

Calculation Guide

**Estate Master DF Summary Report
Returns on Funds Invested**

Aug 2014

Table of Contents

Introduction	3
Summary Report – Returns on Funds Invested	4
1. Funds Invested (Cash Outlay)	4
2. Peak Exposure	5
3. Weighted Average Interest Rate	6
4. Interest, Line Fees & Application Fees Charged	7
5. Profit Share, Profit and Margin	10
6. Payback	12
7. IRR	13
8. Equity to Debt Ratio	15
9. Loan to Value Ratio	16
10. Loan Ratio	17

Introduction

Estate Master has put together this document to assist you with working through the different calculations that appear in the 'Returns on Funds Invested' table on the developer's Summary report within the Estate Master DF (Development Feasibility) software (can also apply to Estate Master DM).

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt <small>Lender Name</small>	Total Equity	Total Debt
¹ Funds Invested (Cash Outlay)	1,363,168	2,532,000	1,363,168	2,532,000
% of Total Funds Invested	35.00%	65.00%	35.00%	65.00%
² Peak Exposure	1,413,946	2,701,236	1,413,946	2,701,236
Date of Peak Exposure	Apr-11	Mar-11	Apr-11	Mar-11
Month of Peak Exposure	Month 15	Month 14	Month 15	Month 14
Weighted Average Interest Rate	3.00%	8.00%	3.00%	8.00%
Interest Charged	54,313	176,362	54,313	176,362
Line Fees Charged	-	8,440	-	8,440
Application Fees Charged	-	5,000	-	5,000
Profit Share Received	-	214,833	-	214,833
³ Total Profit to Funders	698,813	404,635	698,813	404,635
⁴ Margin on Funds Invested	51.26%	15.98%	51.26%	15.98%
⁵ Payback Date	May-11	May-11	May-11	May-11
Month of Payback	Month 16	Month 16	Month 16	Month 16
⁶ IRR on Funds Invested	37.32%	19.16%	37.32%	19.16%
⁷ Equity to Debt Ratio		53.84%		53.84%
⁸ Loan to Value Ratio	25.00%	47.77%	25.00%	47.77%
⁹ Loan Ratio	36.39%	65.76%	109.05%	216.67%
	<small>of Project Costs (net of Interest/Fees and GST).</small>	<small>of Project & Finance Costs (inc Interest/Fees and net of GST).</small>	<small>of Land Purchase Price.</small>	<small>of Land Purchase Price.</small>

Figure 1 - The Returns on Funds Invested table of the Summary Report

Summary Report – Returns on Funds Invested

1. Funds Invested (Cash Outlay)

This figure represents the total amount of funding injected into the project. The Developers Equity amount is linked to the Developers Equity 'Injections' row in the 'CashFlow' sheet, and the Loans are linked to the 'Drawdown' rows.

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
¹ Funds Invested (Cash Outlay)	1,363,168	2,532,000
% of Total Funds Invested	35.00%	65.00%
² Peak Exposure	1,413,946	2,701,236

Calculations

	Formula	Example
Funds Invested (Dev Equity) =	1 Sum of all 'Injections'	1,363,168
Funds Invested (Loans) =	1 Sum of all 'Drawdowns'	2,532,000
% of Total Funds Invested =	Funds Invested (as calculated above) <i>divided by</i> (Funds Invested <i>plus</i> 2 Sum of Total Equity and Debt Funds Invested)	1,363,168 / (1,363,168 + 3,895,168) <u>35%</u>

* Example based on 'Developer's Equity' inputs

FINANCING				
Developer's Equity				
Manual Adjustments (Inject + / Repay -)		1	0	0
Injections	1,363,168	53,425	37,975	1,938
Interest Charged	(54,313)	(3,189)	(3,331)	(3,434)
Equity Repayment	2,276,814	-	-	-
Less Profit Share	(214,833)	-	-	-
Equity Balance	644,500	(1,332,400)	(1,373,706)	(1,379,079)
Equity Cash Flow	698,813	(53,425)	(37,975)	(1,938)
Project Cash Account				
Surplus Cash Injection	2,749,553	-	-	2,532,000
Cash Reserve Drawdown	(2,770,404)	-	-	(36,038)
Interest on Surplus Cash	20,851	-	-	-
Surplus Cash Balance		-	-	2,495,962
Loan 1 - Lender Name				
Manual Adjustments (Drawdown - / Repay +)		1	0	0
Drawdown	(2,532,000)	-	-	(2,532,000)
Loan Interest Rate (%/ann)		8.00%	8.00%	8.00%
Interest Charged	(176,362)	(41)	(45)	(48)

Figure 2 - The CashFlow sheet - Injections and Drawdowns

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name	Loan 2 Debt Lender Name	Loan 3 Debt Lender Name	Loan 4 Debt Lender Name	Total Equity	Total Debt
¹ Funds Invested (Cash Outlay)	1,363,168	2,532,000	-	-	-	² 1,363,168	2,532,000
% of Total Funds Invested	35.00%	65.00%	0.00%	0.00%	0.00%	35.00%	65.00%
² Peak Exposure	1,413,946	2,701,236	-	-	-	1,413,946	2,701,236
Date of Peak Exposure	Apr-11	Mar-11	N.A.	N.A.	N.A.	Apr-11	Mar-11
Month of Peak Exposure	Month 15	Month 14				Month 15	Month 14

