

SHCompany



ModernValue Software
for Commercial Real Estate
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Most numbers on screenshots
are automated ...

... making inputs minimal !

Required inputs are square feet,
rent roll, expenses, desired return,
& sensitivities like inflation.

ModernValue
Professional

Sample Screenshots

ModernValue Professional

Market Square
Portland, OR
Downtown Office & Retail

Rentable SF	31,000		
Current Vacancy	6%	2,000	
Year Built	1990	Tenant Spaces	5
GBA, Total SF	35,000	Current # of Tenants	4
Common / Non-Rentable	13%	Paying, but Dark Spaces	None

Smart, easy, flexible!

Red/maroon fonts always for your inputs. **Black/blue** fonts for program automation.

Rent Roll

(Some rent roll columns/items not shown.)

Market Square		Rent Roll												
Space	Lease Start	Lease Expiration	Term (years)	SF	Vacant	Amount of SF	Amount of Rent	Annual	Monthly	Current Annual Rent	Annual Escalation	Rent diff from Average	Year 1 Blend Rent	
												\$17.23		
1	A	The Gap 4/1/2004	2/14/2015	10.87	10,000		33%	33%	\$17.00	\$14,167	\$170,000	5.0%	(\$0.23)	\$174,215
2	B	Reynolds 4/5/2002	9/10/2016	14.43	8,000		27%	26%	\$17.00	\$11,333	\$136,000	3.0%	(\$0.23)	\$139,778
3	C	London Beat 7/9/2011	7/8/2017	6.00	7,000		23%	24%	\$18.00	\$10,500	\$126,000	3.0%	\$0.77	\$126,383
4	D	Fashion Street 12/1/2010	12/2/2014	4.00	5,000		17%	16%	\$17.00	\$7,083	\$85,000	3.0%	(\$0.23)	\$86,782
			Term (years)	Total SF	Vacant	Amount of SF	Amount of Rent	Annual	Current Annual Rent			Year 1 Blend Rent		
			8.83 Avg	30,000 Rentable	0 0.00% Vacant	100%	100%	\$17.25 Simple Average	\$517,000			\$527,158		
			8.44 Median	7,500 Avg SF					\$17.23 Overall Average			\$17.57		

Value Model DCF Version 2 shown (Version 1 similar)

(Current Leases only) # Expiring % dollars expiring	0	0	1	1	2	1	0	0	0	0			
Year	1	2	3	4	5	6	7	8	9	10	11		
Market Square											Audit Lines		
Rent	\$17.21	\$533,660	\$552,078	\$573,138	\$609,041	\$633,532	\$665,476	\$681,713	\$693,087	\$702,460	\$717,107	Rent Growth	3.35%
Other Income	\$500	\$513	\$525	\$538	\$552	\$566	\$580	\$594	\$609	\$624	\$624	Avg Rent Growth	3.32%
Reimbursements	\$14,000	\$14,350	\$14,695	\$14,947	\$15,273	\$15,547	\$15,858	\$16,213	\$16,493	\$16,820	\$16,820		
Non-regular: Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
PGI	\$548,160	\$566,941	\$588,358	\$624,527	\$649,357	\$681,589	\$698,151	\$709,895	\$719,563	\$734,551	\$734,551	Avg PGI Growth	3.32%
		3.43%	3.78%	6.15%	3.98%	4.96%	2.43%	1.68%				PGI Growth	2.08%
Rent Vacancy>	0.00%	0.00%	0.09%	0.86%	1.17%	1.85%	2.33%	2.58%	3.31%	3.80%	3.80%	Rent Vacancy	1.60%
sample													
NOI	\$339,058	\$352,218	\$367,197	\$391,706	\$408,037	\$428,504	\$435,653	\$439,770	\$438,592	\$443,521	\$443,521	Avg NOI Growth	3.05%
		3.88%	4.25%	6.67%	4.17%	5.02%	1.67%	0.95%	-0.27%	1.12%	1.12%	NOI Growth	3.05%
Tenant Improv	\$0	\$0	\$28,166	\$4,885	\$41,878	\$53,142	\$16,542	\$43,799	\$60,563	\$29,559	\$29,559	TI+LC Growth	-27.10%
Leasing Comm	\$0	\$0	\$603	\$4,173	\$8,936	\$11,722	\$12,630	\$16,431	\$20,073	\$21,935	\$21,935		
sample													
59% of Rent Yr1													
Net Cash Flow	\$312,858	\$345,863	\$331,914	\$375,972	\$350,379	\$356,625	\$399,291	\$372,170	\$360,403	\$384,284	\$384,284	Avg CF Growth	2.60%
		10.55%	-4.03%	13.27%	-6.81%	1.78%	11.96%	-6.79%	-3.16%	6.63%	6.63%	Cash Flow Growth	2.60%
End of Year 0	1	2	3	4	5	6	7	8	9	10	11		
Value, Purchase Price	(\$4,844,000)	\$312,858	\$345,863	\$331,914	\$375,972	\$350,379	\$356,625	\$399,291	\$372,170	\$360,403	\$6,617,432		
Cash on Cash	6.46%	7.14%	6.85%	7.76%	7.23%	7.36%	8.24%	7.68%	7.44%	7.93%		(Cash Flow/Purchase Equity)	
Cap Rate	7.00%	at Cap Rate		7.00%									Excludes End Sale
Yield IRR	9.19%												
MIRR	8.26%	at internal reinvest rate of		5.00%									
Present Value	\$5,084,000	at Discount Rate of		8.50%									
Value, Purchase Price	\$4,844,000												
Price/sf	\$156												
					Rounding 3	sample							

Cash Flow Audits

Partial images below from Version 2 (not in Version 1).

