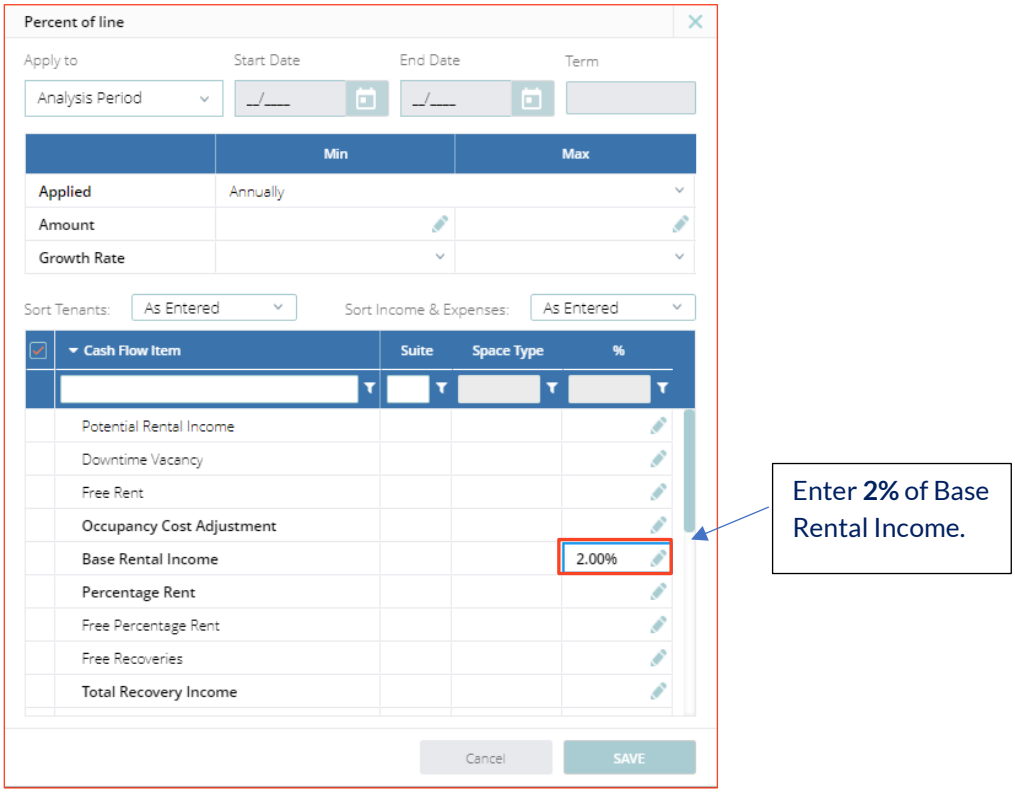
Miscellaneous income is where revenue generating items not associated to a lease is entered such as Vending, Signage, Parking and Antennae.

Misc. Income may be calculated by the following Unit of Measures:

- $ amount
- $/Area
- % of EGR
- % of Line



- Parking Revenue is 2% of Base Rental Income



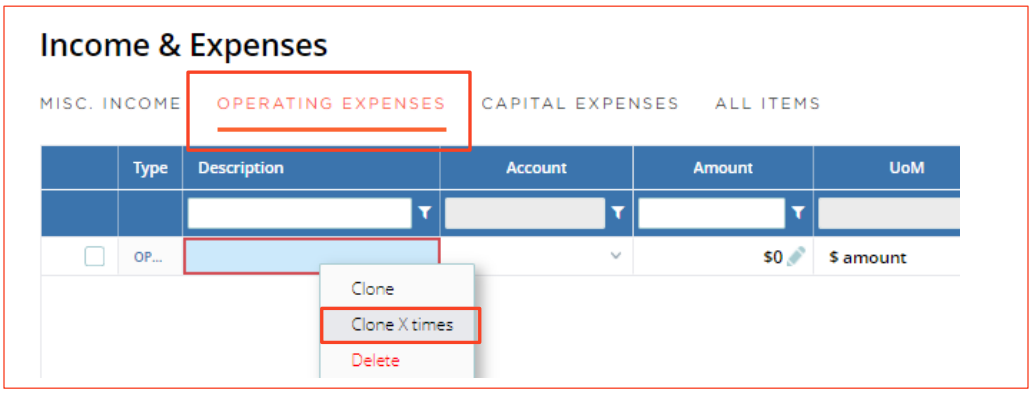
Operating Expenses

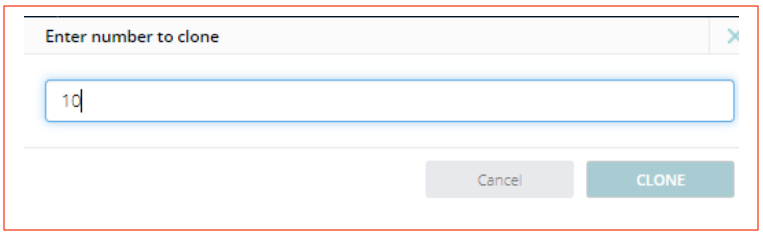
Enter all operating expenses including reimbursable and non-reimbursable in the Operating Expenses window. Reimbursable expenses are expenses that the property owner will recover from the tenants. In our example, we will leverage VAL's copy and paste functionality to efficiently populate data into the model.

Operating Expenses may be calculated by the following Unit of Measures:

- $ amount
- $/Area
- % of EGR
- % of Line
- Prop 13

Clone X Times





Add the same number of rows that exist in the Excel model.

- Right-click the line item and select Clone X times.
- Clone 10 times.

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Copy and Paste Operating Expenses from Excel

	A	B	C	D
1				
2	**Statement (12 months)**			
3	Period = Jan 2024 - Dec 2024			
4				
5				
6	**Description**			**Total**
7	Landscaping			150,000
8	Repairs & Maintenance			460,000
9	Janitorial			427,000
10	HVAC			225,000
11	Security			280,000
12	Property Taxes			575,000
13	Management Fee			765,000
14	Insurance			375,000
15	Electric			525,000
16	Gas			90,000
17	Water			125,000
18	**TOTAL OPERATING EXPENSES**			**3,997,000**
19				

Highlight the cells and select **CTRL C** to copy.

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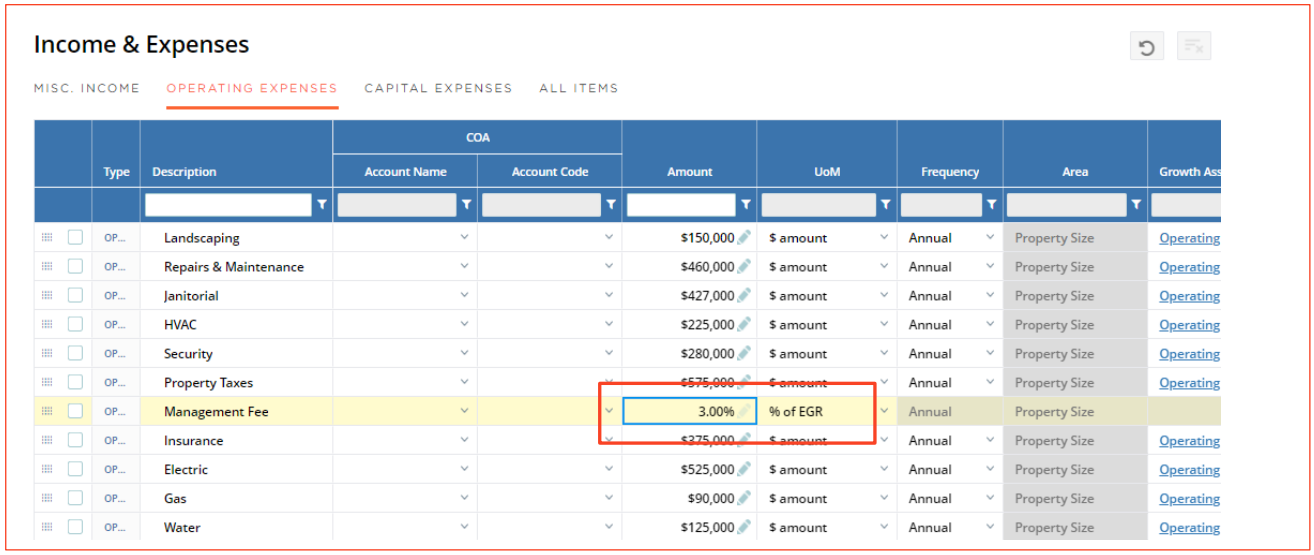
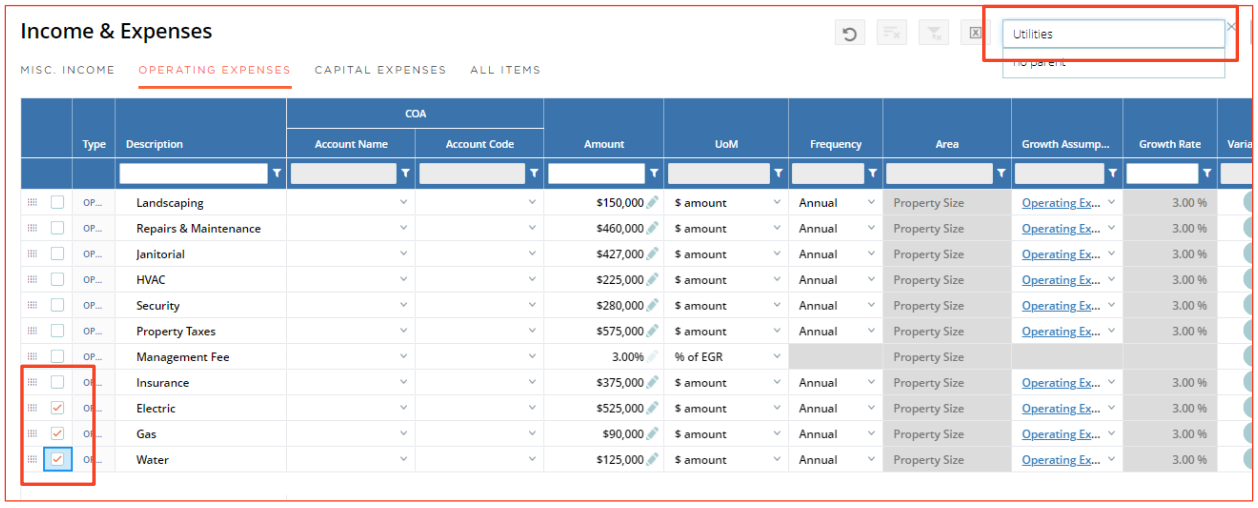
Click **CTRL V** to paste into VAL.



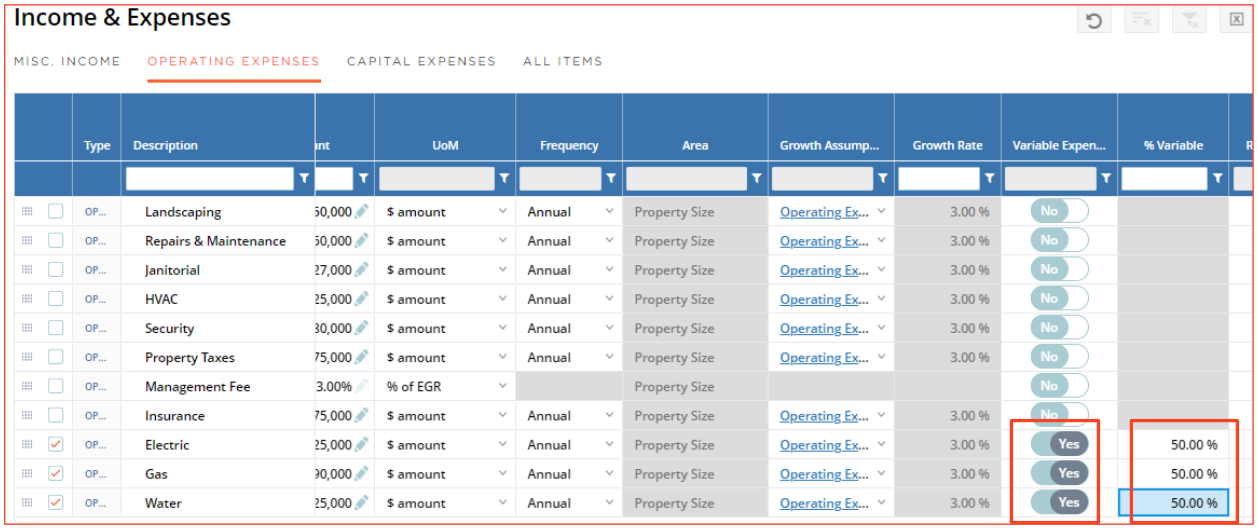
- Management Fee is 3% of EGR.

