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.

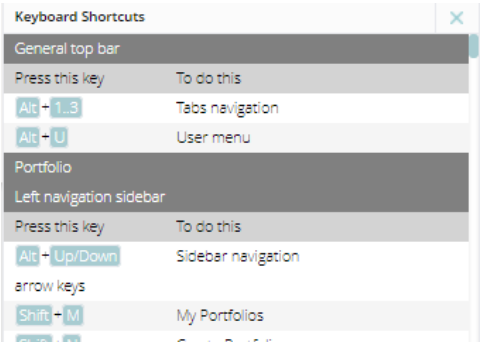
Questions about VAL?

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.*

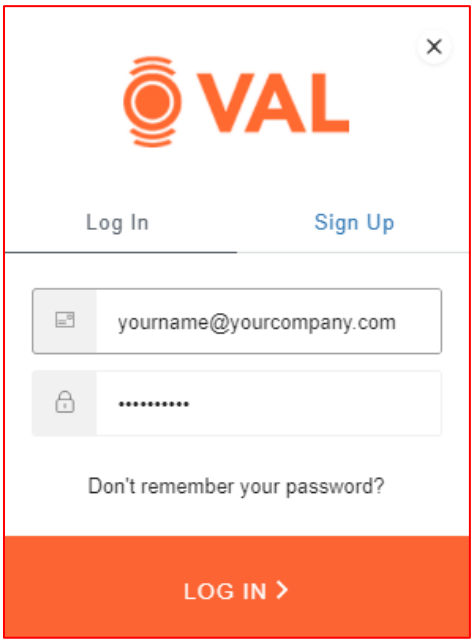


Keyboard Shortcuts

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

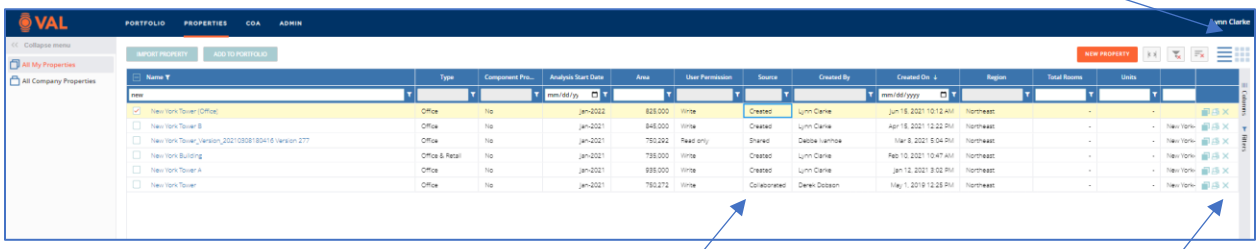
Go to www.rockportval.com and click "**Log In**" in the upper right-hand corner and enter credential to access VAL.



VAL User Interface

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

Choose List or Tile View.



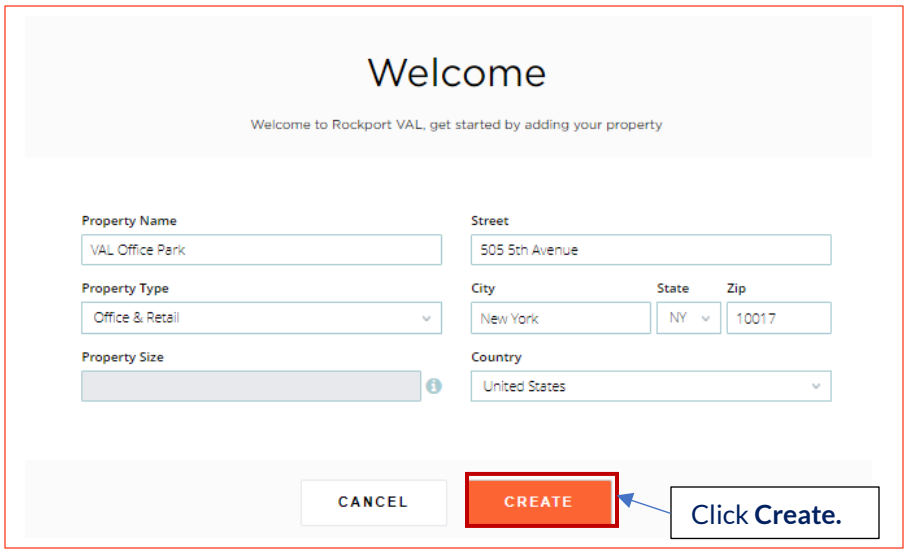
The Source column displays if model was created, shared, or collaborated.

Copy, Share and Delete Models.

Create New Property

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

- Click **New Property.**



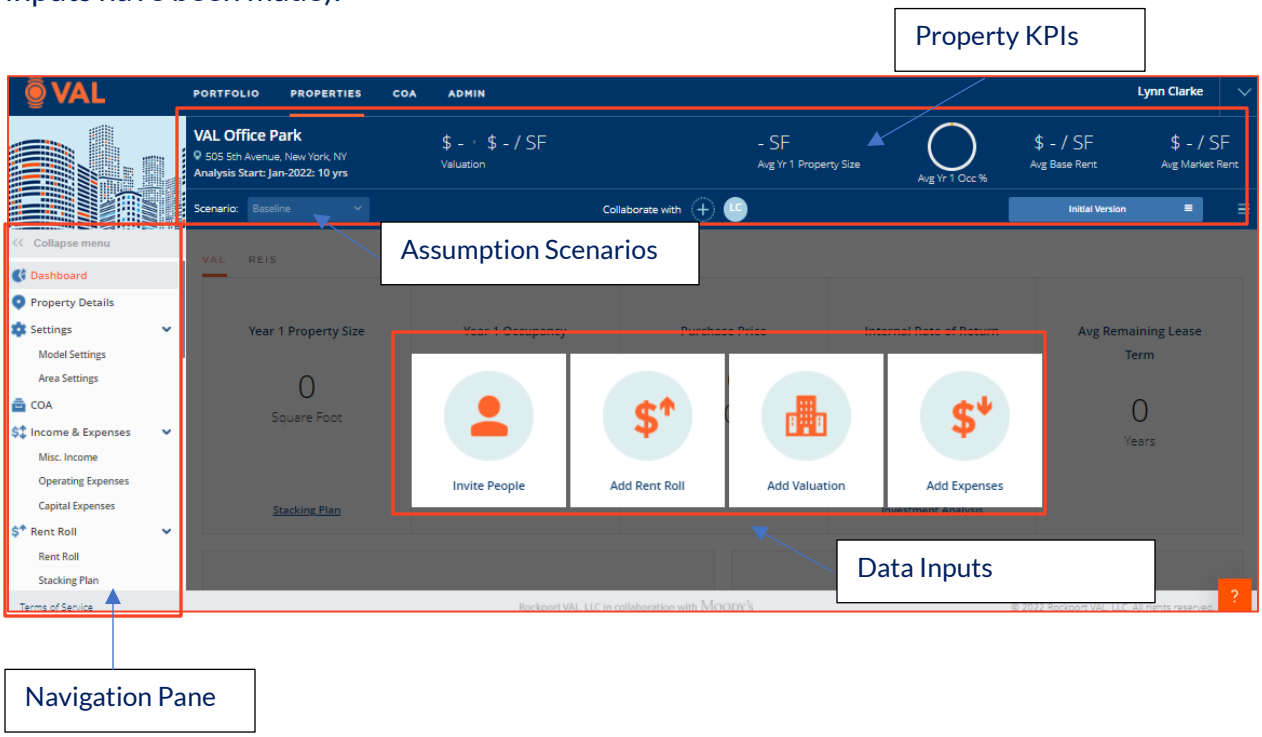
Add the following property details:

- Property Name: VAL Office Park
- 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.

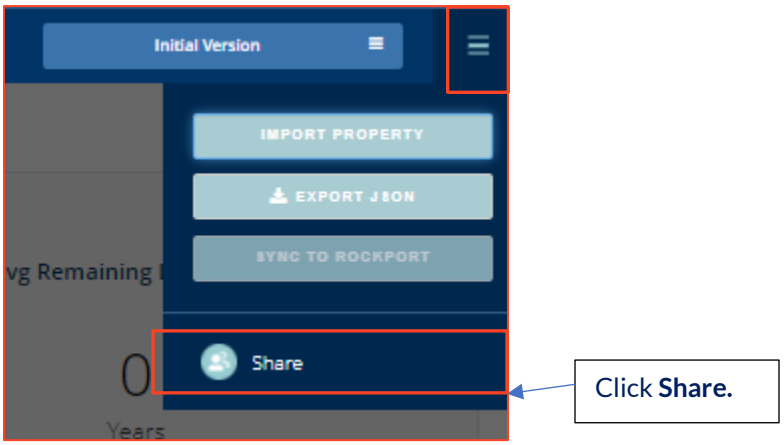
Property Interface

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).

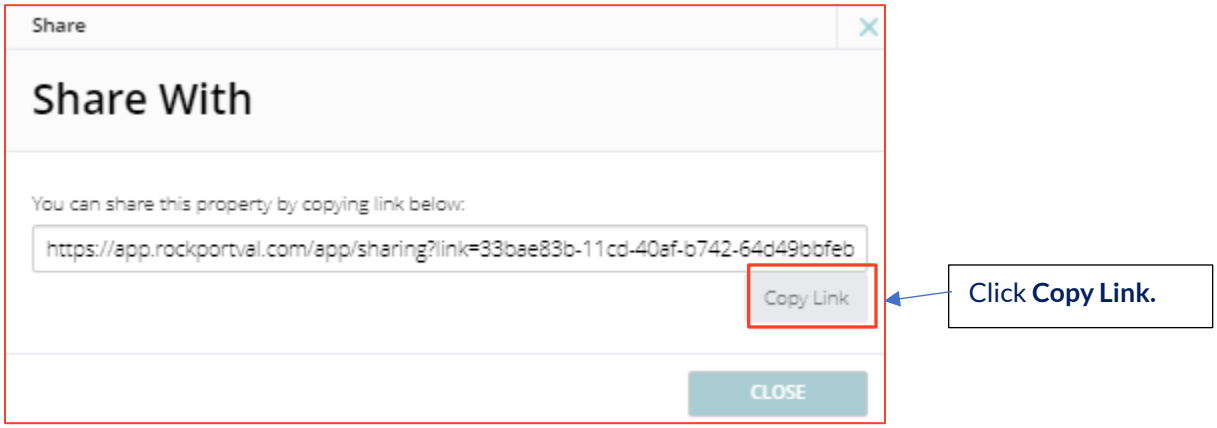


Share Model

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.

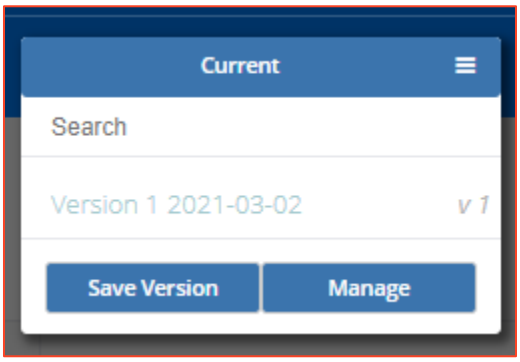


Click on "Copy Link" to copy and paste wherever you want your clients to the model, whether in an email, listing site or deal room. The recipient does not need to be a VAL subscriber to have access to the of the model and review all the input screens and reports. The ability to export to Excel is available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



Versions

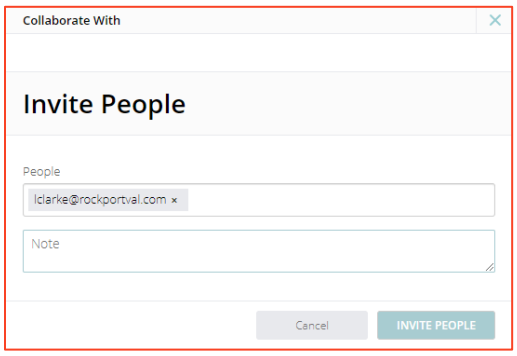
VAL can archive a version of a model at any point in time to reference. This is useful to refer to the version of the model sent to the user as updates are constantly being applied. In addition, a version of the model can be archived and locked down at any point in time to reference.



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 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 2023 the growth rate will calculate annually beginning in March 2024. 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 2023, you can select the inflation month as January which will apply the growth rate each January beginning January 2024.

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, 2023, 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.

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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

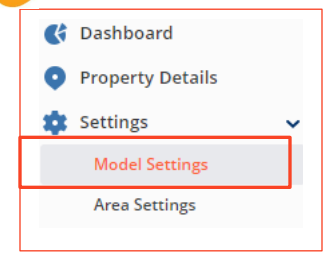
Apply Admin Fee Before/After Contribution Deduction: This setting determines whether the admin fee is applied before or after a contribution deduction in the reimbursement calculation.

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.

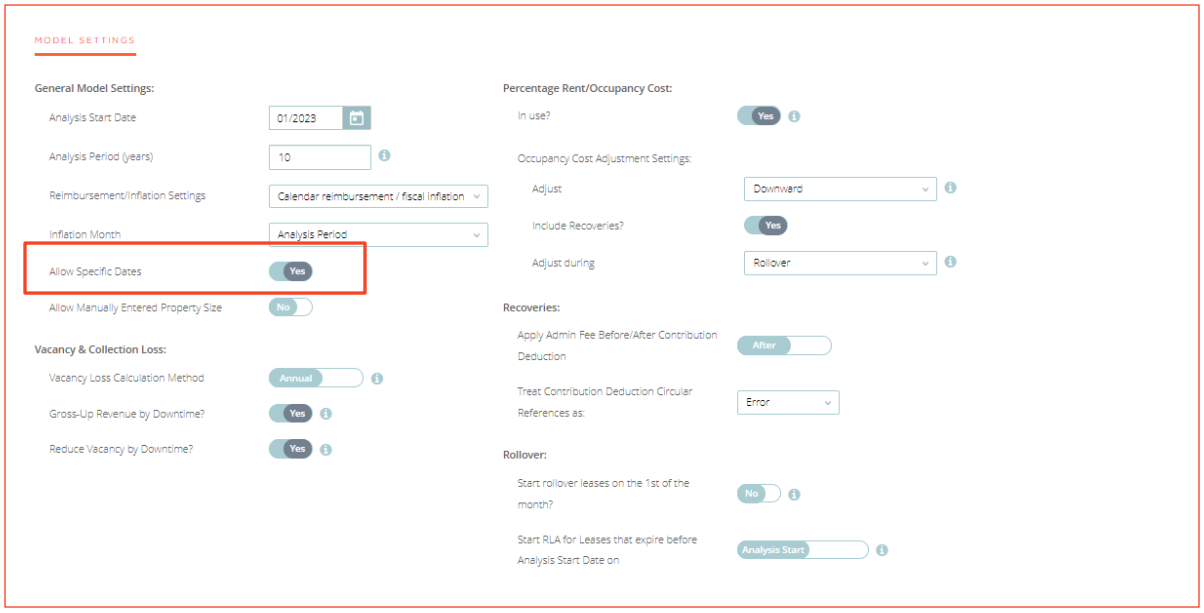
Rollover

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.**

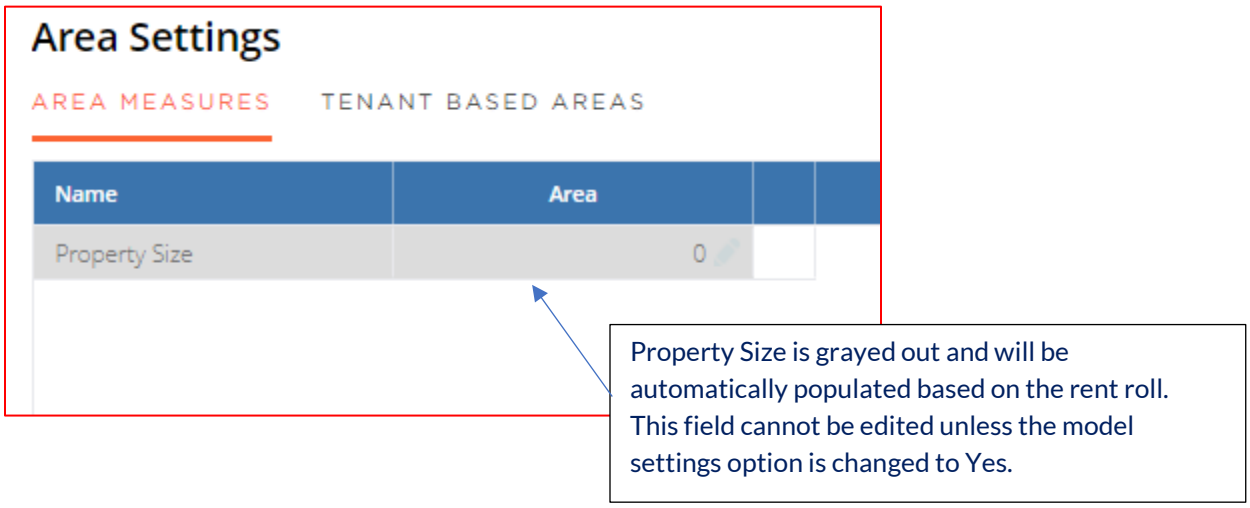


Update the following Model Settings:

- Analysis Start Date: 1/2023, 10 Years
- Allow Specific Dates: Yes
- Percentage Rent in use? 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.

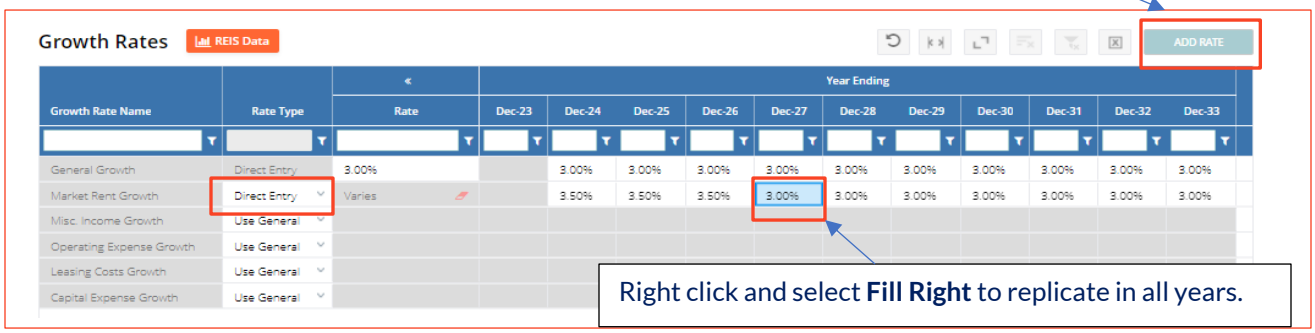


Helpful Hint: By default, VAL calculates the property size based on the rent roll. To manually enter the property size select the Allow Manually Entered Property Size in the Model Settings window.

