

**SIMPLE
REAL ESTATE
INVESTMENT
CALCULATION
PROFORMA
(REQUIRING
MICROSOFT EXCEL 97)
Zpreipfa.xls**

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Limited**

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1. Introduction and Notes

This Simple Real Estate Investment Calculation Proforma (hereafter called “Proforma”) is meant for **obtaining very preliminary / ballpark real estate investment estimates and further detail analyses are usually required or highly recommended**. It is by no means a guarantee of profitability or predatory tool and should not be construed as such. The proforma assumes a very straightforward scenario whereby a real estate investment property is acquired, held for and sold after a preset number of years (2, 3, 4, 5, 10 or 15 years). Cases outside these parameters are beyond the scope of this proforma and require custom-designed proformas.

Notes :

- a) The proforma requires **Microsoft Excel 97** (or other compatible versions) and complimentary computer equipment and operational capacity.
- b) Seek advice from appropriate consultants prior to usage if unsure.
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2. Input Procedures

- a) Overall Proforma Structure and Concept : There are all together 8 "Sheets" within the file "zpreipf1.xls", namely "About Zeppelin", "Summary", 2, 3, 4, 5, 10 & 15 year scenarios. **Summary is mainly the INPUT Sheet with a summarized output while the rest mostly are OUTPUT Sheets.** For 2 to 15 year scenarios, there is a discounted cash flow estimate ranging from a 2-year investment program (in 2 year scenario) to a 15-year investment program (in 15 year scenario).
- b) Sheet 1 INPUT Sheet : All input cells are in *italics* and colored green.
Input from top of page downward :
- (1) Project Name
 - (2) Date of Calculation
 - (3) Date of Calculation Update if applicable
 - (4) Currency used
 - (5) For Revenue Items : Input ONLY the ones which are applicable e.g. if the investment property contains residences, then input the total floor area, the estimated rent per floor area per month, the anticipated increase / decrease rate, and the vacancy rate (the number of units under residential revenue is just a reference only). Make sure the measurement units used are consistent and compatible e.g. if the total floor area is in square meters, then make sure the price per floor area is also in square meters. Skip the revenue items which do NOT apply and / or enter zeros in the relevant cells. [Parking spaces are measured in number (No.) while miscellaneous items are entered as a lump sum]. The revenues for residential, retail, office and parking will be calculated automatically. The figure for miscellaneous items has to be inputted by the user. Input the capitalization rate (cap rate) to be used at disposition / sale. Input the overall marketing or leasing cost associated with the tenancies as a % of rental income.
 - (6) For Expense Items : Input the acquisition cost (price paid for the property) and the related stamp duty /agency fees where applicable (the price increase or decrease rate per year is just for reference). Then input a % allowance for construction floor area (generally construction floor area are larger than the gross floor area as the latter, depending on the related regulatory / government building authority, may not include ancillary floor area for accommodating building services equipment and so on. If not, input zero percent and the construction floor area will be equal to the gross floor area). Then input the maintenance cost per construction floor area per month and the expected appreciation or depreciation rate per year. The total

building maintenance cost will be automatically calculated. Then input a % allowance for Soft Costs (i.e. property management, based on the building maintenance cost) and its related expected appreciation or depreciation rate per year. The property management cost will be calculated automatically. Then input the leverage % for the property if applicable i.e. the portion of the property price which is paid for by borrowed money. Input the averaged-out interest rate and the anticipated investment time (holding period) in (full numbered) years i.e. no 2.25 years or 4.5 years etc. Then input a % allowance each for marketing cost (based on the total rental income obtained), land rent, and rates and the overall expected inflation or deflation rate per year. The marketing cost will be automatically calculated. Finally, input the discount rate to be used in the various proformas and the overall estimated / likely recoupment rate % of expense items such as maintenance, management, land rent, rates and the like where applicable from the tenants. Depending on circumstances, this may be roughly equal to the occupancy rate i.e. 100% - vacancy rate assuming tenants are required to pay their share of maintenance, management and the like.

3. Output

Output Sheets are automatically derived. Go to the relevant output sheet based on the anticipated number of years the investment property will be likely held. For instance, for a 3-year investment period, go to 3-year scenario. The net present value (after input of the discount rate %) and the Internal Rate of Return (IRR) will be calculated automatically. Also, **the results for the various scenarios are listed in a summary on Sheet 1 for quick reference.**

4. Contact

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