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Calculation Guide

Estate Master DF Tenancy Schedule

September 2013

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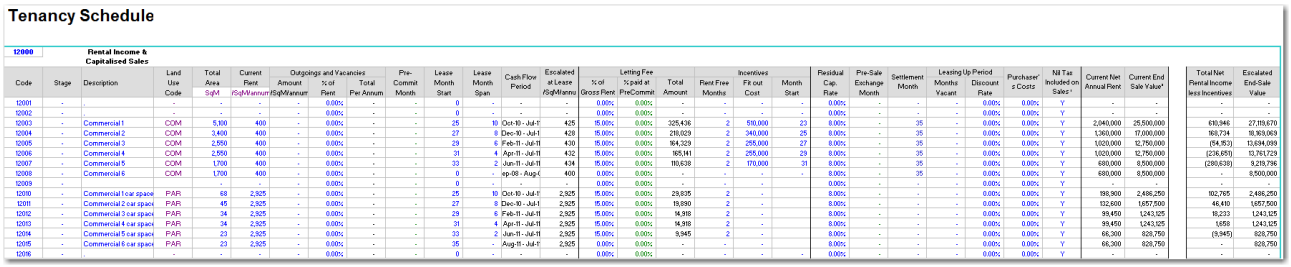
Introduction

Estate Master has put together this document to assist you with working through the different calculations that appear on the Tenants worksheet within the Estate Master DF (Development Feasibility) software



