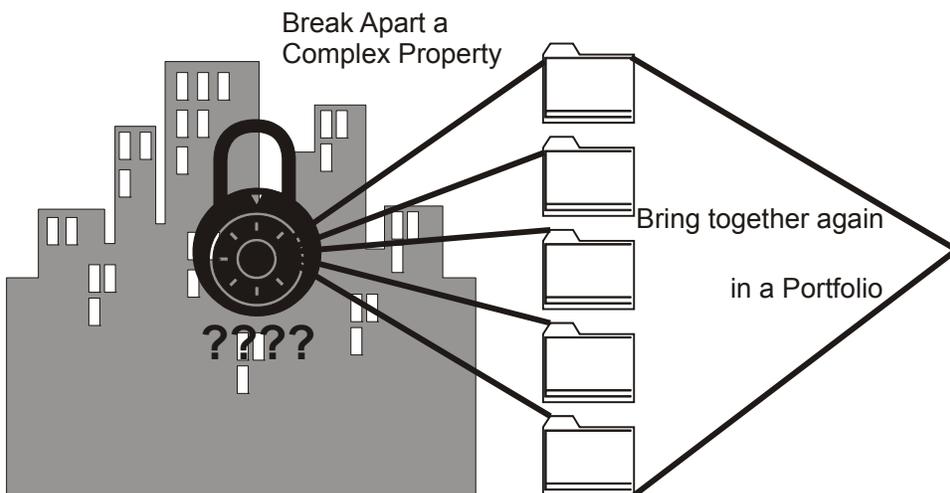
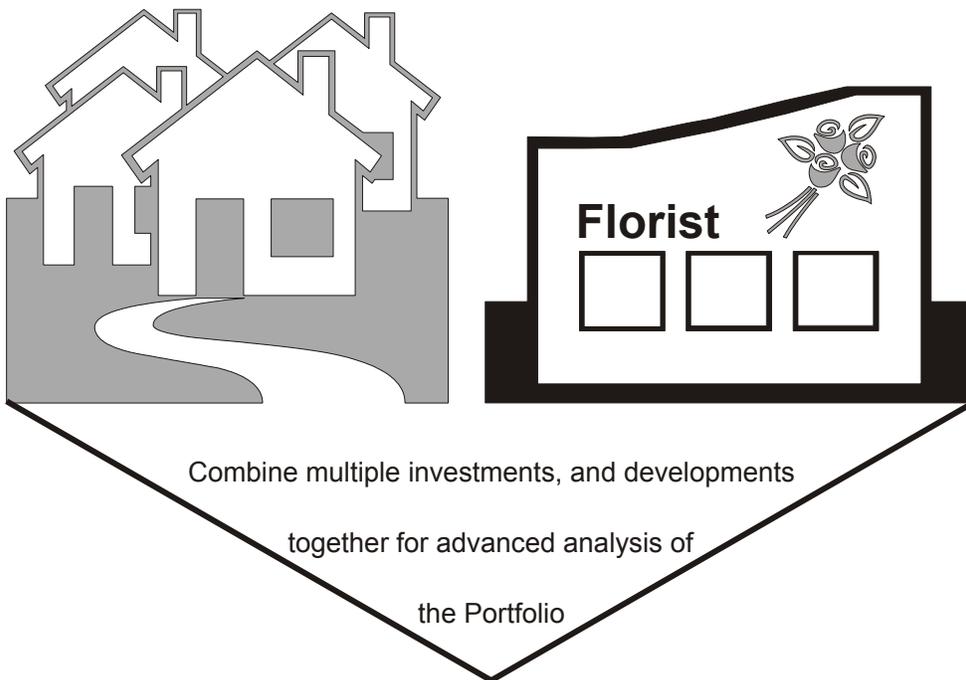


Portfolio Analysis



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Introduction

Portfolio Analysis is an optional planEASe extension that allows you to perform analysis that otherwise would be impossible or impractical. For instance, with the *Portfolio Extension*, you can analyze and report on:

