

ROCKPORT

VAL

Rockport VAL, LLC in collaboration with MOODY'S
ANALYTICS

Commercial Training Manual (Office & Retail)

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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 in 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.



YouTube Channel: Access numerous tutorial videos at <https://www.youtube.com/rockportval>



Support: Email support at support@rockportval.com.

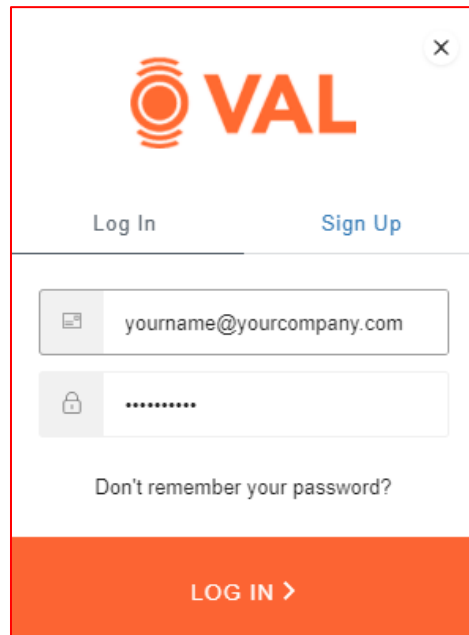


Helpful Hint: Click **F1** to view VAL hot keys and short cuts.

Keyboard Shortcuts	
General top bar	
Press this key	To do this
Alt + 1..3	Tabs navigation
Alt + U	User menu
Portfolio	
Left navigation sidebar	
Press this key	To do this
Alt + Up/Down arrow keys	Sidebar navigation
Shift + M	My Portfolios

Login to VAL

Go to www.rockportval.com and click on the Login drop down menu in the upper right-hand corner of the screen and select Rockport VAL. Enter credential to access VAL.



The login form is a white box with a red border. It features the VAL logo at the top left and a close button (X) at the top right. Below the logo are two tabs: "Log In" (selected) and "Sign Up". There are two input fields: one for an email address (placeholder: "yourname@yourcompany.com") and one for a password (placeholder: "*****"). Below the password field is a link that says "Don't remember your password?". At the bottom of the form is a large orange button with the text "LOG IN >".

VAL User Interface

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



The screenshot shows the VAL user interface. At the top, there is a navigation bar with the VAL logo and menu items: PORTFOLIO, PROPERTIES, REPORTS, INDEX-RATES, CGA, ADMIN. The user's name "Lynn C." is visible in the top right corner. Below the navigation bar, there is a search bar and a "NEW PROPERTY" button. The main content area displays a table of properties. The table has columns for Name, Type, Component Prio., Analysis Start Date, Area, Units, Total Blocks, and User Permission. Two rows are visible: "New York Times" and "Oyster Square LLC".

Name	Type	Component Prio.	Analysis Start Date	Area	Units	Total Blocks	User Permission
New York Times	Office	kg	jan-2021	770,272			Write
Oyster Square LLC	multifamily	NL	jan-2021		112		Write

Copy, Share and Delete Models.

Create New Property

In this training scenario, we will create a commercial office and retail property.



- Click **New Property**.

Add the following property details:

- Property Name: Rockport VAL Tower
- Property Type: Office & Retail
- Address: 505 Fifth Avenue New York City, NY 10017 United States
- Click **Create**.



Helpful Hint: Property name must be unique. If multiple users are working on this training case study simultaneously add initials to the property name.

Property Interface

When opening a property, the dashboard will display key performing metrics of the property such as Valuation, Average Rent, and Average Occupancy (assuming all relevant inputs have been made).

The screenshot displays the VAL Property Interface for 'Rockport VAL Tower'. The interface includes a top navigation bar with 'PORTFOLIO', 'PROPERTIES', 'REPORTS', and 'INDEX-RATES'. The main dashboard shows key metrics: Valuation (\$ - \$ / SF), Avg Yr 1 Prop... (- SF), Avg Yr 1 Occ... (circular gauge), Avg Base Rent (\$ - / SF), and Avg Market Rent (\$ - / SF). A 'Scenario' dropdown is set to 'Current'. Below the metrics are four data input buttons: 'Invite People', 'Add Rent Roll', 'Add Valuation', and 'Add Expenses'. A left navigation pane lists options like 'Dashboard', 'Property Details', 'Settings', 'COA', and 'Income & Expenses'. A footer contains 'Terms of Service' and '© 2023 Rockport VAL, LLC'.

Property KPIs

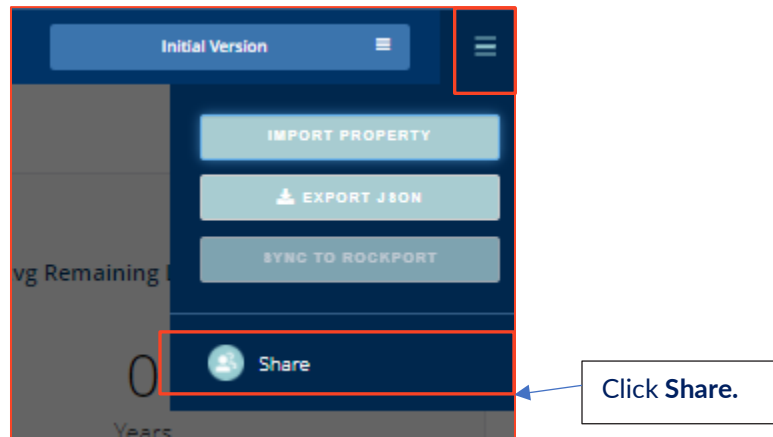
Assumption Scenarios

Navigation Pane

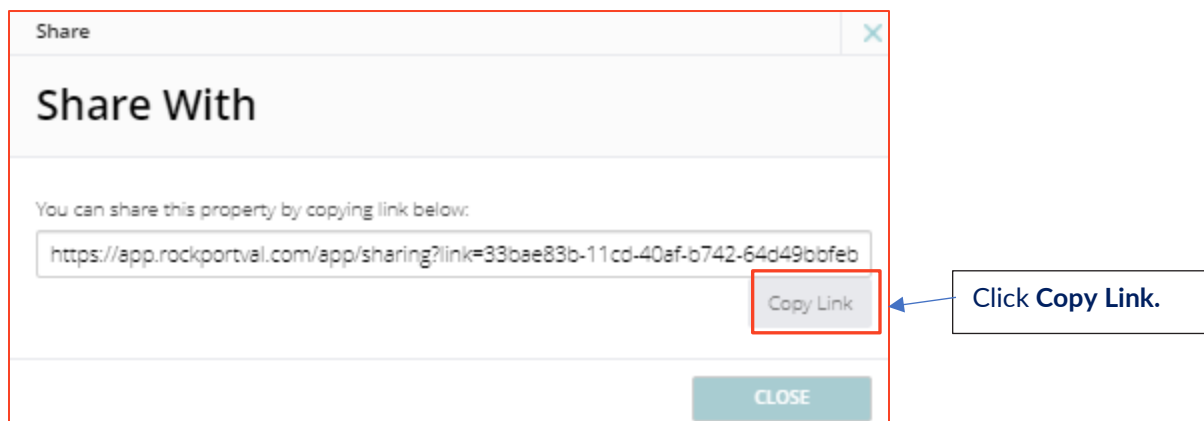
Data Inputs

Share Model

A copy of a model can be sent to a recipient by clicking on the “hamburger” menu icon located in the top right-hand section of the window and selecting **Share**. Note, an email will be sent to the user and recipient confirming the file share is initiated.

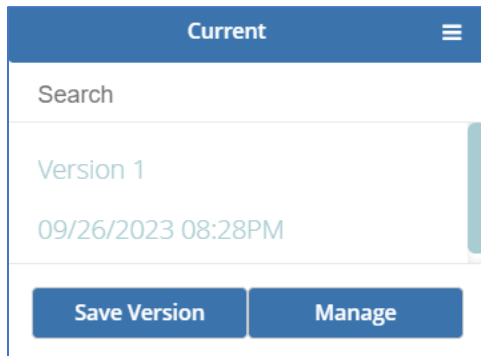


Click on **Copy Link** to copy and paste wherever you want your clients to view the model, whether in an email, listing site or deal room. The recipient does not need to be a **VAL** subscriber to have access to the model. The recipient can review all the input screens and reports and make changes to the assumptions. In addition, the ability to export to Excel is available through the Share feature.



Versions

VAL can archive a version of a model at any point in time to reference. This is useful to refer to the version of the model sent to the user as updates are constantly being applied.



Collaborate With

The Collaboration feature gives access to internal or external users to view and edit models in VAL. The recipient must be a VAL subscriber to collaborate.



Enter the email address or select people to collaborate and click **Invite People**. VAL will send an email to the user inviting to collaborate.



Model Settings

The Model Settings window is where users specify property settings such as analysis start date, number of years of analysis, and activate modeling policies.

General Model Settings

Reimbursement/Inflation Settings: By default, growth rates are applied annually based on the month the analysis starts. For example, if the analysis starts March 2025 the growth rate will calculate annually beginning in March 2026. The Reimbursement setting determines if the recoveries are based on calendar or fiscal year operating expenses.

Inflation Month: The Inflation Month sets what month the growth rate is calculated annually and can be independent of the analysis start date. For example, if the analysis starts in March 2025, you can select the inflation month as January which will apply the growth rate each January beginning January 2026.

Allow Specific Dates: Select Yes to model mid-month lease terms in the Rent Roll. By default, VAL assumes the lease start date is the beginning of the month and the expiration date is the end of the month. To model a lease that starts March 15, 2025, activate the Allow Specific Dates model setting.

Allow Manually Entered Property Size: By default, VAL will calculate the Property Size based on the aggregate square footage entered in the Rent Roll. To manually enter the property size toggle YES. This will allow the Property Size in the Area Settings window to be editable.

Vacancy & Collection Loss

Vacancy Loss Calculation Method: Choose from a monthly or annual calculation method.

Gross-Up Revenue by Downtime: This option is typically set to YES and will add the downtime to potential revenue before calculating the general vacancy loss.

Reduce Vacancy by Downtime: This option is typically set to YES and will subtract downtime from the general vacancy allowance calculation. If downtime is greater than the general vacancy allowance, zero general vacancy allowance will appear on the cash flow.

Percentage Rent/Occupancy Cost

Percentage Rent is a rent payment structure where the tenant pays rent as a percentage of sales in addition to a minimum rent or in lieu of a minimum base rent.

Occupancy Cost, also referred to as a “health ratio”, is expressed as a ratio of a tenant’s total annual contractual payables (i.e. Base Rent, Recoveries, etc.) divided by the tenant’s annual sales at the property.

Percentage Rent in use?: Select **Yes** to add Percentage Rent fields in the rent roll for Retail tenants.

Occupancy Cost Adjustment Settings: The settings allow you to specify whether to adjust the occupancy cost downward or upward and downward, to include or exclude recoveries, and whether to apply the adjustment during rollover or throughout all lease terms.

Recoveries

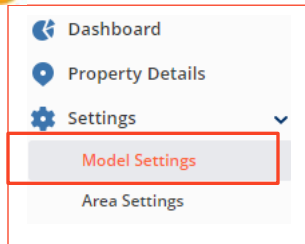
Apply Admin Fee Before/After Contribution Deduction: This setting determines whether the admin fee is applied before or after a contribution deduction in the reimbursement calculation.

Treat Contribution Deduction Circular References as: In the recoveries, if there is an expense that reimburses after itself due to tenant groupings and other circular references, choose whether this is an error or a warning. A warning indicates it is the user’s intent to model the circular reference.

Rollover

Start rollover leases on the 1st of the Month? If Allow Specific Dates is set to Yes, the Start rollover leases on the 1st of the month is available to select whether a lease expiring on a specific day of the month will have a new lease beginning the following day or the beginning of the following month. This setting will be grayed out if Allow Specific Dates is set to No.