Sub Accounts



- Electric, Gas, and Water are subaccounts to Utilities, which is the parent account. To model this, select the checkbox next to Electric, Gas, and Water and click **Add to Parent.** Enter **Utilities** as the name and hit **Enter.**

% Variable Expenses



- Electric, Gas, and Water are 50% variable, meaning 50% of the expenses are based on the occupancy of the building.
- Toggle **YES** in the Variance Expense field and enter **50** as the **% Variable.**

Helpful Hint: *Variable Expense Formula = (Expense $ x Variable % x Occupancy %) + (Expense $ x % Fixed)*

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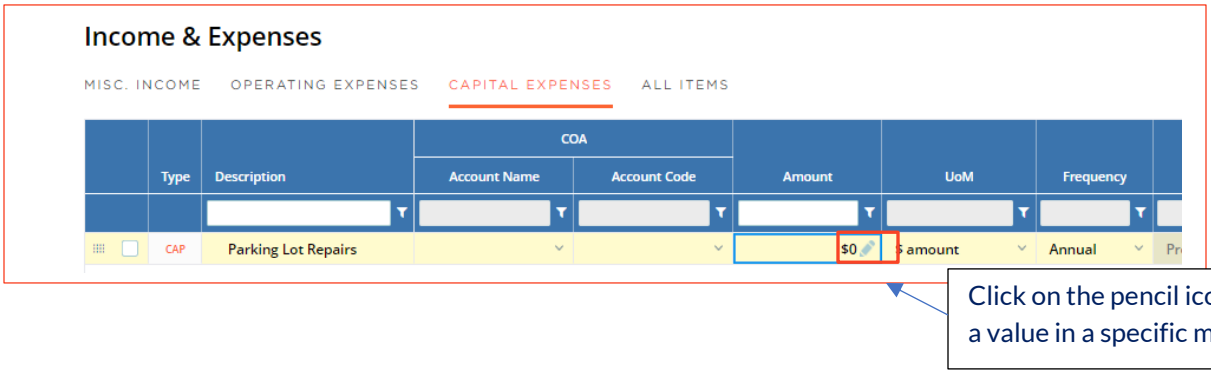
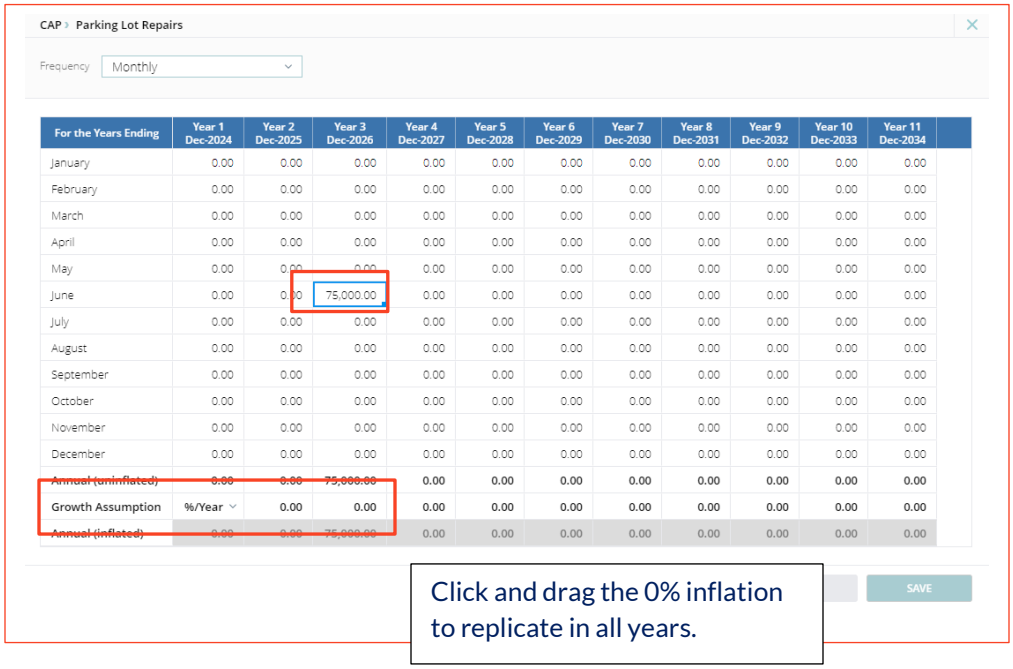
Capital Expenses

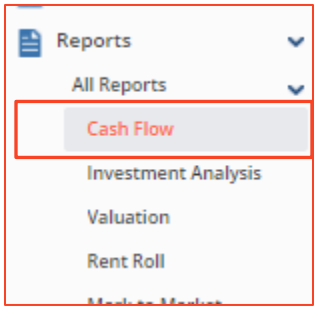
Capital expenses are typically not included in the NOI and will be displayed below NOI on the cash flow. Examples of capital expenses are reserves, roof repair, and building improvements.

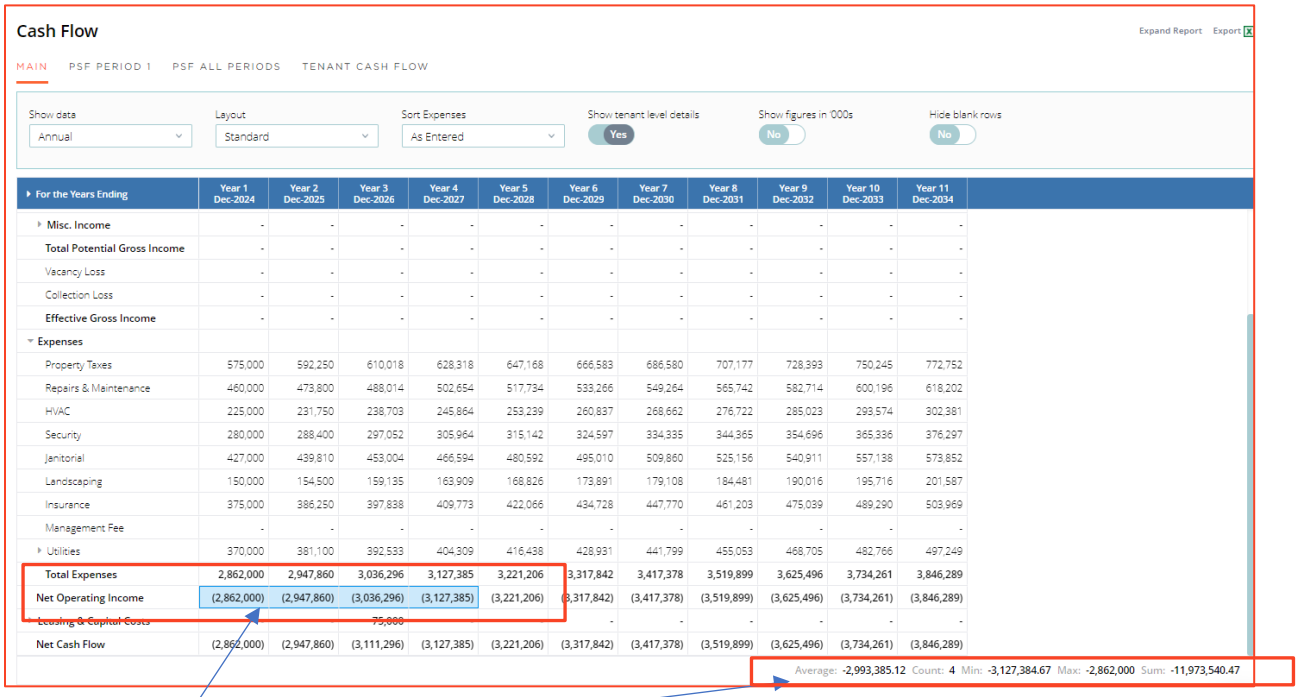


- Parking Lot Repairs is $75,000 in June 2026, with 0% growth.



Property Cash Flow

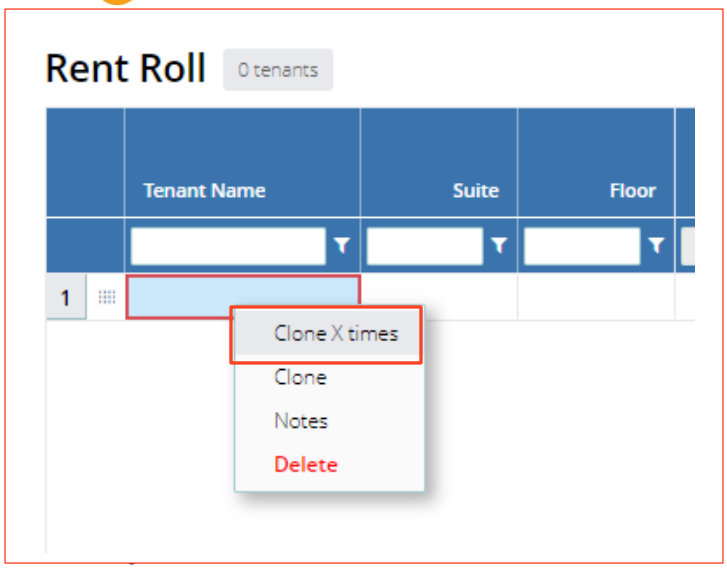




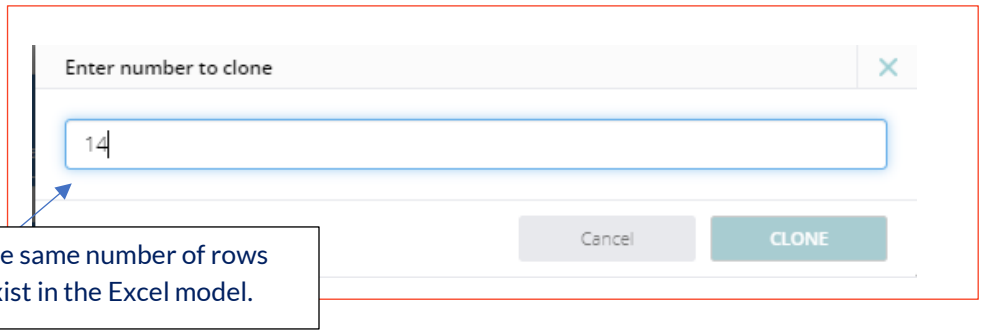
When you select two or more cells that contain numeric data, VAL automatically summarizes the data on status bar.

Rent Roll

The Rent Roll is used to model contractual or speculative leases including tenant size, start and end dates, base rent, fixed steps, free rent, percentage rent, recoveries, leasing costs and renewal assumptions. In our example, we will leverage VAL's copy and paste functionality to efficiently populate data into the model.

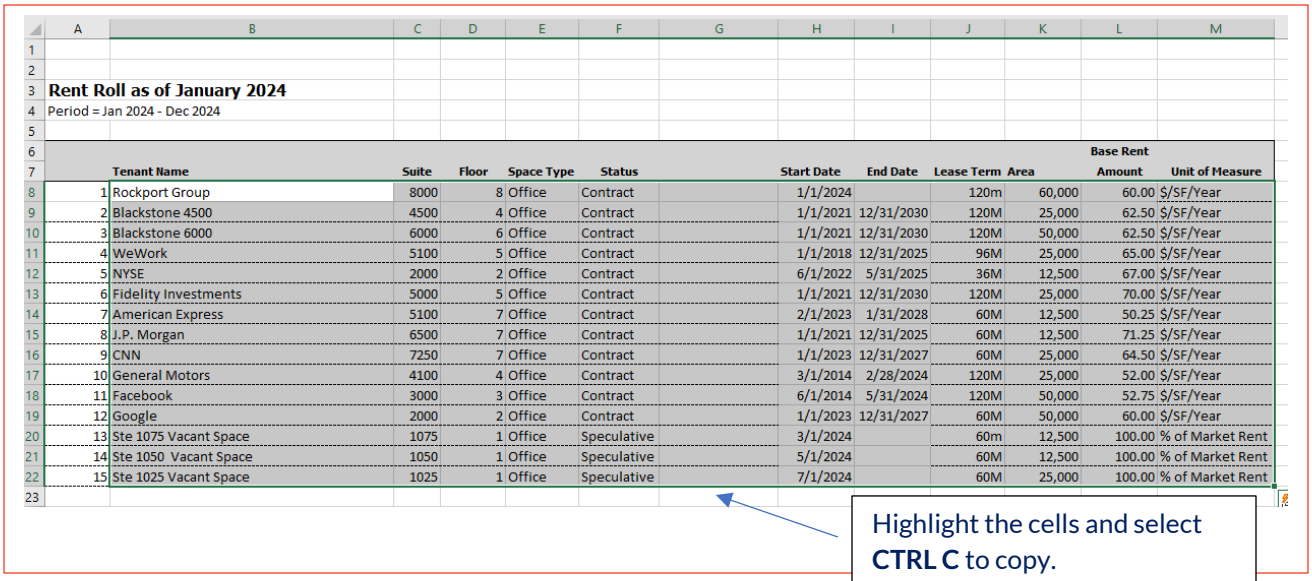


- Right-click the line item and select **Clone X times.**
- **Clone 14 times.**



Add the same number of rows that exist in the Excel model.

