



Circle

Visual Developer

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32-bit Version 2.06



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***Property Development Appraisal, Cash Flow and Analysis
for Windows 95, 98, 2000, NT & XP***

STEP-BY-STEP GUIDE

This guide is intended for new users who wish to get an overview and getting data in quickly up to the stage of producing a simple one phase development appraisal and cash flow.

- | | | |
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Step 1

Entering the system

From the Windows desktop, click the Visual Developer icon and open the system.

Next click Start to enter the program.

Step 2

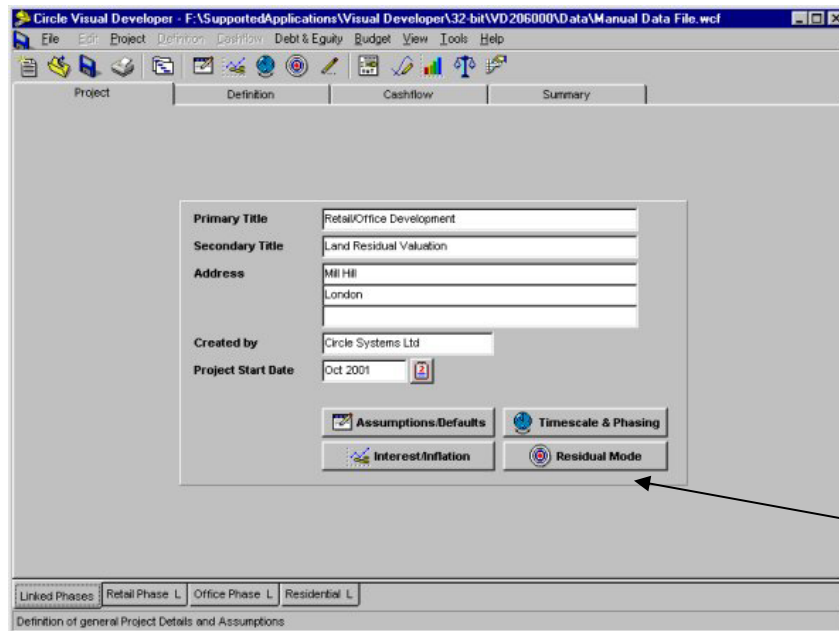
Project Detail

When you start Visual Developer, a new, blank project is created, or one that uses a default Template. The following illustration identifies each part of the Visual Developer screen.

The main tabs (Project, Definition, Cashflow and Summary) allow you to enter data and look at different views of the Project.

The Project Tab is used to enter general details, including the title, address, surveyor's name and project start date.


You can also add and change settings for Calculation Assumptions, Timescale, Finance and Residual targets on this screen by selecting the icons beneath the project details.



Step 3

Project Settings – Assumptions/Defaults

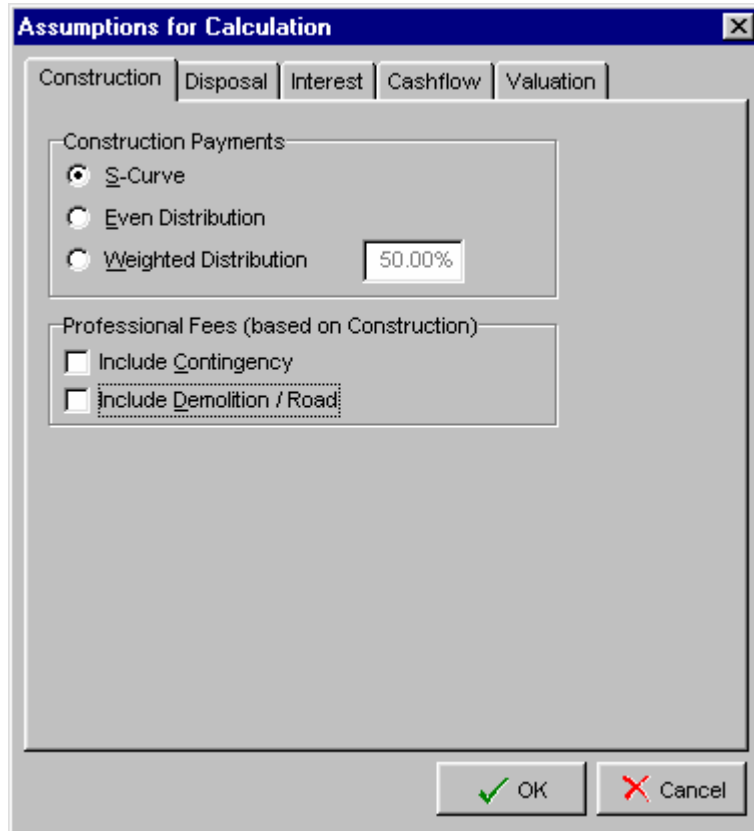
Before working with Visual Developer for the first time, you should check the assumptions for your development appraisal.