Start RLA for Leases that expire before the Analysis Start Date on: If a lease expires prior to the analysis start date, specify whether the rollover assumption should begin when the lease ends or as of the analysis start date.



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

MODEL SETTINGS

General Model Settings:

- Analysis Start Date: 01/2025
- Analysis Period (years): 10
- Reimbursement/Inflation Settings: Calendar reimbursement / fisc...
- Inflation Month: Analysis Period
- Allow Specific Dates: Yes**
- Allow Manually Entered Property Size: No

Percentage Rent/Occupancy Cost:

- In use?: Yes
- Occupancy Cost Adjustment Settings:
 - Adjust: Downward
 - Include Recoveries?: Yes
 - Adjust during: Rollover

Recoveries:

- Apply Admin Fee Before/After Contribution: After

Update the following Model Settings:

- Analysis Start Date: 1/2025, 10 Years
- Allow Specific Dates: Yes

Area Settings

Add area measurements in Area Settings such as the Property Size, Gross Leasable Area, or any measurement being calculated within the property.

Area Settings

AREA MEASURES TENANT BASED AREAS

Name	Area		
Property Size	0	<input type="checkbox"/>	

Property Size is grayed out and will be automatically populated based on the rent roll. This field cannot be edited unless the model settings option is changed to Yes.



Helpful Hint: By default, VAL calculates the property size based on the rent roll. To manually enter the property size select the Allow Manually Entered Property Size in the Model Settings window.

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.



Click **Add Rate** to add additional growth rates.

Growth Rates REIS Data ADD RATE

Growth Rate Name	Rate Type	Rate	Year Ending						
			Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	
General Growth	Direct Entry	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Market Rent Growth	Direct Entry	Varies	3.50%	3.50%	3.50%	3.00%	3.00%		
Misc. Income Growth	Use General								

Add the following Growth Rates:

- General Growth: 3%
- Market Rent: 3.5% in 2026 – 2028, 3% for remaining years

Right click and select **Fill Right** to replicate in all years.



Helpful Hint: To copy values to the right, click **Alt + E** or right click on the field and select **Fill Right**.

Vacancy & Collection Loss

Vacancy & Collection Loss is an adjustment to potential revenue on the cash flow factoring likely vacancy loss due to market conditions and expected collection loss due to tenants' failure to pay.

Override groups: General vacancy loss can be excluded or overridden for specific tenants.



Click on the Override drop down menu and select **Add New** to apply a different rate to specific tenants.

Vacancy & Collection Loss		Year Ending													Override
Loss Type	Loss Basis	Rate	25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32	Dec-33	Dec-34	Dec-35		
Vacancy Loss	Potential Gross Income	5.00%	5%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	-	
Collection Loss	Potential Gross Income	0.00%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	

Add the following Vacancy Loss assumptions:

- Loss Basis: Potential Gross Income
- Rate: 5%

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



Income & Expenses										
MISC. INCOME OPERATING EXPENSES CAPITAL EXPENSES ALL ITEMS										
Type	Description	Account	Amount	UoM	Frequency	Area	Growth Assumption	Growth Rate	Val	
MISC	Signage		\$1,250	\$ amount	Monthly	Property Size	Misc. Income...	3.00%		

- Description: Signage
- Amount: \$1250
- UofM: \$ amount
- Frequency: Monthly
- Growth: Misc. Income
- Variable: No

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.

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

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



Type	Description	Account	Amount	Unit	Frequency	Area	Growth Assumption	Growth Rate	Variable Expense	% Variable	Reimb.
OP-	Insurance		\$70,000	\$ amount	Annual	Property Size	Operating Ex...	3.00 %	Yes		

- Select **Operating Expenses** from the navigation pane or by tab.
- Insurance is \$70,000/year growing by 3% and reimbursable.

Type	Description	Account	Amount	Unit	Frequency	Area	Growth Assumption	Growth Rate	Variable Expense	% Variable	Reimb.
OP-	Insurance		\$70,000	\$ amount	Annual	Property Size	Operating Ex...	3.00 %	Yes		
OP-	CAM		\$2.40	\$/Area	Annual	Property Size	Operating Ex...	3.00 %	Yes	75.00 %	




Select **Add Expense** and add the following expense:

- Description: CAM
- Amount: \$2.40
- UofM: \$ Area
- Frequency: Annually
- Growth: Operating Expense Growth (3%)
- Variable: Yes, 75% Variable
- Reimbursable: Yes



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



Description	Account	Amount	
Insurance	▼	\$70,000 	\$
CAM	▼	\$2.40 	\$
Real Estate Taxes	▼	\$0 	\$

- Real Estate Taxes are \$80,000/Year paid in October growing at 2% per year.
- To enter an amount in a specific month, select **Edit** from the Amount field.

For the Years Ending	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033	Year 10 Dec-2034	Year 11 Dec-2035
January	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
February	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
March	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
April	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
May	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
June	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
July	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
August	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
September	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
October	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
November	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Annual (uninflated)	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
Growth Assumption	RET Growth	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Annual (inflated)	80,000.00	81,600.00	83,232.00	84,896.64	86,594.57	88,326.46	90,092.99	91,894.85	93,732.75	95,607.41	97,511.85

Cancel Save

- Enter **\$80,000** and click and drag to replicate in October of every year.
- Create a 2% Real Estate Tax Growth Rate by selecting **Add New** from the Growth drop down menu.
- Click **Save**.



Type	Description	Account	Amount	Unit	Frequency
OP...	Insurance		\$70,000	\$ amount	Annual
OP...	CAM		\$2.40	\$/Area	Annual
OP...	Real Estate Taxes		Detailed	\$ amount	
OP...	Janitorial		\$7,500	\$ amount	Annual

- Janitorial is \$7500 per year growing at 3% and reimbursable.
- Landscaping is \$7500 per year, use the **Clone** option to duplicate.

Income & Expenses

MISC. INCOME **OPERATING EXPENSES** CAPITAL EXPENSES ALL ITEMS

Type	Description	Account	Amount	UoM	Frequency	Area
OP...	Insurance		\$70,000	\$ amount	Annual	Property Size
OP...	CAM		\$2.40	\$/Area	Annual	Property Size
OP...	Real Estate Taxes		Detailed	\$ amount		Property Size
<input checked="" type="checkbox"/>	Janitorial		\$7,500	\$ amount	Annual	Property Size
<input checked="" type="checkbox"/>	Landscaping		\$7,500	\$ amount	Annual	Property Size

Janitorial and Landscaping are subaccounts to Repairs and Maintenance, which is the parent account. To model this, select the checkbox for Janitorial and Landscaping and click **Add to Parent**.

Repairs & Maintenance

no parent

ADD EXPENSE

Type **Repairs & Maintenance** as the Parent Account and click **Enter**.



Type	Description	Account	Amount	Unit	Frequency	Area	Growth Assump...	Growth Rate	Variable Expen...	% Variable	Reimbursable?
OP	Insurance		\$70,000	Expense	Annual	Property Size	Operating Ex...	3.00%	Yes		Yes
OP	CAM		\$2,400	Expense	Annual	Property Size	Operating Ex...	3.00%	Yes	75.00%	Yes
OP	Real Estate Taxes		Disabled	Expense		Property Size	RT Growth	3.00%	Yes		Yes
OP	Repairs & Maintenance										
OP	Landscaping		\$7,500	Expense	Annual	Property Size	Operating Ex...	3.00%	Yes		Yes
OP	Janitorial		\$7,500	Expense	Annual	Property Size	Operating Ex...	3.00%	Yes		Yes
OP	Management fee		3.5%	Real EGR	Annual	Property Size			Yes		Yes

- Management Fee is 3.5% of EGR and not reimbursable.

Capital Expenses

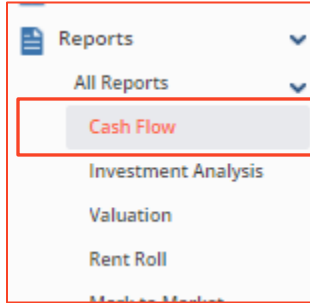
Capital expenses are typically not included in the NOI and will be displayed below NOI on the cash flow. Examples of capital expenses are reserves, roof repair, and building improvements.



Type	Description	Account	Amount	Unit	Frequency	Area	Growth Assump...	Growth Rate	Variable Expen...	% Variable	Reimbursable?	Reimburse Ac
OP	Reserve		\$0.30	Area	Annual	Property Size	Capital Exp...	3.00%	Yes		Yes	

Reserves are \$.30/\$ Area, growing by 3%.

Property Cash Flow



Cash Flow Collapse Report Export

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 | Show Total Column: No

For the Years Ending	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033	Year 10 Dec-2034	Year 11 Dec-2035
Total Expenses	165,499	169,664	173,938	178,323	182,824	187,443	192,183	197,048	202,040	207,164	212,423
Net Operating Income	(151,249)	(154,986)	(158,820)	(162,752)	(166,786)	(170,923)	(175,168)	(179,522)	(183,989)	(188,571)	(193,272)
- Leasing & Capital Costs											
Leasing Costs	-	-	-	-	-	-	-	-	-	-	-
Capital Expenses	-	-	-	-	-	-	-	-	-	-	-
Total Leasing & Capital Costs	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(151,249)	(154,986)	(158,820)	(162,752)	(166,786)	(170,923)	(175,168)	(179,522)	(183,989)	(188,571)	(193,272)

Average: -155,018.25 Count: 3 Min: -158,819.8 Max: -151,248.75 Sum: -465,055

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. Click **Add Lease** in the upper right-hand corner of the Rent Roll window to add lease records.

Office Tenant



	Tenant Name	Suite	Floor	Lease Type	Start Date	End Date	Lease Term	Area	Base Rent		Filters
									Amount	UoM	
1	The Rockport Group	101	1		Jan-01-25	Dec-31-27	36M	15,000	20.00	\$/SF/Year	

Add the following tenant information:

- Tenant Name: The Rockport Group
- Suite: 101
- Floor: 1
- Lease Type: Office
- Status: Contract
- Start Date: 1/1/2025
- Lease Term: 36 Months (36M)
- Size: 15,000 SF
- Base Rent: \$20/SF/Year

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.



	Tenant Name	Suite	Floor	End Date	Lease Term	Area	Base Rent		Rent Steps	Filters
							Amount	UoM		
1	The Rockport Group	101	1	Dec-31-27	36M	15,000	20.00	\$/SF/Year		

Rent Roll - Rent Steps

Date Type: Relative ADD

Start Month	Value	UoM
13	3.00	% Annual Increase

CANCEL SAVE

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



Expand to view the Unit of Measure and Growth assumptions.

Tenant Name	Su...	Unit Steps	Free Rent	Recovery Method	Percentage ...	TI	LC	Upon Expiration	Rollover
1 The Rockport Group	101	1.30 % A...	3.0 Mon...	Default Base Year	10.00	\$/SF	Leasing Costs Growth	5.00	Market

Add the following lease details to The Rockport Group:

- Free Rent: 3 Months
- Recoveries: Default Base Year
- TI: \$10
- LC: 5%
- Upon Expiration: Market

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.



Rent Roll		Helpful Hints						
Tenant Name	Suite	Floor	LC €		Growth Assumption	Upon Expiration	Rollover Assumptions	
			Amount	UoM				
1	The Rockport Group	101	1	5.00	%		Market	<input type="button" value="Add new"/> <input type="button" value="Clear"/>

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

Rollover Assumptions									
RLA RLA VARIABLES									
RLA Name	Active?	Renewal Probability	Term	Downtime (Mos)	Market Rents €				
					New	New UoM	Renew	Renew UoM	Growth Assumption
Office RLA	N	80.0%	60M	6	22.00	\$/SF/Year	20.00	\$/SF/Year	Market Rent Dep.