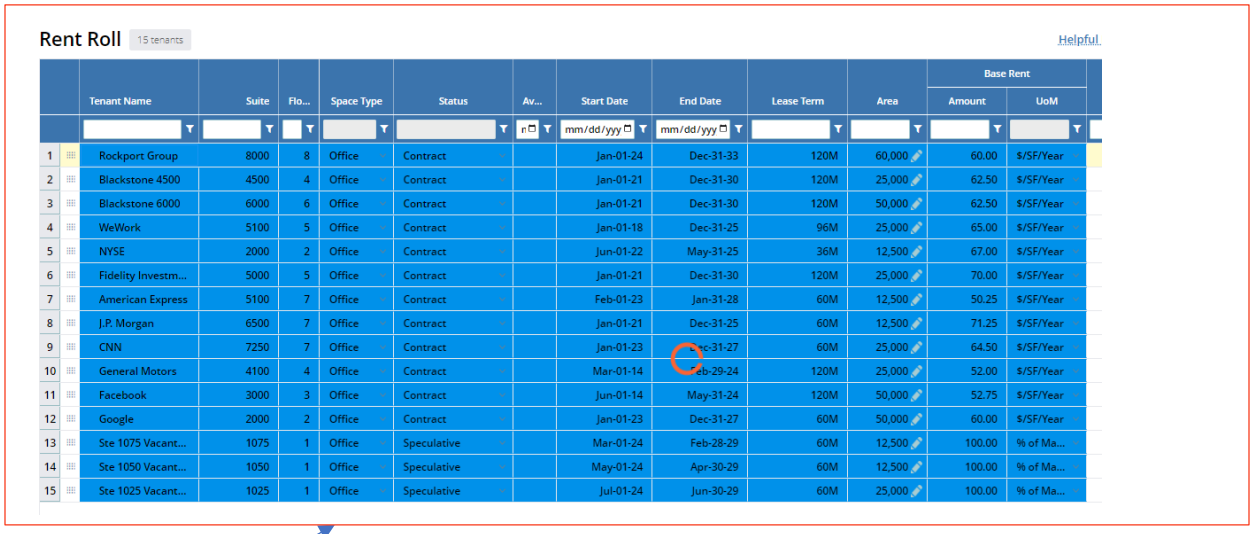
Copy and Paste Rent Roll from Excel



Rent Roll as of January 2024
Period = Jan 2024 - Dec 2024

	Tenant Name	Suite	Floor	Space Type	Status	Start Date	End Date	Lease Term	Area	Base Rent Amount	Unit of Measure
1	Rockport Group	8000	8	Office	Contract	1/1/2024		120m	60,000	60.00	$/SF/Year
2	Blackstone 4500	4500	4	Office	Contract	1/1/2021	12/31/2030	120M	25,000	62.50	$/SF/Year
3	Blackstone 6000	6000	6	Office	Contract	1/1/2021	12/31/2030	120M	50,000	62.50	$/SF/Year
4	WeWork	5100	5	Office	Contract	1/1/2018	12/31/2025	96M	25,000	65.00	$/SF/Year
5	NYSE	2000	2	Office	Contract	6/1/2022	5/31/2025	36M	12,500	67.00	$/SF/Year
6	Fidelity Investments	5000	5	Office	Contract	1/1/2021	12/31/2030	120M	25,000	70.00	$/SF/Year
7	American Express	5100	7	Office	Contract	2/1/2023	1/31/2028	60M	12,500	50.25	$/SF/Year
8	J.P. Morgan	6500	7	Office	Contract	1/1/2021	12/31/2025	60M	12,500	71.25	$/SF/Year
9	CNN	7250	7	Office	Contract	1/1/2023	12/31/2027	60M	25,000	64.50	$/SF/Year
10	General Motors	4100	4	Office	Contract	3/1/2014	2/28/2024	120M	25,000	52.00	$/SF/Year
11	Facebook	3000	3	Office	Contract	6/1/2014	5/31/2024	120M	50,000	52.75	$/SF/Year
12	Google	2000	2	Office	Contract	1/1/2023	12/31/2027	60M	50,000	60.00	$/SF/Year
13	Ste 1075 Vacant Space	1075	1	Office	Speculative	3/1/2024		60m	12,500	100.00	% of Market Rent
14	Ste 1050 Vacant Space	1050	1	Office	Speculative	5/1/2024		60M	12,500	100.00	% of Market Rent
15	Ste 1025 Vacant Space	1025	1	Office	Speculative	7/1/2024		60M	25,000	100.00	% of Market Rent

Highlight the cells and select **CTRL C** to copy.



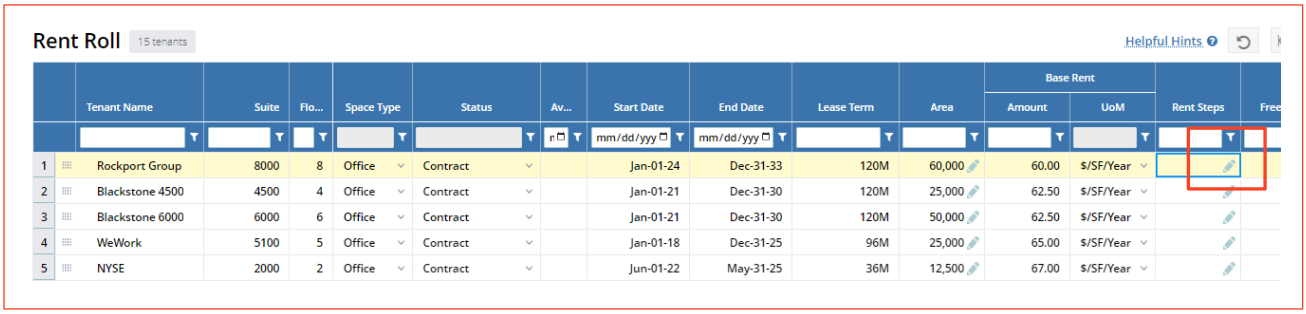
Rent Roll 15 tenants — Helpful

	Tenant Name	Suite	Flo...	Space Type	Status	Av...	Start Date	End Date	Lease Term	Area	Base Rent Amount	Base Rent UoM
1	Rockport Group	8000	8	Office	Contract		Jan-01-24	Dec-31-33	120M	60,000	60.00	$/SF/Year
2	Blackstone 4500	4500	4	Office	Contract		Jan-01-21	Dec-31-30	120M	25,000	62.50	$/SF/Year
3	Blackstone 6000	6000	6	Office	Contract		Jan-01-21	Dec-31-30	120M	50,000	62.50	$/SF/Year
4	WeWork	5100	5	Office	Contract		Jan-01-18	Dec-31-25	96M	25,000	65.00	$/SF/Year
5	NYSE	2000	2	Office	Contract		Jun-01-22	May-31-25	36M	12,500	67.00	$/SF/Year
6	Fidelity Investm...	5000	5	Office	Contract		Jan-01-21	Dec-31-30	120M	25,000	70.00	$/SF/Year
7	American Express	5100	7	Office	Contract		Feb-01-23	Jan-31-28	60M	12,500	50.25	$/SF/Year
8	J.P. Morgan	6500	7	Office	Contract		Jan-01-21	Dec-31-25	60M	12,500	71.25	$/SF/Year
9	CNN	7250	7	Office	Contract		Jan-01-23	[illegible]-31-27	60M	25,000	64.50	$/SF/Year
10	General Motors	4100	4	Office	Contract		Mar-01-14	[illegible]-29-24	120M	25,000	52.00	$/SF/Year
11	Facebook	3000	3	Office	Contract		Jun-01-14	May-31-24	120M	50,000	52.75	$/SF/Year
12	Google	2000	2	Office	Contract		Jan-01-23	Dec-31-27	60M	50,000	60.00	$/SF/Year
13	Ste 1075 Vacant...	1075	1	Office	Speculative		Mar-01-24	Feb-28-29	60M	12,500	100.00	% of Ma...
14	Ste 1050 Vacant...	1050	1	Office	Speculative		May-01-24	Apr-30-29	60M	12,500	100.00	% of Ma...
15	Ste 1025 Vacant...	1025	1	Office	Speculative		Jul-01-24	Jun-30-29	60M	25,000	100.00	% of Ma...

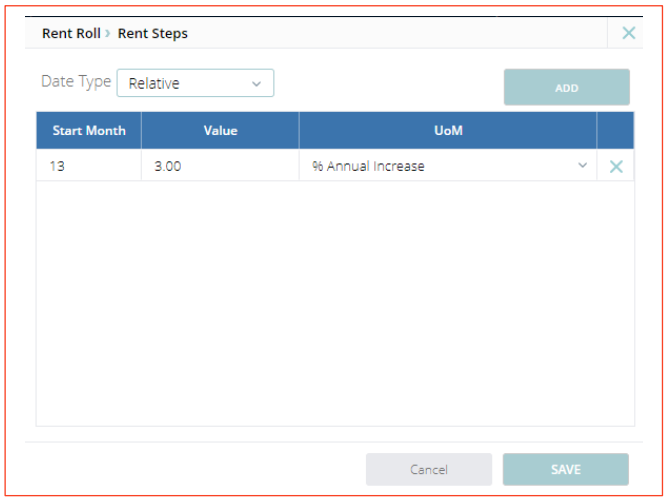
Click **CTRL V** to paste into VAL.

Rent Steps - % Increase

Rent Steps are increases to the base rent over the term of the lease that can be entered as either an amount or percent increase.



- Edit **Rent Steps** for **Rockport Group.**



- Date Type: **Relative**
- Add a 3% annual increase beginning month 13.

Rent Roll 15 tenants

	Tenant Name	Suite	Flo...	Start Date	End Date	Lease Term	Area	Base Rent		Rent Steps	Free Ren
								Amount	UoM		
				m/dd/yyy	mm/dd/yyy						
1	Rockport Group	8000	8	Jan-01-24	Dec-31-33	120M	60,000	60.00	$/SF/Year	3.00 % A...	
2	Blackstone 4500	4500	4	Jan-01-21	Dec-31-30	120M	25,000	62.50	$/SF/Year	3.00 % A...	
3	Blackstone 6000	6000	6	Jan-01-21	Dec-31-30	120M	50,000	62.50	$/SF/Year	3.00 % A...	
4	WeWork	5100	5	Jan-01-18	Dec-31-25	96M	25,000	65.00	$/SF/Year	3.00 % A...	
5	NYSE	2000	2	Jun-01-22	May-31-25	36M	12,500	67.00	$/SF/Year	3.00 % A...	
6	Fidelity Investm...	5000	5	Jan-01-21	Dec-31-30	120M	25,000	70.00	$/SF/Year	3.00 % A...	
7	American Express	5100	7	Feb-01-23	Jan-31-28	60M	12,500	50.25	$/SF/Year	3.00 % A...	
8	J.P. Morgan	6500	7	Jan-01-21	Dec-31-25	60M	12,500	71.25	$/SF/Year	3.00 % A...	
9	CNN	7250	7	Jan-01-23	Dec-31-27	60M	25,000	64.50	$/SF/Year	3.00 % A...	
10	General Motors	4100	4	Mar-01-14	Feb-29-24	120M	25,000	52.00	$/SF/Year	3.00 % A...	
11	Facebook	3000	3	Jun-01-14	May-31-24	120M	50,000	52.75	$/SF/Year	3.00 % A...	
12	Google	2000	2	Jan-01-23	Dec-31-27	60M	50,000	60.00	$/SF/Year	3.00 % A...	
13	Ste 1075 Vacant...	1075						100.00	% of Ma...	3.00 % A...	
14	Ste 1050 Vacant...	1050						100.00	% of Ma...	3.00 % A...	
15	Ste 1025 Vacant...	1025						100.00	% of Ma...	3.00 % A...	

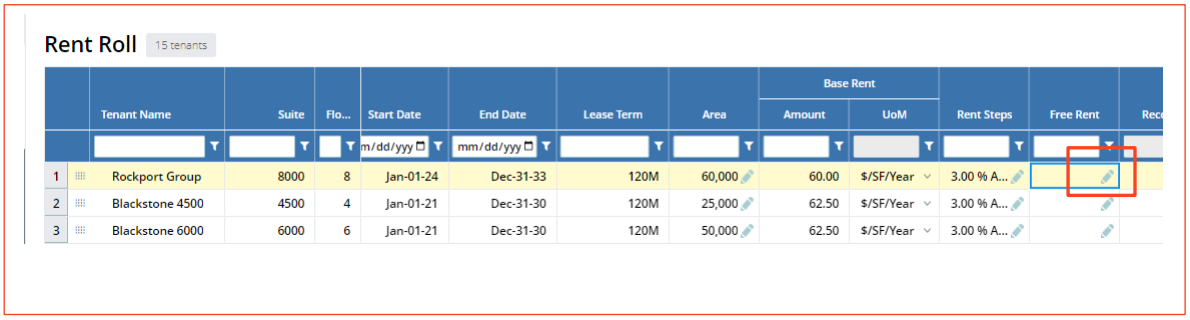
Select **CTRL C** to copy the rent step and **CTRL V** to paste to all tenants.

- Copy and paste the 3% annual rent step to all tenants.

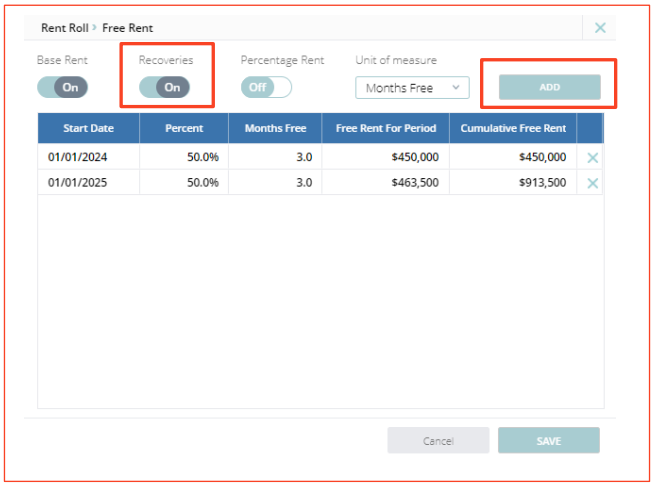
Free Rent Variable

By default, free rent includes base rent plus rent steps and applied at the beginning of the lease term. To add recoveries and/or percentage rent to the formula or update the free rent period create a variable.

Rockport Group has a 50% free rent for the first three months in year 1 and year 2 of their lease and includes recoveries.



- Click on **Free Rent** pencil icon.

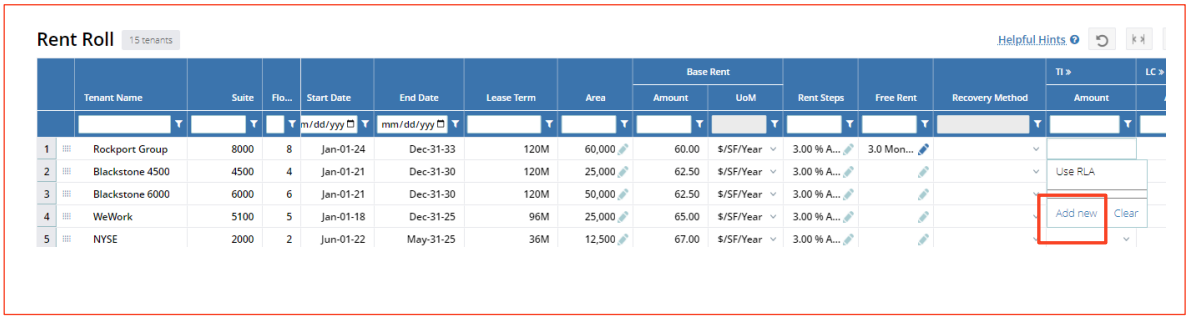


- Click **Add** to insert rows and model free rent to reflect a 50% abatement in the first 3 months of year 1 and year 2 of the lease terms. Include recoveries in the formula.