To select Assumptions/Defaults select the icon  either from the toolbar or from the project page.

The Assumptions dialog box is displayed which is divided into five tabs. When you select a tab, the options for that tab are displayed.

Settings are determined by selecting or clearing the check boxes or by typing or selecting new information. The new settings take effect when you close the dialog box, and remain in effect until you change them.

Whilst these settings are defined at this stage, most items can be overridden or modified during the data input process.



The image shows a dialog box titled "Assumptions for Calculation" with a close button (X) in the top right corner. The dialog box has five tabs: "Construction", "Disposal", "Interest", "Cashflow", and "Valuation". The "Construction" tab is selected. Inside the dialog box, there are two main sections:


- Construction Payments:** This section contains three radio button options: "S-Curve" (which is selected), "Even Distribution", and "Weighted Distribution". To the right of the "Weighted Distribution" option is a text input field containing "50.00%".
- Professional Fees (based on Construction):** This section contains two checkboxes: "Include Contingency" and "Include Demolition / Road", both of which are currently unchecked.

At the bottom of the dialog box, there are two buttons: "OK" (with a green checkmark icon) and "Cancel" (with a red X icon).

Step 4

Project Settings – Timescale & Phasing

Before you start to enter data, the Timescale should be defined.

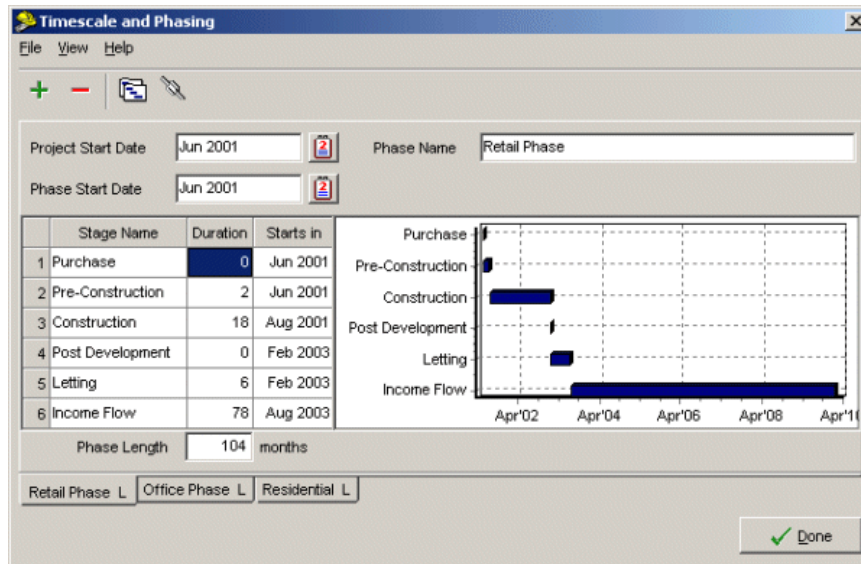
To define or change the timescale, choose either the Timescale button  from the toolbar or the button on the project page.

When the Timescale dialog appears, you can enter the project start date, a phase name and the duration of the phase.

You do not have to enter the duration for every stage. Where your project does have a need for a stage, enter zero (0).

Every cost and receipt entered into the Appraisal will refer to the Timescale set up on this page. Every cost and receipt is linked to one of the stages, so if you change the duration of any stage, Visual Developer can automatically retime all dependent costs and receipts.

This form is also used to define unlimited additional phases for more complex projects.



Stage Name	Duration	Starts in
1 Purchase	0	Jun 2001
2 Pre-Construction	2	Jun 2001
3 Construction	18	Aug 2001
4 Post Development	0	Feb 2003
5 Letting	6	Feb 2003
6 Income Flow	78	Aug 2003


Phase Length: 104 months

Retail Phase L | Office Phase L | Residential L

Done

Step 5

Project Settings – Interest/Inflation

To enter the **Interest rates**, choose the Finance Rates button  either from the toolbar or the Project page, then choose the Interest tab.

