



## CASE STUDY

### UPDATE A DCF FORECAST WITH ACTUALS

#### INTRODUCTION

This case study demonstrates how to update a DCF forecast in IA with actual revenue and cost transactions on a month to month basis. It uses a custom worksheet that replicates the DCF outputs, with the user being able to overwrite them without having to change the standard DCF table.

## METHODOLOGY

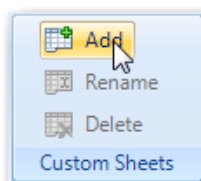
Since the standard DCF sheet in IA is locked down and only provides a forecast at a specific point in time, a custom worksheet needs to be added to track the actuals of an investment.

Its objective is to replicate the outputs of the standard DCF sheet, by linking to it via formulae, but since it is on a custom worksheet, the user has full control over it.

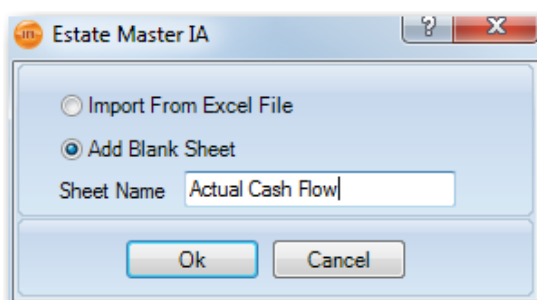
### ADDING A CUSTOM WORKSHEET

In this case study, a custom worksheet called 'Actual Cash Flow' has been added to the associated file.

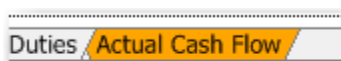
To do this in IA, go to the menu and select 'Custom Sheets > Add'



When prompted, select 'Add Blank Sheet' and enter in the name 'Actual Cash Flow'



A new worksheet tab will then be added.



### REPLICATING THE DCF

On this custom worksheet, you will need to re-create the DCF table. The best way to do this, is to design your own DCF layout (using the same headings as per the standard DCF), and then create a formula link between the custom worksheet and DCF worksheet for each corresponding line item and period.

As you can see for the example below, period 0 for the first tenant's gross income is replicated on the custom sheet by linking to cell E2056 on the standard DCF sheet.

## Standard DCF

E2056		▼ =E1052+E1554					
	A	B	C	D	E	F	
1							
44		Estate Master Licensed to: Estate Master			Month No.	0	1
45		Administration			Month	Dec-2011	Jan-2012
2055		<b>Gross Income</b>				112,088	112,088
2056		Mardos				7,892	7,892
2057		Vacant Retail was Café				3,500	3,500
2058		Vacant Retail was Café)				1,833	1,833

## Custom Worksheet

C6		=DCF!E2056		
	A	B	C	D
1				
2		SNB Tower		
3		MAROOCHYDORE		
4			0	1
			Dec-11	Jan-12
5		Tenancy Gross Income (inc Recoveries)		
6	1	Mardos	7,892	7,892
7	2	Vacant Retail was Café	3,500	3,500
8	3	Vacant Retail was Café)	1,833	1,833

Repeat this process for every section.

## TYPE OF FORMULAE USED

In the case study model, more advanced 'Offset' formulas were used to link the custom worksheet to the DCF worksheet. The reason for this is that this method was more dynamic and scalable for future versions of IA. The shortfall with doing simple formulae as demonstrated above is that it will not take into account any changes to the structure in the standard DCF sheet when major updates to the software are released.

For example, in the scenario above, row 2056 on the DCF sheet is the row for the first tenant for that specific version of IA, however future updates to the software may require rows to be inserted and/or deleted on the DCF worksheet which may subsequently move that specific row up or down. Custom worksheets will not dynamically adapt, and users are therefore warned in these scenarios that they will need to check their custom sheet links to see if they need to be updated.

If you see in the case study model, there are no links to specific cell references to the DCF sheet when replicating the table – the formulae entered all using range names to ensure they are dynamic.

If you need assistance with developing custom worksheets to ensure the best compatibility with future releases, please contact [development@estatemaster.net](mailto:development@estatemaster.net)

## UPDATING WITH ACTUALS

Once the DCF table has been replicated in the custom worksheet:

- It is best practice to highlight which cells are 'inputs' cells – in Estate Master, this is usually indicated by a blue font. In the case study model, you will see that the custom DCF table has a white background and blue font for the cells that can be updated with actuals.