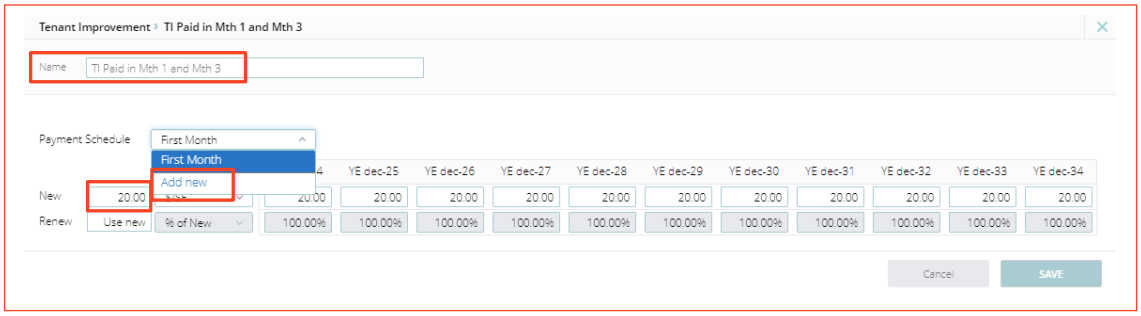
Leasing Cost - Payment Schedule

By default, tenant improvements and leasing commissions are paid in the first month of the lease. To modify when the payment is to be made create a variable and a payment schedule.

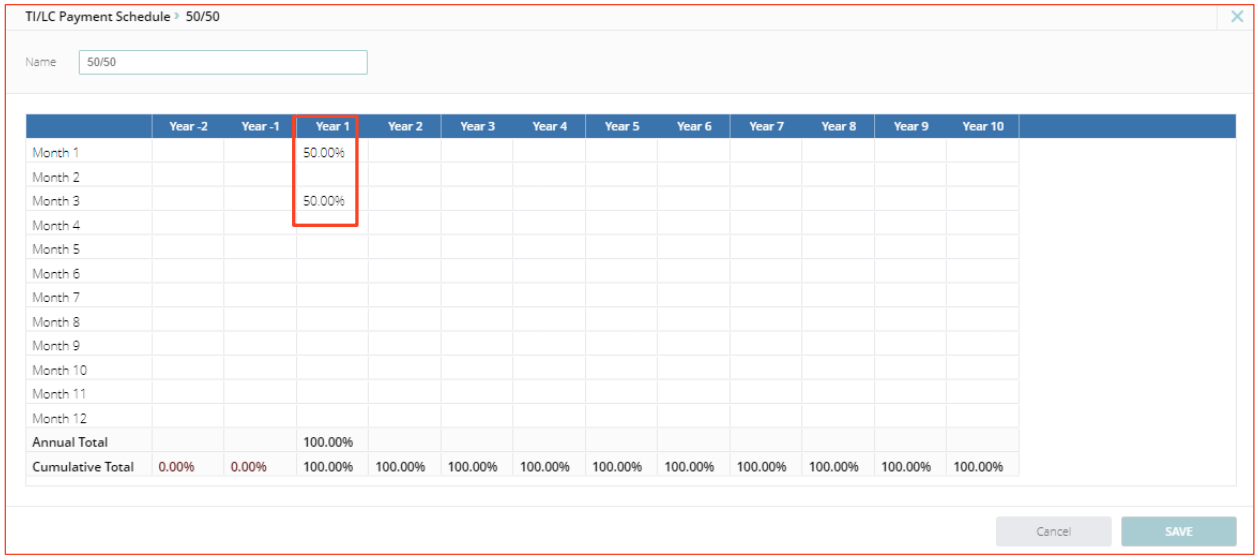
Rockport Group has a TI of $20/SF where 50% is paid in month 1 and the remaining 50% paid in month 3 of the lease.



- Click on the **TI** drop down menu and select **Add New.**



- Name: TI Paid in Mth 1 and Mth 3
- New Rate: $20
- Select Add new from the Payment Schedule drop down menu.

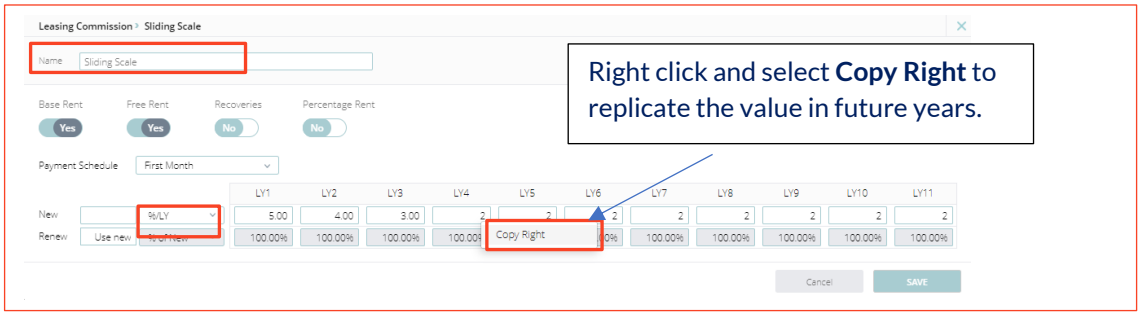

TI/LC Payment Schedule › 50/50
Name
50/50
Year -2
Year -1
Year 1
Year 2
Year 3
Year 4
Year 5
Year 6
Year 7
Year 8
Year 9
Year 10
Month 1
50.00%
Month 2
Month 3
50.00%
Month 4
Month 5
Month 6
Month 7
Month 8
Month 9
Month 10
Month 11
Month 12
Annual Total
100.00%
Cumulative Total
0.00%
0.00%
100.00%
100.00%
100.00%
100.00%
100.00%
100.00%
100.00%
100.00%
100.00%
100.00%
Cancel
SAVE

Leasing Commission – Sliding Scale

By default, leasing commissions are based on a % of the base rent + rent steps – free rent during the lease term. To create a sliding scale commission structure where the % changes during the lease term, create a Leasing Commission variable.

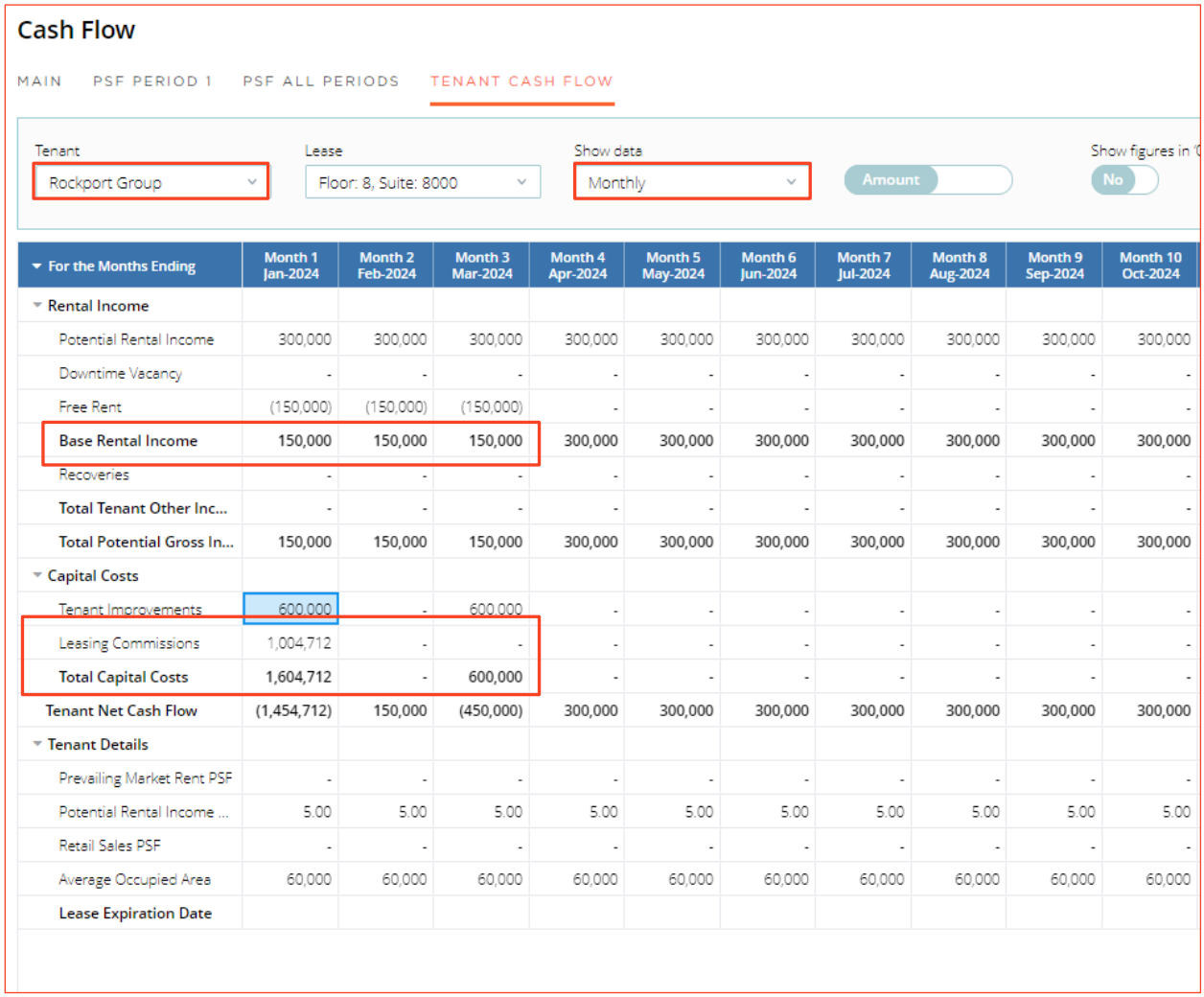
Rockport Group has a sliding scale commission structure at 5% in year 1, 4% in year 2, 3% in year 3 and 2% in remainder of years.

- Click on the pencil icon for **LC** drop down menu and select **Add New.**



- Name: Sliding Scale
- New Rate: Select %/LY from the drop-down menu.
- Enter 5% in LY1, 4% in LY2, 3% in LY3 and 2% for remainder of years.

Tenant Cash Flow – Monthly View



Cash Flow

MAIN PSF PERIOD 1 PSF ALL PERIODS TENANT CASH FLOW

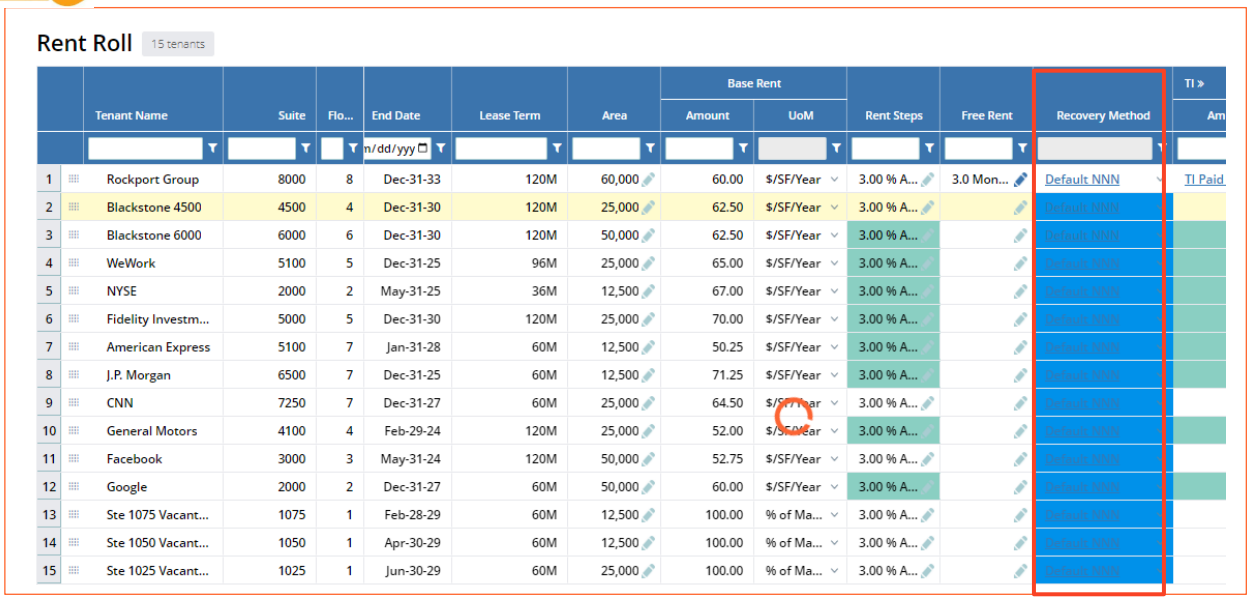
Tenant: Rockport Group | Lease: Floor: 8, Suite: 8000 | Show data: Monthly | Amount | Show figures in '0 | No

For the Months Ending	Month 1 Jan-2024	Month 2 Feb-2024	Month 3 Mar-2024	Month 4 Apr-2024	Month 5 May-2024	Month 6 Jun-2024	Month 7 Jul-2024	Month 8 Aug-2024	Month 9 Sep-2024	Month 10 Oct-2024
Rental Income										
Potential Rental Income	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Downtime Vacancy	-	-	-	-	-	-	-	-	-	-
Free Rent	(150,000)	(150,000)	(150,000)	-	-	-	-	-	-	-
Base Rental Income	150,000	150,000	150,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Recoveries	-	-	-	-	-	-	-	-	-	-
Total Tenant Other Inc...	-	-	-	-	-	-	-	-	-	-
Total Potential Gross In...	150,000	150,000	150,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Capital Costs										
Tenant Improvements	600,000	-	600,000	-	-	-	-	-	-	-
Leasing Commissions	1,004,712	-	-	-	-	-	-	-	-	-
Total Capital Costs	1,604,712	-	600,000	-	-	-	-	-	-	-
Tenant Net Cash Flow	(1,454,712)	150,000	(450,000)	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Tenant Details										
Prevailing Market Rent PSF	-	-	-	-	-	-	-	-	-	-
Potential Rental Income ...	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Retail Sales PSF	-	-	-	-	-	-	-	-	-	-
Average Occupied Area	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Lease Expiration Date										

Recoveries

Recoveries are the shared expenses that a landlord passes on to its tenants, and subsequently recovered by generating an invoice to the tenant for their pro-rata share. Recovery methods in VAL include:

- Base Stop: Tenant pays their pro-rata share over the base stop amount.
- Net: Tenant pays their pro-rata share of the total reimbursable expenses.
- Fixed: Tenant pays a specific $ amount.
- BY (Calc/Future): Tenant pays their pro-rata share over the base stop amount. VAL calculates the base year stop based on lease year 1 reimbursable expenses.
- BY+1: Tenant pays their pro-rata share above the base stop amount which is calculated in year 2 of the lease.
- BY-1: Tenant pays their pro-rata share above the base stop amount which is calculated in the year prior to year 1 of the lease.