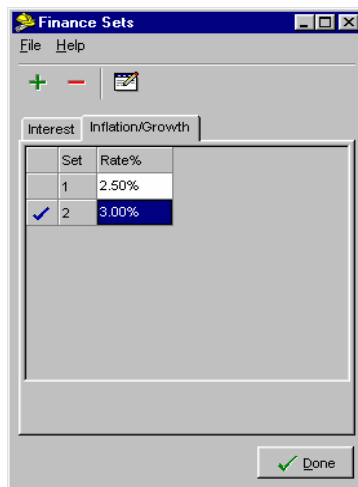
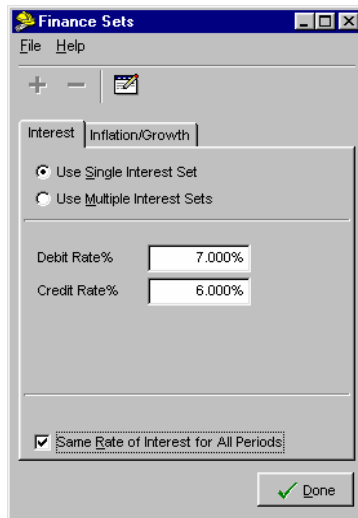
Interest is calculated on the net total amount in each period. Where the net period total is negative i.e. an outflow, the Debit rate is applied. Where the net period total is positive i.e. an income, the Credit rate is applied.

For straightforward projects where there is a single borrowing source, choose 'Use Single Set' and enter the Debit and Credit rates into the fields. Variable rates can be set inside the finance spreadsheet cash flow (see later).

To enter the **Inflation/Growth rates**, choose the Finance Rates button, then select the Inflation/Growth tab.

You can apply inflation to costs and growth to rents by attaching the appropriate set number to a defined item.


This can be done either in the Definitions or the Cashflow.



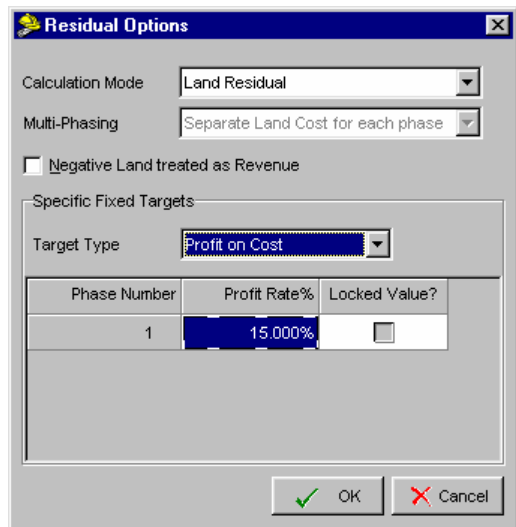


Step 6

Project Settings – Residual Mode

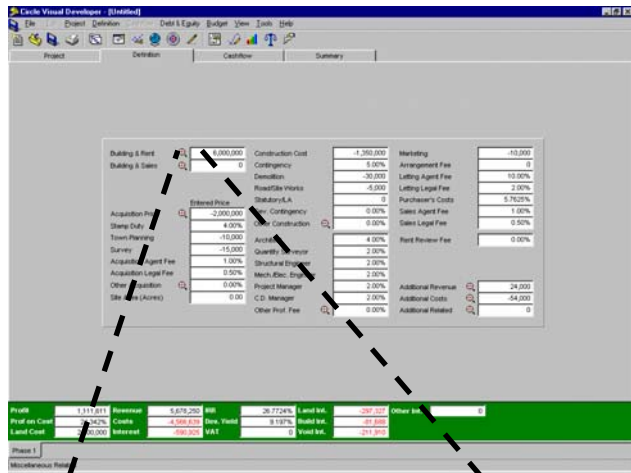
To set or change the type of residual calculation undertaken, choose the Residual Target button  from either the toolbar or the project page.

Use the Residual Target screen for projects where the land cost is the unknown element. If you want to enter the land cost manually, you should leave the calculation mode set at Fixed Land Cost and enter the value on the definition page.



Where the Land Cost is the unknown element in the appraisal, Visual Developer can calculate this for you. Select Land Residual from the Calculation Mode drop-down list.

Click on the Target Type drop down box and select a target. Then enter the appropriate rate into the fields below. Each phase can have the same or different profit targets.