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.



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

Add the following Growth Rates:

- General Growth: 3%
- Market Rent: 3.5% in 2024 – 2026, 3% for remaining years

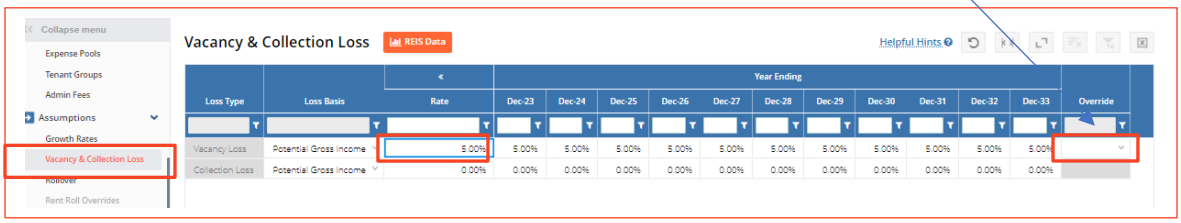
*Helpful Hint: To copy values to the right, click **Alt + E** or right click on the field and select **Fill Right.***

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.



Add the following Vacancy Loss assumptions:

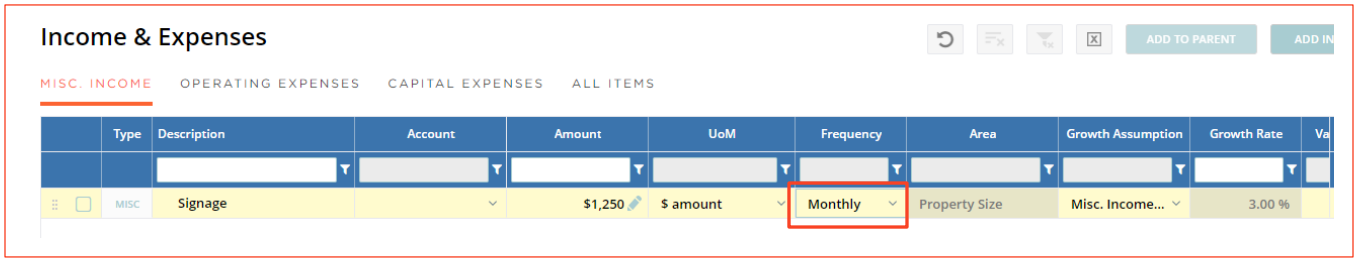
- Loss Basis: Potential Gross Income
- Rate: 5%

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



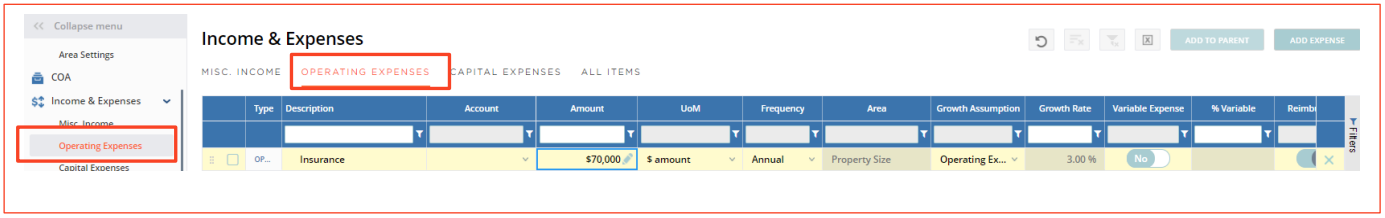
- Description: Signage
- Amount: $1250
- UofM: $ amount
- Frequency: Monthly
- Growth: Misc. Income
- Variable: No

Operating Expenses

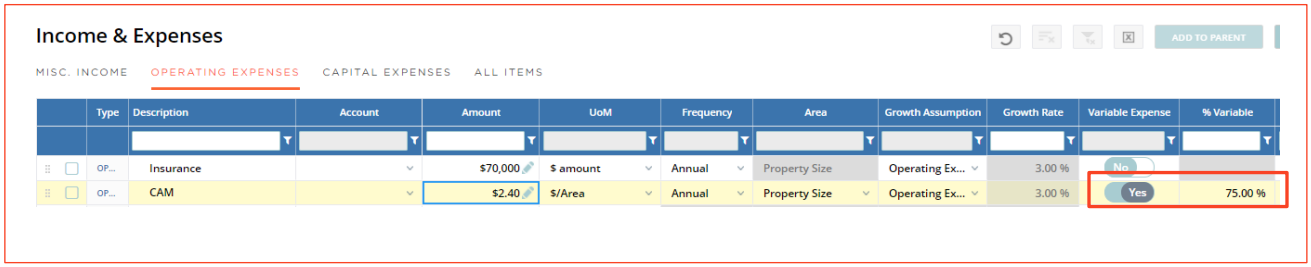
Enter all operating expenses including reimbursable and non-reimbursable in the Operating Expenses window. Reimbursable expenses are expenses that the property owner will recover from the tenants.

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

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



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



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.

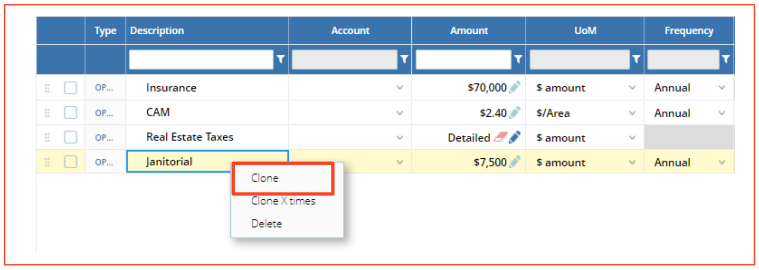
OPER > Real Estate Taxes

Frequency: Monthly

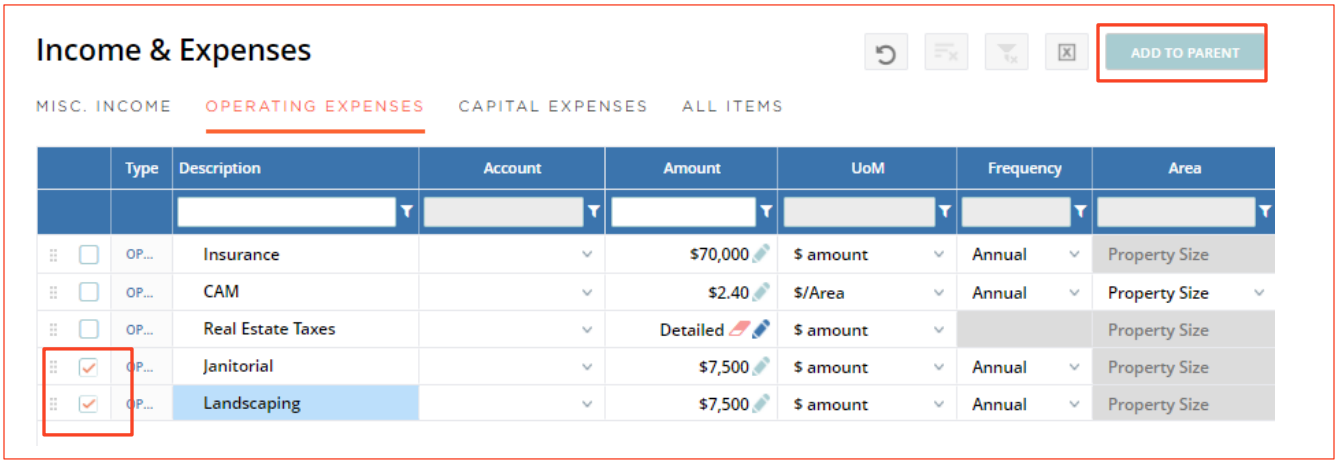
For the Years Ending	Year 1 Dec-2023	Year 2 Dec-2024	Year 3 Dec-2025	Year 4 Dec-2026	Year 5 Dec-2027	Year 6 Dec-2028	Year 7 Dec-2029	Year 8 Dec-2030	Year 9 Dec-2031	Year 10 Dec-2032	Yea Dec
January	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
February	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
March	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	
May	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	
July	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	
September	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	80,0
November	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	
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	80,0
Growth Assumption	RET Growth	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	97,5

Cancel SAVE

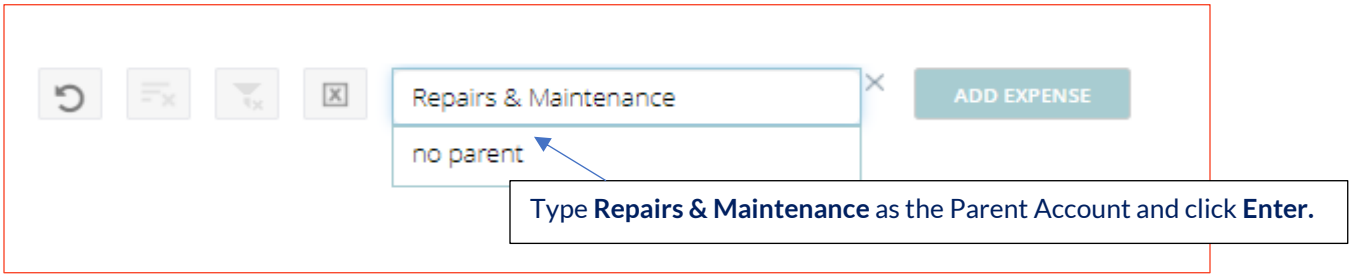
- Enter **$80,000** and click and drag to replicate in October of every year.
- Create a 2% Real Estate Tax Growth Rate by selecting **Add New** from the Growth drop down menu.
- Click **Save**.

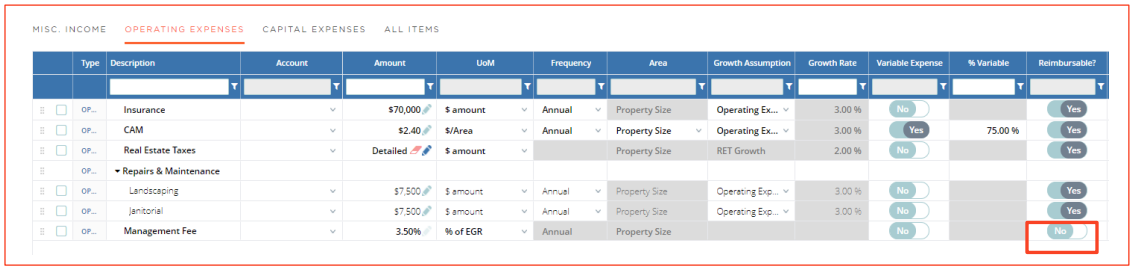


- Janitorial is $7500 per year growing at 3% and reimbursable.
- Landscaping is $7500 per year, use the **Clone** option to duplicate.



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.**



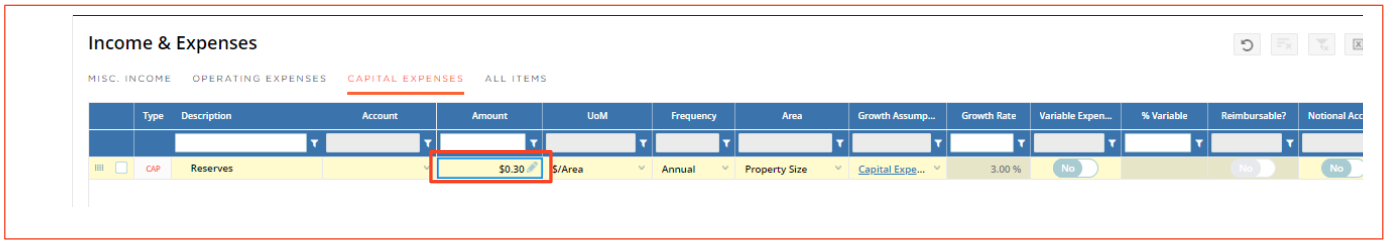


	Type	Description	Account	Amount	UoM	Frequency	Area	Growth Assumption	Growth Rate	Variable Expense	% Variable	Reimbursable?
	OP...	Insurance		$70,000	$ amount	Annual	Property Size	Operating Ex...	3.00 %	No		Yes
	OP...	CAM		$2.40	$/Area	Annual	Property Size	Operating Ex...	3.00 %	Yes	75.00 %	Yes
	OP...	Real Estate Taxes		Detailed	$ amount		Property Size	RET Growth	2.00 %	No		Yes
	OP...	Repairs & Maintenance										
	OP...	Landscaping		$7,500	$ amount	Annual	Property Size	Operating Exp...	3.00 %	No		Yes
	OP...	Janitorial		$7,500	$ amount	Annual	Property Size	Operating Exp...	3.00 %	No		Yes
	OP...	Management Fee		3.50%	% of EGR	Annual	Property Size			No		No

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

Capital Expenses

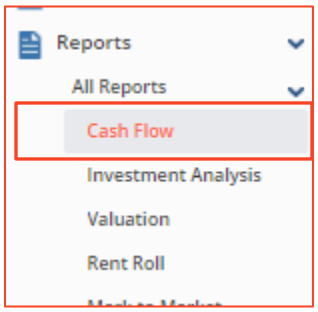
Capital expenses are typically not included in the NOI and will be displayed below NOI on the cash flow. Examples of capital expenses are reserves, roof repair, and building improvements.

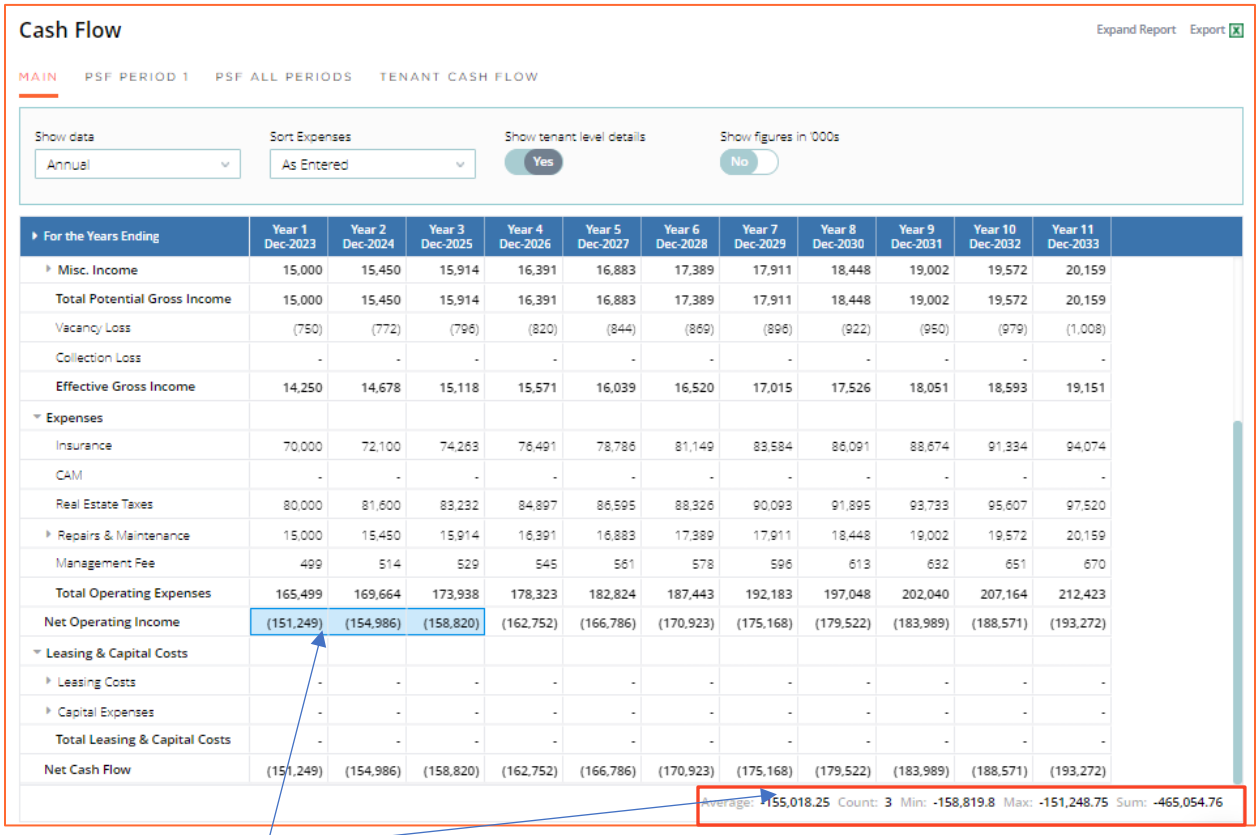


	Type	Description	Account	Amount	UoM	Frequency	Area	Growth Assump...	Growth Rate	Variable Expen...	% Variable	Reimbursable?	Notional Acc
	CAP	Reserves		$0.30	$/Area	Annual	Property Size	Capital Expe...	3.00 %	No		No	No

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

Property Cash Flow





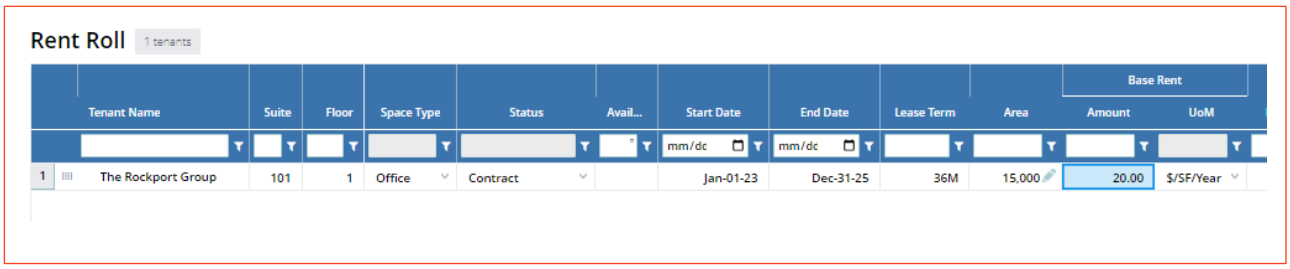
For the Years Ending	Year 1 Dec-2023	Year 2 Dec-2024	Year 3 Dec-2025	Year 4 Dec-2026	Year 5 Dec-2027	Year 6 Dec-2028	Year 7 Dec-2029	Year 8 Dec-2030	Year 9 Dec-2031	Year 10 Dec-2032	Year 11 Dec-2033
Misc. Income	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
Total Potential Gross Income	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
Vacancy Loss	(750)	(772)	(796)	(820)	(844)	(869)	(896)	(922)	(950)	(979)	(1,008)
Collection Loss	-	-	-	-	-	-	-	-	-	-	-
Effective Gross Income	14,250	14,678	15,118	15,571	16,039	16,520	17,015	17,526	18,051	18,593	19,151
Expenses											
Insurance	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	88,674	91,334	94,074
CAM	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	80,000	81,600	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	499	514	529	545	561	578	596	613	632	651	670
Total Operating 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)

