

EstateMaster Investment Appraisal



EstateMaster Investment Appraisal (IA) is a user friendly cash flow model designed for property valuation and investment analysis. It calculates property purchase and sale values, as well as investment returns such as the internal rate of return and net present value, based on a comprehensive set of inputs. EstateMaster IA's intuitive and logical spreadsheet user interface offers a powerful, yet easy to use investment appraisal model without the need to learn complex software programs.

Like all the EstateMaster products, IA is developed in a Microsoft .Net platform which while being completely independent from Microsoft Excel, still retains all the user friendly feel, flexibility and functionality of a spreadsheet interface.

Tenancy Data Inputs

- A Quick Input Wizard for entering tenant and lease inputs via a form interface.
- A function to import tenancy schedules from Excel or CSV files exported from other systems.
- User-friendly spreadsheet input environment allowing you to create custom formulas or links to other worksheets.
- 10, 20, 30 and 40 year monthly and financial year cash flows with variable acquisition and disposal dates.
- Analyse up to 500 tenants for a property, with variables such as:
 - Outgoings and Recoverables
 - Turnover Rents and Thresholds
 - Lease Incentives
 - Lease Terms, Options and Option Probabilities
 - Termination and Reletting
 - Rental Escalation and Market Reviews
 - Long Term Vacancy Allowances
- Multiple options for rent reviews such as CPI, market rent, fixed percentages or a fixed amount.
- Up to 20 different escalation profiles that can be applied throughout the model to rental income, turnover, market rent and outgoings.
- Track Outgoings against industry benchmarks.
- Report Capital Expenses over the life of the investment.

Executive Reporting

- Property valuation/investment summary
- Profiles on the Major Tenancies and Uses
- Weighted Lease Durations, by area and income.
- Sensitivity Analysis tables on Capitalisation Rate, Discount Rate and Terminal Capitalisation Rate.
- Performance Indicators such as Yields, NPV and IRR.
- Summary of annual Capex and Letting Up allowances.
- Upload digital signature to certify report.
- Upload photo of subject property.

Capitalisation Valuation

- Specific capitalisation rates for each of the different uses in the property.
- Different capitalisation rates for current and terminal capital values.
- Capitalisation Summary report with valuations based on:
 - Passing Income
 - Current Income Fully Leased
 - Net Market Income
 - Reversionary Market Income
- Ability to make pre and post capitalisation manual adjustments.

DCF Valuation

- Dynamic Discounted Cash Flow Report.
- Can be configured to display Monthly or Financial Year Cash Flows.
- Base Rents, Recoveries and Gross Income by individual tenant or grouped by sub totals.
- Running Sale Price, Yield and IRR.
- Calculate a Terminal Sale Value at any year.
- Calculate a Purchase Price to achieve a target IRR.
- Calculate a Purchase Price to achieve a target IRR.
- Ability to make cash flow manual inputs.

Charting

- Informative Tenancy Charts that display:
 - Top 5 Tenants by Income or Net Lettable Area
 - Top 3 Uses by Income or Net Lettable Area
 - Yearly Lease Expiry Profile
 - Rental Escalation and CPI comparisons
 - Outgoings comparisons

Investment and Fund Analysis

- Investment Analysis functionality to allow the user to calculate Debt and Equity funding for acquisition.
- 4 sources of finance:
 - Loans 1, 2 & 3
 - Funds Under Management from Investors
- Multiple methods to calculate how interest is calculated and paid for.
- Calculate different loan fees.
- Interest Rate Cover, Debt Service Ratios and Loan to Value Ratios for each loan.
- Input fund management fees as a percentage of funds under management or manual amounts.
- Determine Working Capital requirements
- Calculate distributions to investors

Advanced Functions

- Create custom file templates that contain pre-defined inputs and settings, and store them in a central directory to share with other users.

Other Features

- Insert your corporate logo and project image.
- Print menu allowing the user to select multiple reports to print or PDF.
- Import external spreadsheets and link to data input
- Export to Microsoft Excel.
- Email files directly from IA.

Integration with Other Systems

- Link to external Excel Workbooks to fetch live data and automate inputs. *
- Link to external Word Documents to automate reporting. *
- Export input data and cash flows to a central and secure SQL database.