Figure 3 - The Summary sheet - Funds Invested

2. Peak Exposure

This Peak Exposure amount represents the point at which the loan facilities reach their peak balance (including capitalised interest) in the cash flow. The identified peak balance is the 'Peak Exposure' amount and the timing of when it occurs in the cash flow is the 'Date of Peak Exposure' and the 'Month of Peak Exposure' (indicating the cash flow time period).

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
² Peak Exposure	1,413,946	2,701,236
Date of Peak Exposure	Apr-11	Mar-11
Month of Peak Exposure	Month 15	Month 14
Weighted Average Interest Rate	3.00%	8.00%

Calculation

		Formula	Example
Peak Exposure (Dev Equity) =	1	Highest (negative) Equity Balance	1,413,946
Peak Exposure (Loans) =	1	Highest (negative) Loan Balance	2,701,236
Date of Peak Exposure =	2	Cash Flow Date that the Peak Exposure occurs	April-2011
Month of Peak Exposure =	3	Cash Flow Period that the Peak Exposure occurs	Month 15

* Example based on 'Developer's Equity' inputs

PROJECT CASH FLOW	TOTAL	14 Mar-11	15 Apr-11	16 May-11
FINANCING				
Developer's Equity				
Manual Adjustments (Inject + / Repay -)		0	0	0
Injections	1,363,168	-	-	-
Interest Charged	(54,313)	(3,517)	(3,526)	(3,535)
Equity Repayment	2,276,814	-	-	2,276,814
Less Profit Share	(214,833)	-	-	(214,833)
Equity Balance	644,500	(1,410,420)	(1,413,946)	644,500
Equity Cash Flow	698,813	-	-	2,061,981
Project Cash Account				
Surplus Cash Injection	2,749,553	-	-	217,553
Cash Reserve Drawdown	(2,770,404)	(270,375)	-	(227,435)
Interest on Surplus Cash	20,851	466	16	16
Surplus Cash Balance		9,849	9,865	-
Loan 1 - Lender Name	Debt			
Manual Adjustments (Drawdown - / Repay +)		0	0	0
Drawdown	(2,532,000)	-	-	-
Loan Interest Rate (%/ann)		8.00%	8.00%	8.00%
Interest Charged	(176,362)	(17,885)	(18,008)	(1,503)
Application and Line Fees	(13,440)	(528)	(528)	(528)
Interest Paid by Equity	-	-	-	-
Loan Repayment	2,721,802	-	2,494,367	227,435
Interest and Fees	189,802	-	187,772	2,030
Principal	2,532,000	-	2,306,596	225,404
Loan Balance	-	(2,701,236)	(225,404)	-
% of Project & Finance Costs (inc Interest/Fees and net of GST).		61.2%	61.2%	
Profit Share	214,833	-	-	214,833

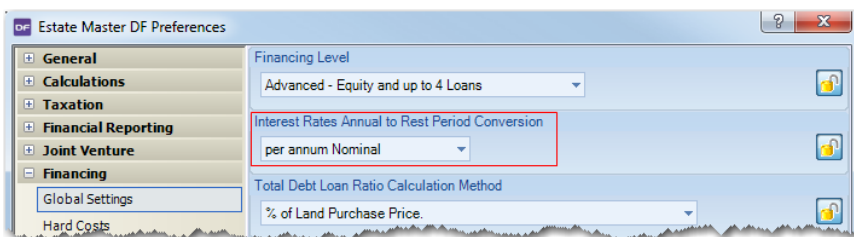
Figure 4 - The CashFlow sheet - Balances

3. Weighted Average Interest Rate

The weighted average Interest rate is calculated by applying the interest rate of the loan facilities weighted by the size of the respective loan balances.

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
Weighted Average Interest Rate	3.00%	8.00%
Interest Charged	54,313	176,362

This calculation uses the Interest Rate 'Annual to Rest Period Conversion' Preference



Calculation - Nominal

	Formula	Example
Weighted Avg Interest Rate =	1 (Total Interest Charged for Loan <i>divided by</i>	(-54,313 /
	2 Sum of all negative Loan Balances on Cash Flow) <i>multiplied by</i>	-21,725,116) x
	① Term	12
		<hr/> 3.00%

* Example based on 'Developer's Equity' inputs

Calculation - Effective

	Formula	Example
Weighted Avg Interest Rate =	1 (Total Interest Charged for Loan <i>divided by</i>	(-54,313 /
	2 Sum of all negative Loan Balances on Cash Flow <i>plus</i>	-21,725,116 +
	1) <i>To the power of</i>	1) ^
	① Term <i>minus</i>	12 -
	1	1
		<hr/> 3.04%