1. Multi-Phase Unit Sales Development Projects
2. Multi-Phase Commercial Developments
3. Mixed-Use Development Projects (containing Unit Sales components or not)
4. Purchase of any type of Mixed-Use Property
5. Annual Projection Reports for Client Property Portfolios (for Asset Managers)
6. Properties with multiple Reimbursement Pools (perhaps Retail with Office above)
7. Multi-Property Portfolios offered for Purchase / Sale
8. A Partnership / LLC for any or all of the above (with the optional Partnership / LLC Models)

A Portfolio consists of as many individual planEASe RU Model (or RP Model if doing a Partnership / LLC Portfolio) Assumption Sets as you specify, using the *Portfolio Specification* Dialog located at the Assumption Edit Screen's *File / Portfolios...* menu choice. Once you have specified one or more Portfolios, you may enter *Portfolio Mode* at any time by choosing the *Save & Enter* Button in that Dialog. When you enter Portfolio Mode, you will see the Assumptions for the *Base Assumption Set* (defined as the particular Assumption Set highlighted in the Dialog at the time you enter Portfolio Mode). Since you may highlight any of the Assumption Sets in the Portfolio before entering Portfolio Mode, it is simple to adjust which of those Assumption Sets will be the Base Assumption Set for your Portfolio Analysis.

While in Portfolio Mode, the Portfolio Name is constantly shown in the Status Bar (in light Blue, the Portfolio Color) to remind you that you are analyzing a Portfolio rather than just the Base Assumption Set. The Portfolio Specification Dialog allows you to choose many Assumptions as *Portfolio Assumptions*. This means the values for these Assumptions are used for *all* Assumption Sets in the Portfolio. Additionally, if you do not choose particular Assumptions as Portfolio Assumptions (The Date of Acquisition, Holding Period, the Tax Rates, and the three Present Value Discount Rates), the values for these assumptions in the Base Assumption Set are used as *automatic Portfolio Assumptions*. If you are in the RUM model (using MIRR rates), the Safe and Reinvestment Rates in your Base Assumption Set are also used as *automatic Portfolio Assumptions*. All Portfolio Assumptions (automatic or specified) are shown in the Blue Portfolio Color while in Portfolio Mode to remind you that they are being used throughout the Portfolio.

While in Portfolio Mode, the Basic, Sensitivity and Risk Analysis results shown are for the sum (total) of the Portfolio Assumption Sets, as are the Acquisition and Sale Reports. If you import the cash flows into the optional *Utilities / Cash Flow Analysis* using *File / Import Cash Flows...* the resulting cash flows imported are for the sum (total) of the Portfolio Assumption Sets.

While you are in Portfolio Mode, the Detail Reports, APOD, Income and Annual Statements appear as normal, but Revenue / Expense / Loan / Asset Detail is shown at the Assumption Set level (using the Investment Name rather than individual Revenues, et cetera). Any Reimbursement and Percentage Rent Revenue is combined with Lease Revenue in Portfolio Reports regardless of the setting for *Show Reimbursements in Reports* at *File / Preferences*.

There are three *Portfolio Types*: *Units*, *Feet*, and *Mixed*. Portfolio Type is determined by examining the Feet / Unit entry in the Assumption Set Specification Dialog (see Change Investment Name at Page 201) for each Assumption Set in the Portfolio. If all entries are greater than the Feet / Unit Crossover Value in your Preferences Dialog (see Page 8), the Portfolio is treated as a *Feet* Portfolio Type and the APOD, Income and

Annual Reports offer options to show / print the Square Footage values for each Assumption Set (and/or the Total for all Assumption Sets). If all values in the Specification Dialog are positive and less than (or equal to) the Crossover value the Portfolio is treated as a *Unit* Portfolio where the APOD, Income and Annual Reports offer options to show / print the Unit values for each Assumption Set. If neither case applies, the Portfolio is treated as a *Mixed* Portfolio, and the APOD, Income and Annual Reports offer no options to show / print Unit or Square Footage values. The SqFt / Unit Income Statement is not available for a *Mixed* Portfolio. In the rare case that any Portfolio Assumption Set includes use of the Area Added Assumption on the Depreciation Pages or the Area Sold Assumption on any Partial Sale Pages, the Portfolio will be treated as a *Mixed* Portfolio. Portfolio Type is explicitly shown in the Property Type field of the APOD Report, and implicitly shown by the availability of Square Footage or Unit numbers in the affected reports.