Accurate to the day!

This cash flow line auditing is ALL automated. Note how some market rent shows up (in Yr 4) when leases are “renewal” - because of renewal probability of 50% for Reynolds & London Beat tenants. In Year 2, some TI’s and a small upon-renewal Leasing Commission is paid for The Gap tenant.

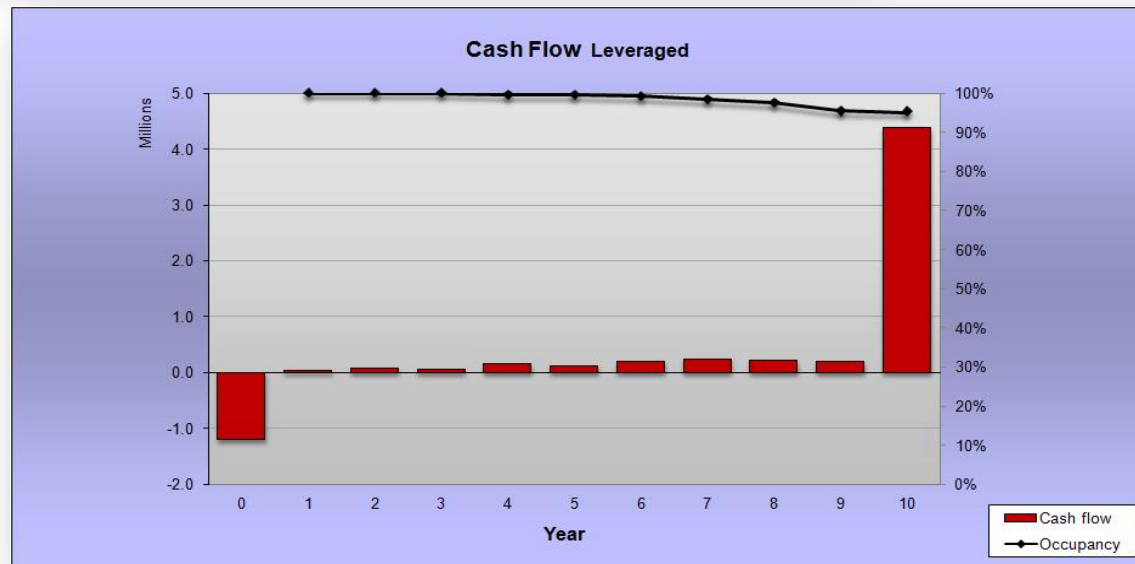
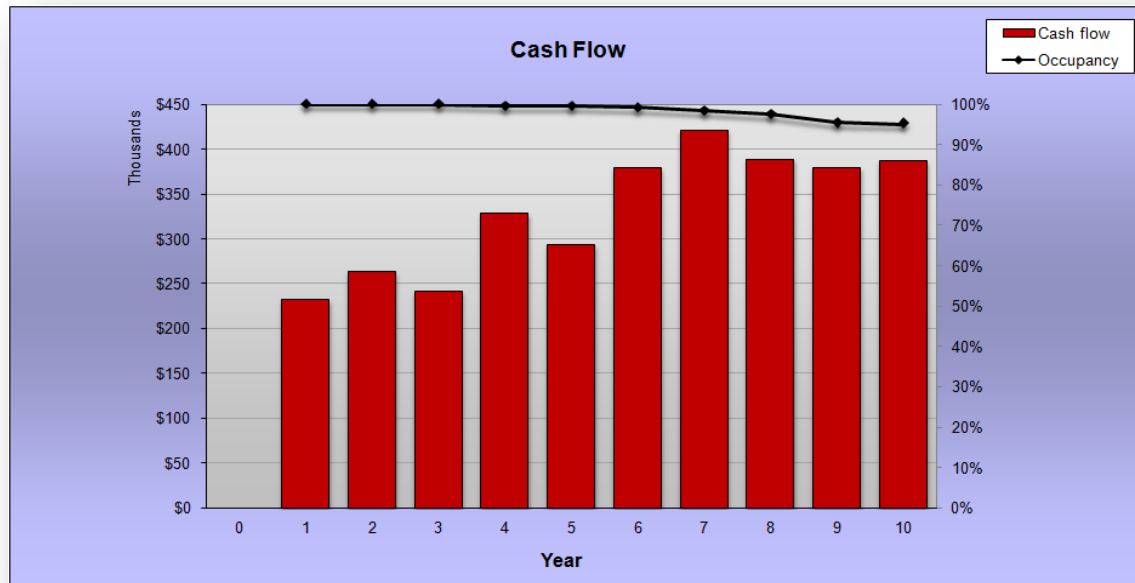
Year	1	2	3	4	5	6	7
		2.32%	3.31%	-0.25%	11.69%	9.96%	1.00%
Contract Rent	\$504,096	\$515,817	\$532,872	\$408,705	\$411,827	\$426,225	\$356,644
Market Rent	\$0	\$0	\$0	\$122,858	\$181,875	\$226,638	\$302,732
Rent	\$504,096	\$515,817	\$532,872	\$531,564	\$593,702	\$652,863	\$659,375
Market Vacancy & Renewal Free Rent	\$0	\$0	\$0	\$7,372	\$10,912	\$13,598	\$18,164
Rent Vacancy	\$0	\$0	\$0	\$7,372	\$10,912	\$13,598	\$18,164
Tenant Improv	\$0	\$35,875	\$0	\$75,332	\$26,206	\$68,271	\$32,720
Leasing Comm	\$0	\$2,420	\$0	\$10,867	\$8,550	\$12,382	\$9,273