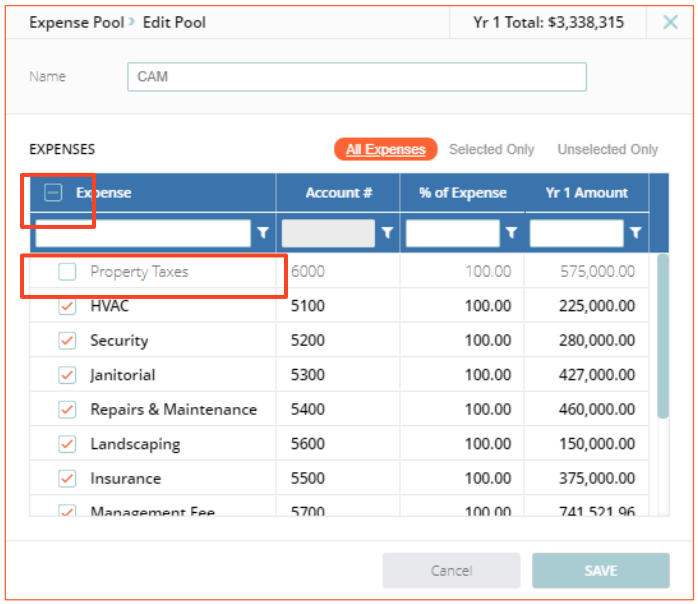


- Select **Default NNN** recovery method for Rockport Group and copy and paste to all tenants.

Expense Pools

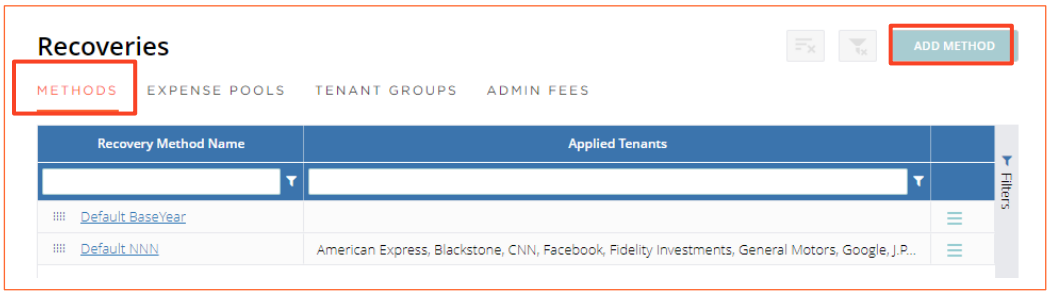
Tenants pays their pro-rata share for CAM above a 2021 base stop amount of $3M plus a 15% administration fee and Net property taxes. Create an expense pool that includes the CAM expenses.

- Click on **Expense Pools** from the navigation pane.
- Click **Add Pool.**

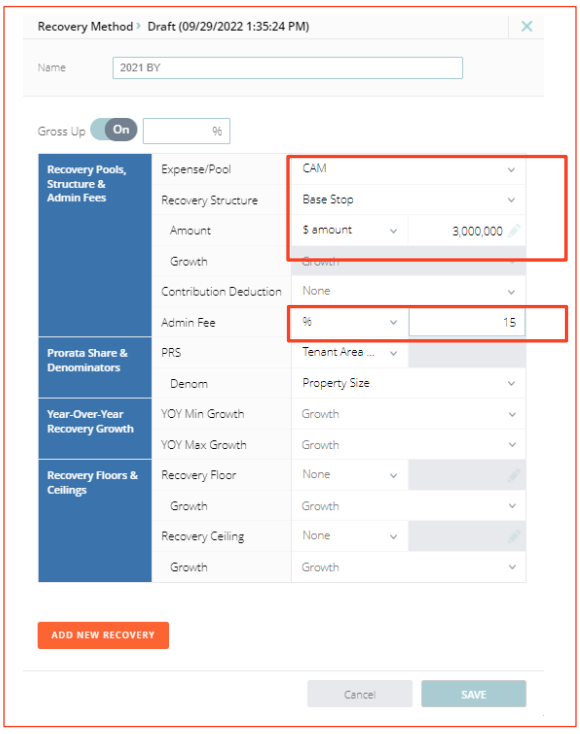


- Name: **CAM**
- All Expenses excluding Property Taxes
- Click **Save.**

Create Recovery Method – Base Stop



- **Click on the Methods tab and select Add Method.**



- Name Recovery Method **2021 BY**
- Select **CAM** as the Expense Pool.
- Select **Base Stop** as Recovery Structure.
- Enter **$3,000,000** as base stop amount.
- Enter a **15%** Admin Fee.

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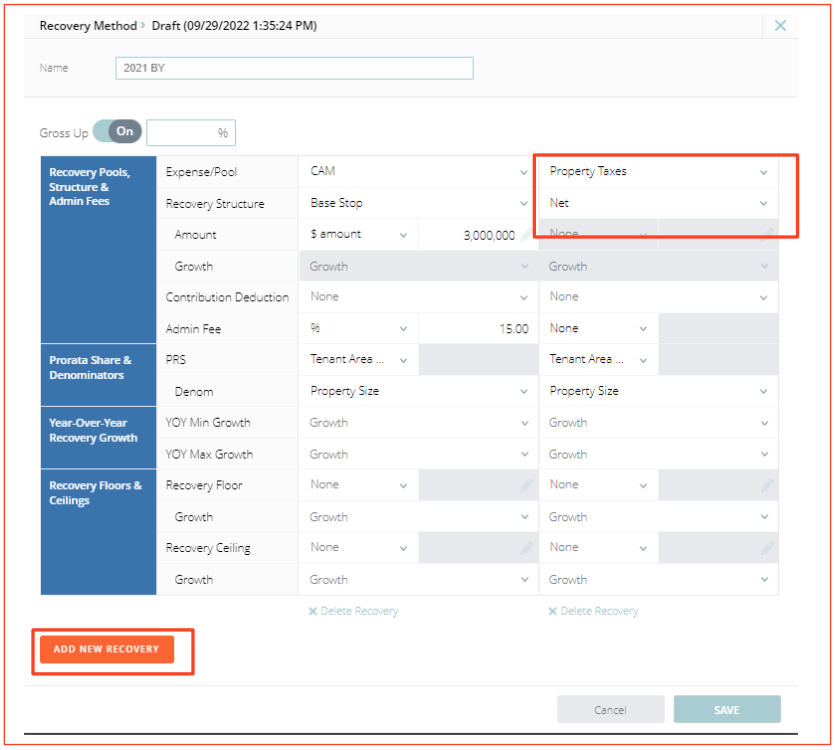
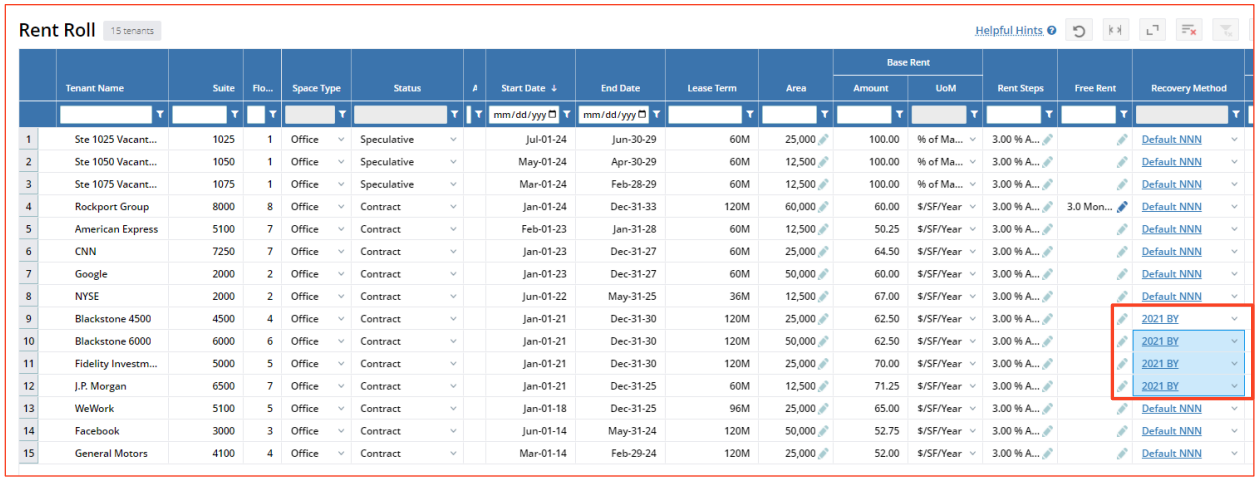


- Click **Add Expense/Pool** to model Net Property Taxes.



- Sort tenants by Lease Start date and apply the 2021 BY recovery method to all tenants starting in 2021. (Blackstone, Fidelity Investments, & JP Morgan).

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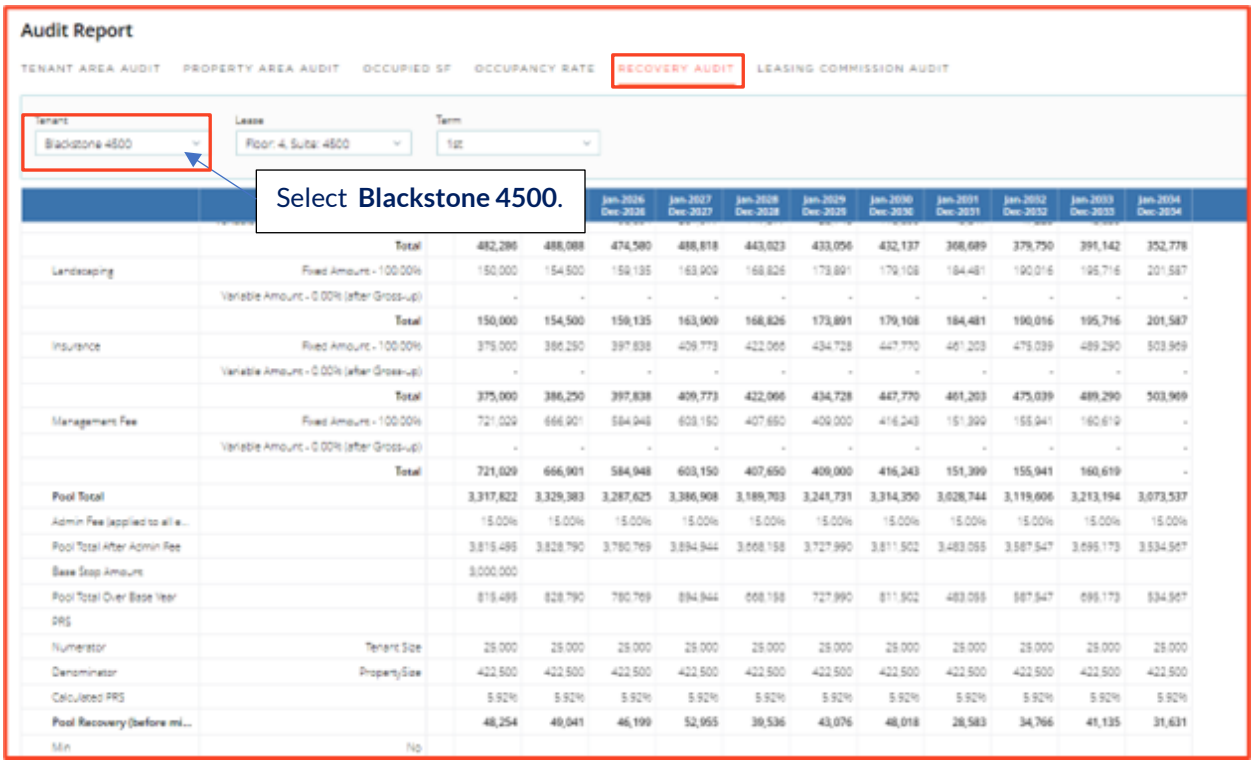
Recovery Audit Report



Helpful Hint: If a lease starts prior to the analysis start date and has a base stop reimbursement, enter the base stop amount. If you select the BY Calc/Future method, VAL will assume the reimbursable expenses in year 1 of the analysis as the base stop amount.