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EstateMaster 

EstateMaster Investment Appraisal



Executive Summary

EXECUTIVE SUMMARY

Property: SSG Bellavista Tower 2
 132 Marsden Street, DUBBO NSW
 Commercial
 Net Lettable Area: 8,744 SqM
 Retail: 457 SqM
 Office: 8,287 SqM

Property Photo:

Prepared For: EM
Purpose: For First Mortgage Security Purposes Only
Instructions: Quoted Property Group
Interest Valued: Lrd 2 in State Plan 80889
Valuation Date: Tue, 01 Jan, 2008
Valuation: \$32,160,000

Certified By:
 John Black
 Certified Real Estate Valuer
 FAPF
 Director, Black & Co Valuations

Major Tenants and Use:

Top 5 Tenants by NLA	SqM	% of NLA
Office 2	1,895	21.67%
Office 3	1,895	21.67%
Office 4	1,895	21.67%
Office 5	1,895	21.67%
Office 1	707	8.09%

Gross Rental Ranges:

	Passing	Market
Commercial	\$ 310.15 - 310.15 / SqM	\$ 330.14 - 330.14 / SqM
Retail	\$ 388.12 - 426.59 / SqM	\$ 330.14 - 330.14 / SqM
Other	\$ 0.00 - 0.00 / SqM	\$ 0.00 - 0.00 / SqM

Capitalisation Approach:

Capitalised Value (inc Adjustments)	33,852,702
Capitalised Value (exc Adjustments)	33,891,328
Net Income Capitalised	2,626,578
Net Market	2,626,578
Core Income *	7.75%
Other Income	7.75%

Yields:

	on Capital Value (inc Adjustments)	on DCF Nominalised Purchase Price	on Adopted Valuation
Initial Yield	7.33%	7.76%	7.73%
Initial Yield (Fully Leased)	7.33%	7.76%	7.73%
Reversionary Yield	7.75%	8.21%	8.18%
Equivalent Yield	7.58%	8.02%	7.89%

DCF Approach:

Property's Net Present Value (NPV)*	33,353,527
Discount Rate (per annum Effective)	10.00%
Terminal Sale Value	@ 10-Dec-17
Terminal Cap Rates	Core Income * 7.75%
Other Income	8.00%
Assumed Purchase Price	Inc. Costs 32,960,000
IRR (Based on Assumed Purchase Price)	10.15%

Capitalisation Summary

CAPITALISATION SUMMARY

Property: SSG Bellavista Tower 2
 132 Marsden Street, DUBBO NSW
 8,744 SqM NLA
 170 Car Spaces
 Valuation Date: Tue, 1 Jan 2008

	Passing Income	Current Income Fully Leased	Net Market	Reversionary Market
Base Rent *				
Vacant	7.75%	-	-	-
Car parking	7.75%	326,400	326,400	336,600
Commercial	7.75%	2,370,213	2,370,213	2,735,870
Retail	7.75%	182,989	182,989	150,874
Total Base Rent	3,079,602	3,079,602	3,223,344	3,223,344
Recoverables				
Vacant	-	-	-	-
Car parking	-	-	-	-
Commercial	-	-	-	-
Retail	-	-	-	-
Total Recoverables	-	-	-	-
Less: Outgoings				
Recoverables	-	-	-	-
Non-Recoverables	(596,766)	(596,766)	(596,766)	(596,766)
Total Outgoings	(596,766)	(596,766)	(596,766)	(596,766)
Total Net Income	2,482,835	2,482,835	2,626,578	2,626,578
Less: Income not Capitalised (Nil Cap Rate applied)	-	-	-	-
Less: Long Term Vacancy Allowance @ 0.00% pa *	-	-	-	-
Plus: Manual Adjustments	-	-	-	-
Net Income for Capitalisation (inc Adjustments)	2,482,835	2,482,835	2,626,578	2,626,578
Weighted Average Capitalisation Rate (WACR) *	7.75%	7.75%	7.75%	7.75%
Core Income Capitalised @ WACR	32,036,586	32,036,586	33,891,328	33,891,328
Other Income Capitalised @ 7.75% pa				
Less: Value of Adjustments				
Lease Up Allowances for first 12 months	Discounted @ 10.0% pa	-	(38,627)	(38,627)
Capital Expenditure for first 12 months	Discounted @ 10.0% pa	(38,627)	(38,627)	(38,627)
Present Value of Bonus/Overage Rents	Discounted @ 7.75% pa	-	-	363,481
Present Value of Shortfall Rents	Discounted @ 7.75% pa	-	-	(2,165,581)
Manual Adjustments				
Total Adjustments *	(38,627)	(38,627)	(38,627)	(1,840,733)
Total Capital Value	31,997,959	31,997,959	33,852,702	32,050,595