Add below Rollover Lease Assumptions:

- RLA Name: Office RLA
- Renewal Probability: 80%
- Term: 60 Months
- Downtime: 6 Months
- Market Rent:
 - New: 22 \$/SF/Year (Market Rent Growth)
 - Renew: 20 \$/SF/Year (Market Rent Growth)

Rollover Assumptions

RLA Name	Actual	In Term Adj. %			Free Rent (Months)	Renew (Months)	Percentage Rent %		Smart Improvements %			Leasing Commissions %		
		Renewal	New	Renew			Take Pct	Renew	Renew (Cost)	Renew	Renew (Cost)	Renew	Renew (Cost)	
Office RLA		3.00	3.00	0.00	3	0	5.00	10.00	1.00	4.00	0.00	5.00	5.00	2.50

- In Term Adjustments: 3% Annual Increase
- Free Rent
 - New: 3 Months
 - Renew: 0 Months
- Tenant Improvements
 - New: 10 \$/SF (Leasing Cost Growth)
 - Renew: 5 \$/SF (Leasing Cost Growth)
- Leasing Commissions
 - New: 5%
 - Renew: 2.5%
- Expense Recovery: Default Base Year
- Upon Expiration: Office RLA



Helpful Hint: Market Rent Calculation = New Market Rent (20% of New Tenant) + Renewal Market Rent (80% Renewal Probability).

$$(\$22 * 20\%) + (20 * 80\%) = \$20.40 \text{ Weighted Market Rent}$$

Tenant Cash Flow

<< Collapse menu
 Rent Roll Overrides
 Valuation
 Debt
 Reports
 All Reports
Cash Flow
 Investment Analysis

Select Cash Flow.

Cash Flow

MAIN PSF PERIOD 1 PSF ALL PERIODS **TENANT CASH FLOW**

Tenant: **The Rockport Group**
 Lease: Floor: 1, Suite: 101
 Show data: Annual
 Show figures: No

For the Years Ending	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033	Year 10 Dec-2034
Rental Income										
Potential Rental Income	300,000	309,000	318,270	339,268	348,598	359,055	369,827	380,922	392,350	403,137
Downtime Vacancy	-	-	-	(28,272)	-	-	-	-	(32,775)	-
Free Rent	(75,000)	-	-	(16,963)	-	-	-	-	(19,665)	-
Base Rental Income	225,000	309,000	318,270	294,032	348,598	359,055	369,827	380,922	339,909	403,137

Select Tenant Cash Flow.

Select Tenant.

Retail Tenant



Rent Roll 2 tenants									
Helpful Hints 🔍 🔄 📄 📊 📅 📌 ➕ ADD LEASE									
	Tenant Name	Suite	Floor	Space Type	Status	Available Date	Start Date	End Date	
1	The Rockport Group	101	1	Office	Contract		Jan-01-25	Dec-31-27	⋮ ✕
2	Clio's Coffee Shop	201	2	Retail	Contract		Sep-15-24	Sep-14-29	⋮ ✕

Add the following tenant information:

- Tenant Name: Clio's Coffee Shop
- Suite: 201
- Floor: 2
- Lease Type: Retail
- Status: Contract
- Start Date: 9/15/2024
- Lease Term: 60 Months
- Size: 5,000 SF
- Base Rent: \$10/SF/Year

Rent Steps - \$/SF Increase



Rent Roll 2 tenants Helpful Hints

	Tenant Name	Suite	Floor	Area	Base Rent		Rent Steps
					Amount	UoM	
1	The Rockport Group	101	1	15,000	20.00	\$/SF/Year	3.00 % Annual I...
2	Clio's Coffee Shop	201	2	5,000	10.00	\$/SF/Year	

- Edit Rent Steps.

Rent Roll ▶ **Rent Steps** ✕

Date Type: Relative ADD

Start Month	Value	UoM
13	0.50	\$/SF/Year Annual Increase

CANCEL SAVE

- Add a .50 \$/SF/Year Annual increase beginning in Month 13.

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. Enter stop amount as \$ amount or \$/SF.
- 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.

Fixed CAM Recovery Structure

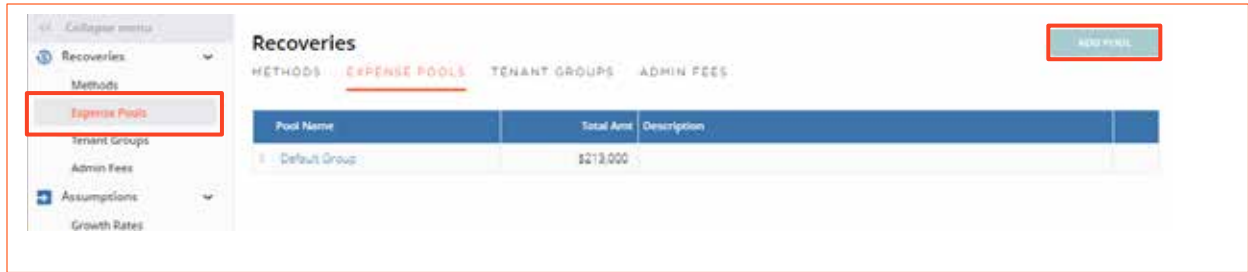
Clio's Coffee Shop has a recovery structure that includes:

- \$10,000 Fixed CAM, 0% Growth
- Net Insurance, Taxes & Repairs and Maintenance

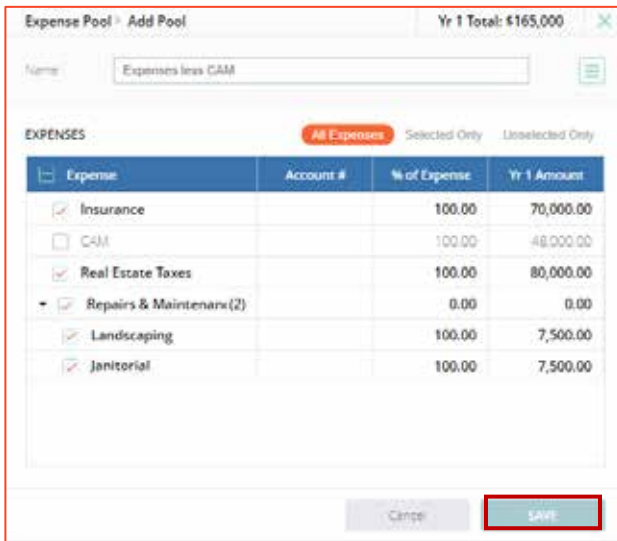


Helpful Hint: If a lease starts prior to the analysis start date and has a base stop reimbursement, enter the base stop amount. If you select the BY Calc/Future method, VAL will assume the reimbursable expenses in year 1 of the analysis as the base stop amount.

Expense Pools



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



- Name: **Expenses less CAM**
- Select **Insurance, Taxes and Repairs and Maintenance**.
- Click **Save**.

Create Recovery Method – Fixed CAM

Recovery methods are created by clicking Add New from the Recoveries field in the Rent Roll or by clicking Methods from the navigation pane. Once the recovery is created, the method needs to be assigned to the tenant to calculate.



Recoveries

METHODS
EXPENSE POOLS
TENANT GROUPS
ADMIN FEES
ADD METHOD

Recovery Method Name	Applied Tenants	
Default BaseYear	The Rockport Group	⋮
Default NNN		⋮

- Click on the Methods tab and select Add Method.

- Recovery Method, Expense Pool, & Admin Fees
- Expense Pool
- Recovery Structure
- Amount
- Contribution
- Recovery
- Rent
- Demand
- ICD Min Growth
- ICD Max Growth
- Recovery Floor
- Growth
- Recovery Ceiling
- Growth

Amount

Contribution

Recovery

Recovery Floor

Growth

Recovery Ceiling

Growth

Add New Recovery
Cancel
Save

- Name Recovery Method **Fixed CAM**.
- Select **CAM** as the Expense Pool.
- Select **Fixed** as Recovery Structure.
- Enter **\$10,000** as the Amount.

- Click **Add New Recovery** to model **Net Expenses less CAM**.

Rent Roll 2 tenants

	Tenant Name	Suite	Floor	UoM	Rent Steps	Free Rent	Recovery Method	Per
1	The Rockport Group	101	1	F/Year	3.00 % Annual I...	3.0 Months	Default BaseYear	
2	Clio's Coffee Shop	201	2	F/Year	0.50 \$/SF/Year ...		Fixed CAM	

Select **Fixed CAM** recovery method for Clio's Coffee Shop

Recovery Audit Report

- Reports
- All Reports
- Cash Flow
- Investment Analysis
- Valuation
- Rent Roll
- Mark to Market
- Underlying Support
- Rollover
- Lease Expiration
- Occupancy
- Audit**

Audit Report Collapse Report Export

EDIT
 PROPERTY AREA AUDIT
 OCCUPIED SF
 OCCUPANCY RATE
 PERCENT RENT AUDIT
 RECOVERY AUDIT
 LEASING COMMISSION AUDIT

Tenant:
 Lease:
 Term:

		Jan-2025 Dec-2025	Jan-2026 Dec-2026	Jan-2027 Dec-2027	Jan-2028 Dec-2028	Jan-2029 Dec-2029	Jan-2030 Dec-2030	Jan-2031 Dec-2031	Jan-2032 Dec-2032	Jan-2033 Dec-2033
Recovery Method: Fixed CAM										
+	CAM	FY 1	10,000	10,000	10,000	10,000	7,056	-	-	-
-	Expenses less CAM	FY 1	41,250	42,288	43,352	44,445	32,149	-	-	-
			Jan-2025 Dec-2025	Jan-2026 Dec-2026	Jan-2027 Dec-2027	Jan-2028 Dec-2028	Jan-2029 Dec-2029	Jan-2030 Dec-2030	Jan-2031 Dec-2031	Jan-2032 Dec-2032
Insurance	Fixed Amount - 100.00%	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	
	Variable Amount - 0.00% (after Gross-up)	-	-	-	-	-	-	-	-	-
	Total	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	
Real Estate Taxes	Fixed Amount - 100.00%	80,000	81,600	83,232	84,897	86,595	88,326	90,093	91,895	
	Variable Amount - 0.00% (after Gross-up)	-	-	-	-	-	-	-	-	-

Percentage Rent

Percentage rent is additional rent paid based on a percentage of gross sales above a breakpoint.

Clio's coffee shops' annual retail sales volume is projected to be \$1,250,000. They are to pay 5% above a natural breakpoint.



Expand to display Percentage Rent

Item	Tenant Name	State	Year	Recovery Method	Percentage Rate %	Sales	Sales Unit	Sales Growth Assumption	Percentage	Breakpoint	Breakpoint Unit	Amount	Unit
1	The Rockport Group	101	1	Default Best Year			\$/SF	General Growth				\$3.00	\$/SF
2	Clio's Coffee Shop	201	2	and COM		1,250,000	\$ Annual	General Growth	5.00	Natural			\$/SF

- Sales: \$1,250,000 growing by General Growth
- Percentage: 5%
- Breakpoint: Natural



Helpful Hint: $\text{Natural Breakpoint} = \text{Total Rent} \div \text{Sales \%}$

Percent Rent Audit Report

- Reports
- All Reports
- Cash Flow
- Investment Analysis
- Valuation
- Rent Roll
- Mark to Market
- Underlying Support
- Rollover
- Lease Expiration
- Occupancy
- Audit**

Audit Report

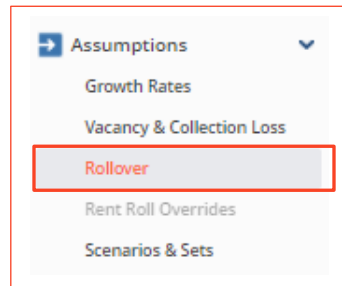
TENANT AREA AUDIT PROPERTY AREA AUDIT OCCUPIED SF OCCUPANCY RATE **PERCENT RENT AUDIT**

Tenant: Lease: Term:

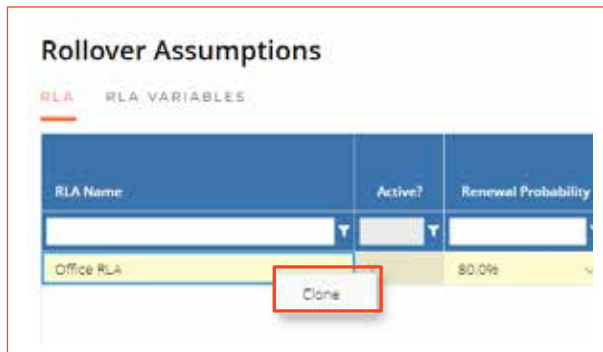
For the Years Ending	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033
Base Rental Income	50,736	53,236	55,736	58,236	42,333	-	-	-	-
Percentage	5.00%	5.00%	5.00%	5.00%	5.00%	-	-	-	-
Breakpoint	1,014,722	1,064,722	1,114,722	1,164,722	846,667	-	-	-	-
Sales	1,250,000	1,287,500	1,326,125	1,365,909	992,636	-	-	-	-
Sales Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-
Overage	235,278	222,778	211,403	201,187	145,970	-	-	-	-
Percentage	5.00%	5.00%	5.00%	5.00%	5.00%	-	-	-	-
Occupancy Rate	100.00%	100.00%	100.00%	100.00%	75.00%	-	-	-	-
Total Percentage Rent	11,764	11,139	10,570	10,059	7,298	-	-	-	-

Clone Rollover Lease Assumptions

The Retail RLA is similar to the Office RLA. To save time we will clone the Office RLA and adjust the market assumptions.