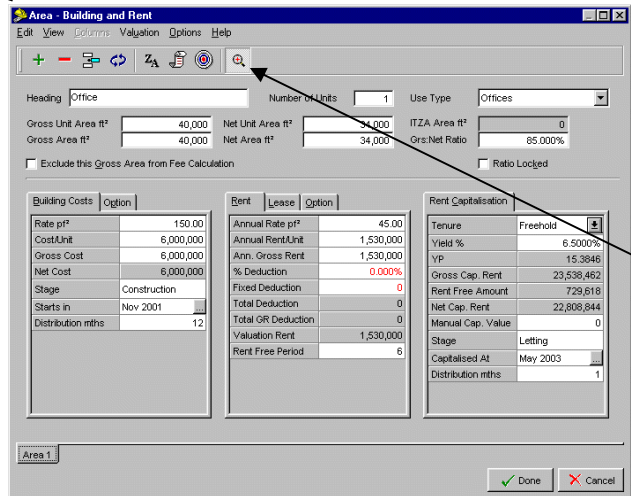
Step 7

Definition – Building & Rent

When you have set the options for Assumptions, Interest, Timescale and Residual Mode, you are ready to start entering the project information.


Click on the Definition tab. When the Definition page appears, you will see that there is a single main screen for entering costs and revenues.

To enter a schedule of tenants and capitalised rent, click on the **Building and Rent** expansion button  on the Definition page.



When the Area Schedule dialog appears, enter the information required relating to gross and net floor space, construction, rent rates and yield.

You can save time when entering floor space details by using the Quick Entry Schedule.

Note - You can switch between detail and schedule views by clicking on the expansion button .

Step 8

Definition – Fees

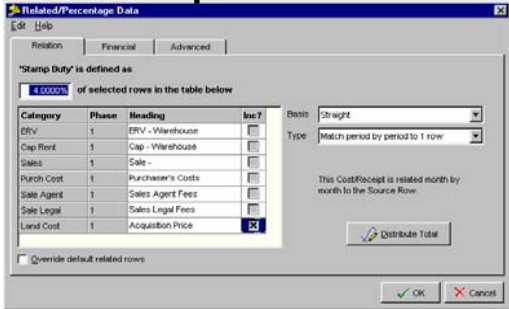
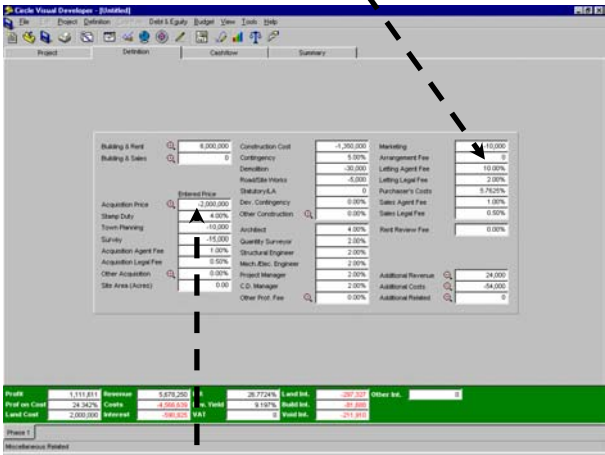
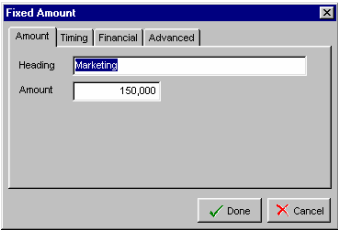
You can enter fixed values into any of the % fields you see on the Definitions page. Any value over 100 will be interpreted as a fixed amount.

To revert to a % amount, enter a value less than or equal to 100.

By double-clicking within a % field a Related/Percentage data editor is created and this allows you to relate the fees to other headings within the appraisal.


Costs such as Town Planning, Marketing and Demolition are entered as a fixed amount and by double-clicking in the field a fixed amount editor appears.

The editors allow you to apply finance rates and VAT to items and in the case of fixed amounts, the data can be distributed according to your requirements.