* Example based on 'Developer's Equity' inputs

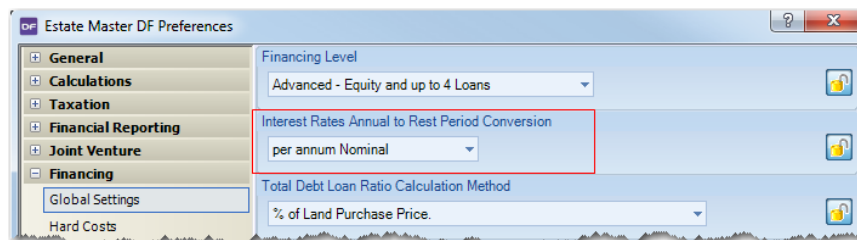
PROJECT CASH FLOW	TOTAL	14 Mar-11	15 Apr-11	16 May-11
FINANCING				
Developer's Equity				
Manual Adjustments (Inject + / Repay -)		0	0	0
Injections	1,363,168	-	-	-
Interest Charged	1 (54,313)	(3,517)	(3,526)	(3,535)
Equity Repayment	2,276,814	-	-	2,276,814
Less Profit Share	(214,833)	2 (-)	-	(214,833)
Equity Balance	644,500	(1,410,420)	(1,413,946)	644,500
Equity Cash Flow	698,813	-	-	2,061,981

Figure 5 - The CashFlow sheet - All Negative Balances

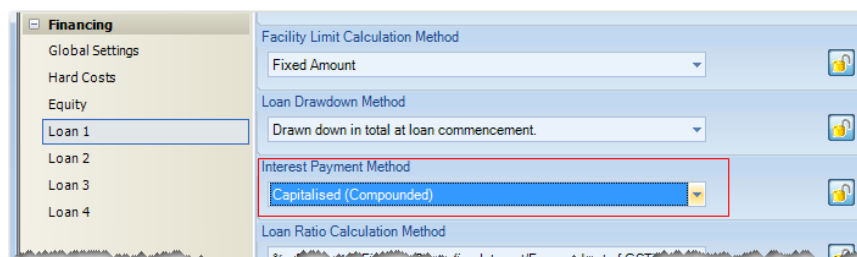
4. Interest, Line Fees & Application Fees Charged

These 'Charged' amounts are linked to the respective rows on the 'CashFlow' sheet, summing the total paid for each time period.

- 'Interest' can be calculated by different methods for each loan. It uses two Preferences:
 - Interest Rate Annual to Rest Period Conversion



- Interest Payment Method



- 'Application Fees' are a one-off payment and paid at the nominated start period.
- 'Line Fees' are entered as a per annum amount, but are charged on a periodic basis and paid in arrears from the first drawdown to the final repayment.

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt
		Lender Name
Interest Charged	54,313	176,362
Line Fees Charged	-	8,440
Application Fees Charged	-	5,000

Calculation – Nominal Interest

Paid by Equity / Capitalised (Compounded) / Principal and Interest

	Formula	Example
Interest =	1 'Loan Balance' of previous period <i>multiplied by</i>	5,000 x
	2 ('Loan Interest Rate' for current period <i>divided by</i>	(8% /
	① Term)	12)
	<i>**repeat for each time period**</i>	33.33

* Example based on 'Loan 1' inputs

For the 'Accrued not Capitalised (Simple)' method, it is similar to above, but is based on the sum of 'Drawdowns' up until (but excluding) the current period OR the 'Loan Balance' of previous period, whichever is greater.

Calculation – Effective Interest

Paid by Equity / Capitalised (Compounded) / Principal and Interest

	Formula	Example
Interest =	1 'Loan Balance' of previous period	5,000
	<i>multiplied by</i>	x
	2 ('Loan Interest Rate' for current period	(8%
	<i>plus</i>	+
	1)	1)
	<i>To the power of</i>	^
	(1	(1
	<i>divided by</i>	/
	① Term)	12)
	<i>minus</i>	-
	1	1
	<i>**repeat for each time period**</i>	
		32.17

* Example based on 'Loan 1' inputs

For the 'Accrued not Capitalised (Simple)' method, it is similar to above, but is based on the sum of 'Drawdowns' up until (but excluding) the current period OR the 'Loan Balance' of previous period, whichever is greater.