- From the Navigation pane select **Rollover**.



- Right click the Office RLA and select **Clone**.

RLA Variables

RLA Variables can be created versus hardcoding values in the fields in the rollover assumptions. Once a variable is created it can be assigned in rollover assumptions and rent roll.



Rollover Assumptions

RLA RLA VARIABLES

RLA Name	Active?	Renewal Probability	Term	Downtime (Mon)	Market Rents €	
					New	New UoL
Office RLA	Y	80.0%	60M	6	22.00	\$/SF/Year
Retail RLA	Y	80.0%	60M	6		\$/SF/Year

Add new Clear

Make below adjustments to RLA

- RLA Name: Retail RLA
- Click **Add New** in Market Rent to create a variable.

New \$12/Renew \$10

	YE dec-25	YE dec-26	YE dec-27	YE dec-28	YE dec-29	YE dec-30	YE dec-31	YE dec-32	YE dec-33	YE dec-34	YE dec-35
12.00 \$/SF/Year	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
10.00 \$/SF/Year	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

Cancel Save

- New: 12 \$/SF/Year
- Renew: 10 \$/SF/Year

Rollover Assumptions

RLA Name	Active?	Free Rent (Mo) *			Occupancy Cost Adjustment	Percentage Rent *			Tenant Improvements *			
		Now	Recur	Free Rent % L		Sales Pct	Sales Growth Ass...	Percentage	Breakdown Pct	Now	Now Util	Recur
Office RLA		0.00	0.00				0.00%				0.00	0.00
Retail RLA		0.00	0.00		5.00%	Use Previous	Use Previous	Use Previous	Use Previous	10.00	0.00	0.00

- Enter an Occupancy Cost Adjustment of 5%.
- Select **Use Previous** for the Retail RLA Percentage Rent.

Rent Roll

Tenant Name	Suite	Floor	Area	UoM	Growth Assumption	Area	UoM	Growth Assumption	Upset Expense	Rollover Assumptions
The Rockport Group	101	1	0.00	S/SF	MARKING COSTS (NET)	0.00	%		Market	Office RLA
Clio's coffee shop	201	2		S/SF	MARKING COSTS (NET)		%		Market	Retail RLA

- Select **Retail RLA** for Clio's Coffee Shop Rollover Assumption.

Occupancy Cost & Sales Report

Occ. Cost & Sales

Note: A highlighted cell indicates an Occupancy Cost Adjustment in that period.

EXPAND REPORT

OCCUPANCY COST
 TENANT PAYABLES
 TENANT SALES

Show data: Annual
 Include Tenant Details: Yes
 Include Lease Dates: Yes

Tenant	Suite	SF	Start	End	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033	Year 10 Dec-2034
The Rockport Group	101	15,000	M	Jan-01-2025	Dec-31-2027									
Clio's Coffee Shop	201	5,000	M	Sep-15-2024	Sep-14-2029	9.10%	9.06%	9.02%	8.99%	7.81%	5.00%	5.00%	5.00%	5.00%

A highlighted cell indicates an Occupancy Cost Adjustment in that period.

Vacant Space

Vacant space is entered in the rent roll where the lease start date can be set to a date in the future to calculate the downtime vacancy.



Rent Roll		3 tenants		Helpful Hints		ADD LEASE		
	Tenant Name	Suite	Floor	Lease Term	Area	Base Rent		Filters
						Amount	UoM	
1	The Rockport Group	101	1	36M	15,000	20.00	\$/SF/Year	
2	Clio's Coffee Shop	201	2	60M	5,000	10.00	\$/SF/Year	0.50 \$
3	Vacant Space	202	2	60M	10,000	100.00	% of Market Rent With Rent Steps	

- Click **Add Lease**.
- Tenant Name: Vacant Space
- Suite: 202
- Floor: 2
- Start Date: June 1, 2025, 5 Year Lease Term
- Area: 10,000 SF
- Base Rent: 100% of Market Rent with Rent Steps

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.



Rent Roll								3 tenants		Helpful Hints		ADD LEASE	
	Tenant Name	Suite	Floor	Rent Steps	Free Rent	Recovery Method	Percent						
1	The Rockport Group	101	1	3.00 % Annual Increase	3.0 Months	Default BaseYear							
2	Clio's Coffee Shop	201	2	0.50 \$/SF/Year Annual Increase		Fixed CAM	1,250.00						
3	Vacant Space	202	2										

- Click on the pencil icon for **Free Rent** to create a variable.

Start Date	Percent	Months Free	Free Rent For Period	Cumulative Free Rent
06/01/2025	100.0%	1.0	\$0	\$0
06/01/2026	100.0%	1.0	\$0	\$0
06/01/2027	100.0%	1.0	\$0	\$0

- Click **Add** to insert rows and model free rent to reflect an abatement in the first month of the first three lease years.

Create Recovery Method – 15% Admin Fee

Vacant Space will reimburse their pro-rata share of CAM plus a 15% Admin Fee and reimburse Net for the remainder of the reimbursable expenses.

	Tenant Name	Suite	Floor	Rent Steps	Free Rent
1	The Rockport Group	101	1	3.00 % Annual Increase	3.0 Months
2	Clio's Coffee Shop	201	2	0.5\$/SF/Year Annual Increase	
3	Vacant Space	202	2		1.0 Months

- Click Add New to create a recovery method for the Vacant Space.

Name: CAM + 15%

Gross Up: On

Recovery Pool, Structure & Admin Fees	Expense Pool	CAM	Expenses Less CAM
	Recovery Structure	Net	Net
	Amount	None	None
	Growth	Growth	Growth
	Contribution Deduct	None	None
	Admin Fee	\$ 15.00	\$
Pro-Rata Share & Denominators	PRS	Tenant Area	Tenant Area
	Denom	Property Size	Property Size
Year-Over-Year Recovery Growth	YOY Min Growth	Growth	Growth
	YOY Max Growth	Growth	Growth
Recovery Floors & Ceilings	Recovery Floor	None	None
	Growth	Growth	Growth
	Recovery Ceiling	None	None
	Growth	Growth	Growth

ADD NEW RECOVERY

Leasing Cost – Use RLA

Market assumptions for recoveries, tenant improvements, and leasing commissions within the Rollover Leasing Assumptions (RLAs) can be assigned to the tenants in the rent roll by selecting the **Use RLA** option from the drop-down menus. The Use RLA option creates a dynamic link between the market assumptions and the inputs in the rent roll.



Tenant Name	Suite	Floor	TI Amount	LC Amount	Notice Period Date	Upset Expiration	Rollover Assumption
The Rockport Group	101	1	10.00	5.00		Market	
Clio's Coffee Shop	201	2				Market	Retail RLA
Vacant Space	202	2	Use...	Use...		Market	Office RLA

- Select **Use RLA** for TIs and LCs.
- Select the **Office RLA** as the Rollover Assumptions.

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.

Floor	Area SF	Comment
1	15,000	
2	15,000	

ADD 2 floors 15,000

Add 2 floors that are 15,000 SF.

Select Stacking Plan as of date to adjust the start date.

Stacking Plan (as of **Analysis Start**)

FLOOR SIZE FLOOR DETAILS TENANT ASSIGNMENT **STACKING PLAN** EXPORT as .jpg

FLOOR	2027	2029	LEASED / VACANT	TOTAL
	15,000 SF 50.00 %	5,000 SF 16.67 %	20,000 SF	30,000 SF
2	Clio's Coffee Shop 201 - 5,000 SF - SEP-2024	VACANT 10,000 SF	5,000 SF / 10,000 SF	15,000 SF
1	The Rockport Group 101 - 15,000 SF - JAN-2025		15,000 SF	15,000 SF

Cash Flow with Tenant Level Details

Cash Flow Export Report Filter Report

PER PERIOD 1 PER ALL PERIODS TENANT CASH FLOW

Show data: Actual Sort Expenses: All Expenses Show tenant level details: Yes Show figures in 000s: Yes

Select **Yes** to Show Tenant level details.

Export to Excel or PDF and expand and/or collapse report reorder tenants in rent roll.

Cash Flow

MAIN PSF PERIOD 1 PSF ALL PERIODS TENANT CASH FLOW

Show date: Annual | Layout: Standard | Sort Expenses: As Entered | Show tenant level details: Yes | Show figures in '000s

For the Years Ending	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033	Year 10 Dec-2034	Year 11 Dec-2035
Income											
Potential Rental Income											
The Rockport Group	300,000	309,000	318,270	339,268	348,598	359,055	369,827	380,922	392,350	403,137	415,231
Clio's Coffee Shop	50,736	53,236	55,736	58,236	59,818	59,761	61,594	63,401	65,303	67,259	69,105
Vacant Space	213,333	223,850	230,566	237,482	244,607	243,144	243,552	250,859	258,384	266,136	274,120
Total Potential Rental Inco...	564,069	586,086	604,572	634,986	653,023	661,961	674,933	695,181	716,037	736,532	758,456
Downtime Vacancy	(85,000)	-	-	(28,272)	(4,949)	(19,990)	-	-	(32,775)	(5,737)	(23,181)
Free Rent	(93,333)	(18,883)	(19,450)	(16,963)	(2,969)	(11,998)	-	-	(19,665)	(3,442)	(13,909)
Occupancy Cost Adjustment	-	-	-	-	-	(1,023)	(2,517)	(3,755)	(4,552)	(4,888)	(1,170)
Base Rental Income	385,736	567,203	585,122	589,751	645,105	628,944	672,416	691,426	659,044	722,485	720,196
Percentage Rent	11,764	11,139	10,570	10,059	9,613	12,693	13,074	13,466	13,870	13,230	14,890
Total Recovery Income	84,006	129,908	136,132	128,106	124,213	47,329	17,287	24,713	13,099	20,019	15,854
Misc. Income	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
Total Potential Gross Income	496,506	723,700	747,737	744,307	795,813	706,356	720,688	748,054	705,016	775,306	771,099
Vacancy Loss	-	(36,185)	(37,397)	(10,357)	(35,089)	(16,373)	(36,160)	(37,590)	(4,342)	(33,559)	(16,592)
Collection Loss	-	-	-	-	-	-	-	-	-	-	-
Effective Gross Income	496,506	687,515	710,350	733,950	760,723	689,983	684,528	710,464	700,674	741,747	754,507
Expenses											
Insurance	70,000	72,100	74,263	76,491	78,790	81,149	83,584	86,091	88,674	91,334	94,074
CAM	64,500	74,160	76,385	76,218	80,193	81,729	85,972	88,551	88,357	92,965	94,746
Real Estate Taxes	80,000	81,000	83,232	84,897	86,595	88,326	90,093	91,895	93,733	95,607	97,520
Repairs & Maintenance	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
Management Fee	17,378	24,063	24,662	25,688	26,625	24,149	23,958	24,866	24,524	25,961	26,408
Total Expenses	246,878	267,373	274,656	279,684	289,081	292,743	301,518	309,851	314,289	325,439	332,906
Net Operating Income	249,629	420,142	435,695	454,266	471,643	397,240	383,010	400,612	386,385	416,308	421,601
Leasing & Capital Costs											
Leasing Costs	348,181	-	-	151,873	43,135	107,415	-	-	176,063	50,005	124,523
Capital Expenses	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	12,095
Total Leasing & Capital Costs	357,181	9,270	9,548	161,708	53,264	117,848	10,746	11,069	187,463	61,747	136,618
Net Cash Flow	(107,552)	410,872	426,147	292,558	418,379	279,392	372,264	389,543	198,921	354,560	284,983

Show tenant level details.