Tenancy Schedule

12000 — Rental Income & Capitalised Sales

Code	Stage	Description	Land Use Code	Total Area SqM	Current Rent /SqM/Annum	Outgoings and Vacancies Amount /SqM/Annum	Outgoings and Vacancies % of Rent	Outgoings and Vacancies Total Per Annum	Pre-Commit Month	Lease Month Start	Lease Month Span	Cash Flow Period	Escalated at Lease /SqM/Annu	Letting Fee % of Gross Rent	Letting Fee % paid at PreCommit	Letting Fee Total Amount	Incentives Rent Free Months	Incentives Fit out Cost	Incentives Month Start	Residual Cap. Rate	Pre-Sale Exchange Month	Settlement Month	Leasing Up Period Months Vacant	Leasing Up Period Discount Rate	Purchaser's Costs	NII Tax Included on Sales [1]	Current Net Annual Rent	Current End Sale Value [4]	Total Net Rental Income less Incentives	Escalated End-Sale Value
12001	-		-	-	-	-	0.00%	-	-	0	-	-	-	0.00%	0.00%	-	-	-	-	0.00%	-	-	-	0.00%	0.00%	Y	-	-	-	-
12002	-		-	-	-	-	0.00%	-	-	0	-	-	-	0.00%	0.00%	-	-	-	-	0.00%	-	-	-	0.00%	0.00%	Y	-	-	-	-
12003	-	Commercial 1	COM	5,100	400	-	0.00%	-	-	25	10	Oct-10 - Jul-11	425	15.00%	0.00%	325,436	2	510,000	23	8.00%	-	35	-	0.00%	0.00%	Y	2,040,000	25,500,000	610,946	27,119,670
12004	-	Commercial 2	COM	3,400	400	-	0.00%	-	-	27	8	Dec-10 - Jul-11	428	15.00%	0.00%	218,029	2	340,000	25	8.00%	-	35	-	0.00%	0.00%	Y	1,360,000	17,000,000	168,734	18,169,069
12005	-	Commercial 3	COM	2,550	400	-	0.00%	-	-	29	6	Feb-11 - Jul-11	430	15.00%	0.00%	164,329	2	255,000	27	8.00%	-	35	-	0.00%	0.00%	Y	1,020,000	12,750,000	(54,353)	13,694,099
12006	-	Commercial 4	COM	2,550	400	-	0.00%	-	-	31	4	Apr-11 - Jul-11	432	15.00%	0.00%	165,141	2	255,000	29	8.00%	-	35	-	0.00%	0.00%	Y	1,020,000	12,750,000	(226,659)	13,761,729
12007	-	Commercial 5	COM	1,700	400	-	0.00%	-	-	33	2	Jun-11 - Jul-11	434	15.00%	0.00%	110,638	2	170,000	31	8.00%	-	35	-	0.00%	0.00%	Y	680,000	8,500,000	(280,638)	9,219,736
12008	-	Commercial 6	COM	1,700	400	-	0.00%	-	-	0	-	ep-08 - Aug-(	400	0.00%	0.00%	-	-	-	-	8.00%	-	35	-	0.00%	0.00%	Y	680,000	8,500,000	-	8,500,000
12009	-		-	-	-	-	0.00%	-	-	0	-	-	-	0.00%	0.00%	-	-	-	-	0.00%	-	-	-	0.00%	0.00%	Y	-	-	-	-
12010	-	Commercial 1 car space	PAR	68	2,925	-	0.00%	-	-	25	10	Oct-10 - Jul-11	2,925	15.00%	0.00%	29,835	2	-		8.00%	-	-	-	0.00%	0.00%	Y	198,900	2,486,250	102,765	2,486,250
12011	-	Commercial 2 car space	PAR	45	2,925	-	0.00%	-	-	27	8	Dec-10 - Jul-11	2,925	15.00%	0.00%	19,890	2	-		8.00%	-	-	-	0.00%	0.00%	Y	132,600	1,657,500	46,410	1,657,500
12012	-	Commercial 3 car space	PAR	34	2,925	-	0.00%	-	-	29	6	Feb-11 - Jul-11	2,925	15.00%	0.00%	14,918	2	-		8.00%	-	-	-	0.00%	0.00%	Y	99,450	1,243,125	18,233	1,243,125
12013	-	Commercial 4 car space	PAR	34	2,925	-	0.00%	-	-	31	4	Apr-11 - Jul-11	2,925	15.00%	0.00%	14,918	2	-		8.00%	-	-	-	0.00%	0.00%	Y	99,450	1,243,125	1,658	1,243,125
12014	-	Commercial 5 car space	PAR	23	2,925	-	0.00%	-	-	33	2	Jun-11 - Jul-11	2,925	15.00%	0.00%	9,945	2	-		8.00%	-	-	-	0.00%	0.00%	Y	66,300	828,750	(9,945)	828,750
12015	-	Commercial 6 car space	PAR	23	2,925	-	0.00%	-	-	35	-	Aug-11 - Jul-11	2,925	0.00%	0.00%	-	-	-		8.00%	-	-	-	0.00%	0.00%	Y	66,300	828,750	-	828,750
12016	-		-	-	-	-	0.00%	-	-	0	-	-	-	0.00%	0.00%	-	-	-	-	0.00%	-	-	-	0.00%	0.00%	Y	-	-	-	-

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Tenancy Schedule

1. Outgoings and Vacancies – Total Per Annum

This represents the total Outgoings and Vacancies as an average amount per annum inclusive of any tax, but excluding an escalation.

Calculation

	Formula	Example
1	(Current Rent	(400
	Multiplied by	x
2ⓘ	Rental Rate	1
	Multiplied by	x
3	Total Area	5,100
	Multiplied by	x
4	Percentage of Rent)	1%)
	Divided by	/
ⓘ	Taxation Gross Up Factor for Rent	1
	Plus	+
3	(Total Area	(5,100
	Multiplied by	x
5	Amount	10
	Multiplied by	x
2ⓘ	Rental Rate)	1)
	Divided by	/
ⓘ	Taxation Gross Up Factor for Lessing Costs	1
		71,400

	3	1	5	4	
Description	Land Use Code	Total Area SqM	Current Rent 2 /SqM/annum	Outgoings and Vacancies Amount /SqM/annum	% of Rent	Total Per Annum
Commercial 1	-	5,100	400	10	1.00%	71,400

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2. Escalated Rent at Lease Start

This displays the escalated rent as at the Lease Start Date on a rate per month/annum, based on the 'Sales and Rental Revenue Escalation' rates entered on the Input sheet for the different Land Use Categories.