PROJECT CASH FLOW	TOTAL	0 Jan-10	1 Feb-10	2 Mar-10
Loan 1 - Lender Name	Debt			
Manual Adjustments (Drawdown - / Repay +)	-	0	0	0
Drawdown	(2,532,000)	-	-	-
Loan Interest Rate (%/ann)	-	8.00%	8.00%	8.00%
Interest Charged	(342,594)	-	(33)	(37)
Application and Line Fees	(17,660)	(5,000)	(528)	(528)
Interest Paid by Equity	-	-	-	-
Loan Repayment	2,892,254	-	-	-
Interest and Fees	360,254	-	-	-
Principal	2,532,000	-	-	-
Loan Balance	-	1 (5,000)	(5,561)	(6,125)
% of Project & Finance Costs (inc Interest/Fees and net of GST).	-	0.0%	0.0%	0.0%
Profit Share	182,883	-	-	-
Loan 1 Cash Flow	543,138	-	-	-
Interest Coverage Ratio	13.82	-	(10.05)	16.74
Debt Service Ratio	-	-	-	-

Figure 6 - The CashFlow sheet - Calculating Interest

Calculation - Fees

	Formula	Example
Application Fees =	1 Application Fee Amount	5,000
	<i>plus</i>	+
	2 (Application Fee Percentage	(0%
	<i>multiplied by</i>	x
	① Facility Limit)	2,532,000)
		5,000
Line Fees =	4 (Line Fee Amount	0
	<i>plus</i>	+
	5 (Line Fee Percentage	(0.25%
	<i>multiplied by</i>	x
	① Facility Limit))	2,532,000))
	<i>divided by</i>	/
	① Term	12
	<i>multiplied by</i>	x
	Number of Periods the Loan has a negative Balance	16
		8,440

* Example based on 'Loan 1' inputs

Loan 1		Description	Lender Name	Debt
Facility Limit			Fixed Amount	Percentage
Drawn down in total at loan commencement.		3	2,532,000	0.00%
Fixed Amount				
Month Commencement	Auto	0	Jun-2010	
Maturity Month	Auto	0	May-2011	
Interest Rate		8.00% per annum Nominal - Capitalised (Compounded)		
Fees		Amount	Percentage	Month Paid
Application Fee		1	5,000	2
Line Fee		4		5
			0.00%	0
			0.25%	
Profit Split to Lender 1		25.00%		

Figure 7 - The Input sheet - Financing Inputs

5. Profit Share, Profit and Margin

The 'Profit Share Received' shows the distribution of profit to the Loans. The Profit Split Percentage is entered in the Loan inputs sheet, and is applied to the Gross Development Profit to work out the share that is distributed to the lender.

The Developer's Equity 'Total Profit to Funders' shows the total funds paid to the developer, including any interest charged on the equity less any Profit Share paid out to the lenders.

The 'Total Profit to Funders' for the Loans shows the total funds paid to the lenders, including any Interest/ Application / Line Fees charged and Profit Share paid to them.

The 'Margin on Funds Invested' is Total Profit to Funders as a percentage of Funds Invested.

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt	
		Lender Name	Le
Profit Share Received	-	214,833	
³ Total Profit to Funders	698,813	404,635	
⁴ Margin on Funds Invested	51.26%	15.98%	
⁵ Payback Date	May 11	May 11	

Calculation

		Formula	Example
Profit Share Received (Loans) =	1	Gross Development Profit	859,333
		<i>multiplied by</i>	+
	2	Profit Share Percentage	25%
			214,833
Total Profit to Funders (Loans) =	3	Interest Charged	176,362
		<i>plus</i>	+
	3	Line Fees Charged	8,440
		<i>plus</i>	+
	3	Application Fees Charged	5,000
		<i>plus</i>	+
	3	Profit Share Received	214,833
			404,635
Total Profit to Funders (Dev Equity) =	4	Net Development Profit	644,500
		<i>plus</i>	+
	5	Interest Charged	698,813
			404,635
Margin on Funds Invested =	6	Total Profit to Funders	404,635
		<i>divided by</i>	/
	7	Funds Invested	2,532,000
			15.98%

PERFORMANCE INDICATORS			
¹ Gross Development Profit		1	859,333
² Net Developer's Profit after Profit Share		4	644,500
³ Development Margin (Profit/Risk Margin)	Based on total costs (inc selling costs)		19.90%
⁴ Residual Land Value	Based on Target Margin of 18% (Inclusive of GST)		1,307,449

Figure 8 - The Summary sheet - Gross and Net Profit

Loan 1		Description	Lender Name	Debt
Facility Limit			Fixed Amount	Percentage
Drawn down in total at loan commencement.			2,532,000	0.00%
Fixed Amount				
Month Commencement	Auto		0	Jun-2010
Maturity Month	Auto		0	May-2011
Interest Rate			8.00%	per annum Nominal - Capitalised (Compounded)
Fees		Amount	Percentage	Month Paid
Application Fee		5,000	0.00%	0
Line Fee			0.25%	
Profit Split to Lender 1		2	25.00%	

Figure 9 - The Input sheet - Lender Profit Share

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt
		Lender Name
¹ Funds Invested (Cash Outlay)	1,363,168	⁷ 2,532,000
% of Total Funds Invested	35.00%	65.00%
² Peak Exposure	1,413,946	2,701,236
Date of Peak Exposure	Apr-11	Mar-11
Month of Peak Exposure	Month 15	Month 14
Weighted Average Interest Rate	3.00%	8.00%
Interest Charged	⁵ 54,313	176,362
Line Fees Charged	-	³ 8,440
Application Fees Charged	-	5,000
Profit Share Received	-	214,833
³ Total Profit to Funders	698,813	⁶ 404,635
⁴ Margin on Funds Invested	51.26%	15.98%