Valuation

Create an unlimited number of valuations. VAL supports the following valuation methods:

- DCF
- Direct Capitalization
- Direct Entry



Use as Default	Amount	Per UOM	Valuation Description	Valuation As of Date	Valuation Method	NOI to Cap	NOI Adj For Residual Value
<input type="checkbox"/>				mm/dd/yyyy			
<input checked="" type="checkbox"/>	4,500,000	15,000/SQ	Purchase Price	Analysis Start	Direct Entry		
<input checked="" type="checkbox"/>			Stabilized DCF	01/2026	Direct Capital...		
<input checked="" type="checkbox"/>			As is DCF	Analysis Start	DCF		

Click **Add Valuation** to insert rows. Create 3 valuation sets below:

- As is DCF:
 - DCF method as of the Analysis Start Date
 - Cap Rate: 7%
 - Discount Rate: 9%
 - Hold Period: 10 years, capping year 11
 - Cost of Sale: 1% of Residual Sale
- Stabilized Direct Cap:
 - Valuation as of Date: 01/2026
 - Direct Capitalization method
 - Cap Rate: 9%
- Purchase Price
 - Direct Entry method
 - \$4,500,000 Amount

Report - Valuation: Sale Yield Matrix

Valuation

SALE YIELD MATRIX PROSPECTIVE PRESENT VALUE CASH FLOW WITH

Valuation Cap Rate Increment (BP) # of Increments

As is DCF: Analysis Start, ... ^
 25
 2

As is DCF: Analysis Start, DCF

As Stabilized : 01/2026, Direct Capitalization

Valuation		Exit Cap Rate				
		6.50%	6.75%	7.00%	7.25%	7.50%
Discount Rates						
8.00%	\$4,932,524	\$4,822,364	\$4,720,073	\$4,624,837	\$4,535,949	
8.50%	\$4,749,571	\$4,644,384	\$4,546,710	\$4,455,772	\$4,370,897	
9.00%	\$4,574,908	\$4,474,448	\$4,381,163	\$4,294,312	\$4,213,251	
9.50%	\$4,408,111	\$4,312,145	\$4,223,033	\$4,140,067	\$4,062,632	
10.00%	\$4,248,778	\$4,157,085	\$4,071,943	\$3,992,672	\$3,918,685	

Select which valuation set to calculate.

Report – Prospective Present Value

Valuation

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

Valuation: As is DCF Analysis Start... Discount Rate Increment (BP): 50 # of Increments: 1

Year	Annual CF	PV @ 8.00%	PV @ 8.50%	PV @ 9.00%	PV @ 9.50%	PV @ 10.00%
1	(\$107,552)	(\$99,585)	(\$99,126)	(\$98,672)	(\$98,221)	(\$97,772)
2	\$410,872	\$352,256	\$349,017	\$345,822	\$342,671	\$339,562
3	\$426,147	\$338,289	\$333,634	\$329,063	\$324,575	\$320,168
4	\$292,558	\$215,039	\$211,102	\$207,256	\$203,496	\$199,821
5	\$418,379	\$284,741	\$278,241	\$271,917	\$265,766	\$259,788
6	\$279,392	\$176,064	\$171,252	\$166,592	\$162,080	\$157,717
7	\$372,264	\$217,212	\$210,902	\$204,641	\$198,420	\$192,239
8	\$389,543	\$210,458	\$202,823	\$195,499	\$188,470	\$181,637
9	\$108,921	\$99,510	\$95,458	\$91,589	\$87,893	\$84,361
10	\$354,500	\$164,230	\$156,817	\$149,770	\$143,070	\$136,698
Total Cash Flows	\$3,035,084	\$1,958,215	\$1,909,520	\$1,862,478	\$1,817,022	\$1,773,085
Residual Value	\$5,962,644	\$2,761,858	\$2,637,190	\$2,518,685	\$2,406,011	\$2,298,857
DCF plus Residual Value	\$8,997,728	\$4,720,073	\$4,546,710	\$4,381,163	\$4,223,033	\$4,071,943
Rounded to Thousands	\$8,998,000	\$4,720,000	\$4,547,000	\$4,381,000	\$4,223,000	\$4,072,000
Value per Square Foot	\$299.92	\$157.34	\$151.56	\$146.04	\$140.77	\$135.73

Residual Value Calculation

Year to Cap	11	
What to Cap	NOI	421,601
NOI Adjustments	No	0
Adjusted NOI		421,601
Exit Cap Rate	7.00%	5,022,873
Residual Value Adjustments	No	0
Adjusted Residual Value		5,022,873
Cost of Sales	1.00%	-60,229
Net Residual Value		5,962,644

Hover Residual Value Calculation to display the details.

Report - Investment Analysis: Investment Cash Flow

Investment Analysis

INVESTMENT CASH FLOW RETURN SENSITIVITIES SOURCES & USES RESERVES ACTIVITY COST BASE

Show data: Annual (dropdown) **Display data annually or monthly.**

Show Figures in: 000000 (dropdown) **Select Valuation As is DCF.**

Investment Period				Purchase/Start			Sale/Exit			IRR Methodology			
Start Date	Investment Period	Exit Date	Exit Costs (%)	Valuation	Cap Rate	Discount Rate	Amount	Valuation	Cap Rate	Discount Rate	Amount	Discounting	Actual Day Count
Analysis S:	120M	12/2034	1.00	As is DCF, An...	7.00	9.00	4,381,163	Residual Valu...				ATTN	Yes
Override:													

For the Years Ending	Time 0 Jan-01-2023	Year 1 Dec-2023	Year 2 Dec-2024	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033	Year 10 Dec-2034	
Property Cash Flows												
Net Operating Income		249,629	420,142	425,585	454,288	471,540	497,243	583,010	430,612	386,385	416,328	
Leasing & Capital Costs		(257,181)	(9,270)	(9,548)	(81,702)	(52,254)	(117,848)	(6,748)	(11,089)	(107,462)	(61,747)	
Net Cash Flow		(107,552)	410,872	426,147	292,558	418,379	279,392	372,264	389,543	198,921	354,580	
Purchase/Sale												
Purchase/Sale		(4,381,163)									\$22,872	
Exit Costs											(60,229)	
Net Proceeds		(4,381,163)									5,962,644	
Cash Flow Available for Distribution IRR/MOC												
Total Unlevered Cash Flow	9.00% / 2.05x	(4,381,163)	(107,552)	410,872	426,147	292,558	418,379	279,392	372,264	389,543	198,921	6,317,204
Unlevered Cash On Cost			(2.45%)	0.38%	0.73%	0.68%	0.22%	0.38%	0.52%	0.89%	4.54%	0.29%

Investment Analysis: Return Sensitivities

Investment Analysis

INVESTMENT CASH FLOW **RETURN SENSITIVITIES** SOURCES & USES RESERVES ACTIVITY COST BASE

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
Analysis S:	120M	12/2034	1.00	As is DCF, An...	7.00	9.00	4,381,163	Residual Valu...		
Override:										

Sale/Exit Cap Rate (%)	Investment Period (Mos)					
	UNLEVERED IRR			UNLEVERED Equity Multiple (MOC)		
	108	120	132	108	120	132
6.00%	10.55%	10.22%	11.50%	2.18x	2.28x	2.76x
6.50%	9.81%	9.58%	10.90%	2.06x	2.16x	2.60x
7.00%	9.14%	9.00%	10.35%	1.96x	2.05x	2.47x
7.50%	8.53%	8.47%	9.85%	1.87x	1.96x	2.36x
8.00%	7.96%	7.98%	9.39%	1.79x	1.88x	2.26x

Change Valuation to **Purchase Price** and add **7%** cap to calculate IRR results with these parameters.

Investment Analysis

INVESTMENT CASH FLOW **RETURN SENSITIVITIES** SOURCES & USES RESERVES ACTIVITY COST BASIS

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
Analysis 5	120M	12/2034		Purchase Price	5.55		4,500,000	Direct Cap	7.00	
				Override:				Override:		

Sale/Exit Cap Rate (%)	Investment Period (Mos)					
	UNLEVERED IRR			UNLEVERED Equity Multiple (MOC)		
	108	120	132	108	120	132
6.00%	10.25%	9.94%	11.24%	2.14x	2.24x	2.71x
6.50%	9.51%	9.30%	10.64%	2.02x	2.12x	2.55x
7.00%	8.84%	8.72%	10.09%	1.92x	2.01x	2.42x
7.50%	8.22%	8.18%	9.59%	1.83x	1.92x	2.31x
8.00%	7.66%	7.69%	9.13%	1.75x	1.85x	2.21x

Select **Purchase Price** as Valuation and enter a **7%** Cap Rate.

Loans

Create up to 5 loans in VAL. Include or exclude debt to display results by selecting Yes or No in the Loan In Use field.

Refinance Loan: A refinance loan is available as the 6th loan which is used to pay off all of the loans in the capital stack that are “in use”. The pay-off date (or funding date) occurs on the Note Date of the Refinance Loan.

Loan Testing: Select Loan Sizing to run cumulative or individual tests.

- Individual Test:
 - Max Loan Amount
- Cumulative Test:
 - Max LTV
 - Min DSCR (Actual Constant)
 - Min DSCR (Test Constant)
 - Min Debt Yield



Activate Loan Sizing to enable VAL to calculate the Note Amount.

Loans Helpful Hints

Loan in Use?	Lien Priority	Loan Info >		Future Advances?	Note Amount/ Total Commitment	Initial Advance	Interest Rate			Spit Marg
		Loan Name	Loan Sizing				Rate Type	Index Name	Index Value (%)	
Yes	1	Financing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2,817,172.74024	2,817,172.74024	Fixed	None		
No			<input type="checkbox"/>	<input type="checkbox"/>			Fixed	None		
No			<input type="checkbox"/>	<input type="checkbox"/>			Fixed	None		
No			<input type="checkbox"/>	<input type="checkbox"/>			Fixed	None		
No			<input type="checkbox"/>	<input type="checkbox"/>			Fixed	None		
No			<input type="checkbox"/>	<input type="checkbox"/>			Fixed	None		
No			<input type="checkbox"/>	<input type="checkbox"/>			Fixed	None		

Loan Name	Loan Sizing Tests							
	Max Loan Amount	Max LTV	Max LTC	Min DSCR (Actual Constant)	Min DSCR (Test Constant)	Min Debt Yield (%)	Valuation	Cost Base (for ...)
Financing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	65.00	<input checked="" type="checkbox"/>	1.35	<input checked="" type="checkbox"/>	7.00	As is DCF An...