We logically assume one owner for a Portfolio, so the tax assumptions on the Investor's Page are automatically overridden. This has tax implications when Passive Losses are carried forward. With multiple properties, losses on one may be offset by gains on another, and only one \$25,000 exception is available. Therefore, if Passive Losses are carried forward, Taxable Income for the portfolio may well be different (and more favorable) for the portfolio, as compared with the sum of the individual analyses.

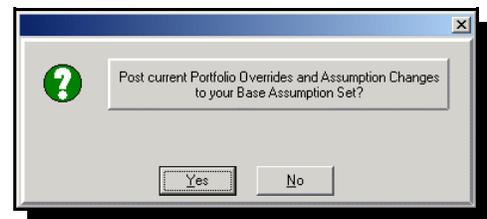
While you are in Portfolio Mode, the following commands (at the Assumption Edit Screen) are not available. They become available again when you exit Portfolio Mode by choosing *File / Exit Portfolio Mode* at the Assumption Edit Screen or the *Save & Exit* Button in the Portfolio Specification Dialog.

- *File / New Assumptions*
- *File / Open Assumptions*
- *File / Open Reader File*
- *File / Save Assumptions*
- *File / Save Assumptions As*
- *File / Save Reader File As*
- *File / Switch Models*
- *File / Convert Assumptions*
- *File / Recent Files (all four choices)*

Other capabilities not available while in Portfolio Mode are:

- The *File / Import Cash Flows ... / Combine Cash Flows...* capability of the Cash Flow Analysis Utility
- The *Print / Compare* menu option in Sensitivity Analysis
- The *Change Investment Name* Dialog normally accessed by clicking on the Investment Name in the Status Bar. This means that in order to change the Investment Name, the Feet / Unit entry or the Fiscal Year specification for any Assumption Set in your Portfolio, you must exit Portfolio Mode, access the Assumption Set to be changed, enter the changes, save the changed Assumption Set, and re-enter Portfolio Mode at the Portfolio Specification Dialog. There can be only one Fiscal Year for reporting, so the Portfolio Fiscal Year is defined by the Fiscal Year for the Base Assumption Set.

If you are in Portfolio Mode and choose *File / Exit Portfolio Mode* at the Assumption Edit Screen, planEASe offers the opportunity to *Post current Portfolio Overrides and Assumption Changes to your Base Assumption Set*, as shown here. *Yes* returns you to your Base Assumption Set with the current values of the Portfolio Assumptions substituted for your original assumptions and the Assumption Set Name changed to "Untitled" so that you will not accidentally save it over the original Assumption Set. If

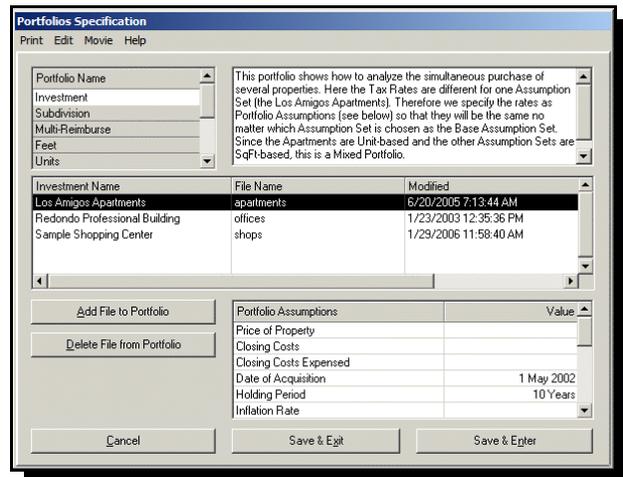


you have changed other assumptions (not Portfolio Assumptions) in the Base Assumption Set during your Portfolio Analysis, those values will also be posted if you choose *Yes*. The assumption values in the saved Assumption Set (on disk) remain the same as before the Portfolio Analysis, so you can save the changed Assumption Set under a different name, maintaining two copies, one with the Portfolio Assumptions intact.