SNB Tower MAROOCHYDORE	0 Dec-11	1 Jan-12	2 Feb-12	3 Mar-12	4 Apr-12	5 May-12	6 Jun-12
<b>Tenancy Gross Income (inc Recoveries)</b>							
1 Mardos	7,892	7,892	7,892	7,892	7,892	7,892	7,892
2 Vacant Retail was Café	3,500	3,500	3,500	3,500	3,500	3,500	3,500
3 Vacant Retail was Café)	1,833	1,833	1,833	1,833	1,833	1,833	1,833
4 Hairdresser Vacating	2,568	2,568	2,568	-	-	-	1,833
5 Retail Vacating	3,439	3,439	3,439	-	-	-	1,917
6 Alfresco - Licenced area	477	477	477	-	-	-	1,083
7 NAB ATM	750	750	750	750	750	750	750
8 New Lease	8,545	8,545	8,545	8,545	8,545	8,545	8,545
9 Vacant Shop (new Lease)	3,833	3,833	3,833	3,833	3,833	3,833	3,833
0 Vacant Shop	3,000	3,000	3,000	3,000	3,000	3,000	3,000
1 Vacant Shop (Georges Expansion)	2,333	2,333	2,333	2,333	2,333	2,333	2,333
2 Vacant Shop	1,167	1,167	1,167	1,167	1,167	1,167	1,167
3 Vacant Shop	5,542	5,542	5,542	5,542	5,542	5,542	5,542
4 Vacant Shop	5,375	5,375	5,375	5,375	5,375	5,375	5,375
5 Vacant Shop	2,583	2,583	2,583	2,583	2,583	2,583	2,583
6 Vacant Shop	10,250	10,250	10,250	10,250	10,250	10,250	10,250
7 Vacant Shop	8,000	8,000	8,000	8,000	8,000	8,000	8,000
8 Office 1	16,719	16,719	16,719	16,719	16,719	16,719	16,719
9 Office 2	24,281	24,281	24,281	24,281	24,281	24,281	24,281
<b>Gross Income</b>	<b>112,088</b>	<b>112,088</b>	<b>112,088</b>	<b>105,603</b>	<b>105,603</b>	<b>105,603</b>	<b>110,437</b>

- Make sure the appropriate 'Totals' are calculated so that IRR's and NPV's can be added to the custom worksheet if necessary. In the case study model, you will see that the investment cash flow and related IRRs have been manually calculated for the 'Forecasted' DCF (the data coming from the DCF sheet) and the 'Actual' DCF (the data on the custom worksheet).

<b>Total</b>		(11,248,175)	-	-	-
<b>Total Investment Cashflow</b>					
	Actual CF	(11,155,032)	37,331	37,331	30,847
	Forecast CF	(11,155,032)	37,331	37,331	30,847
	Variance	0.00	0.00	0.00	0.00
<b>IRR</b>					
	Actual CF				
	Per Annum, Nominal	12.36%	12.36%	0.00%	
	Per Annum, Effective	13.09%	13.09%	0.00%	

- The user then has the ability to manually overwrite the outputs on the custom sheets to signify a forecast being updated with an actual. Since the update is occurring on the custom worksheet, the standard DCF worksheet remains static, allowing the user to see any of the variances between actuals and forecast.

<b>Acquisition and Disposal</b>				
Property Purchase and Sale	(11,000,000)	-	-	
Stamp Duty on Purchase	(542,175)	-	-	
Purchase and Sale Costs	(106,000)	-	-	
Outgoings Adjustments	-	-	-	
<b>Total</b>	<b>(11,648,175)</b>	<b>-</b>	<b>-</b>	
<b>Total Investment Cashflow</b>				
	Actual CF	(11,555,032)	37,331	37,331
	Forecast CF	(11,155,032)	37,331	37,331
	Variance	(400,000.00)	0.00	0.00
<b>IRR</b>				
	Actual CF			
	Per Annum, Nominal	11.89%	12.36%	-0.47%
	Per Annum, Effective	12.56%	13.09%	-0.53%