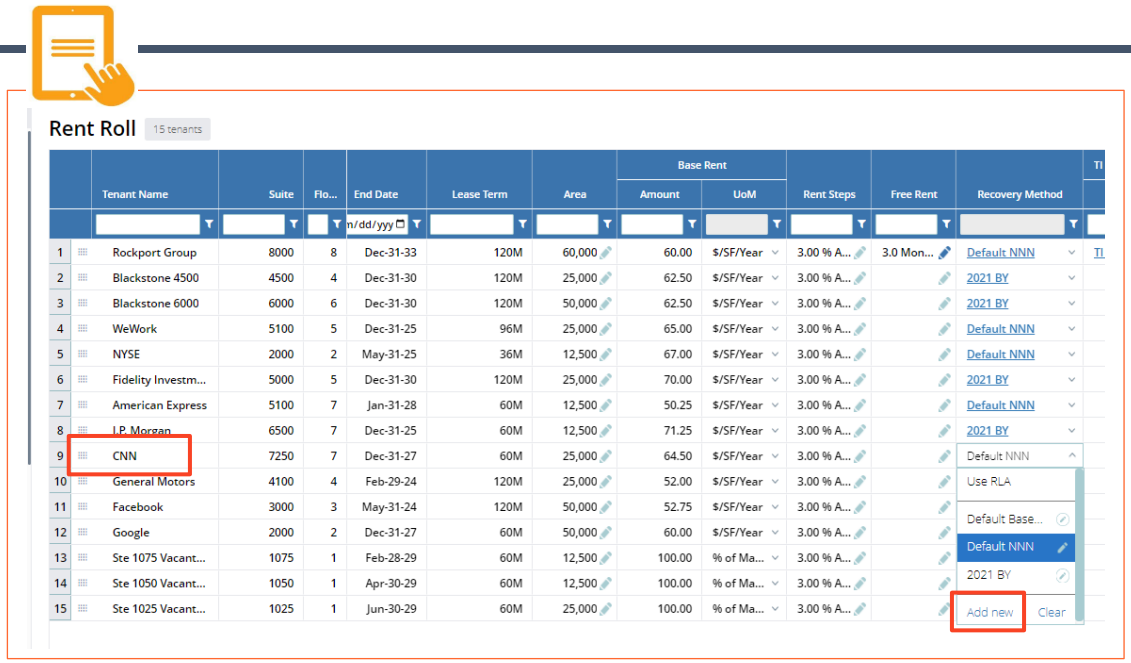
Gross-Up Expenses for Reimbursement

In commercial leases (especially office leases), a gross-up provision stipulates if a building has significant vacancy, the landlord can estimate the variable operating expenses as if the building is fully or nearly fully occupied and charge the tenants.

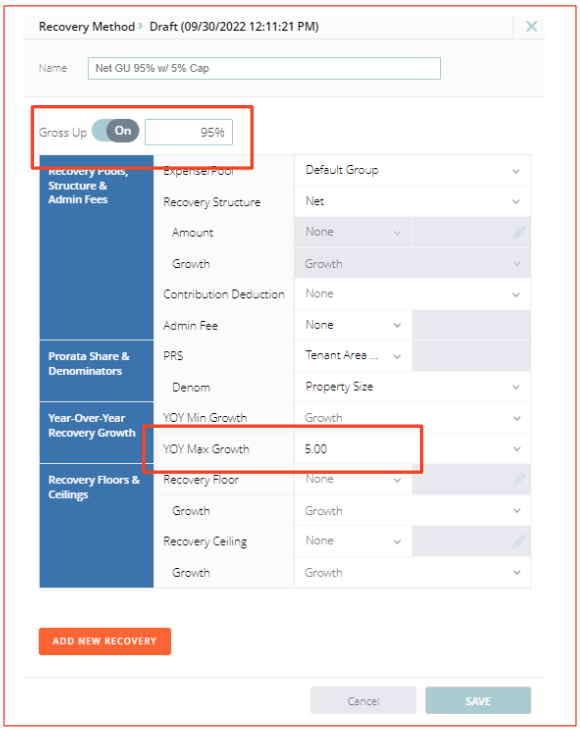
Gross-up Calculation:

Expense Pool Amount = {Variable Expense Amount x % Variable x % Occupancy (OR Gross Up %)} + {Fixed Expense Amount x % Fixed}

CNN pays their pro-rata share of all operating expenses with a gross-up to 95% and a 5% cap.



- Click on the Recovery Method drop down menu for CNN and select **Add new.**



- Name: **Net GU 95% w/ 5% Cap**
- Gross Up: **95%**
- Expense Pool: **Default Group**
- Recovery Structure: **Net**
- YOY Max Growth: **5%**

Audit Report

TENANT AREA AUDIT | PROPERTY AREA AUDIT | OCCUPIED SF | OCCUPANCY RATE | RECOVERY AUDIT | LEASIN

Tenant: CNN | Lease: Floor: 7, Suite: 7250 | Term: 1st

			Jan-2024 Dec-2024	Jan-2025 Dec-2025	Jan-2026 Dec-2026	Jan-2027 Dec-2027
	Variable Amount - 0.00% (after Gross-up)		-	-	-	-
	Total		460,000	473,800	488,014	502,654
Janitorial	Fixed Amount - 100.00%		427,000	439,810	453,004	466,594
	Variable Amount - 0.00% (after Gross-up)		-	-	-	-
	Total		427,000	439,810	453,004	466,594
Gas	Fixed Amount - 50.00%		45,000	46,350	47,741	49,173
	Variable Amount - 50.00% (after Gross-up)		37,678	37,322	33,616	34,625
	Total		82,678	83,672	81,357	83,797

The Recovery Audit report displays the grossed-up amount calculated in the pool for variable expenses.

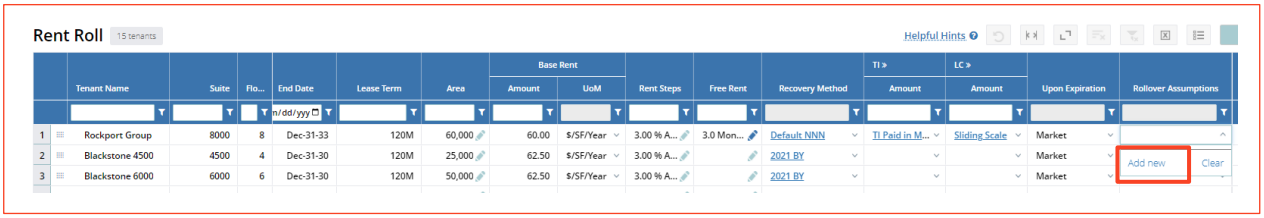
Upon Expiration

The Upon Expiration field defines how VAL will calculate the rollover assumption when the contractual lease expires. Choose from one of the options below:

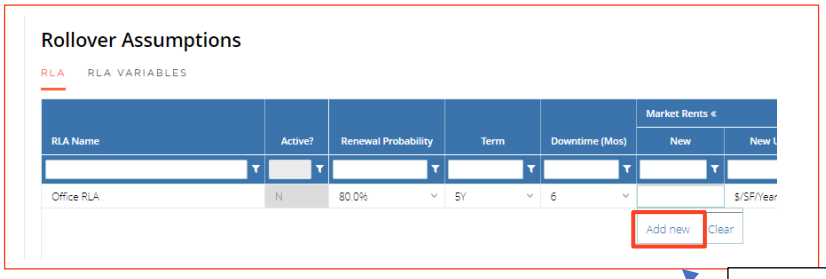
- Market: Rollover assumptions will calculate based on the renewal probability calculating the weighted average of the new and renewal rates.
- Renew: Assumes 100% renewal probability and will calculate the renewal rates in the rollover assumptions for the initial rollover lease term.
- Vacate: Assumes a 0% renewal probability and will calculate the new rates in the rollover assumptions for the initial rollover lease term.
- Option: Will add an additional line item to populate the terms of the option lease and assume 100% probability of exercising the option and ignore the Rollover Assumption.
- Reconfigured: Assumes the space will go dark and will no longer be included in the analysis.

Rollover Assumptions

The Rollover Assumptions define the projected lease assumptions after the initial lease expires based on if the tenant vacates or renews their lease. Enter the market assumptions in the New fields based on if the existing tenant vacates the space and enter the market assumptions in the Renew fields based on if the existing tenant renews their lease. The renewal probability will weigh the new and renewal assumptions after the contractual lease expires.



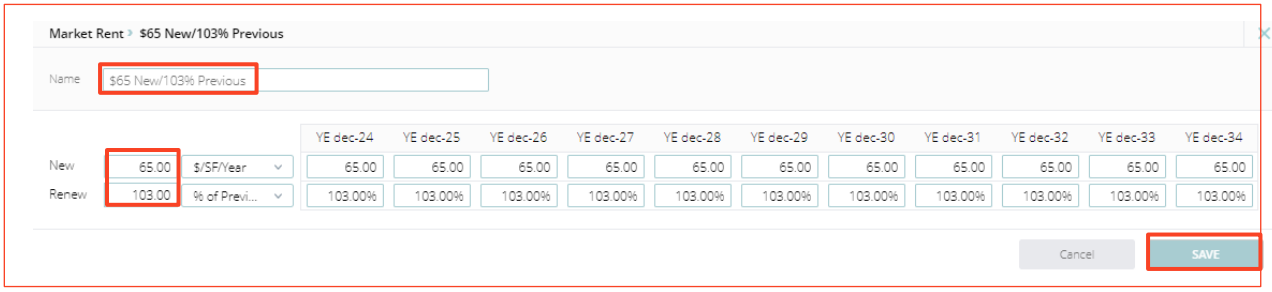
- From the Rollover Assumptions drop down menu select **Add New.**



Click **Add New** to create a Market Rent Variable.

Add below Rollover Lease Assumptions:

- RLA Name: **Office RLA**
- Renewal Probability: **80%**
- Term: **5 Years**
- Downtime: **6 Months**
- Market Rent: **(Click Add New)**
  - New: 65 $SF/Year (Market Rent Growth)
  - 103% of Previous Rent



- Name: **$65 New/103% Previous**
- New Rate: **65**
- Renewal Rate: **103**
- Click on Renewal Rate drop down menu and select **% of Previous**

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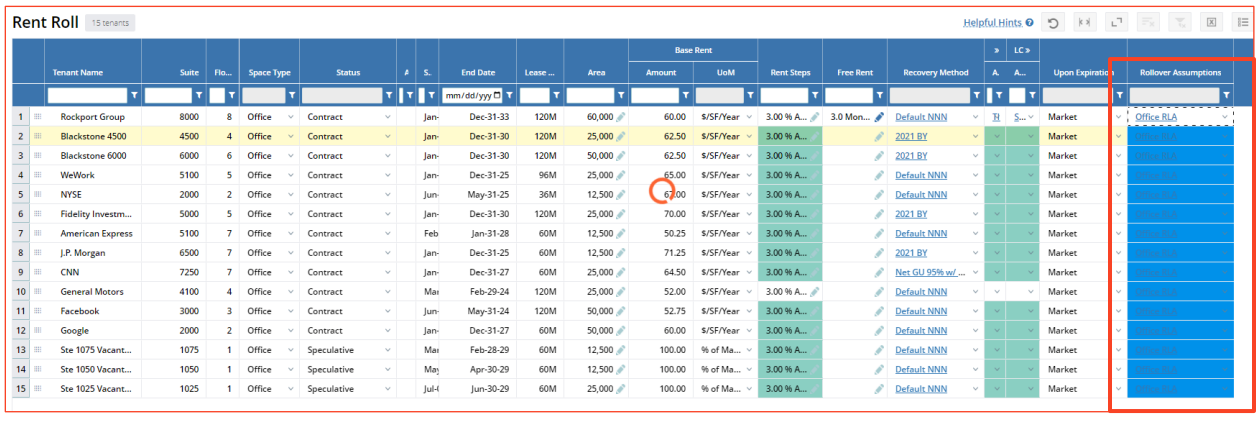
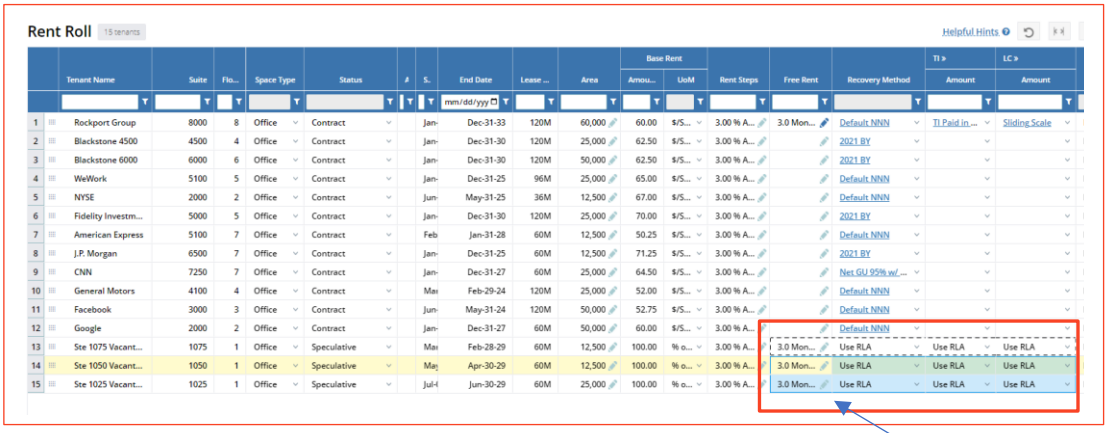
- In Term Adjustments: **3% Annual Increase**
- Free Rent **(Out of Term)**
  - New: **3 Months**
  - Renew: **0 Months**
- Tenant Improvements
  - New: **30 $/SF** (Leasing Cost Growth)
  - Renew: **15 $/SF** (Leasing Cost Growth)
- Leasing Commissions
  - New: **6%**
  - Renew: **3%**
- Expense Recovery: **Default Base Year**
- Upon Expiration: **Office RLA**



Vacant Space

The "Use RLA" option links the assumptions in the rent roll with the assumptions entered in the RLA for that tenant. The advantage of using the Use RLA option is if the market assumptions change, that change will automatically be reflected in the rollover leasing assumption and the vacant space.