Year	1	2	3	4	5	6	7
Total	504,096	515,817	532,872	531,564	593,702	652,863	659,375
The Gap	200,000	207,397	220,000	227,432	240,000	247,397	260,000
	Lease	1 Renewal	1 Renewal	2 Renewal	2 Renewal	3 Renewal	3 Renewal
Reynolds	160,000	160,000	160,000	161,844	164,535	166,831	175,596
	Lease	Lease	Lease	1 Renewal	1 Renewal	1 Renewal	2 Renewal
London Beat	144,096	148,419	152,872	142,288	150,795	159,804	142,584
	Lease	Lease	Lease	1 Renewal	2 Renewal	3 Renewal	Market
Vacant	0	0	0	0	38,372	78,831	81,196
					Market	Market	Market

Graphs

Two of four graphs presented below.

First chart is cash flow, second is leveraged cash flow with buy/sell.



Partnerships

Simple partnership structure presented below. Preferred partnerships not shown.

Market Square		The Investment			
Total Purchase Price		\$4,844,000			
Loan		<u>\$3,148,600</u>		65% LTV	
Equity		\$1,695,400			
Investors, Partnerships					
Simple Partnerships					
	Ownership	Equity	IRR	MIRR	
Partner 1	15%	\$254,310	11.87%	11.09%	
Partner 2	20%	\$339,080	11.87%	11.09%	
Partner 3	25%	\$423,850	11.87%	11.09%	
Partner 4	40%	\$678,160	11.87%	11.09%	
	100%	\$1,695,400			
Value \$4,844,000					
Cap Rate 7.00%					
Yield (IRR) 9.19%					
MIRR 8.26% 5.00% MIRR internal reinv rate					
Price per SF \$156					
Equity Value \$1,695,400					
Leveraged Yield (IRR) 11.87%					
Leveraged MIRR 11.09% 5.00% MIRR internal reinv rate					

Lease Expirations Chart

Current in-place leases. All automated.
Lenders want to know lease expirations!

Market Square				First Lease Expirations															
				in Today's Dollars															
				Purchase Date															
				7/17/2012															
				Year Ending															
				1		2		3		4		5		6		7		8	
				7/16/2013		7/16/2014		7/16/2015		7/16/2016		7/16/2017		7/16/2018		7/16/2019		7/16/2020	
Expirations																			
1	A	The Gap	2/14/15	170,000															
2	B	Reynolds	9/10/16	136,000															
3	C	London Beat	7/8/14	119,000															
4	D	Vacant	7/16/17	68,000															
5	E	Jane	6/30/19	34,000															
# of Leases Expiring				0		1		1		0		2		0		1		0	
Expiring Dollars				\$119,000		\$170,000		\$204,000		\$34,000									
Expiring Dollars %				23%		32%		39%		6%									
Running Total				23%		55%		94%		100%									
Compare to: Ideal smoothing of Expirations				20%		40%		60%		80%		100%		0%		0%		0%	
Average Market Lease (years):				5															

Cap Rate Valuation

A simple and optional, stand-alone value method. (Automated default data is from Value Model)

Cap Rate		7.50%	Price/SF	6.99%
4 Rounding	Price	\$4,200,000	\$135	\$145
				\$4,500,000 Asking Price
	Rent	\$536,187	\$17.30	
	Other Income	\$500		
	(Pass-thru's) Reimb Income	\$14,000	\$0.45	
	PGI	\$550,687	\$17.75	
	Rent Vacancy	-\$32,171	6.00%	
	EGI	\$518,515		

Sample

- How these images were copied into MS Word -

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The clearest images here are copied straight from ModernValue in Excel.

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