Enter below inputs for **Loans**:

- Loan Name: Financing
- Loan Sizing: Yes
- Loan Term: 10 Years
- Amortization Schedule: 30 Years
- Interest Rate: 5%
- Accrual Method: 30/360
- Note Date: 1/2025

Enter below inputs for **Loan Sizing**:

- Max LTV: 65
- Min DSCR (Actual Constant): 1.35
- Min Debt Yield: 7%
- Valuation: As is DCF
- NOI/NCF: NOI Forward 12 Months

Debt Report – Schedule Amortization Table

Debt Expense

1 - FINANCING

Scheduled Amortization Table
Loan Name: Financing

Month	Payment Date	Accrual Period Begin Date	Accrual Period End Date	Days	Interest Rate	Index Value	Spread/Margin	Lifetime Cap	Lifetime Floor	Beginning Balance	Interest	Principal	Total P&I	B
1	Feb-01-2025	Jan-01-2025	Jan-31-2025	30	5.0000%	-	-	-	-	2,847,756.14	11,865.65	3,421.72	15,267.37	
2	Mar-01-2025	Feb-01-2025	Feb-28-2025	30	5.0000%	-	-	-	-	2,844,334.42	11,851.39	3,435.98	15,267.37	
3	Apr-01-2025	Mar-01-2025	Mar-31-2025	30	5.0000%	-	-	-	-	2,840,898.45	11,837.08	3,450.29	15,267.37	
4	May-01-2025	Apr-01-2025	Apr-30-2025	30	5.0000%	-	-	-	-	2,837,448.15	11,822.70	3,464.67	15,267.37	
5	Jun-01-2025	May-01-2025	May-31-2025	30	5.0000%	-	-	-	-	2,833,983.46	11,808.26	3,479.11	15,267.37	
6	Jul-01-2025	Jun-01-2025	Jun-30-2025	30	5.0000%	-	-	-	-	2,830,504.37	11,793.77	3,493.60	15,267.37	
7	Aug-01-2025	Jul-01-2025	Jul-31-2025	30	5.0000%	-	-	-	-	2,827,010.77	11,779.21	3,508.16	15,267.37	
8	Sep-01-2025	Aug-01-2025	Aug-31-2025	30	5.0000%	-	-	-	-	2,823,502.61	11,764.59	3,522.78	15,267.37	
9	Oct-01-2025	Sep-01-2025	Sep-30-2025	30	5.0000%	-	-	-	-	2,819,979.84	11,749.92	3,537.45	15,267.37	
10	Nov-01-2025	Oct-01-2025	Oct-31-2025	30	5.0000%	-	-	-	-	2,816,442.36	11,735.18	3,552.19	15,267.37	
11	Dec-01-2025	Nov-01-2025	Nov-30-2025	30	5.0000%	-	-	-	-	2,812,890.19	11,720.38	3,566.99	15,267.37	
12	Jan-01-2026	Dec-01-2025	Dec-31-2025	30	5.0000%	-	-	-	-	2,809,323.19	11,705.51	3,581.86	15,267.37	
13	Feb-01-2026	Jan-01-2026	Jan-31-2026	30	5.0000%	-	-	-	-	2,805,741.34	11,690.59	3,596.78	15,267.37	
14	Mar-01-2026	Feb-01-2026	Feb-28-2026	30	5.0000%	-	-	-	-	2,802,144.55	11,675.60	3,611.77	15,267.37	
15	Apr-01-2026	Mar-01-2026	Mar-31-2026	30	5.0000%	-	-	-	-	2,798,532.79	11,660.55	3,626.82	15,267.37	

Report Investment Analysis – Levered IRR

Investment Analysis Expand Report | Help

INVESTMENT CASH FLOW RETURNS SENSITIVITIES SCA

Show data: Annual **Show Levered?** Show figures in 000?

Select YES to Show Levered

Investment Period			Purchase/Start				Sale/Exit				IRR Methodology																																																																																																																										
Start Date	Investment Period	Exit Date	Exit Costs (%)	Valuation	Cap Rate	Discount Rate	Amount	Valuation	Cap Rate	Discount Rate	Amount	Discounting	Actual Day Count																																																																																																																								
12/31/2024	12M	12/31/2034		Purchase Pric...	5.5%		4,000,000	Direct Cap	7.0%		4,021,873	Annual	<input checked="" type="checkbox"/>																																																																																																																								
<table border="1"> <thead> <tr> <th>For the Year Ending</th> <th>Year 0 Jan-01-2025</th> <th>Year 1 Dec-31-2025</th> <th>Year 2 Dec-31-2026</th> <th>Year 3 Dec-31-2027</th> <th>Year 4 Dec-31-2028</th> <th>Year 5 Dec-31-2029</th> <th>Year 6 Dec-31-2030</th> <th>Year 7 Dec-31-2031</th> <th>Year 8 Dec-31-2032</th> <th>Year 9 Dec-31-2033</th> <th>Year 10 Dec-31-2034</th> </tr> </thead> <tbody> <tr> <td>Property Cashflow</td> <td></td> <td>(107,852)</td> <td>410,872</td> <td>426,147</td> <td>292,538</td> <td>418,379</td> <td>276,392</td> <td>372,264</td> <td>389,543</td> <td>188,921</td> <td>354,560</td> </tr> <tr> <td>Debt Service</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Principal</td> <td></td> <td>(88,433)</td> <td>(83,981)</td> <td>(80,231)</td> <td>(76,581)</td> <td>(73,026)</td> <td>(69,448)</td> <td>(65,837)</td> <td>(62,281)</td> <td>(58,787)</td> <td>(55,356)</td> </tr> <tr> <td> Interest</td> <td></td> <td>(19,419)</td> <td>(179,487)</td> <td>(127,217)</td> <td>(124,852)</td> <td>(122,349)</td> <td>(120,762)</td> <td>(119,006)</td> <td>(117,117)</td> <td>(115,062)</td> <td>(112,901)</td> </tr> <tr> <td> Total P&I</td> <td></td> <td>(107,851)</td> <td>(183,468)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> </tr> <tr> <td>Total Debt Service</td> <td></td> <td>(168,161)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> <td>(183,448)</td> </tr> <tr> <td>Cash Flow After Debt Service</td> <td></td> <td>(276,113)</td> <td>227,423</td> <td>242,698</td> <td>109,110</td> <td>234,930</td> <td>95,943</td> <td>188,815</td> <td>206,095</td> <td>15,473</td> <td>171,112</td> </tr> <tr> <td>Credit Metrics</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Ending Balance</td> <td></td> <td>2809,823</td> <td>2,765,342</td> <td>2,713,111</td> <td>2,670,510</td> <td>2,619,421</td> <td>2,568,795</td> <td>2,509,292</td> <td>2,449,980</td> <td>2,387,591</td> <td>2,322,016</td> </tr> </tbody> </table>														For the Year Ending	Year 0 Jan-01-2025	Year 1 Dec-31-2025	Year 2 Dec-31-2026	Year 3 Dec-31-2027	Year 4 Dec-31-2028	Year 5 Dec-31-2029	Year 6 Dec-31-2030	Year 7 Dec-31-2031	Year 8 Dec-31-2032	Year 9 Dec-31-2033	Year 10 Dec-31-2034	Property Cashflow		(107,852)	410,872	426,147	292,538	418,379	276,392	372,264	389,543	188,921	354,560	Debt Service												Principal		(88,433)	(83,981)	(80,231)	(76,581)	(73,026)	(69,448)	(65,837)	(62,281)	(58,787)	(55,356)	Interest		(19,419)	(179,487)	(127,217)	(124,852)	(122,349)	(120,762)	(119,006)	(117,117)	(115,062)	(112,901)	Total P&I		(107,851)	(183,468)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	Total Debt Service		(168,161)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	(183,448)	Cash Flow After Debt Service		(276,113)	227,423	242,698	109,110	234,930	95,943	188,815	206,095	15,473	171,112	Credit Metrics												Ending Balance		2809,823	2,765,342	2,713,111	2,670,510	2,619,421	2,568,795	2,509,292	2,449,980	2,387,591	2,322,016
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Report Packages

Report Management ▼

- Report Settings
- Report Package**
- Versions

Report Settings & Package

REPORT SETTINGS **REPORT PACKAGES**

Specified below
RUN
SAVE
SAVE AS

Contents:

- ▼ Select All
- ▼ Cash Flow
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 - PSF All Periods
 - Tenant Cash Flow
- ▼ Investment Analysis
 - Investment Cash Flow
 - Return Sensitivities
 - Sources & Uses
 - Reserves Activity
 - Cost Basis
- ▼ Valuation
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 - Free Recoveries
 - Free Percentage Rent
 - Base Rental Income
 - Occupancy Cost Adj.
 - Percentage Rent
 - Expense Recovery Income
 - Tenant Improvements
 - Leasing Commissions
 - Prevailing Market Rent
 - SF Expiring
 - Expense Recovery Schedule
- ▼ Rollover
 - Summary
 - Individual Rollover Assumption
 - Market Rent Matrix w/ Ind. Growth
- ▼ Lease Expiration
 - Summary
 - Initial Terms
- ▼ Occupancy
- ▼ Audit
 - Tenant Area Audit
 - Property Area Audit
 - Occupied SF
 - Occupancy Rate
 - Percent Rent Audit
 - Recovery Audit
 - Leasing Commission Audit
- ▼ Assumptions Check
 - Vacancy and Collection Loss
 - Misc. Income, Expenses, and CapEx
 - Rollover Assumptions

Select reports to include in package and click Run.

Scenarios & Sets

Combine sets of assumptions to create named scenarios by selecting Scenarios & Sets from the navigation pane. Create different variations of users' baseline set of rollover assumptions and rent roll overrides to run different scenarios in the model.



Scenarios & Sets			
Scenario Name	RLA Set	Growth Rates Set	Vacancy & Collection Loss Set
Baseline	Baseline	Baseline	Baseline
Downside	Baseline	Baseline	Baseline

- From the Navigation pane select **Scenarios & Sets**.
- Click **Add Scenario** (located in upper right-hand corner).
- Name scenario **Downside** by typing in the red box in the new row.

RLA Set Rollover Scenarios

VAL provides ability to easily run alternative rollover scenarios in the model to test the robustness of results in the presence of uncertainty.



Scenarios & Sets

SCENARIO MANAGER SET MANAGER

Name	RLA Set
Baseline	Baseline
Downside	Baseline
	Baseline
	Add new

- From the RLA set drop down menu select **Add New**.
- Name RLA Set **Downside RLA**.

Rollover Assumptions

Helpful Hints Refresh Filter Search Add New

ROLLOVER ASSUMPTIONS RLA VARIABLES RLA Set: Downside

Set Name	RLA Name	Active?	Renewal Probability	Term	Downtime (Mths)	Market Rent			
						New	Renew	Renew	Renew
Downside RLA	Office RLA	Y	80%	12	8	20.00	18.00	18.00	18.00
Downside RLA	Retail RLA	Y	80%	12	12	12.00	10.00	10.00	10.00

- Click on the **Downside RLA** to edit.
- Update the following assumptions:
 - Office RLA
 - Renewal Probability: 60%
 - Downtime: 8 Months
 - Market Rent: New \$20, Renew \$18
 - Retail RLA
 - Renewal Probability: 60%
 - Downtime: 12 Months
 - Market Rent: New \$12, Renew \$10



Growth Rates Set

The Growth Rate scenario set is a replica of the baseline growth rates. To enter a new rate in the scenario, click on the Rate Type down down menu.



Growth Rates ADD RFLS Data ADD RATE ADD SET BACK TO SCENARIO MANAGER

Note: If "Use Baseline" is selected and that Growth Rate has "Use General" for the Baseline Set, then the General Growth Rate for that non Baseline Set is used.