Step 9

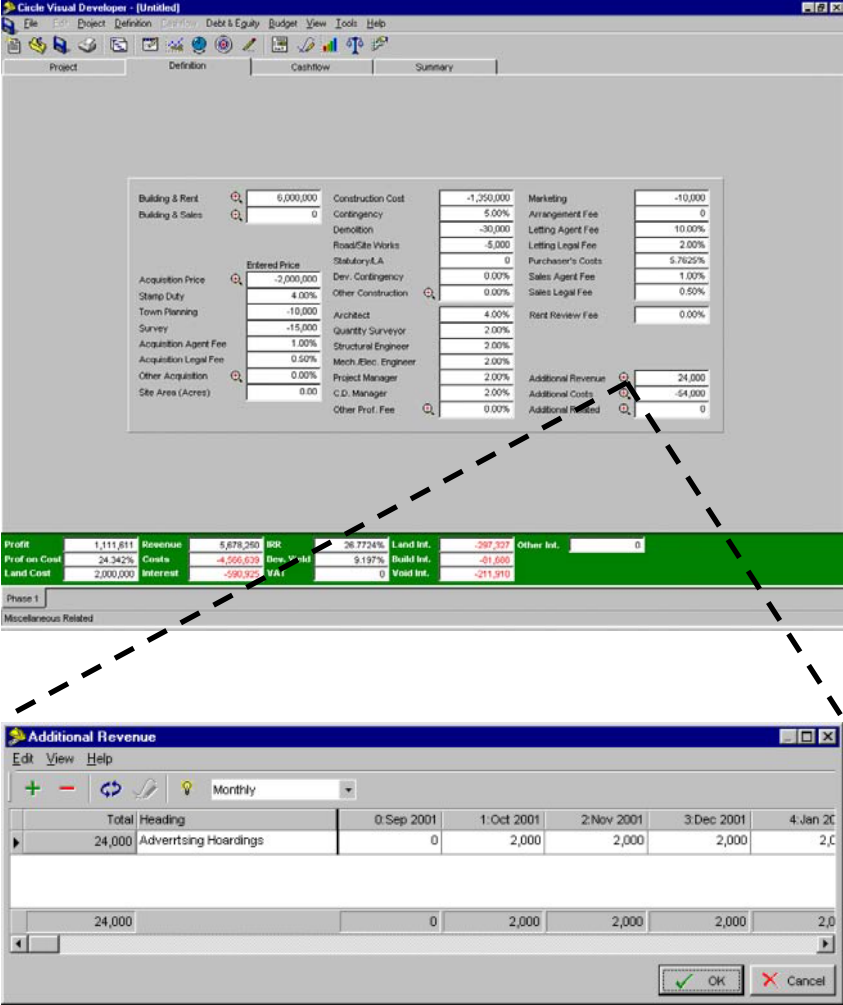
Definition – Cost & Revenue Editors

Additional revenues and costs can be entered by clicking on the expansion buttons  on the bottom right of the definition page.

On expansion the additional revenues and costs reveal additional revenue and costs editors.

Data is input according to the users specifications. Multiple lines can be added or deleted and data can be distributed in a number of ways.

Click on OK to save the schedule and a figure will appear within the defined fields.



Step 10

Cashflow – Set up

Select the cashflow view by selecting the cashflow tab or the menu bar **View | Cashflow Screen**.

The Cashflow is a flexible analysis tool that records all costs and receipts entered into the Definition section of the program. Financial calculations are carried out automatically when any value changes.

The Cashflow undertakes these calculations in real-time by producing the discount (DCF) rate at which the Net Present Value is zero, or as near to zero as can be calculated.

By selecting the options button you are able to alter the general cashflow settings by switching between the tabs.

Changing data in the cash flow spreadsheet updates the Definition inputs, and each page fully synchronizes with the other.

The screenshot displays the Circle Visual Developer software interface. The main window shows a spreadsheet view of cashflow data. The 'View' menu is open, and 'Cashflow Screen' is selected. The spreadsheet shows a table with columns for months from Nov 2001 to Jun 2002 and rows for various cost categories. A summary table at the bottom provides key financial metrics.

Row Heading	1	2	3	4	5	6	7	8
	Nov 2001	Dec 2001	Jan 2002	Feb 2002	Mar 2002	Apr 2002	May 2002	Jun 2002
Acquisition Costs								
Acquisition Price	(2,000,000)	0	0	0	0	0	0	0
Stamp Duty	(80,000)	0	0	0	0	0	0	0
Acquisition Agent Fees	(20,000)	0	0	0	0	0	0	0
Acquisition Legal Fees	(10,000)	0	0	0	0	0	0	0
Town Planning	(10,000)	0	0	0	0	0	0	0
Survey	(15,000)	0	0	0	0	0	0	0
Construction Costs/Fees								
Demolition	0	0	(30,000)	0	0	0	0	0
Road/Site Works	0	0	(5,000)	0	0	0	0	0
Con. -	0	0	(29,191)	(69,004)	(101,422)	(126,439)	(144,054)	(154,268)
Con. -	0	0	0	0	0	0	0	0
Contingency	0	0	(1,460)	(3,450)	(5,071)	(6,322)	(7,203)	(7,713)
Architect	0	0	(1,168)	(2,760)	(4,057)	(5,058)	(5,762)	(6,171)