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

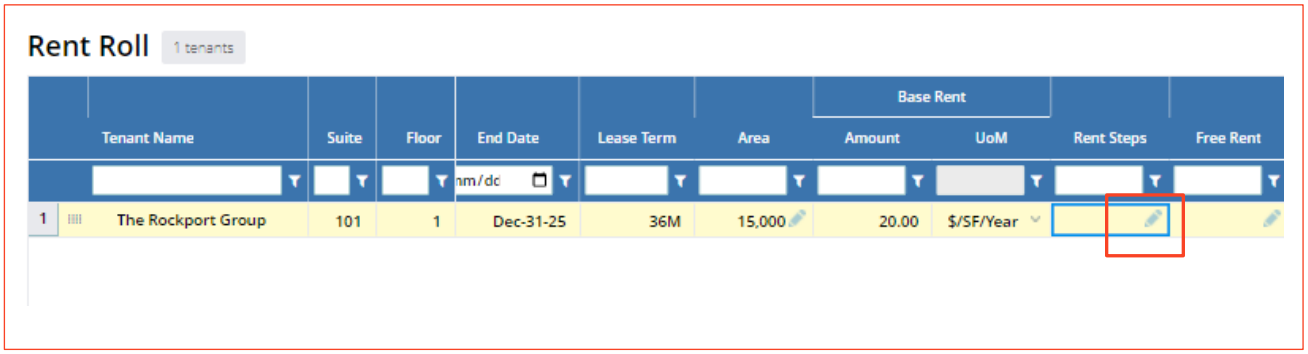


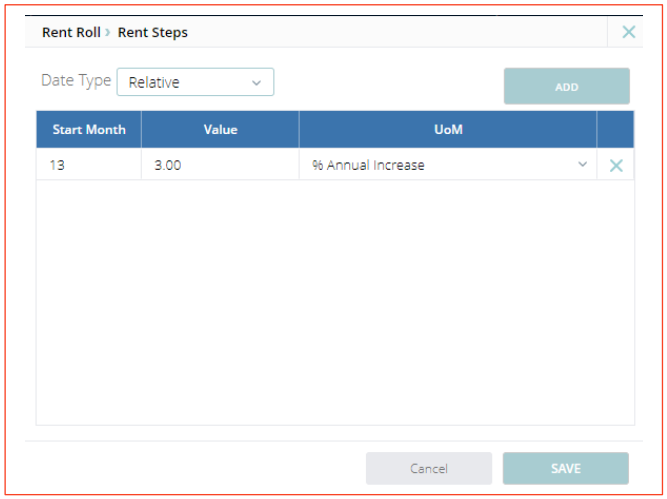
Add the following tenant information:

- Tenant Name: The Rockport Group
- Suite: 101
- Floor: 1
- Lease Type: Office
- Status: Contract
- Start Date: 1/1/2023
- Lease Term: 36 Months (36M)
- Size: 15,000 SF
- Base Rent: $20/SF/Year

Rent Steps - % Increase

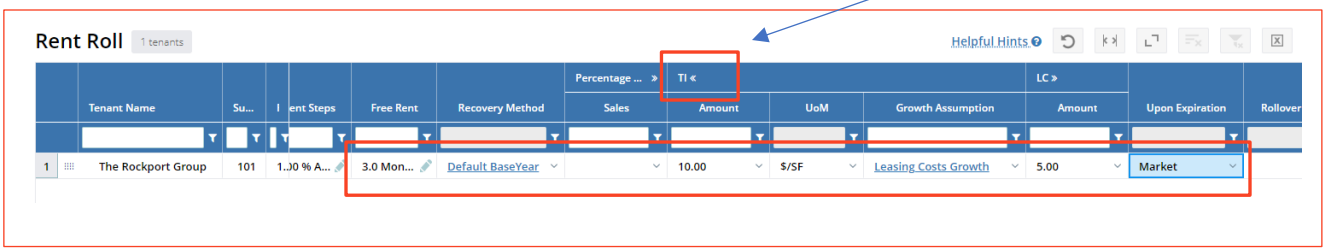
Rent Steps are increases to the base rent over the term of the lease that can be entered as either an amount or percent increase.





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

Expand to view the Unit of Measure and Growth assumptions.



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.

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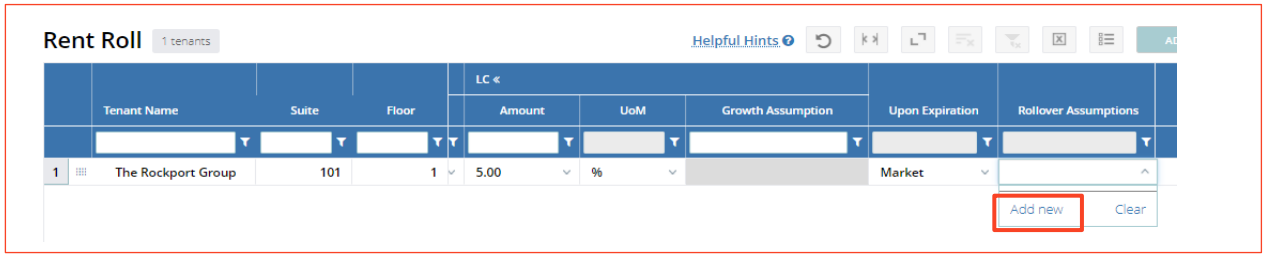
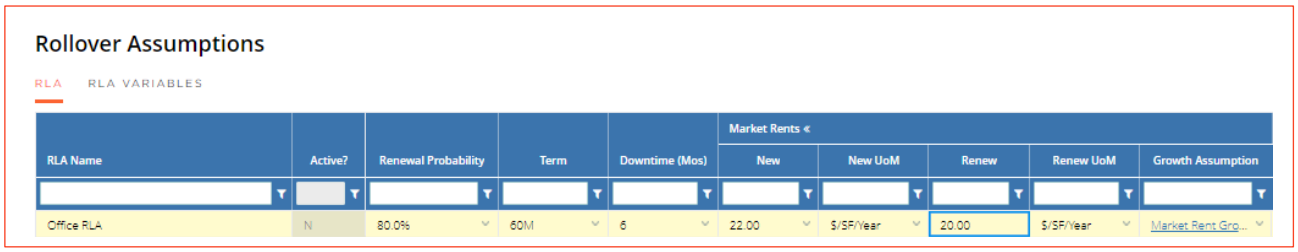
Rollover Assumptions

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.**



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 RLA VARIABLES

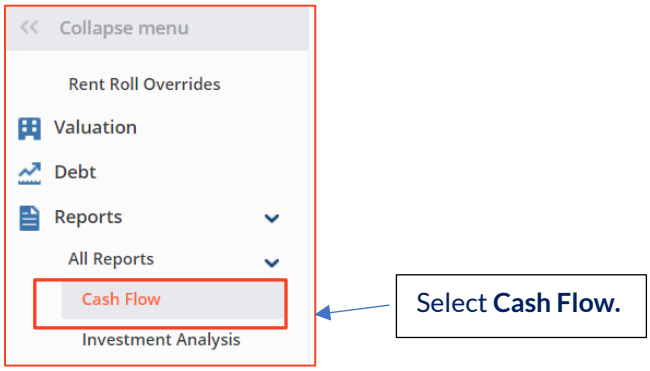
		In Term Ad... »	Free Rent (Mos) «			Percentage Rent »	Tenant Improvements «					Leasing Commissions «		
RLA Name	Active?	Increase	New	Renew	Free Rent is I...	Sales PSF	New	New UoM	Renew	Renew UoM	Growth Assumption	New	New UoM	Ren
Office RLA	N	3.00	3.00	0.00	In Out	0.00	10.00	$/SF	5.00	$/SF	Leasing Costs Gr...	5.00	%	2.50

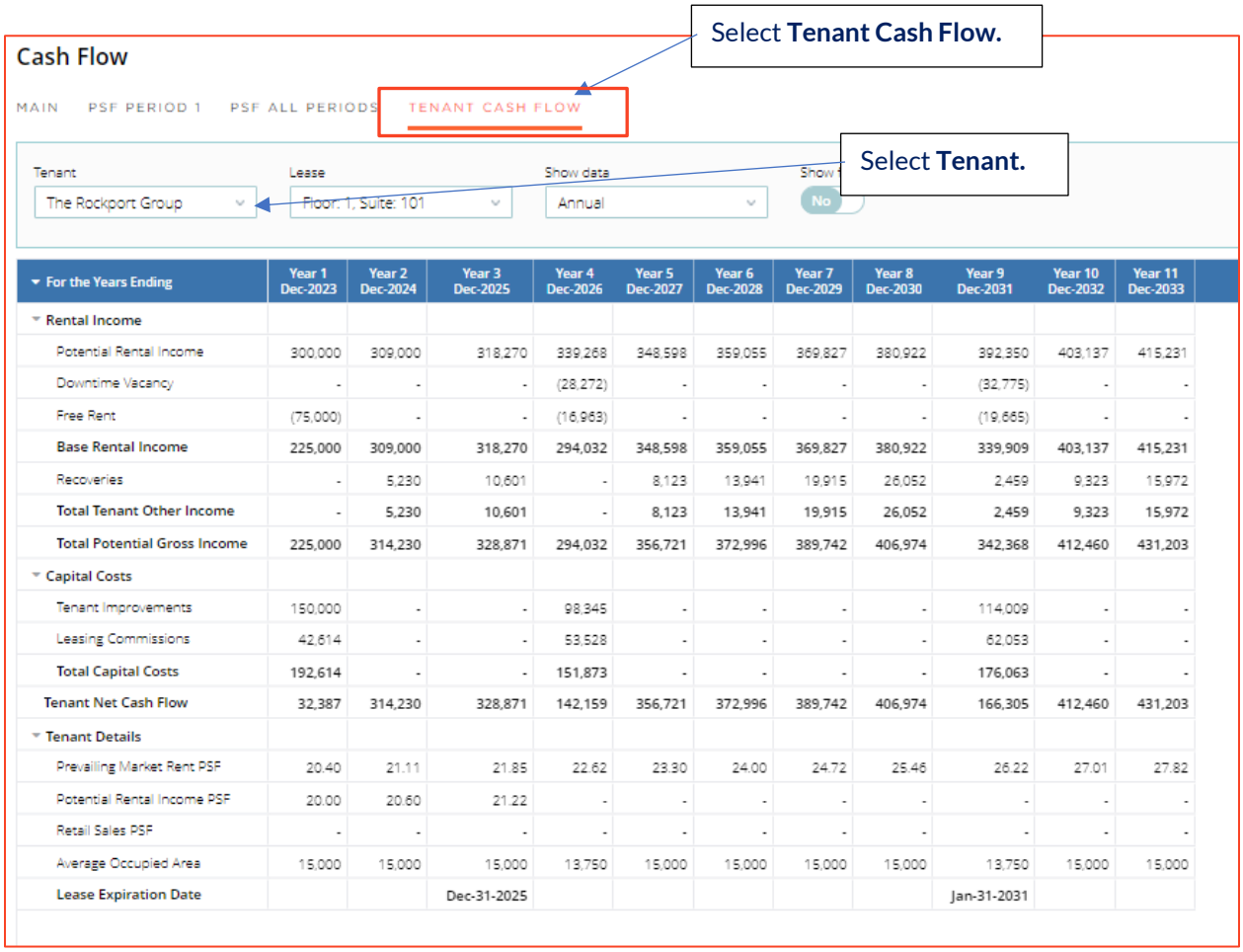
- In Term Adjustments: 3% Annual Increase
- Free Rent
  - New: 3 Months
  - Renew: 0 Months
- Tenant Improvements
  - New: 10 $/SF (Leasing Cost Growth)
  - Renew: 5 $/SF (Leasing Cost Growth)
- Leasing Commissions
  - New: 5%
  - Renew: 2.5%
- Expense Recovery: Default Base Year
- Upon Expiration: Office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

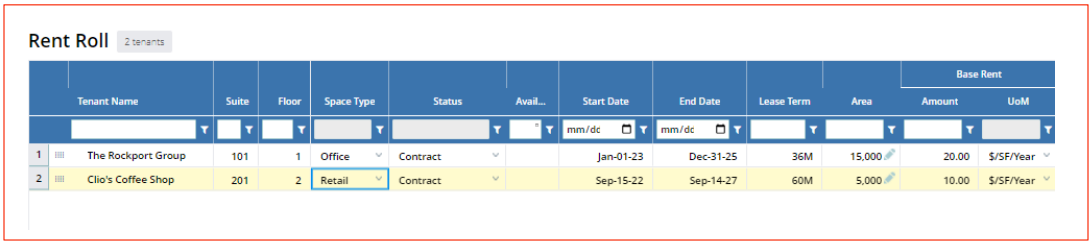
Tenant Cash Flow





For the Years Ending	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
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	415,231
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	415,231
Recoveries	-	5,230	10,601	-	8,123	13,941	19,915	26,052	2,459	9,323	15,972
Total Tenant Other Income	-	5,230	10,601	-	8,123	13,941	19,915	26,052	2,459	9,323	15,972
Total Potential Gross Income	225,000	314,230	328,871	294,032	356,721	372,996	389,742	406,974	342,368	412,460	431,203
Capital Costs											
Tenant Improvements	150,000	-	-	98,345	-	-	-	-	114,009	-	-
Leasing Commissions	42,614	-	-	53,528	-	-	-	-	62,053	-	-
Total Capital Costs	192,614	-	-	151,873	-	-	-	-	176,063	-	-
Tenant Net Cash Flow	32,387	314,230	328,871	142,159	356,721	372,996	389,742	406,974	166,305	412,460	431,203
Tenant Details											
Prevailing Market Rent PSF	20.40	21.11	21.85	22.62	23.30	24.00	24.72	25.46	26.22	27.01	27.82
Potential Rental Income PSF	20.00	20.60	21.22	-	-	-	-	-	-	-	-
Retail Sales PSF	-	-	-	-	-	-	-	-	-	-	-
Average Occupied Area	15,000	15,000	15,000	13,750	15,000	15,000	15,000	15,000	13,750	15,000	15,000
Lease Expiration Date			Dec-31-2025						Jan-31-2031		

Retail Tenant



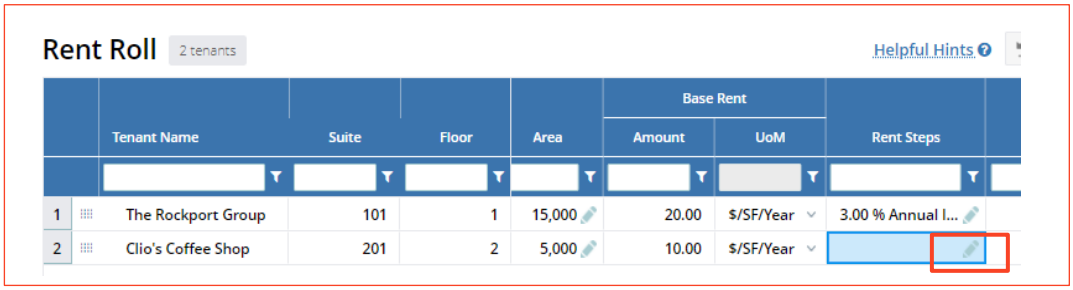
Rent Roll 2 tenants

	Tenant Name	Suite	Floor	Space Type	Status	Avail...	Start Date	End Date	Lease Term	Area	Base Rent Amount	Base Rent UoM
							mm/dd	mm/dd				
1	The Rockport Group	101	1	Office	Contract		Jan-01-23	Dec-31-25	36M	15,000	20.00	$/SF/Year
2	Clio's Coffee Shop	201	2	Retail	Contract		Sep-15-22	Sep-14-27	60M	5,000	10.00	$/SF/Year

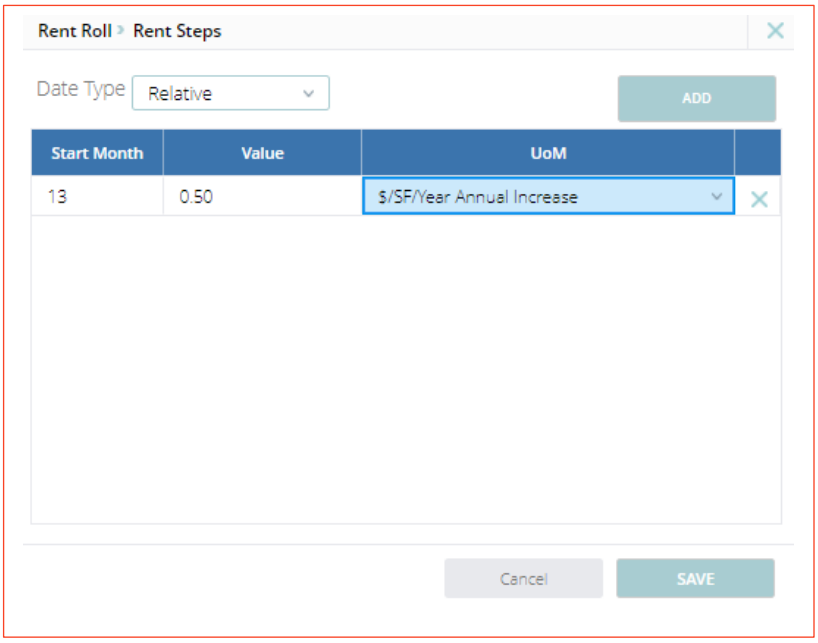
Add the following tenant information:

- Tenant Name: Clio's Coffee Shop
- Suite: 201
- Floor: 2
- Lease Type: Retail
- Status: Contract
- Start Date: 9/15/2022
- Lease Term: 60 Months
- Size: 5,000 SF
- Base Rent: $10/SF/Year

Rent Steps - $/SF Increase



- Edit **Rent Steps.**



- 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

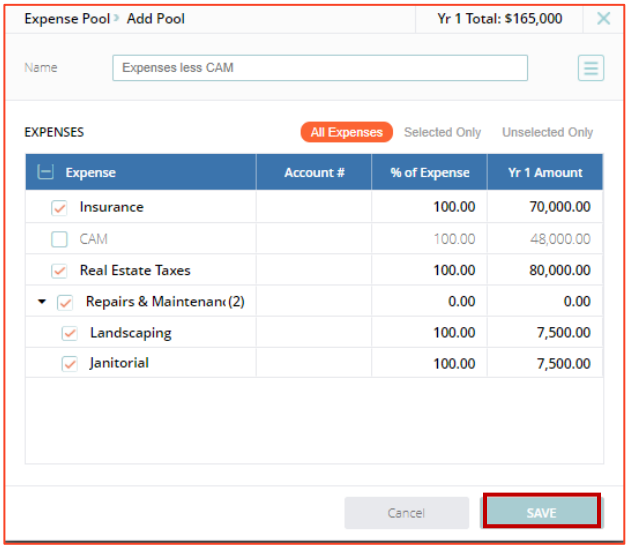
Clio's Coffee Shop has a recovery structure that includes:

- $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

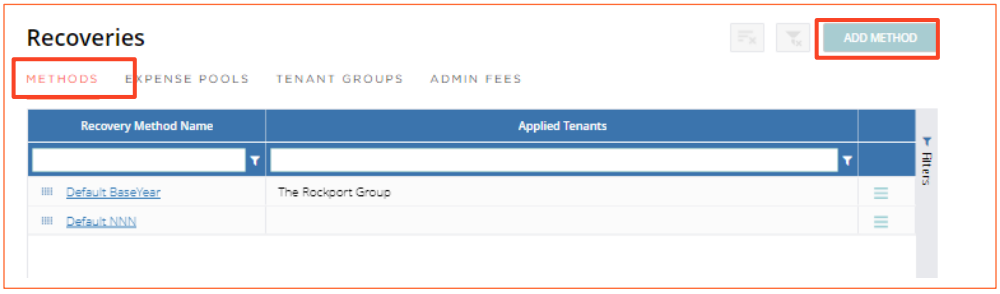
- Click on **Expense Pools** from the navigation pane.
- Click **Add Pool.**



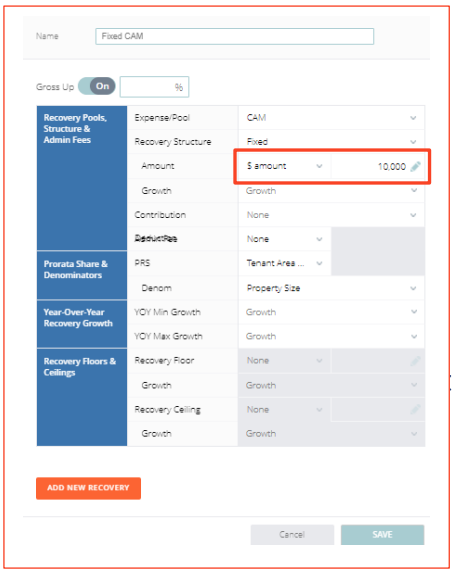
- Name: **Expenses less CAM**
- Select **Insurance, Taxes and Repairs and Maintenance.**
- Click **Save.**

Create Recovery Method – Fixed CAM

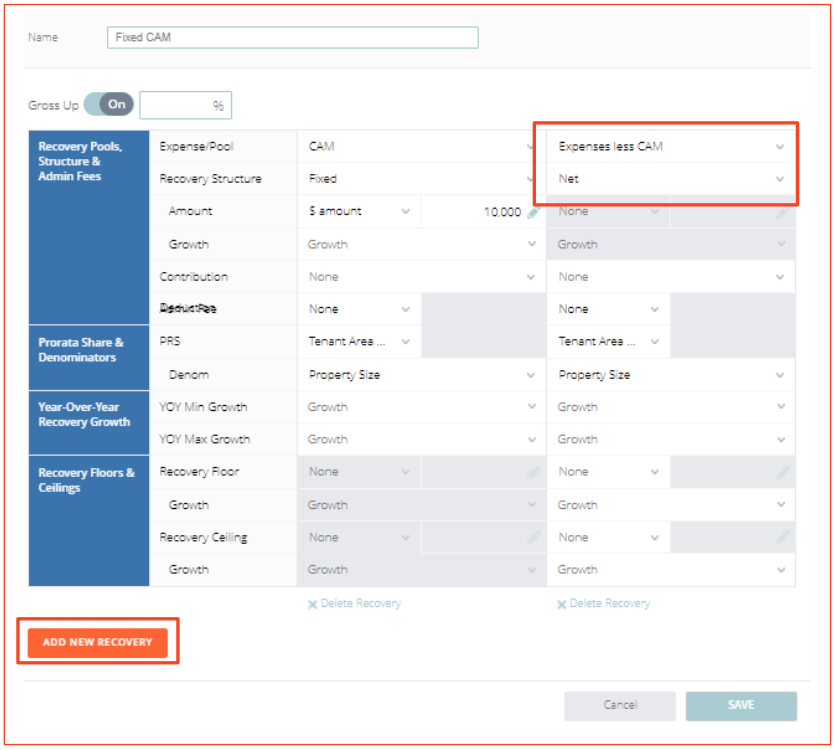
Recovery methods are created by clicking Add New from the Recoveries field in the Rent Roll or by clicking Methods from the navigation pane. Once the recovery is created, the method needs to be assigned to the tenant to calculate.



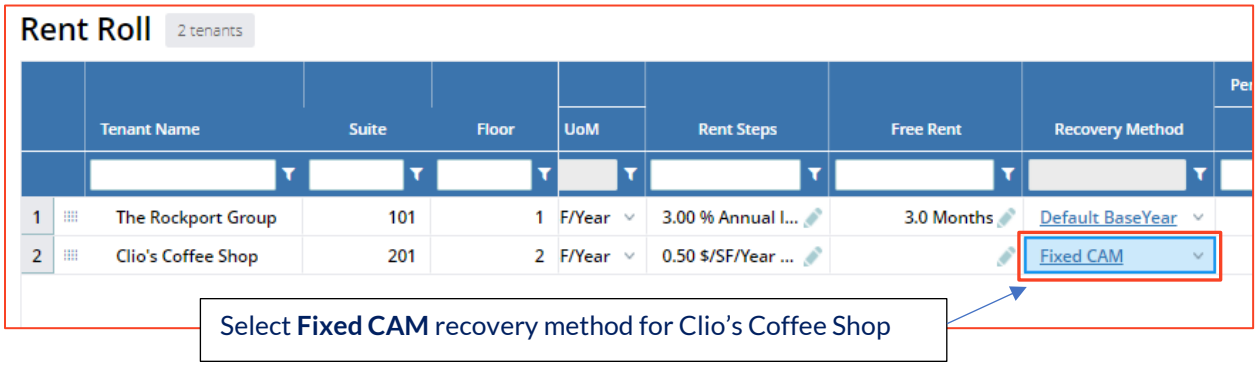
- **Click on the Methods tab and select Add Method.**



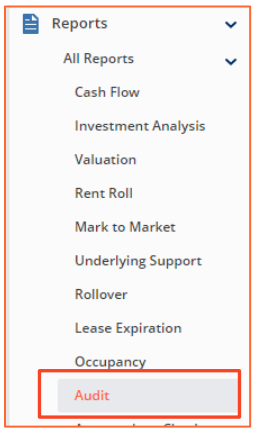
- Name Recovery Method **Fixed CAM.**
- Select **CAM** as the Expense Pool.
- Select **Fixed** as Recovery Structure.
- Enter **$10,000** as the Amount.

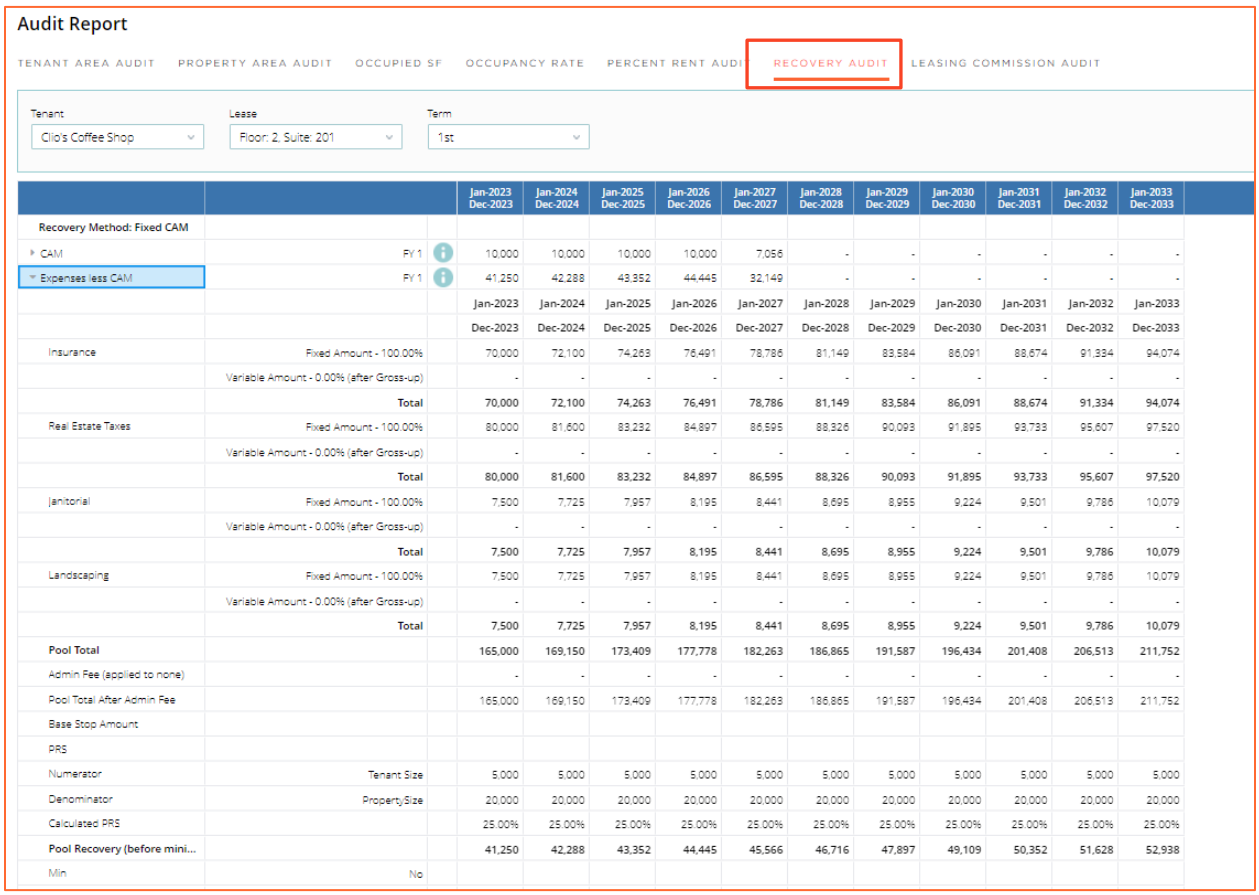


- Click **Add New Recovery** to model **Net Expenses less CAM**.



Recovery Audit Report



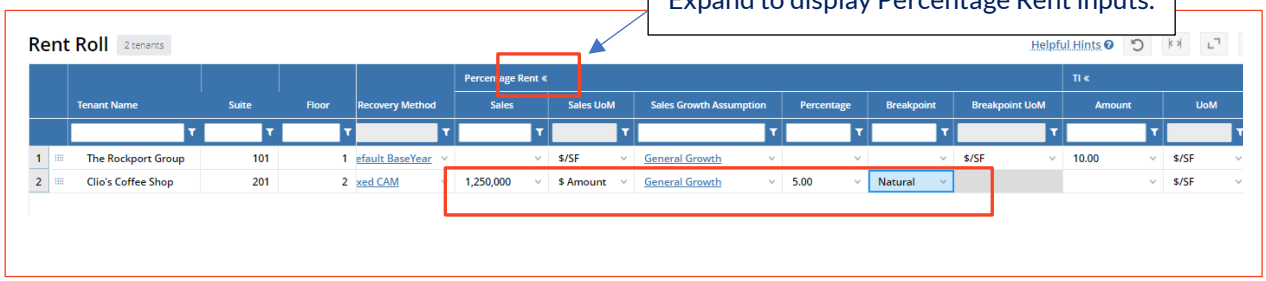


		Jan-2023 Dec-2023	Jan-2024 Dec-2024	Jan-2025 Dec-2025	Jan-2026 Dec-2026	Jan-2027 Dec-2027	Jan-2028 Dec-2028	Jan-2029 Dec-2029	Jan-2030 Dec-2030	Jan-2031 Dec-2031	Jan-2032 Dec-2032	Jan-2033 Dec-2033
Recovery Method: Fixed CAM												
CAM	FY 1	10,000	10,000	10,000	10,000	7,056	-	-	-	-	-	-
Expenses less CAM	FY 1	41,250	42,288	43,352	44,445	32,149	-	-	-	-	-	-
		Jan-2023	Jan-2024	Jan-2025	Jan-2026	Jan-2027	Jan-2028	Jan-2029	Jan-2030	Jan-2031	Jan-2032	Jan-2033
		Dec-2023	Dec-2024	Dec-2025	Dec-2026	Dec-2027	Dec-2028	Dec-2029	Dec-2030	Dec-2031	Dec-2032	Dec-2033
Insurance	Fixed Amount - 100.00%	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	88,674	91,334	94,074
	Variable Amount - 0.00% (after Gross-up)	-	-	-	-	-	-	-	-	-	-	-
	Total	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	88,674	91,334	94,074
Real Estate Taxes	Fixed Amount - 100.00%	80,000	81,600	83,232	84,897	86,595	88,326	90,093	91,895	93,733	95,607	97,520
	Variable Amount - 0.00% (after Gross-up)	-	-	-	-	-	-	-	-	-	-	-
	Total	80,000	81,600	83,232	84,897	86,595	88,326	90,093	91,895	93,733	95,607	97,520
Janitorial	Fixed Amount - 100.00%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079
	Variable Amount - 0.00% (after Gross-up)	-	-	-	-	-	-	-	-	-	-	-
	Total	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079
Landscaping	Fixed Amount - 100.00%	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079
	Variable Amount - 0.00% (after Gross-up)	-	-	-	-	-	-	-	-	-	-	-
	Total	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	10,079
Pool Total		165,000	169,150	173,409	177,778	182,263	186,865	191,587	196,434	201,408	206,513	211,752
Admin Fee (applied to none)		-	-	-	-	-	-	-	-	-	-	-
Pool Total After Admin Fee		165,000	169,150	173,409	177,778	182,263	186,865	191,587	196,434	201,408	206,513	211,752
Base Stop Amount												
PRS												
Numerator	Tenant Size	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Denominator	PropertySize	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Calculated PRS		25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Pool Recovery (before mini...		41,250	42,288	43,352	44,445	45,566	46,716	47,897	49,109	50,352	51,628	52,938
Min	No											

Percentage Rent

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

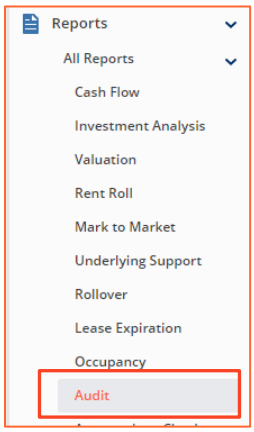
Clio's coffee shops' annual retail sales volume is projected to be $1,250,000. They are to pay 5% above a natural breakpoint.

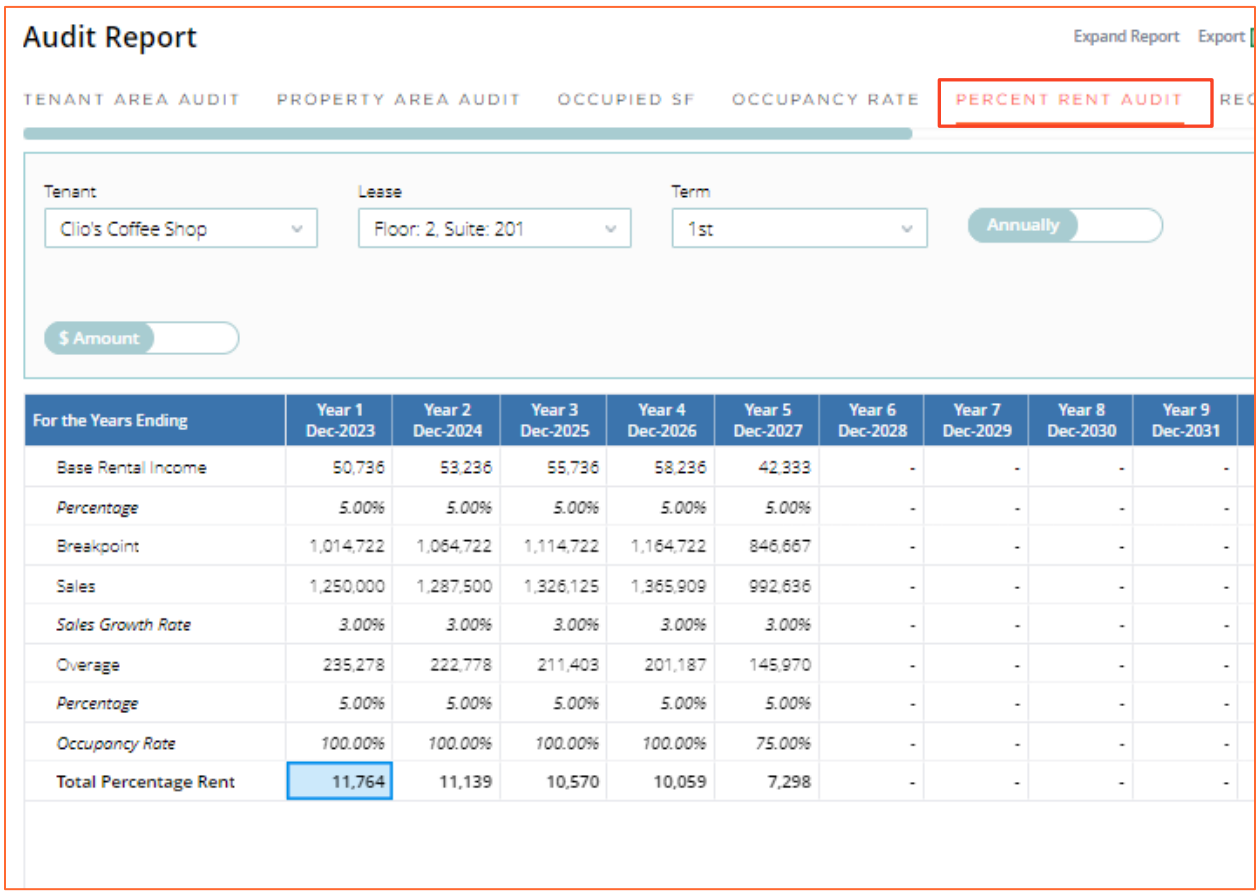


- Sales: $1,250,000 growing by General Growth
- Percentage: 5%
- Breakpoint: Natural

Helpful Hint: *Natural Breakpoint: Total Rent ÷ Sales %*

Percent Rent Audit Report

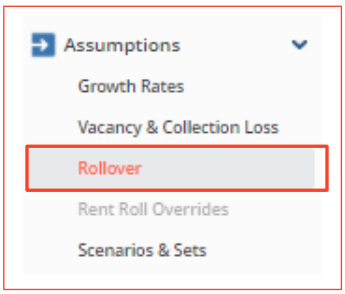




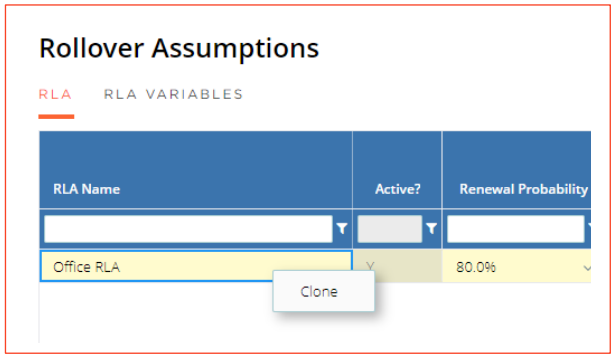
For the Years Ending	Year 1 Dec-2023	Year 2 Dec-2024	Year 3 Dec-2025	Year 4 Dec-2026	Year 5 Dec-2027	Year 6 Dec-2028	Year 7 Dec-2029	Year 8 Dec-2030	Year 9 Dec-2031
Base Rental Income	50,736	53,236	55,736	58,236	42,333	-	-	-	-
Percentage	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	-	-	-	-
Breakpoint	1,014,722	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.