Set Name	Growth Rate Name	Rate Type	Rate	Year Ending							
				Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	
(1) Downside Growth Rates											
Downside Growth Rates	General Growth	Use Baseline	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Downside Growth Rates	Market Rent Growth	Direct Entry	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Downside Growth Rates	Misc. Income Growth	Use Baseline									
Downside Growth Rates	Operating Expense Growth	Use Baseline									
Downside Growth Rates	Leasing Costs Growth	Use Baseline									
Downside Growth Rates	Capital Expense Growth	Use Baseline									
Downside Growth Rates	REIT Growth	Use Baseline	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

- Click on the Growth Rates Set drop down menu and select **Add New**.
- Name **Downside Growth Rate** and click **Create**.
- Click on the Market Rent Rate Type down down menu and select **Direct Entry**.
- Enter the Market Rent growth rate as **2%**.
- Click **Back to Scenario Manager** to return to scenario & sets screen.

Vacancy & Collection Loss Set

The Vacancy & Collection Loss scenario set is a replica of the baseline.



Click **Back to Scenario Manager**

Set Name	Loss Type	Entry Type	Loss Basis	Rate	Dec-25	Dec-26	Dec-27	Dec-28	D
(1) Downside Vacancy & I									
Downside Vacancy & Co...	Vacancy Loss	Direct Entry	Potential Gross Income	10.00%	10.00%	10.00%	10.00%	10.00%	1
Downside Vacancy & Co...	Collection Loss	Use Baseline	Potential Gross Income	0.00%	0.00%	0.00%	0.00%	0.00%	

- Click on the Vacancy & Collection Loss Set select **Add New**.
- Name Rent Roll Override – **Downside Vacancy** and click **Create**.
- Enter a **10%** Vacancy Loss rate.

Rent Roll Overrides Set

VAL provides ability to easily run alternative rent roll scenarios.



Scenarios & Sets

SCENARIO MANAGER SET MANAGER

Scenario Name	RLA Set	Growth Rates Set	Vacancy & Collection Loss Set	Rent Roll Overrides Set
Baseline	Baseline	Baseline	Baseline	None
Downside	Downside Sub	Downside Growth Rate	Downside Vacancy	None

Add new

- Click on the Rent Roll Overrides Set drop down menu and select **Add New**.
- Name Rent Roll Override – **Downside RR** and click **Create**.

Rent Roll Override Set – Downside RR

Helpful Hints

BACK TO SCENARIO MANAGER

Rent Roll Override Set: Downside RR

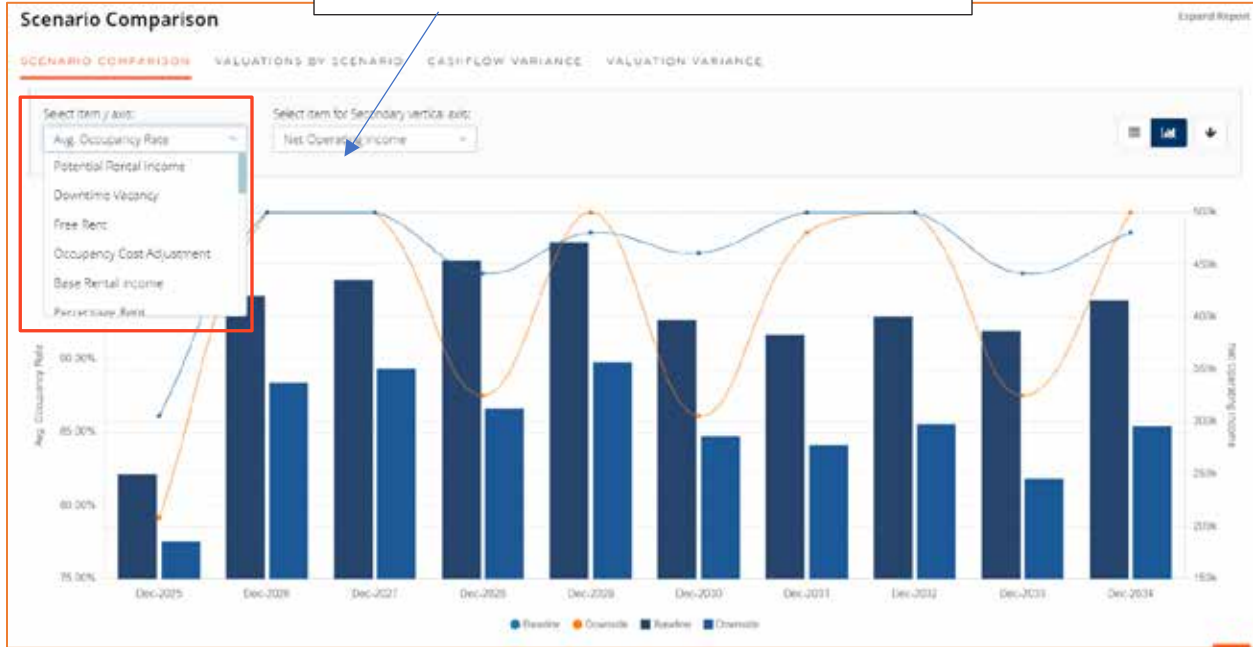
Override?	Tenant Name	Suite	Floor	Start Date	End Date	Lease Term
<input type="checkbox"/>				n/dd/yyyy	mm/dd/yyyy	
<input checked="" type="checkbox"/>	Clio's Coffee Shop	201	2	Sep-15-24	Mar-31-25	6M/17D
<input type="checkbox"/>	Vacant Space	202	2	Jun-01-25	May-31-30	60M

Fields highlighted in orange if different from baseline rent roll input.

- Clio's Coffee Shop is moving out early due to lack of demand.
- Select Override **On**.
- Update the End Date to **March 31, 2025**.

Scenario Comparison Reports

Select what data attribute to display on the graph.



Scenario Comparison

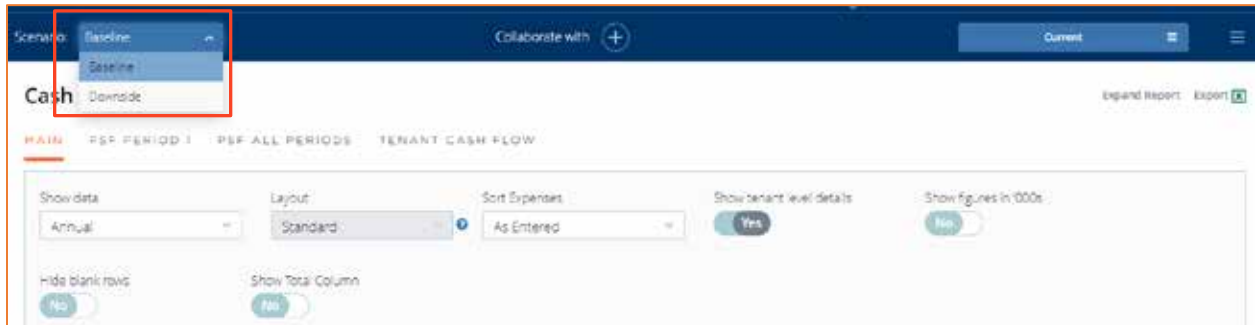
SCENARIO COMPARISON VALUATIONS BY SCENARIO CASHFLOW VARIANCE VALUATION VARIANCE

Show data: Annual | Layout: Standard | Scenario 1: Baseline | Scenario 2: Downside | Show tenant level details: No

For the Years Ending	Year 1 Dec-2025				Year 2 Dec-2026				Year 3 Dec-2027			
	Scenario 1	Scenario 2	Variance Amount	Variance %	Scenario 1	Scenario 2	Variance Amount	Variance %	Scenario 1	Scenario 2	Variance Amount	Variance %
- Income												
Potential Rental Income	564,069	548,000	(16,069)	(2.85%)	586,086	567,040	(19,046)	(3.25%)	604,572	584,051	(20,520)	(3.39%)
Downtime Vacancy	(88,000)	(100,883)	(12,883)	14.63%	-	-	-	-	-	-	-	-
Free Rent	(93,333)	(97,067)	(3,733)	4.00%	(18,883)	(17,167)	1,717	(9.09%)	(19,450)	(17,682)	1,768	(9.09%)
Occupancy Cost Adjustment	-	-	-	-	-	(2,937)	(2,937)	-	-	(4,007)	(4,007)	-
Base Rental Income	385,736	350,100	(35,636)	(9.24%)	567,203	546,947	(20,256)	(3.57%)	585,122	562,362	(22,759)	(3.89%)
Percentage Rent	11,764	5,958	(5,806)	(49.35%)	11,139	9,835	(1,304)	(11.71%)	10,570	10,130	(440)	(4.16%)
Total Recovery Income	84,006	55,043	(28,964)	(34.48%)	129,908	96,518	(33,390)	(25.70%)	136,132	103,113	(33,019)	(24.26%)
^ Misc. Income	15,000	15,000	-	-	15,450	15,450	-	-	15,914	15,914	-	-
Total Potential Gross Income	496,506	426,101	(70,405)	(14.18%)	723,700	668,750	(54,950)	(7.59%)	747,737	691,518	(56,219)	(7.52%)

toggling Scenarios in Reports

Select Downside scenario from the drop down menu to view the impact on reports.



Practice Case Study – Rockport Office & Retail Park

Trepp Real Estate is creating a model for a potential acquisition of a 30,000 SqFt office and retail building, Rockport Office & Retail Park in New York City, New York. The analysis will begin January 2025, with a 10-year holding period. Enter the below model assumptions and validate results with the reports at the end of the case study.

Growth Rates:

- General Growth: 3%
- Market Rent Growth: 2% in 2026 and 2027, 4% in each year thereafter

Vacancy & Collection Loss:

- Vacancy Loss: 5% of Potential Gross Revenue

Miscellaneous Income:

- Parking: \$5,000 per month growing by 3% per year

Operating Expenses (All Reimbursable):

- Real Estate Taxes: \$160,000 paid in October every year growing by 2%.
- CAM: \$2.85 per rentable square foot per year. 80% variable, growing by 3%.
- Insurance: \$90,000 per year, growing by 3% Operating Expense Growth.
- Management Fee: 3.5% of EGR

Capital Expenses:

- Building Repairs: \$120,000 in June 2028 with no growth factor.

Rollover Assumptions:**Office**

Name: Office RLA
Renewal Probability: 80%
Term: 5 years
Months Vacant: 6 months
Expense Recovery: Default Base Year
Upon Expiration: Office RLA

Market Rent:

New: \$24/SF/Year Renew: \$22/SF/Year

In Term Adjustment:

New: 3% Renew: 3%

Free Rent:

New: 3 months Renew: 0 months

Tenant Improvements:

New: 10 \$/SF Renew: 5 \$/SF

Leasing Commissions:

New: 6% Renew: 3%

Clone Office RLA and enter following override rollover assumptions:

Retail

Name: Retail RLA
Renewal Probability: 75%
Expense Recovery: Default NNN

Market Rent:

New: \$17/SF/Year Renew: \$15/SF/Year
2% annual increase 2% annual increase

Tenant	General	Lease Date	Base Rent	Lease Terms	Recoveries
Mercury Software	Floor 1 Office Suite 100 10,000 SF	Start Date: 1/2025 Term: 10 years	\$23/SF/Year growing by 3% annually	Free Rent: 3 Months LC: 5% TI: \$10 RLA: Office	CAM: Net + 15% Admin Fee Insurance, Taxes and Management Fee: Base Year (Create expense pool including Insurance, mgmt. fee and taxes)
Jupiter Consulting	Floor 2 Office Suite 200 6,000 SF	Start Date: 10/2024 Term: 5 years	\$22/SF/Year with a one- time increase of 5% in 10/2026	RLA: Office Vacate	Reimburse all expenses with a \$6/SF Base Stop
Venus Deli	Floor 2 Retail Suite 220 4,000 SF	Start Date: 01/2024 Term: 5 years	\$12/SF/Year growing by \$.50/SF annually	Percentage Rent: \$1.4M growing by 3%, 4% over a natural breakpoint RLA: Retail Market	Recoverable Expenses: Fixed Amount - \$6,000 per year growing by 3%

Vacant Space: As of the start of the analysis, 2 vacant office spaces are available for lease with a 10 year term. Each lease is 5,000 SF with the first vacant space expected to lease up in February 2025, and the other lease in April 2025. Select 100% of Market for base rent With Rent Steps. For all other lease assumptions use the New Market assumptions in the Office RLA. Upon expiration select Market and the Office rollover assumption.