Profit	1,147,043	Revenue	5,654,250	IRR	29.4644%	Land Int.	-238,612	Other Int.	0
Prof on Cost	25.449%	Costs	-4,507,207	Dev. Yield	9.318%	Build Int.	-82,879		
Land Cost	2,000,000	Interest	-531,495	VAT	0	Void Int.	-210,203		

Phase 1
R4:32 C9:21 Tags:None Area-Based Value: Sales Phase 1 Normal ID: 13

Options

General Cashflow Summary Country Colours

Show:
 Fixed Columns Minimal Interest/Total Information Results Panel

Display:
Data Column Width: 74
Negative Number Format: (12345)

Use 1000's Separator (,)

Font for Cashflow

Editing:
Placement of value when editing non-monthly DCF: Start of Cycle


Remove linked area records after deletion

OK Cancel

Step 11

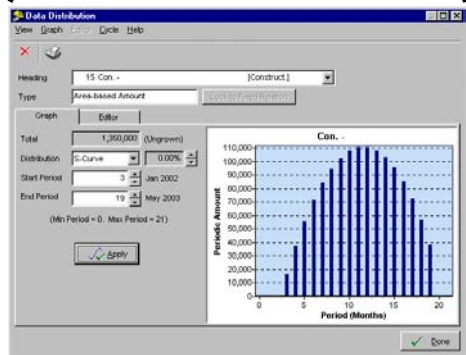
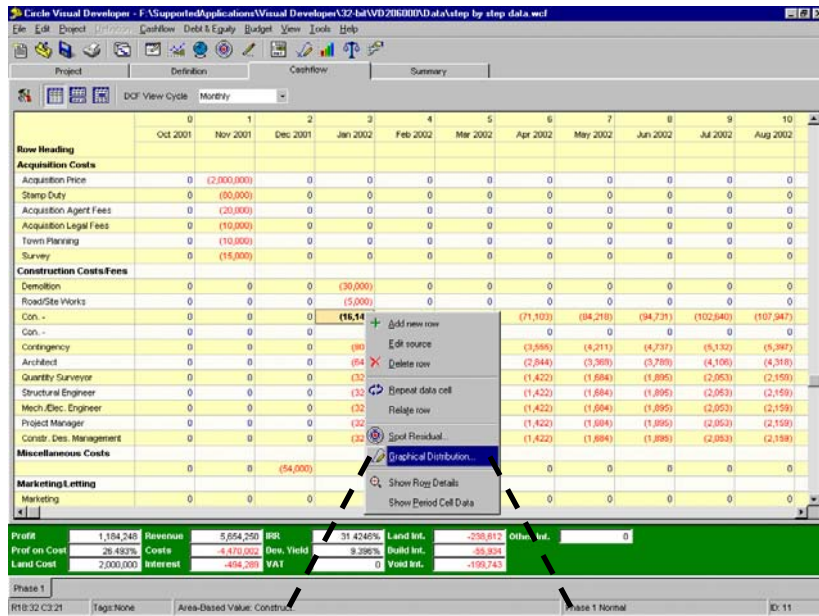
Cashflow – Data Distribution

This screen provides a graphical view showing how values are distributed over the timescale of the project. In addition, it enables you to retime and redistribute values using the standard construction-type curves.

The Data distribution function can be selected either by clicking on the Graphical Distribution button  on the toolbar or within the cashflow itself by right-clicking the mouse and selecting **Graphical Distribution**.

The distribution type can be selected using the drop-down menu along with the period length. After editing the data click on **Apply** to implement any changes. The graph to the right will update automatically. The cashflow will also update accordingly.

Click **Done** to close the screen down.



Step 12

Summary


You can see a traditional appraisal summary by selecting the Summary tab. The summary is laid out with Revenues at the top, followed by Costs, with Profit and other measures of performance at the end.