Calculation

	Formula	Example
	((Current Rent [1] x Total Area [2] x Rental Rate [3]	((400 x 5,100 x 1
	Divided by	/
ⓘ	Term)	12)
	Divided by	/
ⓘ	Taxation Gross Up Factor on Rents)	1)
	Multiplied by	x
ⓘ4	Leas Start Escalation Factor	1.050398
	Multiplied by	x
ⓘ	Term	12
	Divided by	/
1	Total Area	5,100
		420

	4	2	1					4			
Description	Land Use Code	Total Area SqM	Current Rent 3 /SqM/annum	Outgoings and Vacancies Amount /SqM/annum	% of Rent	Total Per Annum	Pre-Commit Month	Lease Month Start	Lease Month Span	Cash Flow Period	Escalated Rent at Lease Start /SqM/annum
Commercial 1	COM	5,100	400	10	1.00%	71,400	-	18	24	Mar-10 - Feb-12	420

Sales and Rental Revenue Escalation

		Escalation Rates (Monthly Compounded Escalation) based on Cashflow Period Years commencing									
Code	Category	Sep-08	Sep-09	Sep-10	Sep-11	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Sep-17
RSA	Apartments	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RSV	Villas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RSH	Houses	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RSM	McMansions	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RET	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4 COM	Commercial	3.00%	4.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
IND	Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MAR	Marina	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
PAR	Parking	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTH	Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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3. Letting Fee – Total Amount

This represents the letting fees payable at the Lease Start date, based on a percentage of the escalated Gross Rent at that point in time.

Calculation

	Formula	Example
	((Current Rent [1] x Total Area [2] x Rental Rate [3]	((400 x 5,100 x 1
	Divided by	/
ⓘ	Term)	12)
	Divided by	/
ⓘ	Taxation Gross Up Factor on Rents)	1)
	Multiplied by	x
ⓘ4	Escalation Factor	1.050398
	Multiplied by	x
5	(Letting Fee %	(15%
	Divided by	/
ⓘ	Taxation Gross Up Factor for Lessing Costs)	1)
	Multiplied by	x
	Term	12
		321,421

Description	4 Land Use Code	2 Total Area SqM	3	1 Current Rent /SqM/annum	Outgoings and Vacancies Amount /SqM/annum	% of Rent	Total Per Annum	Pre-Commit Month	4 Lease Month Start
Commercial 1	COM	5,100		400	10	1.00%	71,400	-	18

Description	5 Letting Fee % of Gross Rent	% paid at PreCommit	Total Amount
Commercial 1	15.00%	0.00%	321,422

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4. Current Net Annual Rent

This represents the Current Annual Rental, net of Outgoings (if assumed) and any Tax Liability to be paid (if assumed).

Calculation

	Formula	Example
1	(Current Rent	(400
	Multiplied by	x
2	Total Area	5,100
	Multiplied by	x
3 ⓘ	Rental Rate)	1)
	Multiplied by	x
ⓘ	(Taxation Factor for Rents	1
	Less	-
4	Outgoings and Vacancies – Total Per Annum	71,400
		1,968,600

Description	2 Total Area	1 Current Rent	Outgoings and Vacancies 4			Add GST		Current Net Annual Rent
	SqM	3 /SqM/annum	Amount /SqM/annum	% of Rent	Total Per Annum	on Costs	on Rents	
Commercial 1	5,100	400	10	1.00%	71,400	y	n	1,968,600

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5. Current End Sale Value

This represents the Current Net Rental Income divided by the Residual Capitalisation Rate.

Calculation

	Formula	Example
1	Current Net Annual Rent	1,968,600
	Divided by	/
2	Residual Cap Rate	8%
		24,607,500

2						1	
Residual Cap. Rate	Pre-Sale Exchange Month	Settlement Month	Leasing Up Period		Purchaser's Costs	Current Net Annual Rent	Current End Sale Value²
			Months Vacant	Discount Rate			
8.00%	-	-	-	0.00%	0.00%	1,968,600	24,607,500

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ⓘ 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**

Rental Rate

- If 'Current Rent' rate selection = /*<area measurement>*/**annum**: **1**
- If 'Current Rent' rate selection = /*<area measurement>*/**month**: **12**