Figure 10 - The Summary sheet - Calculating Total Profit to Lender and Margins

6. Payback

The 'Payback Date' for the loan facilities is the date when total equity/debt is repaid (essentially the point where it goes from negative to zero/positive)

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
⁵ Payback Date	May-11	May-11
Month of Payback	Month 16	Month 16
⁶ IRR on Funds Invested	32.14%	17.66%

Calculation

	Formula	Example
Payback Date (Dev Equity) =	1 The date in the Cash Flow where the Equity Balance goes from negative to zero/positive, for the last time	May-11
Payback Date (Loans) =	1 The date in the Cash Flow where the Loan Balance goes from negative to zero/positive, for the last time	May-11
Month of Payback =	3 Cash Flow Period that the Payback occurs	Month 16

PROJECT CASH FLOW	TOTAL	14 Mar-11	15 Apr-11	16 May-11
FINANCING				
Developer's Equity				
Manual Adjustments (Inject + / Repay -)		0	0	0
Injections	1,363,168	-	-	-
Interest Charged	(54,313)	(3,517)	(3,526)	(3,535)
Equity Repayment	2,276,814	-	-	2,276,814
Less Profit Share	(214,833)	-	-	(214,833)
Equity Balance	644,500	(1,410,420)	(1,413,946)	644,500
Equity Cash Flow	698,813	-	-	2,061,981
Project Cash Account				
Surplus Cash Injection	2,749,553	-	-	217,553
Cash Reserve Drawdown	(2,770,404)	(270,375)	-	(227,435)
Interest on Surplus Cash	20,851	466	16	16
Surplus Cash Balance		9,849	9,865	-
Loan 1 - Lender Name	Debt			
Manual Adjustments (Drawdown - / Repay +)		0	0	0
Drawdown	(2,532,000)	-	-	-
Loan Interest Rate (%/ann)		8.00%	8.00%	8.00%
Interest Charged	(176,362)	(17,885)	(18,008)	(1,503)
Application and Line Fees	(13,440)	(528)	(528)	(528)
Interest Paid by Equity		-	-	-
Loan Repayment	2,721,802	-	2,494,367	227,435
Interest and Fees	189,802	-	187,772	2,030
Principal	2,532,000	-	2,306,596	225,404
Loan Balance	-	(2,701,236)	(225,404)	-
% of Project & Finance Costs (inc Interest/Fees and net of GST).		61.2%	61.2%	
Profit Share	214,833	-	-	214,833

Figure 11 - The CashFlow sheet - Payback occurring when loan balance reverts to zero/positive

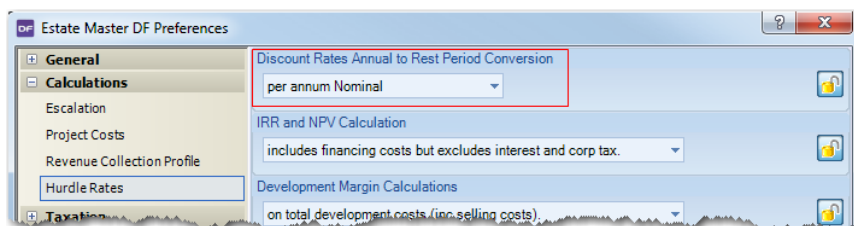
7. IRR

'IRR on Funds Invested' for Developer's Equity is the IRR of the equity cash flow including the repayment of equity and realisation of project profit, less any profit share paid out to other lenders. The cash flow used for the IRR calculation is displayed on the Financials worksheet.

'IRR on Funds Invested' for the Loans is the IRR of the loan cash flow including the repayment of the loan facility and any profit share received.

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
IRR on Funds Invested	32.14%	17.66%
Equity to Debt Ratio		53.84%

This calculation uses the Discount Rate 'Annual to Rest Period Conversion' Preference



Calculation - Nominal

	Formula	Example
IRR (Dev Equity) =	1 IRR of 'Equity Cash Flow' line on CashFlow sheet <i>multiplied by</i>	2.68% x
	① Term	12
		32.14%
IRR (Loans) =	1 IRR of 'Loan Cash Flow' line on CashFlow sheet <i>multiplied by</i>	1.47% x
	① Term	12
		17.66%

Calculation - Effective

	Formula	Example
IRR (Dev Equity) =	1 (IRR of 'Equity Cash Flow' line on CashFlow sheet <i>plus</i> 1) <i>To the power of</i>	(2.68% + 1) ^
	① Term <i>minus</i> 1	12 - 1
		37.32%
IRR (Loans) =	1 (IRR of 'Loan Cash Flow' line on CashFlow sheet <i>plus</i> 1) <i>To the power of</i>	(1.47% + 1) ^