Cash Flow Charts

Tenants Uses Lease Expiry Profile Escalation Comparison

Group By: **None** Display Rental Income Charts as: **Gross Passing Annual Income**

Top 5 Tenants by Income

Tenant	Income
Office 2	587,734
Office 3	587,734
Office 4	587,734
Office 5	587,734
Office 1	219,276
Others	509,389

Print Tenants Income Chart

Top 5 Tenants by NLA

Tenant	NLA (SqM)
Office 2	1,895.00
Office 3	1,895.00
Office 4	1,895.00
Office 5	1,895.00
Office 1	707.00
Others	457.00

Print Tenants NLA Chart

Quick Input Wizard

Tenants

Tenancy Info: Shop 1 ID 001

Lease Terms: Start 01/02/2008, Effective Start (none), Expiry 31/03/2014, Lease Term Manually Set, Option Period 24 Months, Probability 70%

Rent: Lease Type Net, Frequency Monthly, Termination (none), Lease Up Period 6 Months, Current Rent 330.15 / SqM or / Line p., Escalation Fixed, Market Rent 330.14 / SqM pa. (Inc), Escalation CPI, Replication 0 Months

Turnover Rent: Current Turnover 250,000 per Annum, Escalation CPI, Type Add Base Rent, Turnover Rent 6%, Thresholds 1: 100,000, 2: 200,000

Recoverable Outgoings: Amount 0 per Annum, Escalation None, % of Total 1.67%, % of Increase After Base Year 0%

Rent Reviews: Review Profiles: 2008 Base Escalation, 2009 Review to CPI, 2010 Base Escalation, 2011 Base Escalation

Buttons: Clone Tenant, Previous, Next

DCF Report

	(Received)	156,678	208,020	208,020	256,998	256,998
Base Rent						
Shop 1	5,160	5,160	5,160	5,160	5,160	
Shop 2	10,059	10,423	10,423	10,423	10,423	
Office 1	18,273	18,273	18,273	18,273	18,273	
Office 2	48,978	48,978	48,978	48,978	48,978	
Office 3	-	48,978	48,978	48,978	48,978	
Office 4	-	48,978	48,978	48,978	48,978	
Office 5	48,978	48,978	48,978	48,978	48,978	
Car 1	160	160	160	160	160	
Car 2	10,240	10,240	10,240	10,240	10,240	
Car 3	16,800	16,800	16,800	16,800	16,800	
Vacant	-	-	-	-	-	
Manual Inputs						
Recoverables						
Vacant	-	-	-	-	-	
Car parking	-	-	-	-	-	
Commercial	-	-	-	-	-	
Retail	-	-	-	-	-	
Gross Income	156,678	208,020	208,020	256,998	256,998	
Other Income						
Vacant	-	-	-	-	-	
Car parking	-	-	-	-	-	
Commercial	-	-	-	-	-	
Retail	-	-	-	-	-	
Outgoings	(48,998)	(48,998)	(48,998)	(48,998)	(48,998)	
Incentives	-	(12,500)	(40,000)	(27,500)	-	
Letting Fees	-	-	-	-	-	
Capital Expenditure	(3,361)	(3,361)	(3,361)	(3,361)	(3,361)	
Lease Up (Vacancies)	-	-	-	-	-	
Long Term Vacancy Allowance @ 0.00% pa	-	-	-	-	-	
Net Cash Flow before Interest and Tax	106,321	143,163	115,663	177,141	204,641	
Property Purchases & Sale Price						
Property Purchases	19-Jan-08	(32,000,000)	-	-	-	
Stamp Duty on Purchase	-	-	-	-	-	
Purchase and Sale Costs	-	(960,000)	-	-	-	
Outgoing Adjustments	-	-	-	-	-	
TOTAL	(32,960,000)					
Total Investment Cashflow	35,722,186	(32,857,839)	143,163	115,663	177,141	

System Requirements

- Intel Core Duo (3GHz) or Quad (2.4GHz) processor (or equivalent) with 2Gb RAM. *
 - Microsoft Windows Vista SP2 or Server 2008, or later. (Apple Mac requires Virtual PC software to run EstateMaster).
 - Microsoft .Net Framework 4 or later.
- * Recommended minimum hardware specifications.