Portfolio Specification Dialog

The Portfolio Specification Dialog allows you to enter the specifications for as many Portfolios as you may desire, including Comments, included Assumption Sets, and Portfolio Assumptions. It is accessed by choosing the *File/Portfolios ...* menu option from the Assumption Edit Screen if you have the optional *Portfolio Extension*. Here we show the sample *Investment* portfolio (from the sample Portfolios File shipped with planEASe).

Portfolio Name Grid at the top left shows the names you have chosen for each Portfolio you have entered. There is a limit of 15 characters for the name. The Portfolio Name is constantly displayed in the Status Bar at the bottom of planEASe when you are in Portfolio Mode. It also is the default Report Subtitle for the Portfolio Reports while you are in Portfolio Mode. When you enter this Dialog, the Portfolio Name Grid starts by displaying the last Portfolio you accessed.



Comments area next to the Portfolio Name Grid allows you to enter and save any comments you want with each Portfolio Specification. The comments are printed in the Portfolio Configuration Report (available at the *Print / Print Menu Option*).

Assumption Set Filenames Grid (below the Comments and Portfolio Name Grid) allows you to enter as many Assumption Sets as you want to be included in the Portfolio. Pressing the *Add File to Portfolio* Button brings up the list of your Assumption Sets from which you can choose. Pressing the *Delete File from Portfolio* Button deletes the highlighted Assumption Set from the list in this Grid. The order of the Assumption Sets presented in detail in such reports as the APOD, Income and Annual Statements is determined by their order in this Grid, except that the Base Assumption Set is always presented last. Since you can control the order in the Grid (by deleting and adding) and choose which is the Base Assumption Set (by highlighting it here and choosing the *Save & Enter* button), the order of presentation in the reports is under your control.

Portfolio Assumptions Grid (below the Filenames Grid) allows you to override any of the assumption values on the first two pages (Investment and Investor's) with whatever value you enter here. When an assumption value is overridden, the value entered here will be used for ALL Assumption Sets in the Portfolio while you are in Portfolio Mode. For instance, if you enter a 3% Inflation Rate here, all Assumption Sets will use a 3% Inflation Rate in the Portfolio, no matter what Inflation Rate is in the underlying Assumption Sets. Additionally, and for example, varying an overridden Inflation Rate (or any other overridden Assumption Value) in Sensitivity or Risk Analysis varies the Inflation Rate (or any other overridden Assumption Value) in ALL the Assumption Sets in the Portfolio. Simply enter a value to establish an Override. Delete the shown Assumption Value (by highlighting the Value and pressing the delete key) to eliminate the Override.

If you do not choose particular assumptions as Portfolio Assumptions (The Date of Acquisition, Holding Period, the Tax Rates, and the three Present Value Discount Rates), their values will be AUTOMATICALLY overridden by the values in the Base Assumption Set, which means that your Portfolio Reports may be different if you enter Portfolio Mode from different (Base) Assumption Sets.

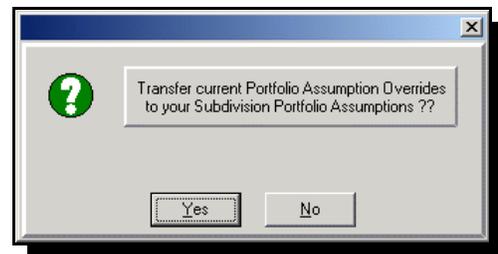
Three buttons at the bottom of the Dialog control your exit from the Dialog:

- **Cancel** erases all changes made in the Dialog and returns you to the same situation you were in when you entered the Dialog. If you were in Portfolio Mode, you are returned to it, with the same Base Assumption Set you were in when you entered the Dialog. If you were not in Portfolio Mode when you entered, you are returned to the same Assumption Set you were in when you entered the Dialog.
- **Save & Exit** saves all changes you have made in the Dialog, exits Portfolio Mode (if you are in it) and returns planEASe to the Base Assumption Set you were in when you entered Portfolio Mode.
- **Save & Enter** saves all changes you have made in the Dialog, and enters Portfolio Mode using the Assumption Set currently highlighted in the Assumption Set Filenames Grid as the Base Assumption Set.