① Term
minus
1

12

-

1

19.16%

FINANCING				
Developer's Equity				
Manual Adjustments (Inject + / Repay -)		0	0	0
Injections	1,363,168	-	-	-
Interest Charged	(54,313)	(3,517)	(3,526)	(3,535)
Equity Repayment	2,276,814	-	-	2,276,814
Less Profit Share	(214,833)	-	-	(214,833)
Equity Balance	644,500	1,410,420	(1,413,946)	644,500
Equity Cash Flow	698,813	-	-	2,061,981
Project Cash Account				
Surplus Cash Injection	2,749,553	-	-	217,553
Cash Reserve Drawdown	(2,770,404)	(270,375)	-	(227,435)
Interest on Surplus Cash	20,851	466	16	16
Surplus Cash Balance		9,849	9,865	-
Loan 1 - Lender Name				
Manual Adjustments (Drawdown - / Repay +)		0	0	0
Drawdown	(2,532,000)	-	-	-
Loan Interest Rate (%/ann)		8.00%	8.00%	8.00%
Interest Charged	(176,362)	(17,885)	(18,008)	(1,503)
Application and Line Fees	(13,440)	(528)	(528)	(528)
Interest Paid by Equity	-	-	-	-
Loan Repayment	2,721,802	-	2,494,367	227,435
Interest and Fees	189,802	-	187,772	2,030
Principal	2,532,000	-	2,306,596	225,404
Loan Balance	-	(2,701,236)	(225,404)	-
% of Project & Finance Costs (inc Interest/Fees and net of GST).		61.2%	61.2%	
Profit Share	214,833	-	-	214,833
Loan 1 Cash Flow	404,635	-	2,494,367	442,268
Interest Coverage Ratio	26.22	-	134.16	1,225.01
Debt Service Ratio	1.83	-	1.00	10.93

Figure 12 - The CashFlow sheet - Equity and Loan cash flow lines to calculate IRR on

8. Equity to Debt Ratio

The Equity to Debt Ratio is the amount of equity contributed into the project expressed as a percentage of total debt funding.

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
¹ Equity to Debt Ratio		53.84%

Calculation

	Formula	Example
Equity to Debt Ratio =	1 Total Equity Funds Invested <i>divided by</i>	1,363,168 /
	2 Funds Invested for Loan	2,532,000 <hr/> 53.84%

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name	Loan 2 Debt Lender Name	Loan 3 Debt Lender Name	Loan 4 Debt Lender Name	Total Equity	Total Debt
¹ Funds Invested (Cash Outlay)	1,363,168	² 2,532,000	-	-	-	¹ 1,363,168	2,532,000
% of Total Funds Invested	35.00%	65.00%	0.00%	0.00%	0.00%	35.00%	65.00%
² Peak Exposure	1,413,946	2,701,236	-	-	-	1,413,946	2,701,236
Date of Peak Exposure	Apr-11	Mar-11	N.A.	N.A.	N.A.	Apr-11	Mar-11
Month of Peak Exposure	Month 15	Month 14				Month 15	Month 14

Figure 13 - The Summary sheet - Calculating Equity to Debt Ratio

9. Loan to Value Ratio

Loan to Value Ratio is the Peak Equity or Debt Exposure divided by the Total Sales Revenue.

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
⁸ Loan to Value Ratio	25.00%	47.77%
⁹ Loan Ratio	36.39%	65.79%

Calculation

	Formula	Example
Loan to Value Ratio =	1 Peak Exposure <i>divided by</i>	2,701,236 /
	2 Gross Sales Revenue	5,654,700 <u>47.77%</u>

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
¹ Funds Invested (Cash Outlay)	1,363,168	2,532,000
% of Total Funds Invested	35.00%	65.00%
² Peak Exposure	1,413,946	1 2,701,236
Date of Peak Exposure	Apr-11	Mar-11
Month of Peak Exposure	Month 15	Month 14

Figure 14 - The Summary sheet - Peak exposure amount used for Loan to Value Ratio

COSTS & REVENUES				AUD Total
REVENUE	Quantity	SqM	AUD/Quantity	AUD
Gross Sales Revenue	9	980.00	628,300.00	2 5,654,700
Residential - 1 Bedroom Units	3	200.00	566,500.00	1,699,500
Residential - 2 Bedroom Units	3	350.00	628,300.00	1,884,900
Residential - 3 Bedroom Units	3	430.00	690,100.00	2,070,300
Less Selling Costs				(178,911)
Less Purchasers Costs				-

Figure 15 - The Summary sheet – Gross Sales Revenue amount used for Loan to Value Ratio

10. Loan Ratio

The Loan Ratio represents total funds invested by the lender (cash outlay) divided by the nominated ratio calculation method and can include capitalised interest and fees, depending on the Preference selected.

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
³ Loan Ratio	36.39%	65.76%
	of Project Costs (net of Interest/Fees and GST).	of Project & Finance Costs (inc Interest/Fees and net of GST).

This calculation uses two Preferences:

- The ratio calculation method indicated for each facility.

The screenshot shows the 'Financing' tab with a sidebar listing 'Global Settings', 'Hard Costs', 'Equity', and 'Loan 1' through 'Loan 4'. The 'Loan 1' facility is selected. The 'Loan Ratio Calculation Method' is set to '% of Project & Finance Costs (inc Interest/Fees and net of GST)'.

