

# 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 

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## Executive Summary

**Bella Vista Tower**  
SSG Bellavista Tower 2

**Property**  
Address: 132 Marsden Street, DUBBO NSW  
Property Type: Commercial  
Net Lettable Area: 8,744 SqM  
Car parking: 170 Spaces

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

**DCF Approach**

Property's Net Present Value (NPV)*	33,353,527
Discount Rate (per annum Effective)	10.00%
Terminal Sale Value	@ 10-Dec-17 42,292,702
Terminal Cap Rates	Core Income* 8.00%
Other Income 8.25%	
Assumed Purchase Price	Inc. Costs 32,960,000
Exc. Costs 32,000,000	
IRR (Based on Assumed Purchase Price)	10.19%

## Capitalisation Summary

**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
<b>Base Rent *</b>				
Vacant	Cap Rate 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
<b>Total Base Rent</b>	3,079,602	3,079,602	3,223,344	3,223,344
<b>Recoverables</b>				
Vacant	-	-	-	-
Car parking	-	-	-	-
Commercial	-	-	-	-
Retail	-	-	-	-
<b>Total Recoverables</b>	-	-	-	-
<b>Less: Outgoings</b>				
Recoverables	-	-	-	-
Non-Recoverables	(596,766)	(596,766)	(596,766)	(596,766)
<b>Total Outgoings</b>	(596,766)	(596,766)	(596,766)	(596,766)
<b>Total Net Income</b>	<b>2,482,835</b>	<b>2,482,835</b>	<b>2,626,578</b>	<b>2,626,578</b>
Less: Income not Capitalised (Nil Cap Rate applied)	-	-	-	-
Less: Long Term Vacancy Allowance @ 0.00% pa *	-	-	-	-
Plus: Manual Adjustments	-	-	-	-
<b>Net Income for Capitalisation (inc Adjustments)</b>	<b>2,482,835</b>	<b>2,482,835</b>	<b>2,626,578</b>	<b>2,626,578</b>
Weighted Average Capitalisation Rate (WACR) *	7.75%	7.75%	7.75%	7.75%
<b>Core Income Capitalised @ WACR</b>	<b>32,036,586</b>	<b>32,036,586</b>	<b>33,891,328</b>	<b>33,891,328</b>
<b>Other Income Capitalised @ 7.75% pa</b>				
<b>Less: Value of Adjustments</b>				
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	363,481
Present Value of Shortfall Rents	Discounted @ 7.75% pa	-	(2,165,587)	(2,165,587)
<b>Manual Adjustments</b>				
Total Adjustments *	(38,627)	(38,627)	(38,627)	(1,840,733)
<b>Total Capital Value</b>	<b>31,997,959</b>	<b>31,997,959</b>	<b>33,852,702</b>	<b>32,050,595</b>

## 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

Floor / Suite: LG / .

NLA or Units: 146 SqM Use Code Retail

Rent: Lease Type Net Frequency Monthly Current Rent 330.15 / SqM or / Line p. Escalation Fixed Market Rent 330.14 / SqM pa. Inhab Escalation CPI

Turnover Rent: Current Turnover 250,000 per Annum Escalation CPI Turnover Rent 6 % Type Add Base Rent

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

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

Termination and Relisting: Termination (none) Lease Up Period 6 Months Incentives 0 % Fees 0.02 % Replication 0 Months

Fees & Incentives: Letting fees Initial Lease Incentive Oppos/Incentive Amount 0 % 25,000 0

Rent Review: Financial Year Review Type Fixed Amount (\$/SqM or / Unit p.a.)

Year	Review Type	Fixed Amount (\$/SqM or / Unit p.a.)
2008	Base Escalation	
2009	Review to CPI	
2010	Base Escalation	
2011	Base Escalation	

## DCF Report

	(Received)	156,678	208,020	208,020	256,998	256,998
<b>Base Rent</b>						
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	-	-	-	-	-	
<b>Manual Inputs</b>						
<b>Recoverables</b>						
Vacant	-	-	-	-	-	
Car parking	-	-	-	-	-	
Commercial	-	-	-	-	-	
Retail	-	-	-	-	-	
<b>Gross Income</b>	156,678	208,020	208,020	256,998	256,998	
<b>Other Income</b>						
Outgoings	(48,998)	(48,998)	(48,998)	(48,998)	(48,998)	
Incentives	-	(12,500)	(40,000)	(27,500)	-	
Letting Fees	-	-	-	-	-	
Capital Expenditure	(3,381)	(3,381)	(3,381)	(3,381)	(3,381)	
Lease Up (Vacancies)	-	-	-	-	-	
Long Term Vacancy Allowance @ 0.00% pa	-	-	-	-	-	
<b>Net Cash Flow before Interest and Tax</b>	106,321	143,163	115,663	177,141	204,641	
Property Purchase & Sale Price	Purchase 10-Jan-08 (32,000,000)	-	-	-	-	
Stamp Duty on Purchase	-	-	-	-	-	
Purchase and Sale Costs	(960,000)	-	-	-	-	
Outgoing Adjustments	-	-	-	-	-	
<b>TOTAL</b>	<b>(32,960,000)</b>					
<b>Total Investment Cashflow</b>	<b>35,722,186</b>	<b>(32,853,839)</b>	<b>143,163</b>	<b>115,663</b>	<b>177,141</b>	

## 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.