Edit Menu choices allow you to *Cut*, *Copy* and *Paste* Portfolios in your Portfolio List. Additionally, you may *Insert* a new Portfolio anywhere in the list and *Delete* any Portfolio you wish. Finally, you may *Remove all Portfolios*, in which case you will start again with a blank Portfolio List. Of course, *Add Portfolio* is not on this menu because you simply click on (or  arrow to) the first empty row in the Portfolio Name Grid to add a new Portfolio.

Print Menu allows you to print a report detailing any or all Portfolio Configurations to either your printer or a Web Page.

If you are in Portfolio Mode when entering this Dialog, you will be asked whether you want to transfer the current Portfolio Assumption Overrides to your Portfolio Specification, as shown here for the Portfolio named Subdivision. Accepting this invitation is a good idea. It means that for future use of this Portfolio, all the shared Portfolio Assumptions will be the same regardless of which Portfolio Assumption Set is chosen as the Base Assumption Set.



Making a Partnership / LLC for a Portfolio

Just as there can be as many Assumption Sets as you want in a Portfolio, when you are structuring a Partnership / LLC for that Portfolio, there can be **ONLY ONE** set of Assumptions for the Partnership / LLC. Therefore, structuring a Partnership / LLC for a Portfolio consists of the following steps **IN ORDER**:

- Make the Assumption Sets for each Investment / Development that is going to be in the Portfolio as RU Assumption Sets using the RU Model Series. It will help you later if you use the same tax assumptions for each Assumption Set.
- Convert each Assumption Set to an RP Assumption Set using the *File / Convert Assumptions* Menu Option.
- Enter the RP Model Series with the *File / Switch Models* Menu Option, and Choose *File / Portfolios* to enter the Portfolios Dialog while in your choice of the RP Models.
- When in the Portfolios Dialog, choose the RP Assumption Sets that will make up your Portfolio and select the desired Base Assumption Set. Choose the desired Date of Acquisition and Holding Period in the Portfolio Assumptions Grid (you can do this in the next step at the Assumption Edit Screen if desired), and choose the *Save and Enter* Button to exit the Dialog in Portfolio Mode.

- At the Assumption Edit Screen, go to Pages 3 and 4 (the Partnership / Group and Distribution Pages) and note that the Assumptions there are automatically Portfolio Assumptions (in Blue) just as the Tax Assumptions, Date of Acquisition, Holding Period and Present Value Discount Rates are automatic Portfolio Assumptions for all Portfolios. Proceed to fill out the assumption values on these pages just as you would for any Partnership / LLC, accessing Basic Analysis to check your results as you go.
- After structuring your Partnership / LLC, you will want to save that structure for use in the future. You may do so by again choosing File / Portfolios at the Assumption Edit Screen. When you do so, you will be asked whether you want to transfer the current Portfolio Assumption Overrides to your Portfolio Specification, as shown in the picture on the previous page. **Accept this invitation.** planEASe will then add your Partnership / Group and Distribution Assumption Values to the Portfolio Assumptions Grid in the Portfolios Dialog (you can scroll that grid to examine the posting results).
- Exit the Dialog by pressing the *Save and Enter* button. This **important** step saves the current configuration of your Portfolio(s) so you can recover it in the future. After leaving the Dialog, you can re-enter it using the *File / Portfolios* menu option.

The Stepdown Allocation of Funds for a Portfolio Partnership / LLC is the same as specified for the corresponding underlying Assumption Sets (either Unit Sales or non-Unit Sales). In the case of a mix (Unit Sales Assumption Set(s) mixed with non-Unit Sales Assumption Set(s) in the Portfolio), proceeds from Sales of the Unit Sales Units are treated as a Return of Capital (pursuant to the Investment Return to Limiteds / Members Assumption Value) until the specified percentage of the invested capital has been returned. Following that, any proceeds from Sales of Units go to pay any specified Fee to the General Partner / Managing Member on Sale until such Fee has been paid. Any further proceeds from Sales of Units are split between the Partners / Members according to the Cash to Limiteds / Members Assumption Value.