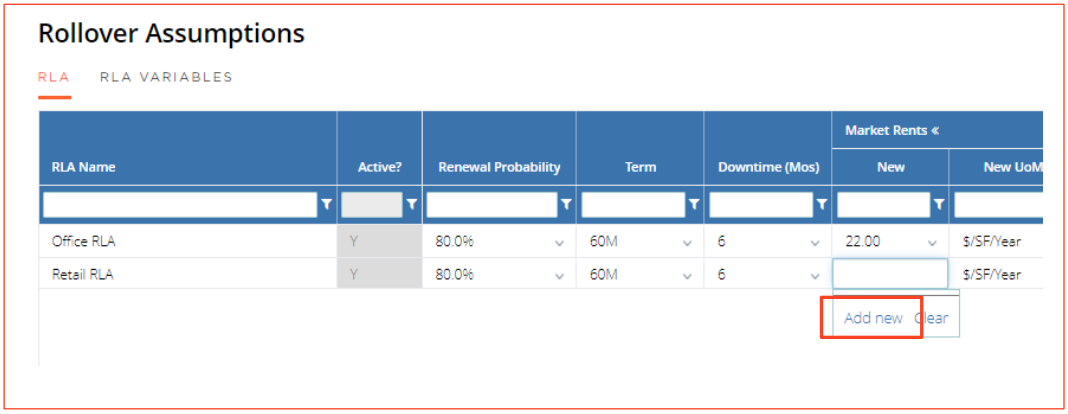
- From the Navigation pane select **Rollover.**



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

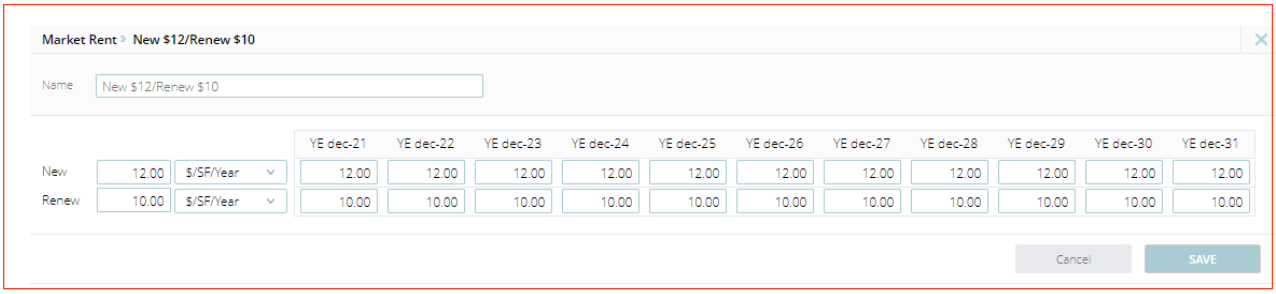
RLA Variables

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.

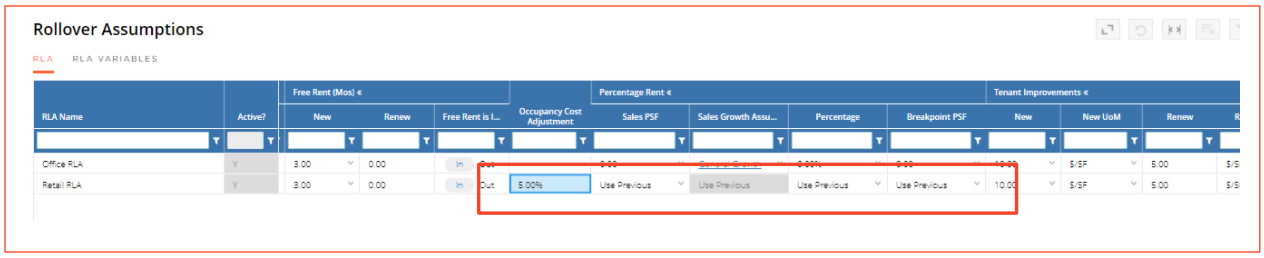


Make below adjustments to RLA

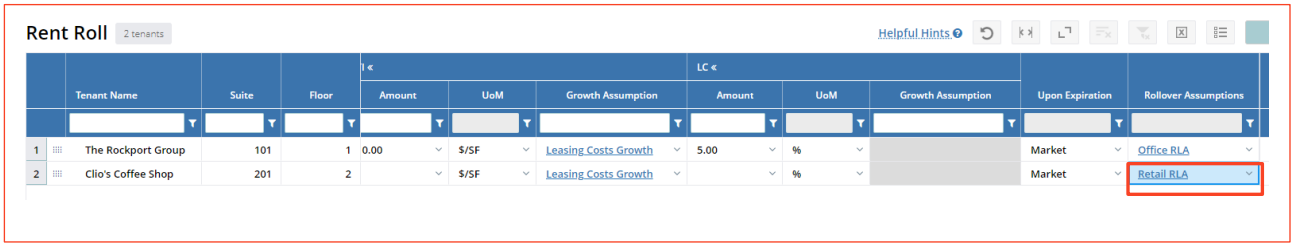
- RLA Name: Retail RLA
- Click **Add New** in Market Rent to create a variable.



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

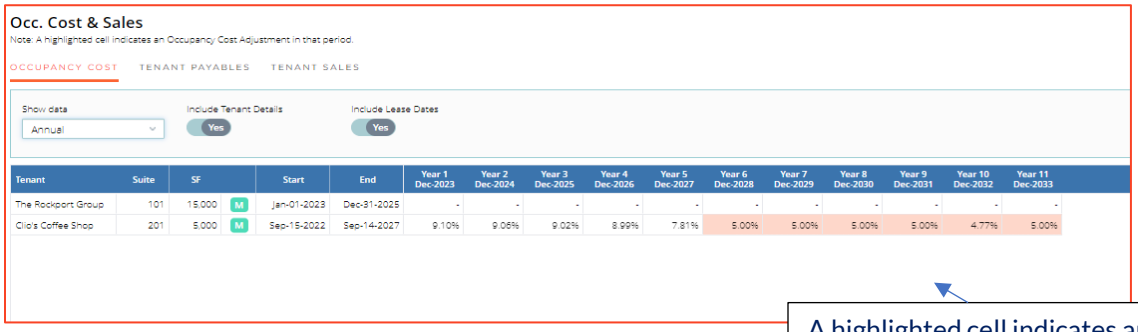


- Enter an Occupancy Cost Adjustment of **5%.**
- Select **Use Previous** for the Retail RLA Percentage Rent.



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

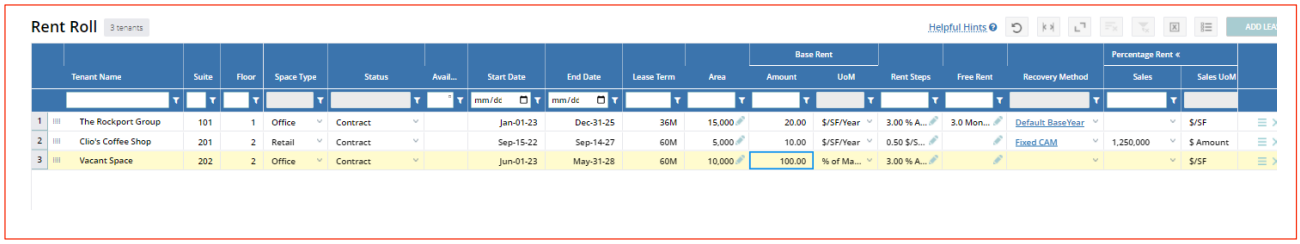
Occupancy Cost & Sales Report



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

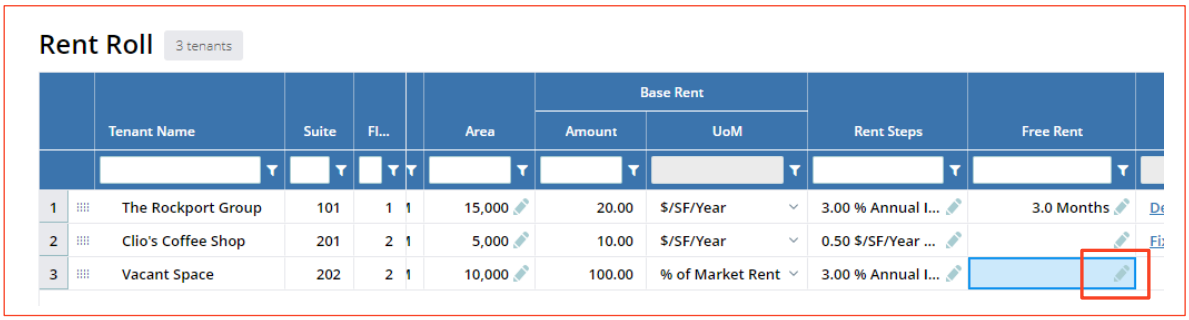
	Tenant Name	Suite	Floor	Space Type	Status	Avail...	Start Date	End Date	Lease Term	Area	Base Rent Amount	Base Rent UoM	Rent Steps	Free Rent	Recovery Method	Percentage Rent Sales	Percentage Rent Sales UoM
1	The Rockport Group	101	1	Office	Contract		Jan-01-23	Dec-31-25	36M	15,000	20.00	$/SF/Year	3.00 % A...	3.0 Mon...	Default BaseYear		$/SF
2	Clio's Coffee Shop	201	2	Retail	Contract		Sep-15-22	Sep-14-27	60M	5,000	10.00	$/SF/Year	0.50 $/S...		Fixed CAM	1,250,000	$ Amount
3	Vacant Space	202	2	Office	Contract		Jun-01-23	May-31-28	60M	10,000	100.00	% of Ma...	3.00 % A...				$/SF

- Click **Add Lease.**
- Tenant Name: Vacant Space
- Suite: 202
- Floor: 2
- Start Date: June 1, 2023, 5 Year Lease Term
- Area: 10,000 SF
- Base Rent: 100% of Market Rent, 3% Rent Step

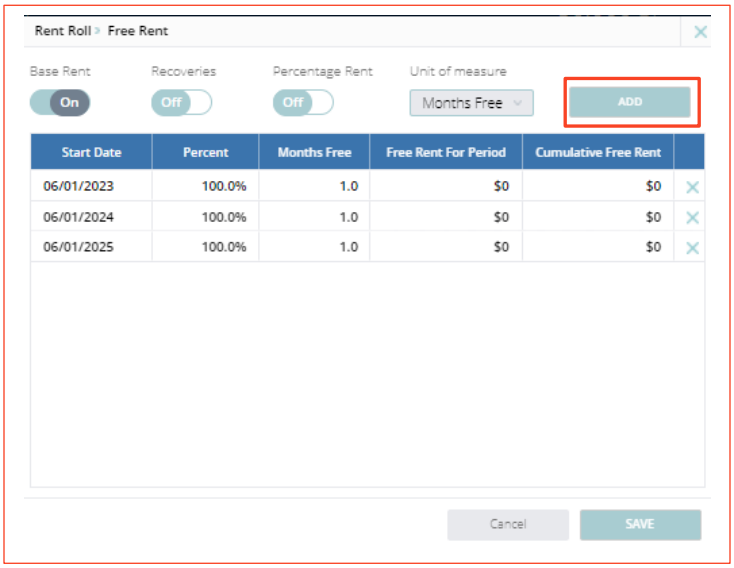
Helpful Hint: *Copy and paste The Rockport Groups rent step to Vacant Space rent step to save time.* ***CTRL C*** *to copy and* ***CTRL V*** *to paste as a shortcut.*

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.



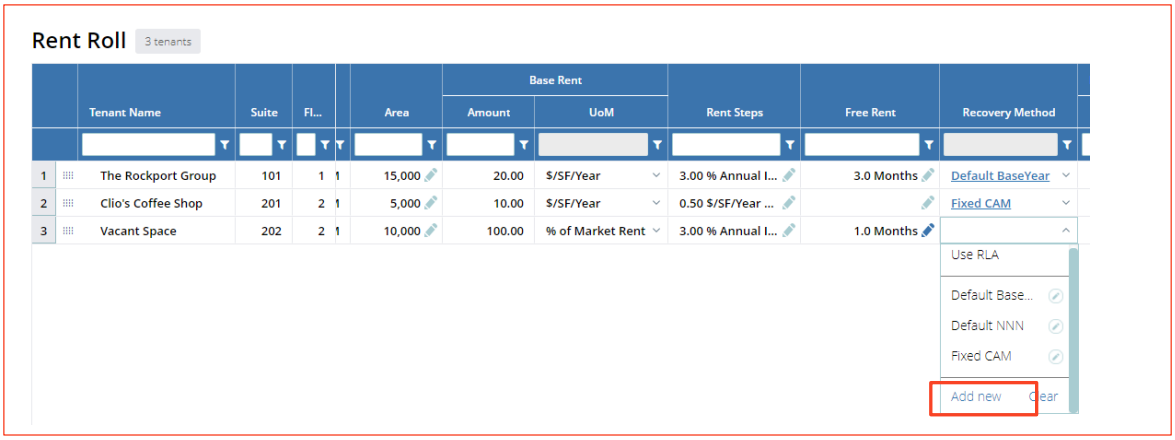
- Click on the pencil icon for **Free Rent** to create a variable.



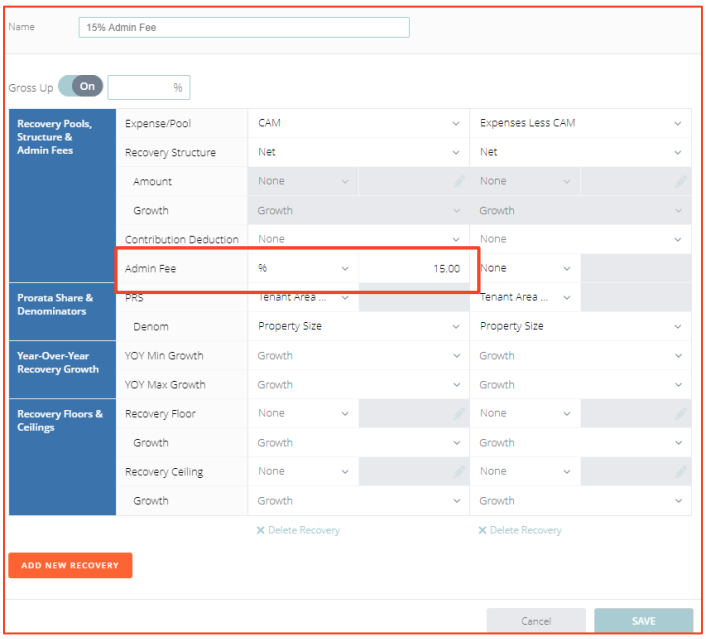
- Click **Add** to insert rows and model free rent to reflect an abatement in the first month of the first three lease years.

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.

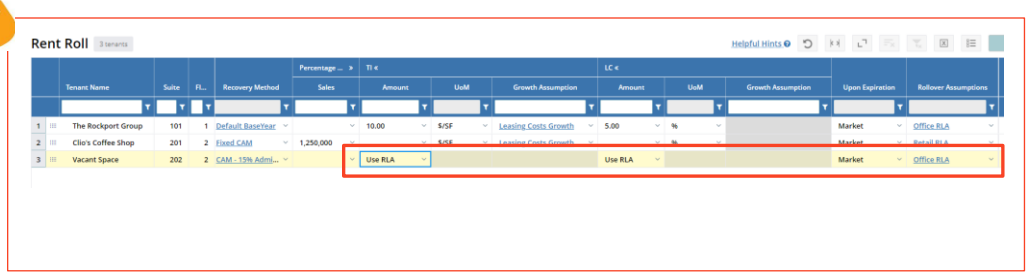


- Click **Add New** to create a recovery method for the Vacant Space.



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.

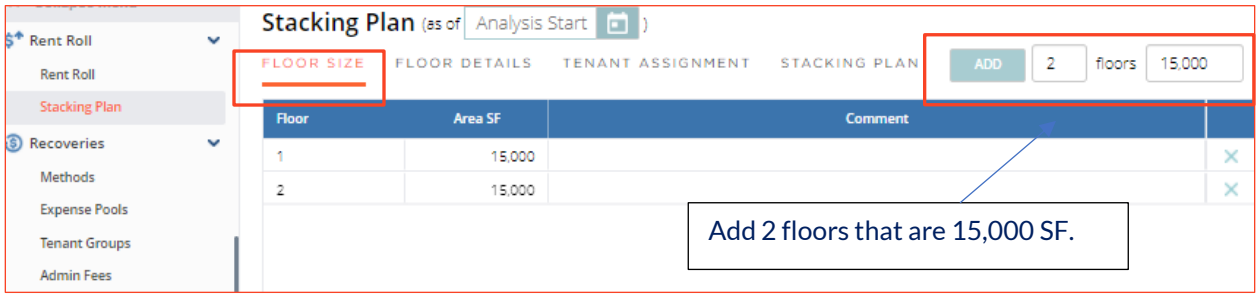


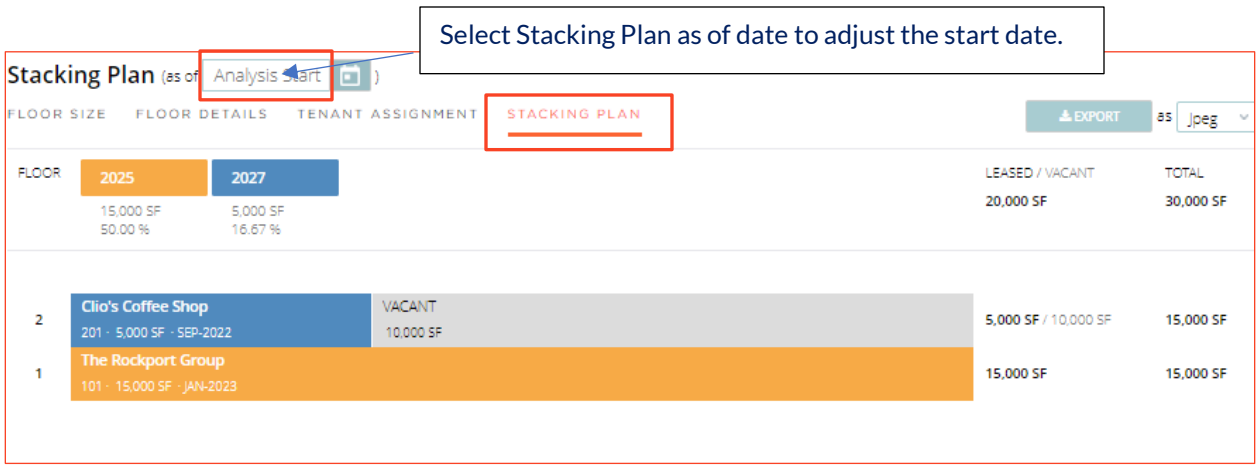
- Select **Use RLA** for TIs and LCs.
- Select the **Office RLA** as the Rollover Assumptions.