Valuation: DCF analysis beginning in January 2025 over a 10-year hold, capping the 11th year. Cap rate is 6%, discount rate is 8%.

Cash Flow

For the Years Ending	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033	Year 10 Dec-2034	Year 11 Dec-2035
Income											
Potential Rental Income											
Mercury Software	230,000	236,900	244,007	251,327	258,667	266,633	274,632	282,871	291,357	300,098	318,944
Jupiter Consulting	132,000	133,650	133,600	138,600	144,461	168,524	172,316	177,486	182,810	188,295	190,944
Venus Deli	50,000	52,000	54,000	56,000	69,768	70,931	72,350	73,797	75,273	83,323	86,016
Vacant Space	119,333	123,300	126,999	130,809	134,733	138,775	142,938	147,227	151,643	156,193	159,231
Vacant Space	116,000	122,700	125,381	130,172	134,078	138,100	142,243	146,510	150,906	155,433	158,747
Total Potential Rental Inco...	649,333	668,550	689,987	706,909	741,907	782,964	804,480	827,890	851,989	883,341	913,882
Downtime Vacancy	(37,333)	-	-	-	(52,139)	(42,131)	-	-	-	(14,147)	(69,105)
Free Rent	(117,500)	-	-	-	(4,361)	(42,131)	-	-	-	(5,305)	(41,463)
Occupancy Cost Adjustment	-	-	-	-	-	-	-	-	-	-	-
Base Rental Income	494,500	668,550	689,987	706,909	685,408	698,702	804,480	827,890	851,989	863,888	803,315
Percentage Rent	6,000	5,680	5,410	5,193	-	-	-	-	-	-	-
Total Recovery Income	72,086	87,765	96,527	105,372	136,540	121,806	138,495	149,763	161,332	160,630	69,306
Misc. Income	60,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	80,635
Total Potential Gross Income	632,586	823,795	855,578	883,036	889,478	890,064	1,014,618	1,051,446	1,089,327	1,102,805	953,256
Vacancy Loss	-	(41,190)	(42,779)	(44,152)	-	(4,479)	(50,731)	(52,572)	(54,466)	(41,700)	-
Collection Loss	-	-	-	-	-	-	-	-	-	-	-
Effective Gross Income	632,586	782,605	812,799	838,885	889,478	885,586	963,887	998,874	1,034,861	1,061,105	953,256
Expenses											
Real Estate Taxes	160,000	163,200	166,464	169,793	173,189	176,653	180,186	183,790	187,466	191,215	195,039
CAM	81,700	88,065	90,707	93,428	90,671	95,153	102,091	105,154	108,309	109,575	108,266
Insurance	90,000	92,700	95,481	98,345	101,296	104,335	107,455	110,689	114,009	117,430	120,952
Management Fee	22,141	27,391	26,448	29,361	31,132	30,996	33,736	34,961	36,220	37,139	33,364
Total Expenses	353,841	371,356	381,100	390,928	396,288	407,136	423,478	434,593	446,004	455,358	457,621
Net Operating Income	278,746	411,249	431,700	447,957	493,191	478,449	540,409	564,281	588,857	605,747	495,634
Leasing & Capital Costs											
Leasing Costs											
Tenant Improvements	200,000	-	-	-	28,138	69,556	-	-	-	32,619	209,651
Leasing Commissions	290,439	-	-	-	13,452	51,155	-	-	-	16,366	157,002
Total Leasing Costs	490,439	-	-	-	41,590	120,712	-	-	-	48,986	366,653
Capital Expenses	-	-	-	120,000	-	-	-	-	-	-	-
Total Leasing & Capital Costs	490,439	-	-	120,000	41,590	120,712	-	-	-	48,986	366,653
Net Cash Flow	(211,694)	411,249	431,700	327,957	451,601	357,738	540,409	564,281	588,857	556,761	128,981

Sale Yield Matrix

Valuation							
SALE YIELD MATRIX PROSPECTIVE PRESENT VALUE CASH FLOW WITH VALUATION HOLD							
Valuation	Cap Rate Increment (BP)	# of Increments		Discount			
DCF: Analysis Start. DCF	25	3		50			
Discount Rates	Valuation						
	Exit Cap Rate						
	5.25%	5.50%	5.75%	6.00%	6.25%	6.50%	6.75%
5.00%	\$8,718,035	\$8,454,592	\$8,214,057	\$7,993,567	\$7,790,716	\$7,603,469	\$7,430,092
5.50%	\$8,361,856	\$8,110,635	\$7,881,260	\$7,671,000	\$7,477,560	\$7,299,000	\$7,133,667
6.00%	\$8,022,675	\$7,783,056	\$7,564,274	\$7,363,724	\$7,179,217	\$7,008,904	\$6,851,206
6.50%	\$7,699,588	\$7,470,985	\$7,262,260	\$7,070,928	\$6,894,903	\$6,732,419	\$6,581,970
7.00%	\$7,391,743	\$7,173,600	\$6,974,425	\$6,791,849	\$6,623,879	\$6,468,829	\$6,325,265
7.50%	\$7,098,335	\$6,890,128	\$6,700,027	\$6,525,767	\$6,365,448	\$6,217,461	\$6,080,436
8.00%	\$6,818,608	\$6,619,843	\$6,438,361	\$6,272,002	\$6,118,953	\$5,977,676	\$5,846,864
8.50%	\$6,551,849	\$6,362,055	\$6,188,765	\$6,029,916	\$5,883,775	\$5,748,875	\$5,623,968
9.00%	\$6,297,384	\$6,116,119	\$5,950,616	\$5,798,905	\$5,659,331	\$5,530,493	\$5,411,199
9.50%	\$6,054,579	\$5,881,423	\$5,723,324	\$5,578,399	\$5,445,069	\$5,321,995	\$5,208,037
10.00%	\$5,822,835	\$5,657,390	\$5,506,332	\$5,367,862	\$5,240,470	\$5,122,877	\$5,013,995
10.50%	\$5,601,586	\$5,443,477	\$5,299,117	\$5,166,787	\$5,045,043	\$4,932,664	\$4,828,609
11.00%	\$5,390,300	\$5,239,171	\$5,101,183	\$4,974,694	\$4,858,324	\$4,750,906	\$4,651,444

Underlying Support – Downtime Vacancy

Underlying Support

POTENTIAL RENTAL INCOME **DOWNTIME VACANCY** FREE RENT FREE RECOVERIES FREE PERCENTAGE RENT OCCUPANCY COST ADJ. BASE RENTAL INCOME PERCENTAGE RENT

Show data: Annual | Show Square Footage: Yes | Show Dates: Yes | Show Metrics: Amount

Tenant	Suite	Area	Start	End	Year 1 Dec-2023	Year 2 Dec-2024	Year 3 Dec-2025	Year 4 Dec-2026	Year 5 Dec-2027	Year 6 Dec-2028	Year 7 Dec-2029	Year 8 Dec-2030	Year 9 Dec-2031	Year 10 Dec-2032	Year 11 Dec-2033	Total	
Mercury Software	100	10,000	M	Jan-2025	Dec-2024	-	-	-	-	-	-	-	-	-	-	(26,579)	(26,579)
Jupiter Consulting	200	6,000	V	Oct-2024	Sep-2029	-	-	-	-	(40,511)	(42,131)	-	-	-	-	(15,947)	(98,589)
Venus Deli	220	4,000	M	Jan-2024	Dec-2028	-	-	-	-	(11,628)	-	-	-	-	-	(14,147)	(25,775)
Vacant Space		5,000	M	Feb-2025	Jan-2035	(9,333)	-	-	-	-	-	-	-	-	-	(13,289)	(22,623)
Vacant Space		5,000	M	Apr-2025	Mar-2035	(28,000)	-	-	-	-	-	-	-	-	-	(12,289)	(41,289)
Total		30,000				(37,333)	-	-	-	(52,139)	(42,131)	-	-	-	(14,147)	(69,105)	(214,655)

Underlying Support – Free Rent

Underlying Support

POTENTIAL RENTAL INCOME DOWNTIME VACANCY **FREE RENT** FREE RECOVERIES FREE PERCENTAGE RENT OCCUPANCY COST ADJ. BASE RENTAL INCOME PERCENTAGE RENT

Show data: Annual | Show Square Footage: Yes | Show Dates: Yes | Show Metrics: Amount

Tenant	Suite	Area	Start	End	Months	Year 1 Dec-2023	Year 2 Dec-2024	Year 3 Dec-2025	Year 4 Dec-2026	Year 5 Dec-2027	Year 6 Dec-2028	Year 7 Dec-2029	Year 8 Dec-2030	Year 9 Dec-2031	Year 10 Dec-2032	Year 11 Dec-2033	Total	
Mercury Software	100	10,000	M	Jan-2025	Dec-2024	3.00	(57,500)	-	-	-	-	-	-	-	-	-	(15,947)	(73,447)
Jupiter Consulting	200	6,000	V	Oct-2024	Sep-2029	0.60	-	-	-	-	-	-	(42,131)	-	-	-	(9,568)	(51,699)
Venus Deli	220	4,000	M	Jan-2024	Dec-2028	0.75	-	-	-	-	-	(4,361)	-	-	-	(5,305)	-	(9,666)
Vacant Space		5,000	M	Feb-2025	Jan-2035	3.00	(30,000)	-	-	-	-	-	-	-	-	-	(7,974)	(37,974)
Vacant Space		5,000	M	Apr-2025	Mar-2035	3.00	(30,000)	-	-	-	-	-	-	-	-	-	(7,974)	(37,974)
Total		30,000				(117,500)	-	-	-	-	-	(4,361)	(42,131)	-	-	(5,305)	(41,463)	(210,760)

Underlying Support – Exp. Recovery Income

Underlying Support Collapse Report

[DOWNTIME VACANCY](#)
[FREE RENT](#)
[FREE RECOVERIES](#)
[FREE PERCENTAGE RENT](#)
[OCCUPANCY COST ADJ.](#)
[BASE RENTAL INCOME](#)
[PERCENTAGE RENT](#)
[EXP. RECOVERY INCOME](#)

Show data: Annual
 Show Square Footage: Yes
 Show Dates: Yes
 Show Metrics: Yes
 Amount: Amount

Tenant	Suite	Area	Start	End	Recovery Method Name	Year 1 Dec-2025	Year 2 Dec-2026	Year 3 Dec-2027	Year 4 Dec-2028	Year 5 Dec-2029	Year 6 Dec-2030	Year 7 Dec-2031	Year 8 Dec-2032	Year 9 Dec-2033	Year 10 Dec-2034	Year 11 Dec-2035	Total
Mercury Software	100	10,000	M Jan-2025	Dec-2034	CAM + 15%	81,318	87,475	40,855	44,267	45,916	46,756	55,550	58,409	62,370	66,551	-	494,468
Jupiter Consulting	200	6,000	Y Oct-2024	Sep-2029	\$5 Stpp	34,768	38,271	40,220	42,186	22,443	-	3,268	5,491	7,773	9,644	2,524	216,590
Venus Deli	220	4,000	M Jan-2024	Dec-2028	Fixed Amount	6,000	6,180	6,360	6,556	44,032	54,285	56,464	57,946	59,467	50,595	61,016	408,907
Vacant Space		5,000	M Feb-2025	Jan-2035	Default BaseYear	-	2,919	4,543	6,181	7,075	8,883	11,606	13,459	15,351	16,920	1,441	88,387
Vacant Space		5,000	M Apr-2025	Mar-2035	Default BaseYear	-	2,919	4,543	6,181	7,075	8,883	11,606	13,459	15,351	16,920	4,324	91,270
Total		30,000				72,086	87,765	96,527	105,372	136,540	121,606	138,495	149,763	161,332	160,630	69,306	1,299,622