Update the following assumptions for the Vacant Spaces:

- Free Rent: **3 Months**
- Recovery Method: **Use RLA**
- TI: **Use RLA**
- LC: **Use RLA**

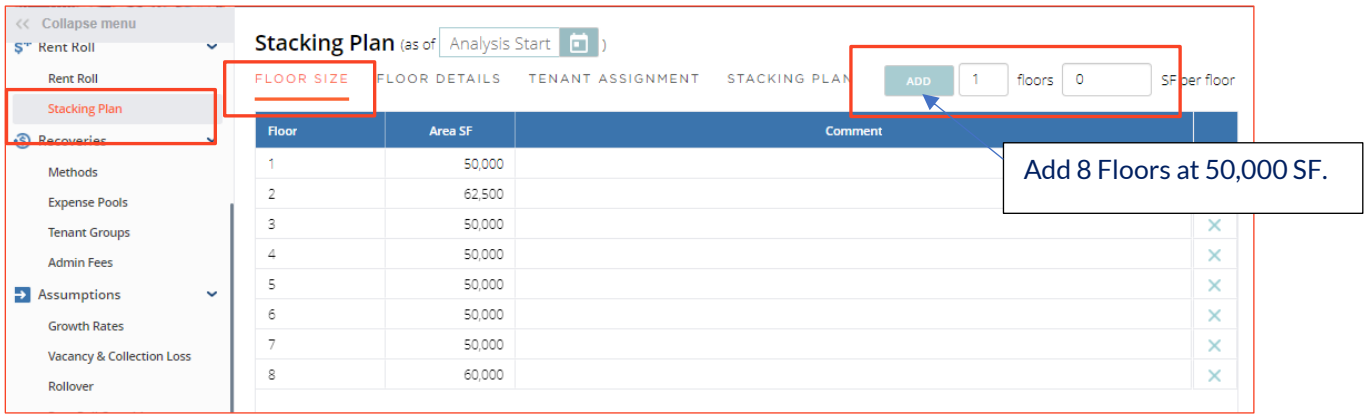
Stacking Plan

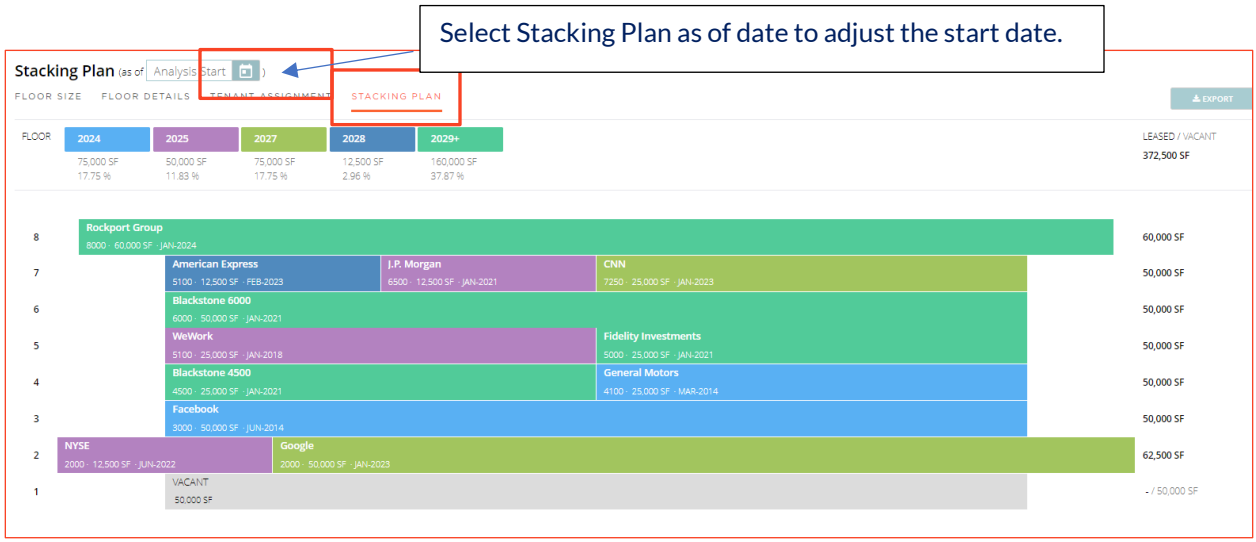
A Stacking Plan is a chart/schema to display floors in the building with all tenants and available space.

Floor Size: To account for vacant space enter the area of each floor in the Floor Size tab.

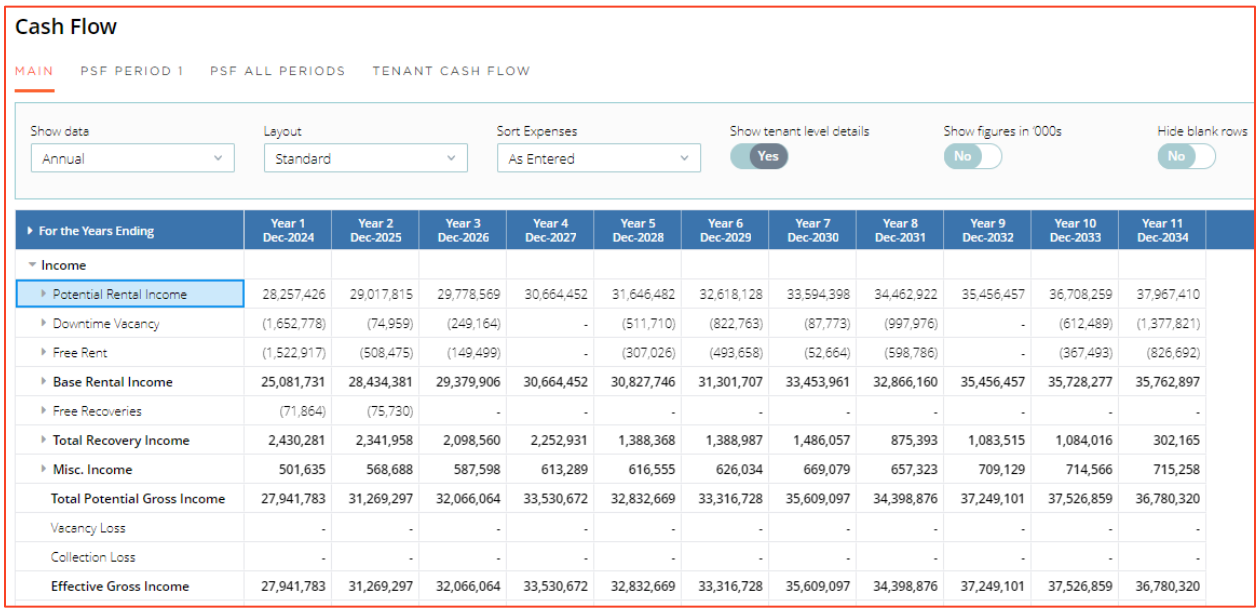
All floors are 50,000 SF except:

- Floor 2: 62,500
- Floor 8: 60,000





Cash Flow



Cash Flow

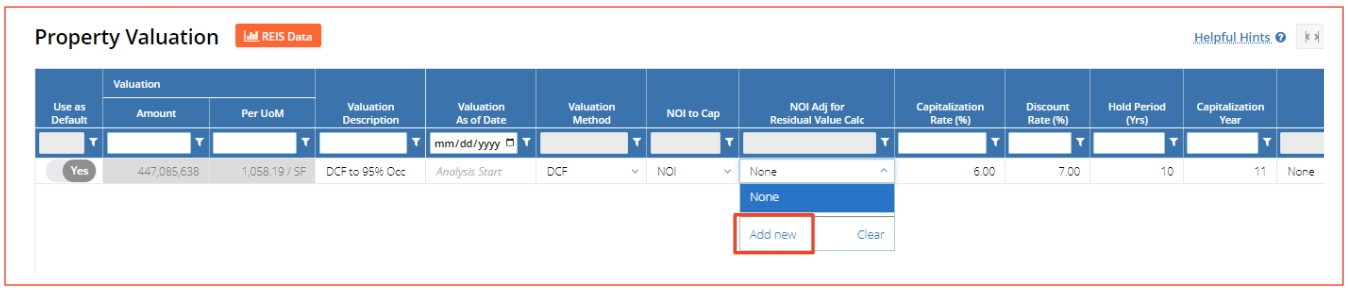
MAIN PSF PERIOD 1 PSF ALL PERIODS TENANT CASH FLOW

Show data: Annual | Layout: Standard | Sort Expenses: As Entered | Show tenant level details: Yes | Show figures in '000s: No | Hide blank rows: No

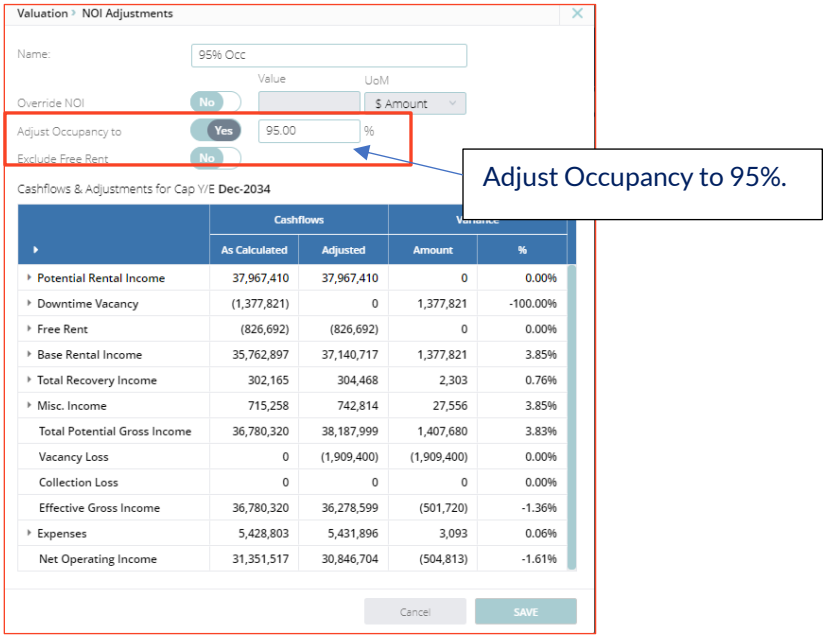
For the Years Ending	Year 1 Dec-2024	Year 2 Dec-2025	Year 3 Dec-2026	Year 4 Dec-2027	Year 5 Dec-2028	Year 6 Dec-2029	Year 7 Dec-2030	Year 8 Dec-2031	Year 9 Dec-2032	Year 10 Dec-2033	Year 11 Dec-2034
Income											
Potential Rental Income	28,257,426	29,017,815	29,778,569	30,664,452	31,646,482	32,618,128	33,594,398	34,462,922	35,456,457	36,708,259	37,967,410
Downtime Vacancy	(1,652,778)	(74,959)	(249,164)	-	(511,710)	(822,763)	(87,773)	(997,976)	-	(612,489)	(1,377,821)
Free Rent	(1,522,917)	(508,475)	(149,499)	-	(307,026)	(493,658)	(52,664)	(598,786)	-	(367,493)	(826,692)
Base Rental Income	**25,081,731**	**28,434,381**	**29,379,906**	**30,664,452**	**30,827,746**	**31,301,707**	**33,453,961**	**32,866,160**	**35,456,457**	**35,728,277**	**35,762,897**
Free Recoveries	(71,864)	(75,730)	-	-	-	-	-	-	-	-	-
Total Recovery Income	**2,430,281**	**2,341,958**	**2,098,560**	**2,252,931**	**1,388,368**	**1,388,987**	**1,486,057**	**875,393**	**1,083,515**	**1,084,016**	**302,165**
Misc. Income	**501,635**	**568,688**	**587,598**	**613,289**	**616,555**	**626,034**	**669,079**	**657,323**	**709,129**	**714,566**	**715,258**
Total Potential Gross Income	**27,941,783**	**31,269,297**	**32,066,064**	**33,530,672**	**32,832,669**	**33,316,728**	**35,609,097**	**34,398,876**	**37,249,101**	**37,526,859**	**36,780,320**
Vacancy Loss	-	-	-	-	-	-	-	-	-	-	-
Collection Loss	-	-	-	-	-	-	-	-	-	-	-
Effective Gross Income	**27,941,783**	**31,269,297**	**32,066,064**	**33,530,672**	**32,832,669**	**33,316,728**	**35,609,097**	**34,398,876**	**37,249,101**	**37,526,859**	**36,780,320**
Expenses											
Property Taxes	575,000	592,250	610,018	628,318	647,168	666,583	686,580	707,177	728,393	750,245	772,752
Repairs & Maintenance	460,000	473,800	488,014	502,654	517,734	533,266	549,264	565,742	582,714	600,196	618,202
HVAC	225,000	231,750	238,703	245,864	253,239	260,837	268,662	276,722	285,023	293,574	302,381
Security	280,000	288,400	297,052	305,964	315,142	324,597	334,335	344,365	354,696	365,336	376,297
Janitorial	427,000	439,810	453,004	466,594	480,592	495,010	509,860	525,156	540,911	557,138	573,852
Landscaping	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587
Insurance	375,000	386,250	397,838	409,773	422,066	434,728	447,770	461,203	475,039	489,290	503,969
Management Fee	838,253	938,079	961,982	1,005,920	984,980	999,502	1,068,273	1,031,966	1,117,473	1,125,806	1,103,410
Utilities	718,107	761,260	782,163	808,618	825,689	847,288	882,509	897,765	937,410	957,200	976,354
Total Expenses	**4,048,360**	**4,266,099**	**4,387,907**	**4,537,614**	**4,615,437**	**4,735,700**	**4,926,361**	**4,994,577**	**5,211,674**	**5,334,501**	**5,428,803**
Net Operating Income	**23,893,423**	**27,003,198**	**27,678,157**	**28,993,058**	**28,217,231**	**28,581,028**	**30,682,737**	**29,404,299**	**32,037,427**	**32,192,358**	**31,351,517**
Leasing & Capital Costs											
Leasing Costs	7,045,445	405,180	1,292,594	-	2,956,610	4,511,977	471,740	5,352,936	-	3,472,121	7,663,078
Capital Expenses	-	-	75,000	-	-	-	-	-	-	-	-
Total Leasing & Capital Costs	**7,045,445**	**405,180**	**1,367,594**	**-**	**2,956,610**	**4,511,977**	**471,740**	**5,352,936**	**-**	**3,472,121**	**7,663,078**
Net Cash Flow	**16,847,978**	**26,598,018**	**26,310,562**	**28,993,058**	**25,260,621**	**24,069,051**	**30,210,996**	**24,051,363**	**32,037,427**	**28,720,237**	**23,688,438**