Stacking Plan

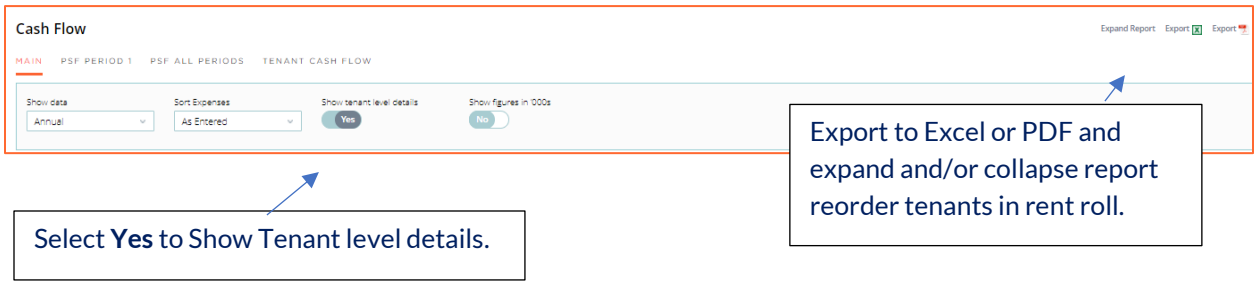
A Stacking Plan is a chart/schema to display floors in the building with all tenants and available space.

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





Cash Flow with Tenant Level Details



Cash Flow

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

Show data: Annual | Sort Expenses: As Entered | Show tenant level details: Yes | Show figures in '000s: No

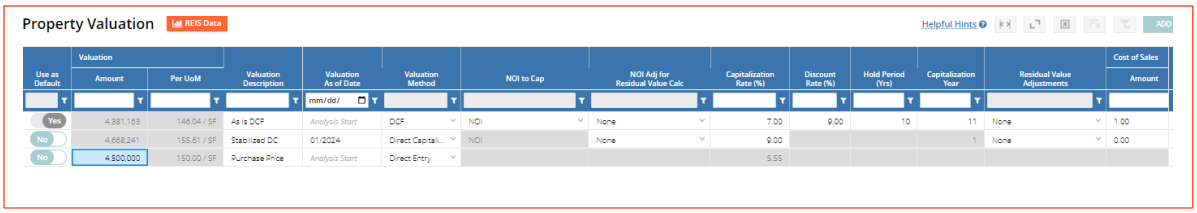
Display tenant level details.

For the Years Ending	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
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	61,554	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)	(19,996)	-	-	(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)	(4,868)	(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)	(37,387)	(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	78,786	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	81,600	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	24,862	25,688	26,625	24,149	23,958	24,866	24,524	25,961	26,408
Total Operating 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

Valuation

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

- DCF
- Direct Capitalization
- Direct Entry



Property Valuation REIS Data

Helpful Hints ADD

Use as Default	Valuation Amount	Valuation Per UoM	Valuation Description	Valuation As of Date	Valuation Method	NOI to Cap	NOI Adj for Residual Value Calc	Capitalization Rate (%)	Discount Rate (%)	Hold Period (Yrs)	Capitalization Year	Residual Value Adjustments	Cost of Sales Amount
Yes	4,381,163	146.04 / SF	As is DCF	Analysis Start	DCF	NOI	None	7.00	9.00	10	11	None	1.00
No	4,668,241	155.61 / SF	Stabilized DC	01/2024	Direct Capitali...	NOI	None	9.00			1	None	0.00
No	4,500,000	150.00 / SF	Purchase Price	Analysis Start	Direct Entry			5.55					

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: 01/2024
  - Direct Capitalization method
  - Cap Rate: 9%
- Purchase Price
  - Direct Entry method
  - $4,500,000 Amount

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Report - Valuation: Sale Yield Matrix

Valuation

SALE YIELD MATRIX PROSPECTIVE PRESENT VALUE CASH FLOW WITH VAL

Valuation: As is DCF: Analysis Start, ...

Cap Rate Increment (BP): 25

# of Increments: 2

As is DCF: Analysis Start, DCF

Stabilized DC: 01/2024, Direct Capitalization

Select which valuation set to calculate.

	aluation				
	Exit Cap Rate				
Discount Rates	6.50%	6.75%	7.00%	7.25%	7.50%
7.50%	$5,124,218	$5,008,826	$4,901,676	$4,801,916	$4,708,807
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
10.50%	$4,096,529	$4,008,903	$3,927,535	$3,851,779	$3,781,073

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Report – Prospective Present Value

Hover Residual Value Calculation to display the details.

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: 3
Residual Value Calculation

Year	Annual CF	PV @ 7.50%	PV @ 8.00%	PV @ 8.50%	PV @ 9.00%	PV @		
1	($107,552)	($100,048)	($99,585)	($99,126)	($98,672)	($		
2	$410,872	$355,541	$352,256	$349,017	$345,822	$3		
3	$426,147	$343,031	$338,289	$333,634	$329,063	$3		
4	$292,558	$219,068	$215,039	$211,102	$207,256	$2		
5	$418,379	$291,425	$284,741	$278,241	$271,917	$2		
6	$279,392	$181,035	$176,064	$171,252	$166,592	$1		
7	$372,264	$224,384	$217,212	$210,302	$203,641	$1		
8	$389,543	$218,418	$210,458	$202,823	$195,499	$1		
9	$198,921	$103,754	$99,510	$95,458	$91,589	$		
10	$354,560	$172,031	$164,230	$156,817	$149,770	$143,070	$136,698	$130,637
Total Cash Flows	$3,035,084	$2,008,638	$1,958,215	$1,909,520	$1,862,478	$1,817,022	$1,773,085	$1,730,606
Residual Value	**$5,962,644**	**$2,893,039**	**$2,761,858**	**$2,637,190**	**$2,518,685**	**$2,406,011**	**$2,298,857**	**$2,196,929**
DCF plus Residual Value	**$8,997,728**	**$4,901,676**	**$4,720,073**	**$4,546,710**	**$4,381,163**	**$4,223,033**	**$4,071,943**	**$3,927,535**
Rounded to Thousands	**$8,998,000**	**$4,902,000**	**$4,720,000**	**$4,547,000**	**$4,381,000**	**$4,223,000**	**$4,072,000**	**$3,928,000**
Value per Square Foot	**$299.92**	**$163.39**	**$157.34**	**$151.56**	**$146.04**	**$140.77**	**$135.73**	**$130.92**
Going-in Cap Rate	**2.77%**	**5.09%**	**5.29%**	**5.49%**	**5.70%**	**5.91%**	**6.13%**	**6.36%**
Percentage Value Distribution								
From Cash Flows	**33.7%**	**41.0%**	**41.5%**	**42.0%**	**42.5%**	**43.0%**	**43.5%**	**44.1%**
From Residual	**66.3%**	**59.0%**	**58.5%**	**58.0%**	**57.5%**	**57.0%**	**56.5%**	**55.9%**

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%	6,022,873
Residual Value Adjustments	No	0
Adjusted Residual Value		6,022,873
Cost of Sales	1.00%	-60,229
Net Residual Value		5,962,644

Report - Investment Analysis: Investment Cash Flow

Investment Analysis

INVESTMENT CASH FLOW RETURN SENSITIVITIES

Display data annually or monthly.

Select Valuation **As is DCF.**

Show data? Annual (Annual / Monthly) Show Levered? No Show figures in 000s? No

Date	Period	Exit Date	Exit Costs (%)	Purchase/Start Valuation	Purchase/Start Cap Rate	Purchase/Start Discount Rate	Purchase/Start Amount	Sale/Exit Valuation	Sale/Exit Cap Rate	Sale/Exit Discount Rate	Sale/Exit Amount	IRR Methodology Discounting	IRR Methodology Actual Day Count?
Analysis S	120M	12/2032	1.00	As is DCF: An...	7.00	9.00	4,381,163	Residual Valu...			6,022,873	Annual	No
				Override:				Override:					

For the Years Ending		Time 0 Jan-01-2023	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
Property Cashflows												
Net Operating Income			249,629	420,142	435,695	454,266	471,643	397,240	383,010	400,612	386,385	416,308
Total Leasing & Capital Costs			357,181	9,270	9,548	161,708	53,264	117,848	10,746	11,069	187,463	61,747
Net Cash Flow			**(107,552)**	**410,872**	**426,147**	**292,558**	**418,379**	**279,392**	**372,264**	**389,543**	**198,921**	**354,560**
Purchase/Sale												
Purchase/Sale		(4,381,163)	-	-	-	-	-	-	-	-	-	6,022,873
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 Cash		-	(2.45%)	9.38%	9.73%	6.68%	9.55%	6.38%	8.50%	8.89%	4.54%	8.09%

Investment Analysis: Return Sensitivities

Investment Analysis

INVESTMENT CASH FLOW RETURN SENSITIVITIES

Investment Period				Purchase/Start				Sale/Exit	
Start Date	Investment Period	Exit Date	Exit Costs (%)	Valuation	Cap Rate	Discount Rate	Amount	Valuation	Cap Rate
Analysis S	120M	12/2032	1.00	As is DCF: An...	7.00	9.00	4,381,163	Residual Valu...	
				Override:				Override:	

Sale/Exit Cap Rate (%)	Investment Period (Mos)					
	UNLEVERED IRR			UNLEVERED Equity Multiple (MOC)		
	108	120	132	108	120	132
6.00%	10.55%	10.23%	11.51%	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%	7.97%	7.98%	9.40%	1.79x	1.88x	2.26x

Purchase/Start Value	Investment Period (Mos)					
	UNLEVERED IRR			UNLEVERED Equity Multiple (MOC)		
	108	120	132	108	120	132
2,381,163	18.78%	17.94%	18.70%	3.60x	3.78x	4.55x
3,381,163	13.06%	12.62%	13.73%	2.53x	2.66x	3.20x
4,381,163	9.14%	**9.00%**	10.35%	1.96x	**2.05x**	2.47x
5,381,163	6.20%	6.28%	7.82%	1.59x	1.67x	2.01x
6,381,163	3.86%	4.12%	5.81%	1.34x	1.41x	1.70x

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

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

Investment Analysis

INVESTMENT CASH FLOW RETURN SENSITIVITIES

Investment Period				Purchase/Start				Sale/Exit			
Start Date	Investmei Period	Exit Date	Exit Costs (%)	Valuation	Cap Rate	Discount Rate	Amount	Valuation	Cap Rate	Discount Rate	Amount
Analysis S	120M	12/2032		Purchase Pric...	5.55		4,500,000	Direct Cap	7.00		6,022,8...
				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%	9.95%	11.25%		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%	8.23%	8.18%	9.59%		1.83x	1.92x	2.31x
8.00%	7.66%	7.69%	9.13%		1.75x	1.85x	2.21x

Purchase/Start Value	Investment Period (Mos)						
	UNLEVERED IRR				UNLEVERED Equity Multiple (MOC)		
	108	120	132		108	120	132
2,500,000	18.05%	17.25%	18.05%		3.45x	3.62x	4.36x
3,500,000	12.61%	12.20%	13.34%		2.47x	2.59x	3.12x
4,500,000	8.84%	**8.72%**	10.09%		1.92x	**2.01x**	2.42x
5,500,000	5.98%	6.08%	7.64%		1.57x	1.65x	1.98x
6,500,000	3.70%	3.97%	5.67%		1.33x	1.39x	1.68x

Debt

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

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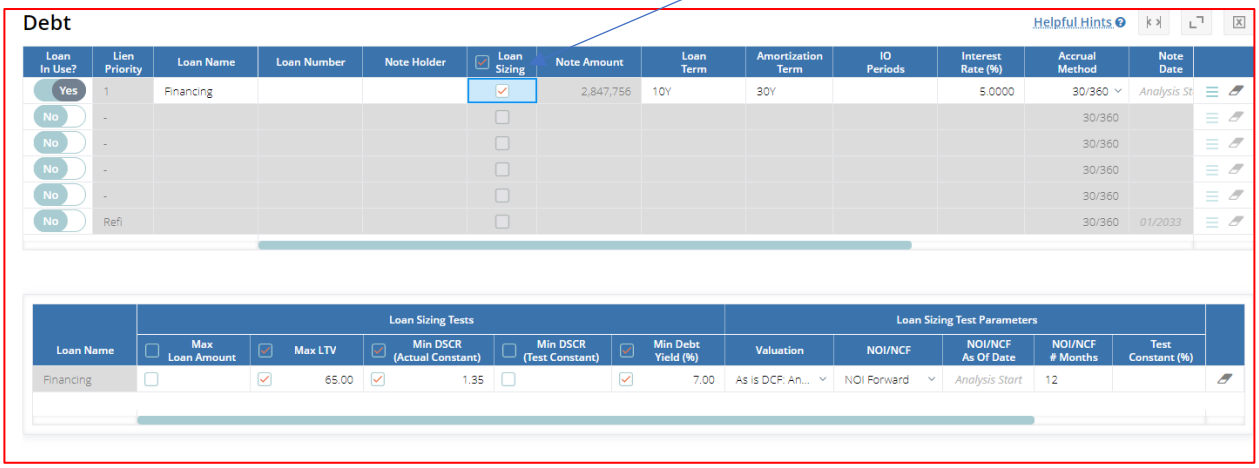
Activate Loan Sizing to enable VAL to calculate the Note Amount.



Enter below inputs for **Debt:**

- Loan Name: Financing
- Loan Sizing: Yes
- Loan Term: 10 Years
- Amortization Schedule: 30 Years
- Interest Rate: 5%
- Accrual Method: 30/360
- Note Date: 1/2023

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

1 - FINANCING

Scheduled Amortization Table

Loan Name: Financing

Month	Payment Date	Accrual Period Begin Date	Accrual Period End Date	Days	Interest Rate	Beginning Balance	Interest	Principal	Total P&I	Balloon Payment	Ending Balance	Pre Fe
1	Feb-01-2023	Jan-01-2023	Jan-31-2023	30	5.0000%	2,847,756.14	11,865.65	3,421.72	15,287.37	-	2,844,334.42	
2	Mar-01-2023	Feb-01-2023	Feb-28-2023	30	5.0000%	2,844,334.42	11,851.39	3,435.98	15,287.37	-	2,840,898.45	
3	Apr-01-2023	Mar-01-2023	Mar-31-2023	30	5.0000%	2,840,898.45	11,837.08	3,450.29	15,287.37	-	2,837,448.15	
4	May-01-2023	Apr-01-2023	Apr-30-2023	30	5.0000%	2,837,448.15	11,822.70	3,464.67	15,287.37	-	2,833,983.48	
5	Jun-01-2023	May-01-2023	May-31-2023	30	5.0000%	2,833,983.48	11,808.26	3,479.11	15,287.37	-	2,830,504.37	
6	Jul-01-2023	Jun-01-2023	Jun-30-2023	30	5.0000%	2,830,504.37	11,793.77	3,493.60	15,287.37	-	2,827,010.77	
7	Aug-01-2023	Jul-01-2023	Jul-31-2023	30	5.0000%	2,827,010.77	11,779.21	3,508.16	15,287.37	-	2,823,502.61	
8	Sep-01-2023	Aug-01-2023	Aug-31-2023	30	5.0000%	2,823,502.61	11,764.59	3,522.78	15,287.37	-	2,819,979.84	
9	Oct-01-2023	Sep-01-2023	Sep-30-2023	30	5.0000%	2,819,979.84	11,749.92	3,537.45	15,287.37	-	2,816,442.38	
10	Nov-01-2023	Oct-01-2023	Oct-31-2023	30	5.0000%	2,816,442.38	11,735.18	3,552.19	15,287.37	-	2,812,890.19	
11	Dec-01-2023	Nov-01-2023	Nov-30-2023	30	5.0000%	2,812,890.19	11,720.38	3,566.99	15,287.37	-	2,809,323.19	
12	Jan-01-2024	Dec-01-2023	Dec-31-2023	30	5.0000%	2,809,323.19	11,705.51	3,581.86	15,287.37	-	2,805,741.34	
13	Feb-01-2024	Jan-01-2024	Jan-31-2024	30	5.0000%	2,805,741.34	11,690.59	3,596.78	15,287.37	-	2,802,144.55	
14	Mar-01-2024	Feb-01-2024	Feb-29-2024	30	5.0000%	2,802,144.55	11,675.60	3,611.77	15,287.37	-	2,798,532.79	

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Report Investment Analysis – Levered IRR