Taxation Factor on Rents

- If Preference 'Taxation > Cost and Revenue Inputs > Enter Rents and Leasing Costs' = Inclusive of Tax AND

  'Add Tax on Rents' for that line item <> 0 or N

  - **(1-(1-1/(1+Tax Rate))) = 0.909090909** *(Assuming a 10% Rate is being used)*
- If Preference 'Taxation > Cost and Revenue Inputs > Enter Rents and Leasing Costs' = Exclusive of Tax:
  - **(1-0) = 1**

Taxation Gross Up Factor on Rents

- If Preference 'Taxation > Cost and Revenue Inputs > Enter Rents and Leasing Costs' = Exclusive of Tax AND

  'Add Tax on Rents' for that line item <> 0 or N

  - **(1-(1-1/(1+Tax Rate))) = 0.909090909** *(Assuming a 10% Rate is being used)*
- If Preference 'Taxation > Cost and Revenue Inputs > Enter Rents and Leasing Costs' = Inclusive of Tax:
  - **(1-0) = 1**

Taxation Gross Up Factor on Leasing Costs

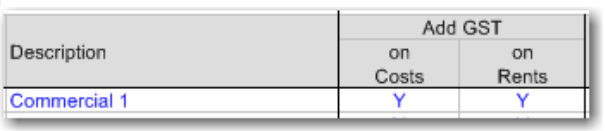
- If Preference 'Taxation > Cost and Revenue Inputs > Enter Rents and Leasing Costs' = Exclusive of Tax AND

  'Add Tax on Costs' for that line item <> 0 or N

  - **(1-(1-1/(1+Tax Rate))) = 0.909090909** *(Assuming a 10% Rate is being used)*
- If Preference 'Taxation > Cost and Revenue Inputs > Enter Rents and Leasing Costs' = Inclusive of Tax:
  - **(1-0) = 1**

Preference

Add Tax on Costs/Rents Inputs on Tenancy Schedule



Description	Add GST on Costs	Add GST on Rents
Commercial 1	Y	Y

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Leas Start Escalation Factor

- The Escalation factor is based on several inputs in the model:
    - The 'Land Use Code' selected for a tenancy as entered on the 'Tenants' sheet.
    - The 'Rental Revenue Escalation' rate entered for that 'Land Use' on the 'Input' sheet.
    - The Start of the Lease entered on the 'Tenants' sheet.

Description	Land Use Code	Total Area	Current Rent	Outgoings and Vacancies			Pre-Commit Month	Lease Month Start	Lease Month Span
		SqM	/SqM/annum	Amount /SqM/annum	% of Rent	Total Per Annum			
Commercial 1	COM	5,100	400	10	1.00%	71,400	-	18	24

Sales and Rental Revenue Escalation

		Escalation Rates (Monthly Compounded Escalation) based on Cashflow Period Years commencing									
Code	Category	Sep-08	Sep-09	Sep-10	Sep-11	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Sep-17
RSA	Apartments	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RSV	Villas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RSH	Houses	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RSM	McMansions	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RET	Retail	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
COM	Commercial	3.00%	4.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
IND	Industrial	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
MAR	Marina	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
PAR	Parking	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTH	Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The Future Value function is used to work out the escalation factor, but since there are multiple rates in the escalation table (one for each year), a separate calculation is required to work out the factor for each year.

Based on the example above:

- The tenancy has a 'Land Use Code' of COM, which means that it will apply the escalation rates entered for the 'Commercial' Land Use Category. This is 3% for year 1, 4% for year 2 and 5% for year 3 onwards.
- The Lease Start is month 18
- So year 1, the Future Value function calculates the following rate:

  =FV(annual rate for yr 1 , number of periods (i.e years) , payments , present value * -1)

  =FV(3% , 12/12 , 0 ,-1) = 1.03
- The using the factor calculated at the end of year 1,the Future Value function calculates the following rate for the remaining 6 months using the rate entered for year 2:

  =FV(annual rate for yr 2 , number of periods (i.e years) , payments , year 1 factor * -1)

  =FV(4% , 6/12 , 0 , -1.03) = 1.050398