Valuation

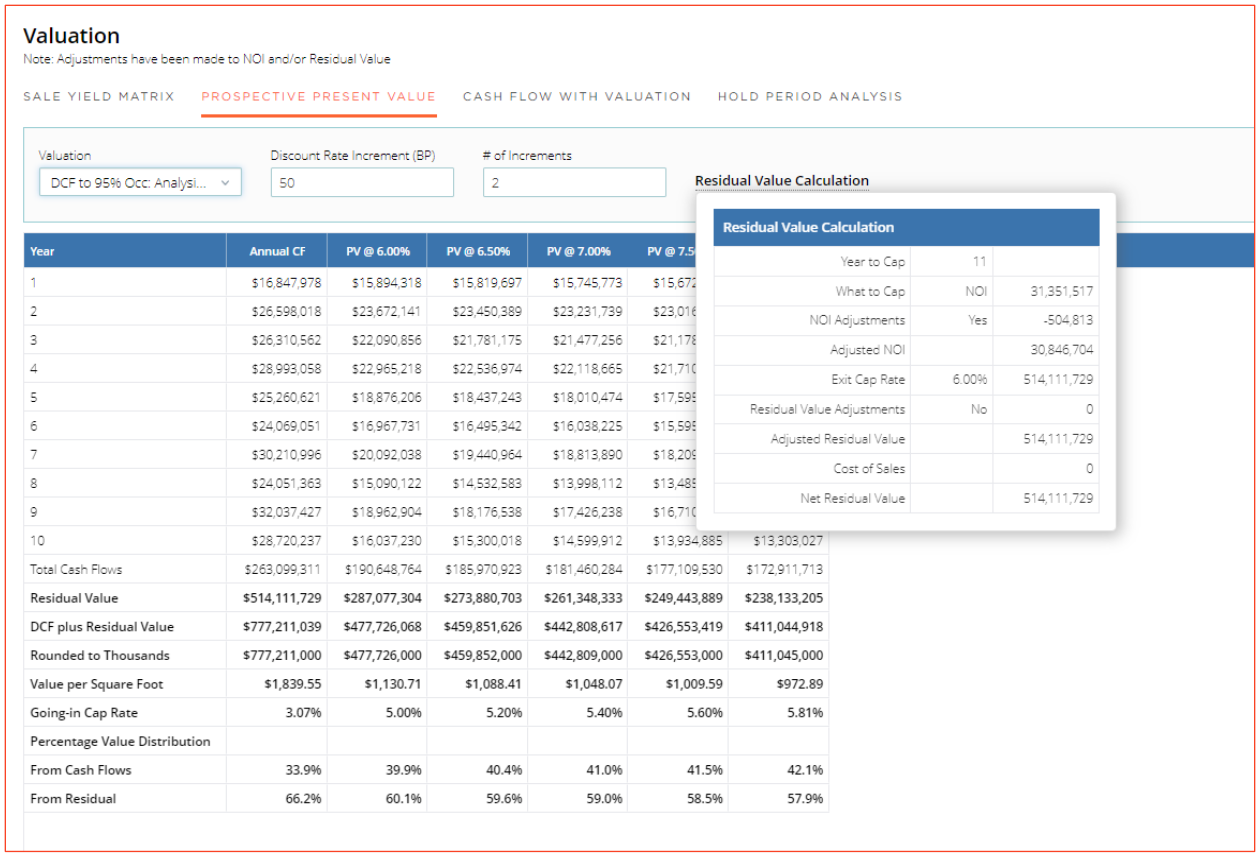
Create a DCF Valuation with a Cap Rate of 6%, Discount Rate of 7% over a 10-year hold. Gross up the NOI for Residual Value Calc to 95%.



- Valuation Description: **DCF to 95% Occ**
- Valuation Method: **DCF**
- Cap Rate: **6%**
- Discount Rate: **7%**
- Hold Period: **10** years, capping year **11**
- Select **NOI Adj for Residual Value Calc** drop down menu and click **Add new.**



Prospective Present Value Report



Valuation

Note: Adjustments have been made to NOI and/or Residual Value

SALE YIELD MATRIX | PROSPECTIVE PRESENT VALUE | CASH FLOW WITH VALUATION | HOLD PERIOD ANALYSIS

Valuation: DCF to 95% Occ: Analysi...

Discount Rate Increment (BP): 50

# of Increments: 2

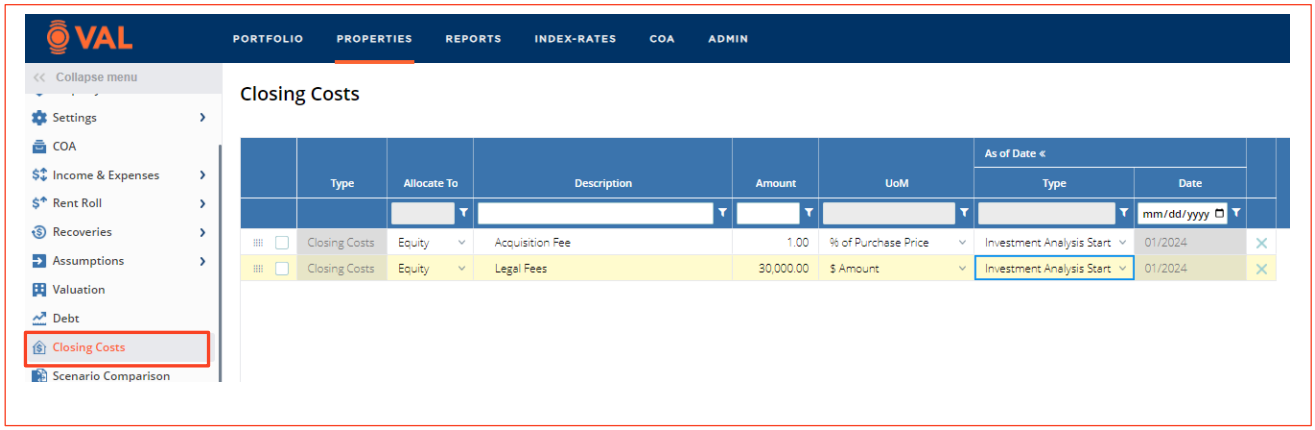
Residual Value Calculation

Year	Annual CF	PV @ 6.00%	PV @ 6.50%	PV @ 7.00%	PV @ 7.5	
1	$16,847,978	$15,894,318	$15,819,697	$15,745,773	$15,672	
2	$26,598,018	$23,672,141	$23,450,389	$23,231,739	$23,016	
3	$26,310,562	$22,090,856	$21,781,175	$21,477,256	$21,178	
4	$28,993,058	$22,965,218	$22,536,974	$22,118,665	$21,710	
5	$25,260,621	$18,876,206	$18,437,243	$18,010,474	$17,595	
6	$24,069,051	$16,967,731	$16,495,342	$16,038,225	$15,595	
7	$30,210,996	$20,092,038	$19,440,964	$18,813,890	$18,209	
8	$24,051,363	$15,090,122	$14,532,583	$13,998,112	$13,485	
9	$32,037,427	$18,962,904	$18,176,538	$17,426,238	$16,710	
10	$28,720,237	$16,037,230	$15,300,018	$14,599,912	$13,934,885	$13,303,027
Total Cash Flows	$263,099,311	$190,648,764	$185,970,923	$181,460,284	$177,109,530	$172,911,713
Residual Value	**$514,111,729**	**$287,077,304**	**$273,880,703**	**$261,348,333**	**$249,443,889**	**$238,133,205**
DCF plus Residual Value	**$777,211,039**	**$477,726,068**	**$459,851,626**	**$442,808,617**	**$426,553,419**	**$411,044,918**
Rounded to Thousands	**$777,211,000**	**$477,726,000**	**$459,852,000**	**$442,809,000**	**$426,553,000**	**$411,045,000**
Value per Square Foot	**$1,839.55**	**$1,130.71**	**$1,088.41**	**$1,048.07**	**$1,009.59**	**$972.89**
Going-in Cap Rate	**3.07%**	**5.00%**	**5.20%**	**5.40%**	**5.60%**	**5.81%**
Percentage Value Distribution						
From Cash Flows	**33.9%**	**39.9%**	**40.4%**	**41.0%**	**41.5%**	**42.1%**
From Residual	**66.2%**	**60.1%**	**59.6%**	**59.0%**	**58.5%**	**57.9%**

Residual Value Calculation		
Year to Cap	11	
What to Cap	NOI	31,351,517
NOI Adjustments	Yes	-504,813
Adjusted NOI		30,846,704
Exit Cap Rate	6.00%	514,111,729
Residual Value Adjustments	No	0
Adjusted Residual Value		514,111,729
Cost of Sales		0
Net Residual Value		514,111,729

Closing Costs

Create an unlimited number of closings costs for debt and equity to reflect fees paid during the closing of a real estate transaction. Closing costs can be modeled as a $ Amount, % of Purchase Price, % of Total Debt, or % of a specific loan.



- Acquisition Fee: **1% of Purchase Price**
  - Allocate to: **Equity**
  - Type: **Investment Analysis Start**
- Legal Fee: **$30,000**
  - Allocate to: **Equity**
  - Type: **Investment Analysis Start**

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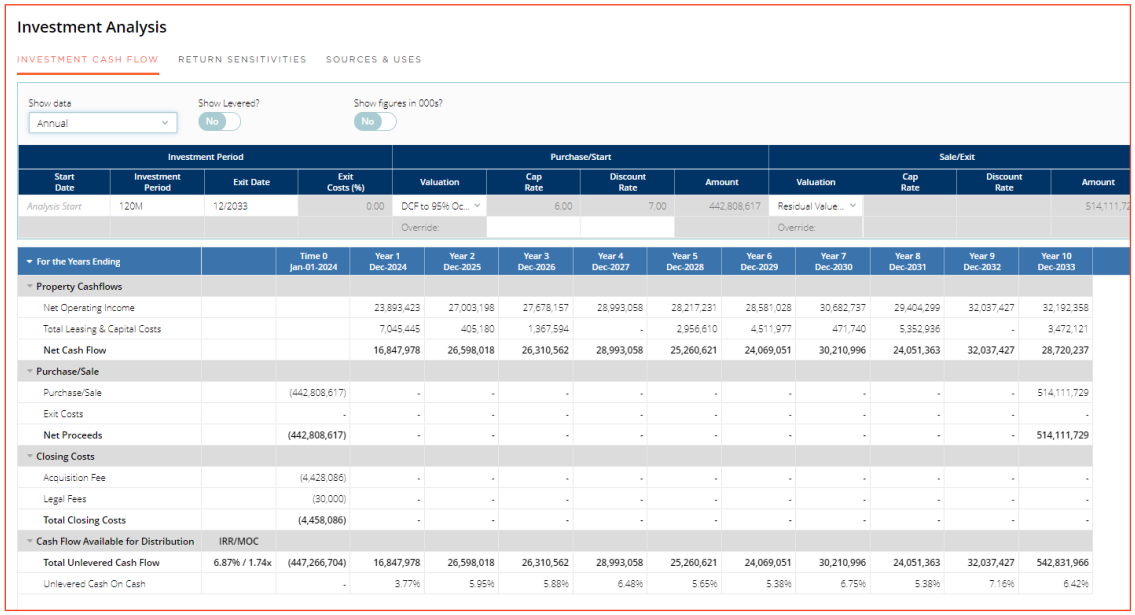

Investment Analysis

INVESTMENT CASH FLOW | RETURN SENSITIVITIES | SOURCES & USES

Show data: Annual | Show Levered?: No | Show figures in 000s?: No

Investment Period				Purchase/Start				Sale/Exit			
Start Date	Investment Period	Exit Date	Exit Costs (%)	Valuation	Cap Rate	Discount Rate	Amount	Valuation	Cap Rate	Discount Rate	Amount
Analysis Start	120M	12/2033	0.00	DCF to 95% Oc...	6.00	7.00	442,808,617	Residual Value...			514,111,72
				Override:				Override:			

For the Years Ending		Time 0 Jan-01-2024	Year 1 Dec-2024	Year 2 Dec-2025	Year 3 Dec-2026	Year 4 Dec-2027	Year 5 Dec-2028	Year 6 Dec-2029	Year 7 Dec-2030	Year 8 Dec-2031	Year 9 Dec-2032	Year 10 Dec-2033
Property Cashflows												
Net Operating Income			23,893,423	27,003,198	27,678,157	28,993,058	28,217,231	28,581,028	30,682,737	29,404,299	32,037,427	32,192,358
Total Leasing & Capital Costs			7,045,445	405,180	1,367,594	-	2,956,610	4,511,977	471,740	5,352,936	-	3,472,121
Net Cash Flow			**16,847,978**	**26,598,018**	**26,310,562**	**28,993,058**	**25,260,621**	**24,069,051**	**30,210,996**	**24,051,363**	**32,037,427**	**28,720,237**
Purchase/Sale												
Purchase/Sale		(442,808,617)	-	-	-	-	-	-	-	-	-	514,111,729
Exit Costs		-	-	-	-	-	-	-	-	-	-	-
Net Proceeds		**(442,808,617)**	-	-	-	-	-	-	-	-	-	**514,111,729**
Closing Costs												
Acquisition Fee		(4,428,086)	-	-	-	-	-	-	-	-	-	-
Legal Fees		(30,000)	-	-	-	-	-	-	-	-	-	-
Total Closing Costs		**(4,458,086)**	-	-	-	-	-	-	-	-	-	-
Cash Flow Available for Distribution	IRR/MOC											
Total Unlevered Cash Flow	6.87% / 1.74x	**(447,266,704)**	**16,847,978**	**26,598,018**	**26,310,562**	**28,993,058**	**25,260,621**	**24,069,051**	**30,210,996**	**24,051,363**	**32,037,427**	**542,831,966**
Unlevered Cash On Cash		-	3.77%	5.95%	5.88%	6.48%	5.65%	5.38%	6.75%	5.38%	7.16%	6.42%

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