Investment Analysis

INVESTMENT CASH FLOW RETURN SENSITIVITIES

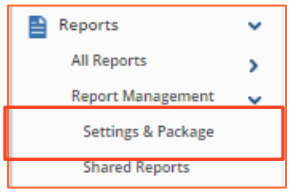
Select **YES** to Show Levered

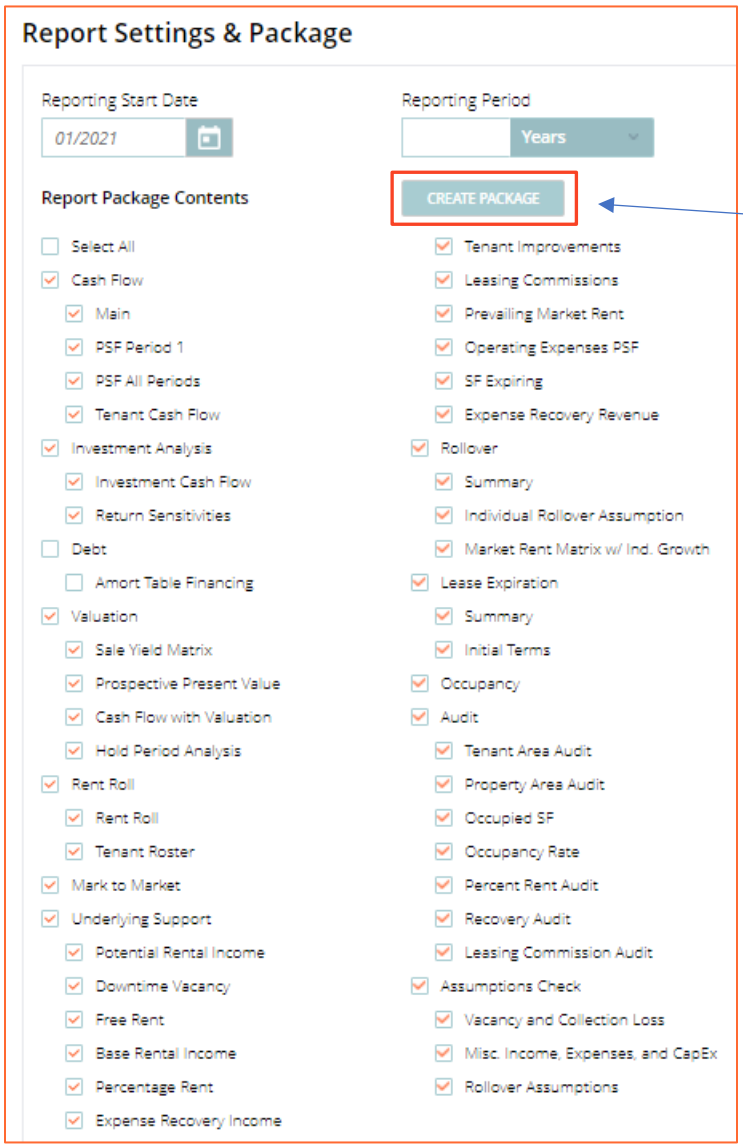
Show data? Annual | Show Levered? Yes | Show figures in 000s? No

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	12/2032		Purchase Pri...	5.55		4,500,000	Direct Cap	7.00		6,022,873	Annual	No
				Override:				Override:					

For the Years Ending		Time 0 Jan-01-2023	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
Property Cashflows												
Debt Service												
Financing												
Principal			38,433	43,981	46,231	48,597	51,083	53,696	56,444	59,331	62,367	65,558
Interest			129,728	139,467	137,217	134,852	132,366	129,752	127,005	124,117	121,082	117,891
Total P&I			168,161	183,448	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			(275,713)	227,423	242,698	109,110	234,930	95,943	188,815	206,095	15,473	171,112
Credit Metrics												
Financing												
Ending Balance			2,809,323	2,765,342	2,719,111	2,670,514	2,619,431	2,565,735	2,509,292	2,449,960	2,387,593	2,322,036
Ending Balance $/SF			93.64	92.18	90.64	89.02	87.31	85.52	83.64	81.67	79.59	77.40
DSCR (NOI)			1.36	2.29	2.38	2.48	2.57	2.17	2.09	2.18	2.11	2.27
DSCR (NCF)			(0.59)	2.24	2.32	1.59	2.28	1.52	2.03	2.12	1.08	1.93
Debt Yield (NOI)			8.89%	15.19%	16.02%	17.01%	18.01%	15.48%	15.26%	16.35%	16.18%	17.93%
Debt Yield (NCF)			(3.83%)	14.86%	15.67%	10.96%	15.97%	10.89%	14.84%	15.90%	8.33%	15.27%
LTV (using Purchase Price)			62.43%	61.45%	60.42%	59.34%	58.21%	57.02%	55.76%	54.44%	53.06%	51.60%
Purchase/Sale												
Purchase/Sale		(4,500,000)	-	-	-	-	-	-	-	-	-	6,022,873
Exit Costs		-	-	-	-	-	-	-	-	-	-	-
Net Proceeds		(4,500,000)	-	-	-	-	-	-	-	-	-	6,022,873
Loan Proceeds & Repayment												
Cash Flow Available for Distribution	IRR/MOC											
Total Unlevered Cash Flow	8.72% / 2.01x	(4,500,000)	(107,552)	410,872	426,147	292,558	418,379	279,392	372,264	389,543	198,921	6,377,433
Unlevered Cash On Cash		-	(2.39%)	9.13%	9.47%	6.50%	9.30%	6.21%	8.27%	8.66%	4.42%	7.88%
Total Levered Cash Flow	12.95% / 2.98x	(1,652,244)	(275,713)	227,423	242,698	109,110	234,930	95,943	188,815	206,095	15,473	3,871,949
Levered Cash On Cash		-	(16.69%)	13.76%	14.69%	6.60%	14.22%	5.81%	11.43%	12.47%	0.94%	10.36%

Settings & Report Packages





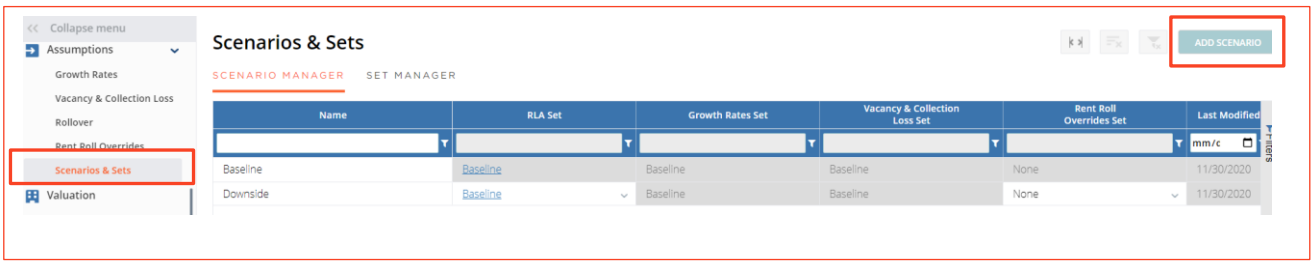
Select reports to include in package and click **Create Package**

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1		VAL Building, Baseline, version #0												
2		As of Jan-22												
3														
4		VAL												
5														
6			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
7		For the Years Ending	Dec-2022	Dec-2023	Dec-2024	Dec-2025	Dec-2026	Dec-2027	Dec-2028	Dec-2029	Dec-2030	Dec-2031	Dec-2032	
8		**Income**	**476,577**	**687,515**	**710,350**	**708,951**	**760,723**	**673,918**	**687,045**	**714,219**	**675,607**	**746,615**	**735,868**	
9		Potential Rental Income	564,069	586,086	604,572	634,986	653,075	662,028	675,002	695,252	716,110	736,610	758,536	
10		*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*	
11		*Clio's Coffee Shop*	*50,736*	*53,236*	*55,736*	*58,236*	*59,870*	*59,828*	*61,623*	*63,472*	*65,376*	*67,337*	*69,185*	
12		*Vacant Space*	*213,333*	*223,850*	*230,566*	*237,482*	*244,607*	*243,144*	*243,552*	*250,859*	*258,384*	*266,136*	*274,120*	
13		*Total Potential Rental Income*	*564,069*	*586,086*	*604,572*	*634,986*	*653,075*	*662,028*	*675,002*	*695,252*	*716,110*	*736,610*	*758,536*	
14		Downtime Vacancy	-85,000	0	0	-28,272	-4,949	-19,996	0	0	-32,775	-5,737	-23,181	
15		*The Rockport Group*	*0*	*0*	*0*	*-28,272*	*0*	*0*	*0*					
16		*Clio's Coffee Shop*	*0*	*0*	*0*	*0*	*-4,949*	*0*	*0*					
17		*Vacant Space*	*-85,000*	*0*	*0*	*0*	*0*	*-19,996*	*0*					
18		*Total Downtime Vacancy*	*-85,000*	*0*	*0*	*-28,272*	*-4,949*	*-19,996*	*0*					
19		Free Rent	-93,333	-18,883	-19,450	-16,963	-2,969	-11,998	0					
20		*The Rockport Group*	*-75,000*	*0*	*0*	*-16,963*	*0*	*0*	*0*					
21		*Clio's Coffee Shop*	*0*	*0*	*0*	*0*	*-2,969*	*0*	*0*					
22		*Vacant Space*	*-18,333*	*-18,883*	*-19,450*	*0*	*0*	*-11,998*	*0*					
23		*Total Free Rent*	*-93,333*	*-18,883*	*-19,450*	*-16,963*	*-2,969*	*-11,998*	*0*					
24		**Base Rental Income**	**385,736**	**567,203**	**585,122**	**589,751**	**645,157**	**630,034**	**675,002**	**695,252**	**663,669**	**727,431**	**721,447**	
25		*The Rockport Group*	*225,000*	*309,000*	*318,270*	*294,032*	*348,598*	*359,055*	*369,827*	*380,922*	*339,909*	*403,137*	*415,231*	
26		*Clio's Coffee Shop*	*50,736*	*53,236*	*55,736*	*58,236*	*51,952*	*59,828*	*61,623*	*63,472*	*65,376*	*58,158*	*69,185*	
27		*Vacant Space*	*110,000*	*204,967*	*211,116*	*237,482*	*244,607*	*211,150*	*243,552*	*250,859*	*258,384*	*266,136*	*237,030*	
28		*Total Base Rental Income*	*385,736*	*567,203*	*585,122*	*589,751*	*645,157*	*630,034*	*675,002*	*695,252*	*663,669*	*727,431*	*721,447*	
29		**Percentage Rent**	**11,764**	**11,139**	**10,570**	**10,059**	**9,561**	**12,626**	**13,005**	**13,395**	**13,797**	**13,152**	**14,809**	
30		*Clio's Coffee Shop*	*11,764*	*11,139*	*10,570*	*10,059*	*9,561*	*12,626*	*13,005*	*13,395*	*13,797*	*13,152*	*14,809*	
31		*Total Percentage Rent*	*11,764*	*11,139*	*10,570*	*10,059*	*9,561*	*12,626*	*13,005*	*13,395*	*13,797*	*13,152*	*14,809*	
32		**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**	
33		*The Rockport Group*	*0*	*6,905*	*10,147*	*0*	*4,230*	*7,299*	*11,782*	*15,494*	*1,490*	*4,856*	*8,367*	
34		*Clio's Coffee Shop*	*37,500*	*38,192*	*38,901*	*39,630*	*28,488*	*1,023*	*2,517*	*3,755*	*4,552*	*4,868*	*1,170*	

Report package in Excel format will be emailed to user with each report located in tabs.

Scenarios & Sets

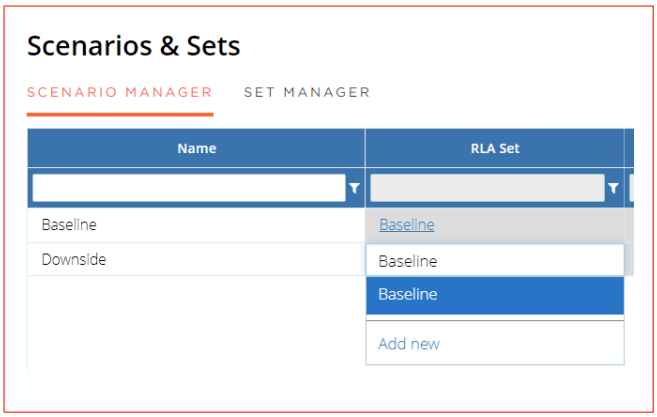
Combine sets of assumptions to create named scenarios by selecting Scenarios & Sets from the navigation pane. Create different variations of users' baseline set of rollover assumptions and rent roll overrides to run different scenarios in the model.



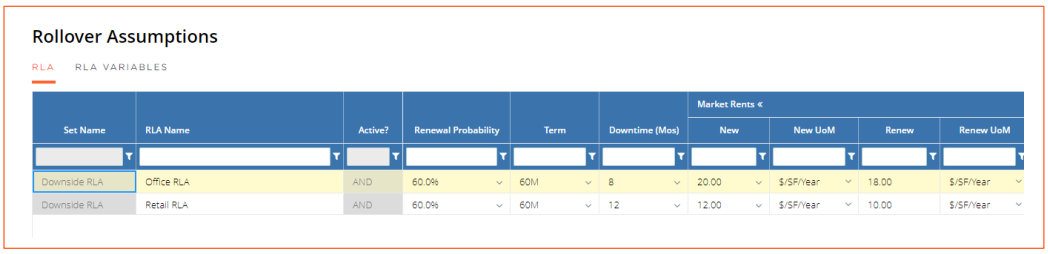
- From the Navigation pane select **Scenarios & Sets.**
- Click **Add Scenario** (located in upper right-hand corner).
- Name scenario **Downside** by typing in the red box in the new row**.**

RLA Set Rollover Scenarios

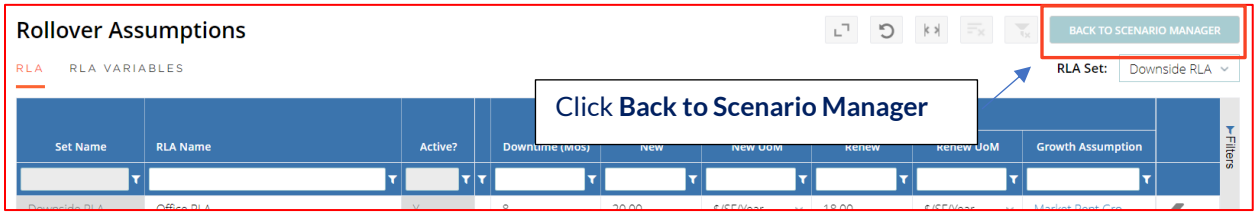
VAL provides ability to easily run alternative rollover scenarios in the model to test the robustness of results in the presence of uncertainty.



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

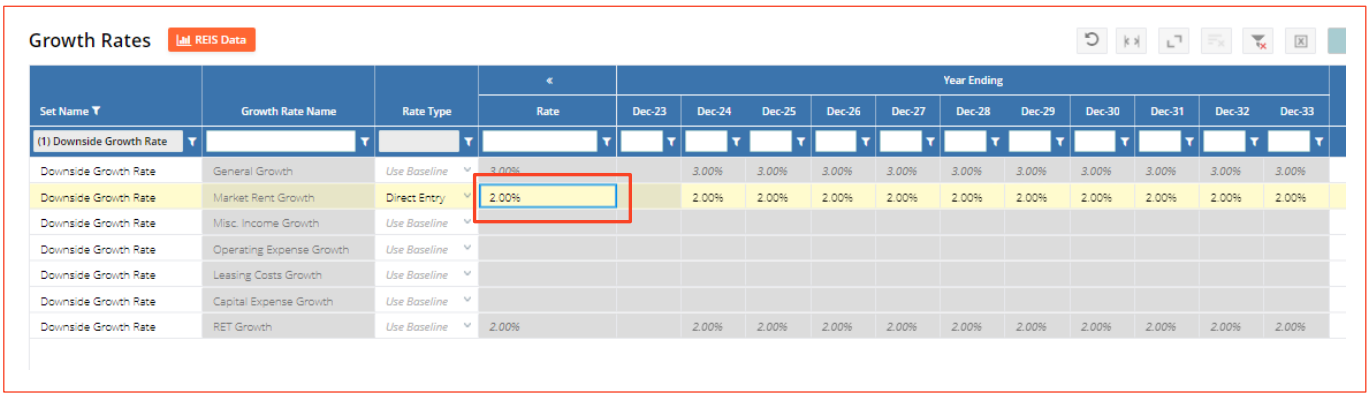


- Click on the **Downside RLA** to edit.
- Update the following assumptions:
  - Office RLA
    - Renewal Probability: 60%
    - Downtime: 8 Months
    - Market Rent: New $20, Renew $18
  - Retail RLA
    - Renewal Probability: 60%
    - Downtime: 12 Months



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 drown down menu.



- 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 drown down and select **Direct Entry.**
- Enter the Market Rent growth rate as **2%.**
- Click **Back to Scenario Manager** to return to scenario & sets screen.

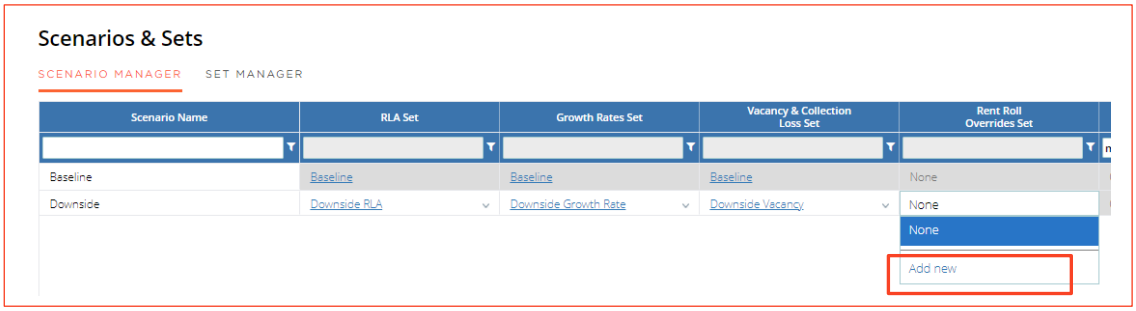
Vacancy & Collection Loss Set

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

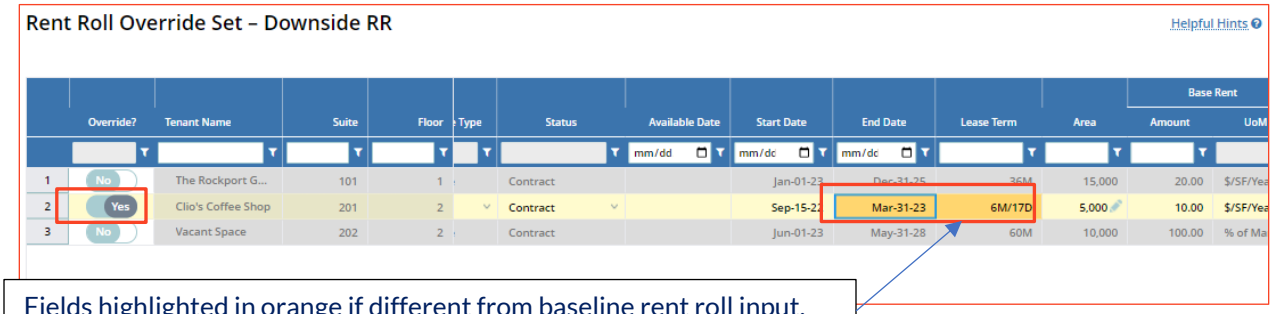
- Click on the Vacancy & Collection Loss Set select **Add New.**
- Name Rent Roll Override – **Downside Vacancy** and click **Create.**
- Enter a **10%** Vacancy Loss rate.