- The option to include 'Capitalised Interest and Fees' in the numerator (i.e. total funds invested).

The screenshot shows the 'Financing' tab with a sidebar listing 'Global Settings', 'Hard Costs', 'Equity', and 'Loan 1' through 'Loan 4'. The 'Loan 1' facility is selected. The 'Total Debt Loan Ratio Calculation Method' is set to '% of Land Purchase Price'. The 'Summary Report' checkbox is checked, and the 'Include Capitalised Interest and Fees' checkbox is also checked.

Calculation – Include Capitalised Interest and Fees

	Formula	Example
Loan Ratio =	1 (Funds Invested	(2,532,000
	plus	+
	2 Interest Charged	176,362
	plus	+
	2 Line Fees Charged	8,440
	plus	+
	2 Application Fees Charged)	5,000)
	divided by	/
	① Loan Ratio Calculation Method	4,138,880
		65.76%

* Example based on 'Loan 1' inputs

Calculation – Exclude Capitalised Interest and Fees

	Formula	Example
Loan Ratio =	1 Funds Invested <i>divided by</i>	2,532,000 /
	① Loan Ratio Calculation Method	4,138,880
		61.18%

* Example based on 'Loan 1' inputs

RETURNS ON FUNDS INVESTED	Developer's Equity	Loan 1 Debt Lender Name
¹ Funds Invested (Cash Outlay)	1,363,168	¹ 2,532,000
% of Total Funds Invested	35.00%	65.00%
² Peak Exposure	1,413,946	2,701,236
Date of Peak Exposure	Apr-11	Mar-11
Month of Peak Exposure	Month 15	Month 14
Weighted Average Interest Rate	3.00%	8.00%
Interest Charged	54,313	176,362
Line Fees Charged	-	² 8,440
Application Fees Charged	-	5,000
Profit Share Received	-	214,833
³ Total Profit to Funders	698,813	404,635
⁴ Margin on Funds Invested	51.26%	15.98%
⁵ Payback Date	May-11	May-11
Month of Payback	Month 16	Month 16
⁶ IRR on Funds Invested	32.14%	17.66%
⁷ Equity to Debt Ratio		53.84%
⁸ Loan to Value Ratio	25.00%	47.77%
⁹ Loan Ratio	36.39%	65.76%
	of Project Costs (net of Interest/Fees and GST).	of Project & Finance Costs (inc Interest/Fees and net of GST).

Figure 16 - The Summary sheet - Loan Ratio

① Notes on Formulas

Term

- If 'Cash Flow Rest Periods' = Monthly: 12
- If 'Cash Flow Rest Periods' = Quarterly: 4
- If 'Cash Flow Rest Periods' = Half-Yearly: 2
- If 'Cash Flow Rest Periods' = Yearly: 1

Facility Limit and Loan Ratio Calculation Method

- If ratio method = % of Land Purchase Price
 - Sum of gross Land Deposit, Payments and Settlement amounts

PROJECT CASH FLOW	TOTAL
Land and Acquisition	1,276,727
Deposit in Trust Account ¹	-
Payment 1	-
Payment 2	-
Payment 3	-
Payment 4	-
Settlement (Balance)	1,250,000
Stamp Duty ¹	-
.	26,727
.	-
.	-
.	-
Professional Fees	227,852

- If ratio method = % of Land Acquisition Costs
 - All acquisition costs, including Land Deposit, Payments and Settlement, Stamp Duty and other costs

PROJECT CASH FLOW	TOTAL
COSTS	
Land and Acquisition	1,276,727
Professional Fees	227,852

- If ratio method = % of Project Costs (net of Interest/Fees and GST)
 - 'Total Costs' as indicated on the CashFlow sheet

PROJECT CASH FLOW	TOTAL
Pre-Sale Commissions	-
Financing Costs (exc Fees)	25,750
GST Refunds (Input Credits)	(407,677)
TOTAL COSTS	3,894,766

- If ratio method = % of Net Cash Flow to be Funded
 - All negative amounts in the 'Net Cash Flow (before Interest & after Corporate Tax)'

PROJECT CASH FLOW	TOTAL	13 Feb-11	14 Mar-11	15 Apr-11
TOTAL COSTS	3,894,766	295,657	270,375	(7,595)
Net Cash Flow (before Interest & Corporate Tax)	1,082,597	(295,657)	(270,375)	2,494,367
Cumulative Cash Flow		(3,635,763)	(3,906,138)	(1,411,770)
Corporate Tax	-	-	-	-
Net Cash Flow (before Interest & after Corporate Tax)	1,082,597	(295,657)	(270,375)	2,494,367
Cumulative Cash Flow		(3,635,763)	(3,906,138)	(1,411,770)

- If ratio method = % of Project & Finance Costs (inc Interest/Fees and net of GST)
 - 'Total Costs' as indicated on the CashFlow sheet, plus Interest, Line Fees and Application Fees charged on each loan.