Rent Roll Overrides Set

VAL provides ability to easily run alternative rent roll scenarios.



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

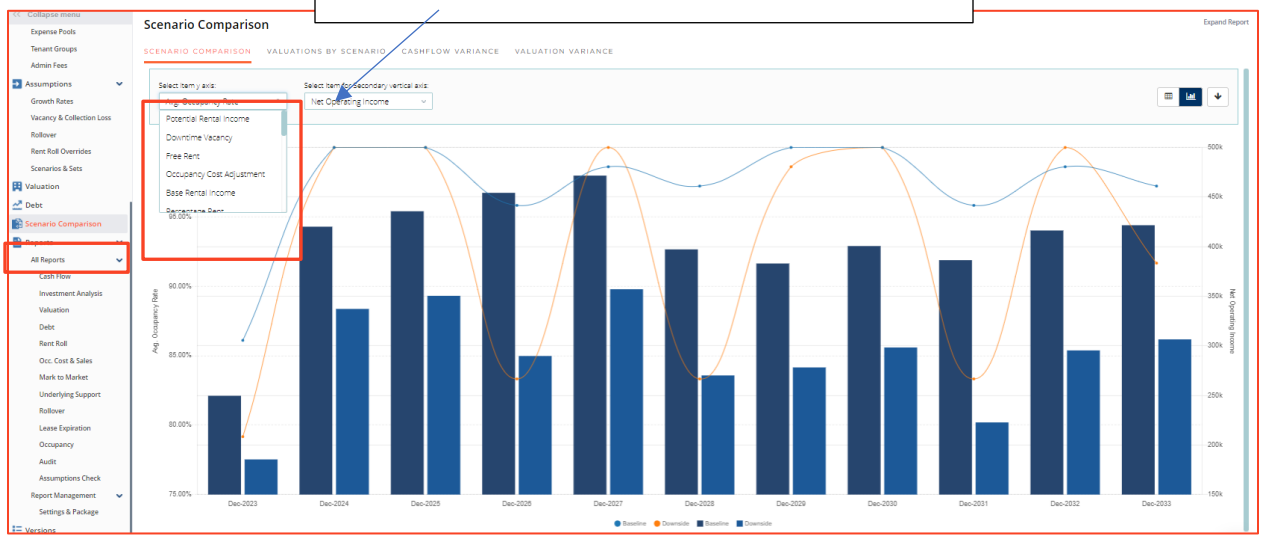


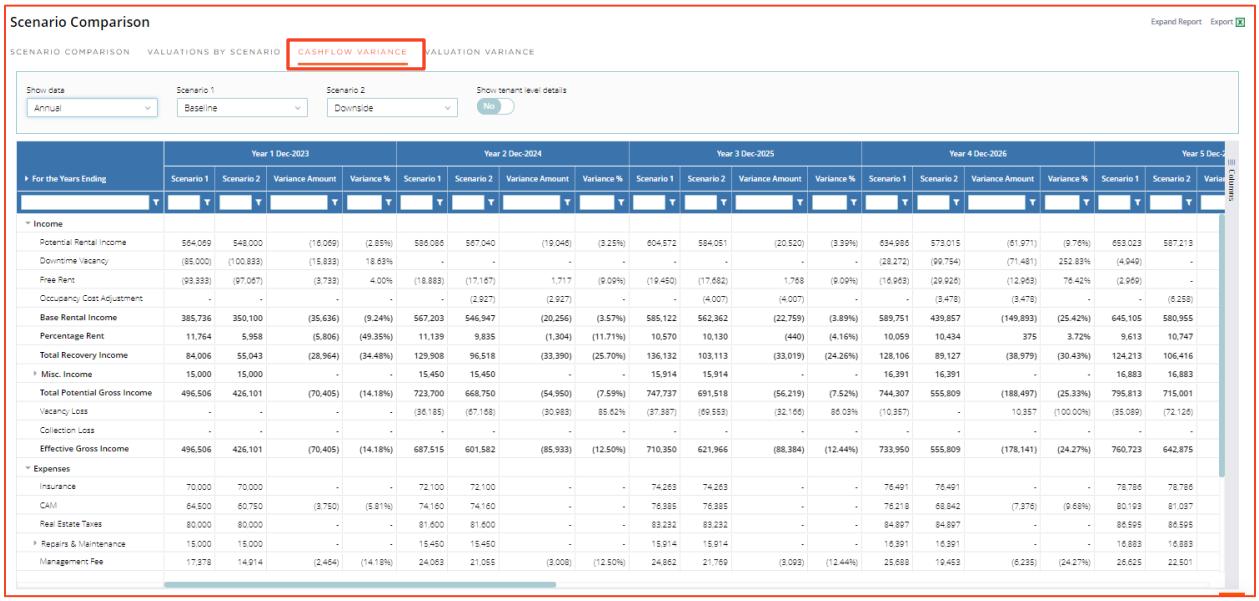
Fields highlighted in orange if different from baseline rent roll input.

- Clio's Coffee Shop is moving out early due to lack of demand.
- Select Override **On.**
- Update the End Date to **March 31, 2023.**

Scenario Comparison Reports

Select what data attribute to display on the graph.

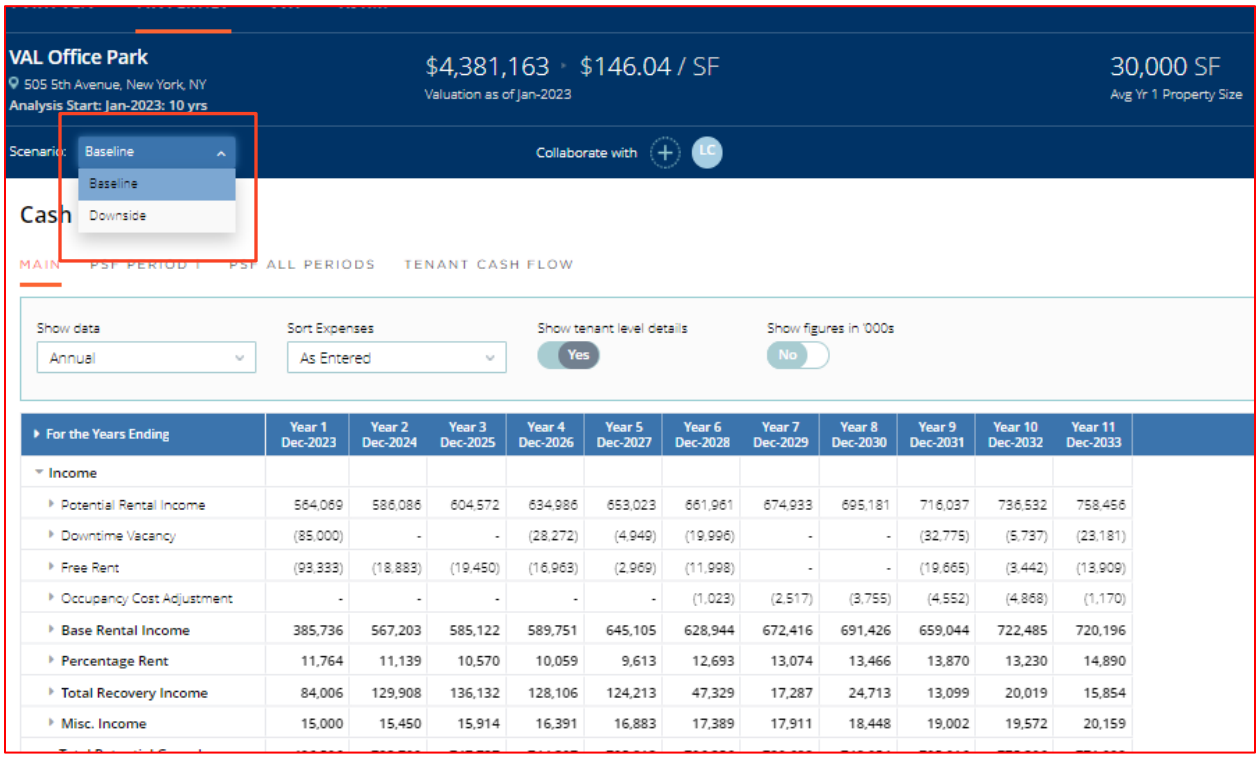




For the Years Ending	Year 1 Dec-2023				Year 2 Dec-2024				Year 3 Dec-2025				Year 4 Dec-2026				Year 5 Dec-		
	Scenario 1	Scenario 2	Variance Amount	Variance %	Scenario 1	Scenario 2	Variance Amount	Variance %	Scenario 1	Scenario 2	Variance Amount	Variance %	Scenario 1	Scenario 2	Variance Amount	Variance %	Scenario 1	Scenario 2	Varia
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%)	634,986	573,015	(61,971)	(9.76%)	653,023	587,213	
Downtime Vacancy	(85,000)	(100,833)	(15,833)	18.63%	-	-	-	-	-	-	-	-	(28,272)	(99,754)	(71,481)	252.83%	(4,949)	-	
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%)	(16,963)	(29,926)	(12,963)	76.42%	(2,959)	-	
Occupancy Cost Adjustment	-	-	-	-	-	(2,927)	(2,927)	-	-	(4,007)	(4,007)	-	-	(3,478)	(3,478)	-	-	(6,258)	
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%)	589,751	439,857	(149,893)	(25.42%)	645,105	580,955	
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%)	10,059	10,434	375	3.72%	9,613	10,747	
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%)	128,106	89,127	(38,979)	(30.43%)	124,213	106,416	
Misc. Income	15,000	15,000	-	-	15,450	15,450	-	-	15,914	15,914	-	-	16,391	16,391	-	-	16,883	16,883	
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%)	744,307	555,809	(188,497)	(25.33%)	795,813	715,001	
Vacancy Loss	-	-	-	-	(36,185)	(67,168)	(30,983)	85.62%	(37,387)	(69,553)	(32,166)	86.03%	(10,357)	-	10,357	(100.00%)	(35,089)	(72,126)	
Collection Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Effective Gross Income	496,506	426,101	(70,405)	(14.18%)	687,515	601,582	(85,933)	(12.50%)	710,350	621,966	(88,384)	(12.44%)	733,950	555,809	(178,141)	(24.27%)	760,723	642,875	
Expenses																			
Insurance	70,000	70,000	-	-	72,100	72,100	-	-	74,263	74,263	-	-	76,491	76,491	-	-	78,786	78,786	
CAM	64,500	60,750	(3,750)	(5.81%)	74,160	74,160	-	-	76,385	76,385	-	-	76,218	69,842	(7,376)	(9.68%)	80,193	81,037	
Real Estate Taxes	80,000	80,000	-	-	81,600	81,600	-	-	83,232	83,232	-	-	84,897	84,897	-	-	86,595	86,595	
Repairs & Maintenance	15,000	15,000	-	-	15,450	15,450	-	-	15,914	15,914	-	-	16,391	16,391	-	-	16,883	16,883	
Management Fee	17,378	14,914	(2,464)	(14.18%)	24,063	21,055	(3,008)	(12.50%)	24,862	21,769	(3,093)	(12.44%)	25,688	19,453	(6,235)	(24.27%)	26,625	22,501	

Toggling Scenarios in Reports

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



For the Years Ending	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
Income											
Potential Rental Income	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)	(19,996)	-	-	(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)	(4,868)	(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

Practice Case Study – Rockport Office Park

Trepp Real Estate is creating a model for a potential acquisition of a 30,000 SqFt office and retail building, Rockport Office Park in New York City, New York. The analysis will begin January 2023, 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 2024 and 2025, 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 Recoverable):

- 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 2026 with no growth factor.

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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: 1/2023 Term: 10 years	$23/SF/Year growing by 3% annually	Free Rent: 3 Months LC: 5% TI: $10 RLA: Office Market	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: 10/2022 Term: 5 years	$22/SF/Year with a one-time increase of 5% in 10/2024	RLA: Office Vacate	Reimburse all expenses with a $6/SF Base Stop
Venus Deli	Floor 2 Retail Suite 220 4,000 SF	Start Date: 01/2022 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 2023, and the other lease in April 2023. Select 100% of Market for base rent with a 3% annual increase. For all other lease assumptions use the New Market assumptions in the Office RLA. Upon expiration select Market and the Office rollover assumption. (Use Auto Lease Creation for efficiency).

Valuation: DCF analysis beginning in January 2023 over a 10-year hold, capping the 11th year. Cap rate is 6%, discount rate is 8%.

Cash Flow

Cash Flow

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

Show data: Annual | Sort Expenses: As Entered | Show tenant level details: No | Show figures in 000s: No

For the Years Ending	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
Income											
Potential Rental Income	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	107,465	110,689	114,009	117,430	120,952
Management Fee	22,141	27,391	28,448	29,361	31,132	30,996	33,736	34,961	36,220	37,139	33,364
Total Operating 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	490,439	-	-	-	40,693	112,186	-	-	-	47,895	357,931
Capital Expenses	-	-	-	120,000	-	-	-	-	-	-	-
Total Leasing & Capital Costs	490,439	-	-	120,000	40,693	112,186	-	-	-	47,895	357,931
Net Cash Flow	(211,694)	411,249	431,700	327,957	452,498	366,264	540,409	564,281	588,857	557,852	137,704

Sale Yield Matrix

Valuation

SALE YIELD MATRIX | PROSPECTIVE PRESENT VALUE | CASH FLOW WITH VALUATION | HO

Valuation: As is DCF: Analysis Start, ...
Cap Rate Increment (BP): 5
# of Increments: 3
Discou: 50

Discount Rates	Cap Rate						
	5.85%	5.90%	5.95%	6.00%	6.05%	6.10%	6.15%
7.00%	$6,906,398	$6,869,898	$6,834,012	$6,798,724	$6,764,020	$6,729,884	$6,696,303
7.50%	$6,635,214	$6,600,377	$6,566,126	$6,532,445	$6,499,321	$6,466,741	$6,434,690
8.00%	$6,376,600	$6,343,342	$6,310,644	$6,278,491	$6,246,869	$6,215,765	$6,185,168
8.50%	$6,129,901	$6,098,145	$6,066,923	$6,036,221	$6,006,027	$5,976,327	$5,947,111
9.00%	$5,894,503	$5,864,174	$5,834,355	$5,805,032	$5,776,195	$5,747,830	$5,719,926

Underlying Support – Downtime Vacancy

Underlying Support

POTENTIAL RENTAL INCOME | DOWNTIME VACANCY | FREE RENT | OCCUPANCY COST ADJ. | BASE RENTAL INCOME | PERCENTAGE RENT | EXP. RECOVERY INCOME | TI | LC | PRE

Show Square Footage: Yes
Show Dates: Yes
Show Metrics: Yes
$ 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-2023	Dec-2032	-	-	-	-	-	-	-	-	-	-	(26,579)	(26,579)
Jupiter Consulting	200	6,000	V	Oct-2022	Sep-2027	-	-	-	-	(40,511)	(42,131)	-	-	-	-	(15,947)	(98,589)
Venus Deli	220	4,000	M	Jan-2022	Dec-2026	-	-	-	-	(11,628)	-	-	-	-	(14,147)	-	(25,775)
Vacant Space		5,000	M	Feb-2023	Jan-2033	(9,333)	-	-	-	-	-	-	-	-	-	(13,289)	(22,623)
Vacant Space		5,000	M	Apr-2023	Mar-2033	(28,000)	-	-	-	-	-	-	-	-	-	(13,289)	(41,289)
Annual Total		30,000				(37,333)	-	-	-	(52,139)	(42,131)	-	-	-	(14,147)	(69,105)	(214,855)

Underlying Support – Free Rent

Underlying Support

POTENTIAL RENTAL INCOME | DOWNTIME VACANCY | FREE RENT | OCCUPANCY COST ADJ. | BASE RENTAL INCOME | PERCENTAGE RENT | EXP. RECOVERY INCOME | TI | LC | PREVAILING MK

Show Square Footage: Yes | Show Dates: Yes | Show Metrics: Yes | $ 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-2023	Dec-2032	3.00	(57,500)	-	-	-	-	-	-	-	-	-	(15,947)	(73,447)
Jupiter Consulting	200	6,000	V	Oct-2022	Sep-2027	0.60	-	-	-	-	-	(42,131)	-	-	-	-	(9,568)	(51,699)
Venus Deli	220	4,000	M	Jan-2022	Dec-2026	0.75	-	-	-	-	(4,361)	-	-	-	-	(5,305)	-	(9,666)
Vacant Space		5,000	M	Feb-2023	Jan-2033	3.00	(30,000)	-	-	-	-	-	-	-	-	-	(7,974)	(37,974)
Vacant Space		5,000	M	Apr-2023	Mar-2033	3.00	(30,000)	-	-	-	-	-	-	-	-	-	(7,974)	(37,974)
Annual Total		30,000					(117,500)	-	-	-	(4,361)	(42,131)	-	-	-	(5,305)	(41,463)	(210,760)

Underlying Support – Exp. Recovery Income

Underlying Support

POTENTIAL RENTAL INCOME | DOWNTIME VACANCY | FREE RENT | OCCUPANCY COST ADJ. | BASE RENTAL INCOME | PERCENTAGE RENT | EXP. RECOVERY INCOME | TI | LC | PREVAILING MKT RE

Show Square Footage: Yes | Show Dates: Yes | Show Metrics: Yes | $ Amount

Tenant	Suite	Area		Start	End	Recovery Method Name	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-2023	Dec-2032	CAM + 15% Admin Fee	31,318	37,475	40,855	44,267	45,916	49,756	55,550	59,409	63,370	66,551	-	494,468
Jupiter Consulting	200	6,000	V	Oct-2022	Sep-2027	2023 Base Year Stop	34,768	38,271	40,220	42,186	32,443	-	3,268	5,491	7,773	9,644	2,524	216,590
Venus Deli	220	4,000	M	Jan-2022	Dec-2026	Fixed Amount	6,000	6,180	6,365	6,556	44,032	54,285	56,454	57,946	59,467	50,595	61,016	408,907
Vacant Space		5,000	M	Feb-2023	Jan-2033	Default BaseYear	-	2,919	4,543	6,181	7,075	8,883	11,606	13,459	15,361	16,920	1,441	88,387
Vacant Space		5,000	M	Apr-2023	Mar-2033	Default BaseYear	-	2,919	4,543	6,181	7,075	8,883	11,606	13,459	15,361	16,920	4,324	91,270
Annual Total		30,000					72,086	87,765	96,527	105,372	136,540	121,806	138,495	149,763	161,332	160,630	69,306	1,299,622