PROJECT CASH FLOW	TOTAL
TOTAL COSTS	3,894,766
Net Cash Flow (before Interest & Corporate Tax)	1,082,597
Cumulative Cash Flow	
Corporate Tax	-
Net Cash Flow (before Interest & after Corporate Tax)	1,082,597
Cumulative Cash Flow	
FINANCING	
Developer's Equity	
Manual Adjustments (Inject + / Repay -)	
Injections	1,363,168
Interest Charged	(54,313)
Equity Repayment	2,276,814
Less Profit Share	(214,833)
Equity Balance	644,500
Equity Cash Flow	698,813
Project Cash Account	
Surplus Cash Injection	2,749,553
Cash Reserve Drawdown	(2,770,404)
Interest on Surplus Cash	20,851
Surplus Cash Balance	
Loan 1 - Lender Name	Debt
Manual Adjustments (Drawdown - / Repay +)	
Drawdown	(2,532,000)
Loan Interest Rate (%/ann)	
Interest Charged	(176,362)
Application and Line Fees	(13,440)
Interest Paid by Equity	-
Loan Repayment	2,721,802
Interest and Fees	189,802
Principal	2,532,000
Loan Balance	-
% of Project & Finance Costs (inc Interest/Fees and net of GST).	
Profit Share	214,833
Loan 1 Cash Flow	404,635
Interest Coverage Ratio	26.22
Debt Service Ratio	1.83

- If ratio method = % of Hard Costs
 - Based on the 'Hard Costs' indicated in the Preferences

The screenshot shows the 'Estate Master DF Preferences' window. On the left, a sidebar lists categories: General, Calculations, Taxation, Financial Reporting, Joint Venture, and Financing. Under 'Financing', 'Global Settings' is expanded, showing 'Hard Costs' and 'Equity'. The 'Hard Costs' section is active, displaying a list of costs with checkboxes. All checkboxes are checked: Land Purchase Price, Land Acquisition Costs, Project Contingency, Professional Fees, Construction Costs, Exclude Tax from Hard Costs, Statutory Fees, Miscellaneous Costs 1, Miscellaneous Costs 2, Miscellaneous Costs 3, and Land Holding Costs.

- If ratio method = % of Construction Costs
 - 'Construction Costs (inc Contingency)' as indicated on the CashFlow sheet

PROJECT CASH FLOW	TOTAL
COSTS	
Land and Acquisition	1,276,727
Professional Fees	227,852
Construction Costs (inc. Contingency)	2,433,375
Statutory Fees	15,450

- If ratio method = **% of Gross Sales**
 - 'Gross Sales Revenue' as indicated on the CashFlow sheet

PROJECT CASH FLOW	TOTAL
REVENUE	
Gross Sales Revenue	5,654,700
Selling Costs	(178,911)

- If ratio method = **% of Sales (net of GST)**
 - 'Gross Sales Revenue' as indicated on the CashFlow sheet, less any tax specifically paid on the Sales Revenue (which is not explicitly displayed on CashFlow sheet)

- If ratio method = **% of Sales (net of selling costs and GST)**
 - 'Gross Sales Revenue' less 'Selling Costs' as indicated on the CashFlow sheet, less any tax specifically paid on the Sales Revenue (which is not explicitly displayed on CashFlow sheet)

PROJECT CASH FLOW	TOTAL
REVENUE	
Gross Sales Revenue	5,654,700
Selling Costs	(178,911)

- If ratio method = **% of Value of Pre-Sales**
 - The value of pre-sales calculated in the 'Sales Revenue' section or pre-sold Capitalised Sales in the 'Rental Income' section (which is not explicitly displayed on CashFlow sheet).

- (Developer's Equity Only) If ratio method = **% of Debt Funding**
 - 'Drawdown' for each 'Debt' Loan Facility, as indicated on the CashFlow sheet.

PROJECT CASH FLOW	TOTAL
Loan 1 - Lender Name	Debt
Manual Adjustments (Drawdown - / Repay +)	-
Drawdown	(2,532,000)
Loan Interest Rate (%/ann)	
Interest Charged	(176,362)
Application and Line Fees	(13,440)
Interest Paid by Equity	-
Loan Repayment	2,721,802
Interest and Fees	189,802
Principal	2,532,000
Loan Balance	-
% of Project & Finance Costs (inc Interest/Fees and net of GST).	
Profit Share	214,833
Loan 1 Cash Flow	404,635
Interest Coverage Ratio	26.22
Debt Service Ratio	1.83

- (Developer's Equity Only) If ratio method = **% of Net Profit**
 - 'Net Profit', as indicated on the Summary sheet.

PERFORMANCE INDICATORS		
¹ Gross Development Profit		859,333
² Net Developer's Profit after Profit Share		644,500
³ Development Margin (Profit/Risk Margin)	Based on total costs (inc selling costs)	19.90%
⁴ Residual Land Value	Based on Target Margin of 18% (Inclusive of GST)	1,307,449