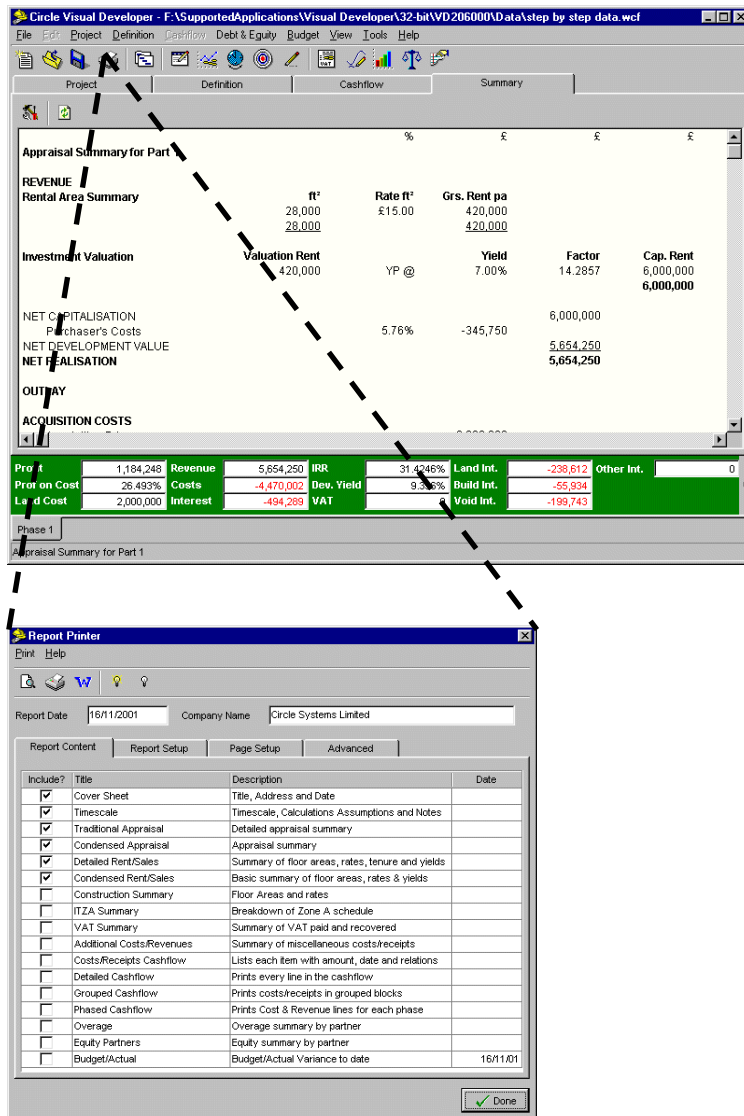
The summary is compiled from a template, whose layout can be customised.

Options

Clicking on the options icon will reveal the summary options page. This controls the general set-up of the summary page and allows you to hide/view valuations, costs, revenues and financial information.

Print Report

To print a report, choose the Print button  on the toolbar. When the Report dialog appears, select the pages you want in your report by clicking on the page names. To check the layout of the report before printing it, choose the Preview button.



The screenshot shows the 'Circle Visual Developer' application window. The 'Summary' tab is active, displaying an 'Appraisal Summary for Part 1'. The summary is structured as follows:

	ft ²	Rate ft ²	Grns. Rent pa		
REVENUE					
Rental Area Summary	28,000	£15.00	420,000		
	28,000		420,000		
Investment Valuation					
Valuation Rent	420,000	YP @	Yield	Factor	Cap. Rent
			7.00%	14.2857	6,000,000
					6,000,000
NET CAPITALISATION					
Purchaser's Costs		5.76%	-345,750		
NET DEVELOPMENT VALUE					5,654,250
NET REALISATION					5,654,250
OUTLAY					
ACQUISITION COSTS					

Below the summary is a summary table:


Profit	1,184,248	Revenue	5,654,250	IRR	31.4745%	Land Int.	-238,612	Other Int.	0
Profit on Cost	26.4933%	Costs	-4,470,002	Dev. Yield	9.336%	Build Int.	-55,934		
Land Cost	2,000,000	Interest	-494,289	VAT		Void Int.	-199,743		

The 'Report Printer' dialog is also visible, showing the 'Report Content' tab with a list of items to include in the report:

Include?	Title	Description	Date
<input checked="" type="checkbox"/>	Cover Sheet	Title, Address and Date	
<input checked="" type="checkbox"/>	Timescale	Timescale, Calculations Assumptions and Notes	
<input checked="" type="checkbox"/>	Traditional Appraisal	Detailed appraisal summary	
<input checked="" type="checkbox"/>	Condensed Appraisal	Appraisal summary	
<input checked="" type="checkbox"/>	Detailed Rent/Sales	Summary of floor areas, rates, tenure and yields	
<input checked="" type="checkbox"/>	Condensed Rent/Sales	Basic summary of floor areas, rates & yields	
<input type="checkbox"/>	Construction Summary	Floor Areas and rates	
<input type="checkbox"/>	ITZA Summary	Breakdown of Zone A schedule	
<input type="checkbox"/>	VAT Summary	Summary of VAT paid and recovered	
<input type="checkbox"/>	Additional Costs/Revenues	Summary of miscellaneous costs/receipts	
<input type="checkbox"/>	Costs/Receipts Cashflow	Lists each item with amount, date and relations	
<input type="checkbox"/>	Detailed Cashflow	Prints every line in the cashflow	
<input type="checkbox"/>	Grouped Cashflow	Prints costs/receipts in grouped blocks	
<input type="checkbox"/>	Phased Cashflow	Prints Cost & Revenue lines for each phase	
<input type="checkbox"/>	Overage	Overage summary by partner	
<input type="checkbox"/>	Equity Partners	Equity summary by partner	
<input type="checkbox"/>	Budget/Actual	Budget/Actual Variance to date	16/11/01

Step 13

Sensitivity Analysis

To start the Sensitivity Analysis by select the Sensitivity command button  on the toolbar.

The Sensitivity Fields section lists the fields available for analysis. You may add up to four different fields simultaneously, however, the fourth must be Time.

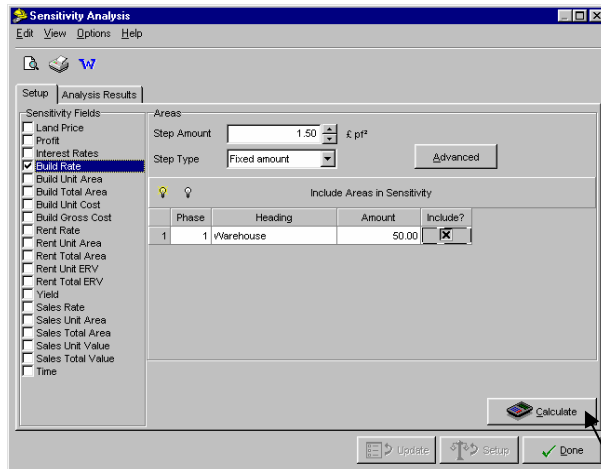
In the Sensitivity Fields list, click on the check box to the left of the required field.

Click into the Step Amount box and enter the step.

Click on the Step Type box. Select either a Fixed or % step.

To include the variable within the sensitivity analysis click on the include box.

To run the Sensitivity Analysis, click on the **Calculate** Button.

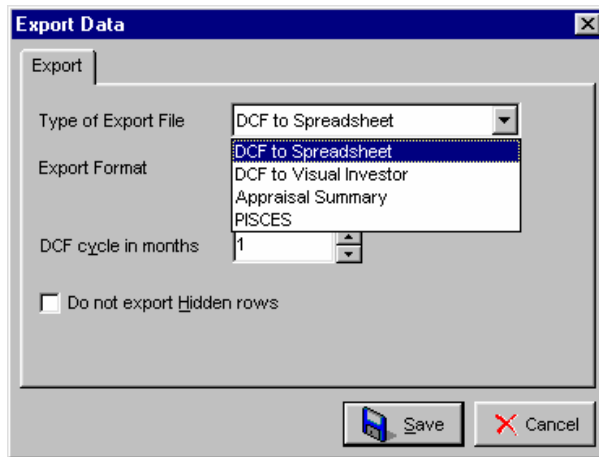


Sensitivity Analysis Results window showing the following table:

	- £5.00 ft ²	- £2.50 ft ²	£0.00 ft ²	+ £2.50 ft ²	+ £5.00 ft ²
Build Rate	£40.00 ft ²	£42.50 ft ²	£45.00 ft ²	£47.50 ft ²	£50.00 ft ²
Rent Rate					
- £5.00 ft ²	(£532,251)	(£630,159)	(£728,068)	(£825,976)	(£923,885)
£10.00 ft ²	-12.304%	-14.246%	-16.102%	-17.980%	-19.885%
- £2.50 ft ²	£367,589	£289,680	£161,772	£33,863	(£4,046)
£12.50 ft ²	9.914%	6.515%	4.200%	2.022%	-0.085%
£0.00 ft ²	£1,307,428	£1,209,520	£1,111,611	£1,013,702	£915,794
£15.00 ft ²	29.913%	27.066%	24.342%	21.752%	19.229%
+ £2.50 ft ²	£2,227,268	£2,129,359	£2,031,450	£1,933,542	£1,835,633
£17.50 ft ²	50.696%	47.411%	44.266%	41.253%	38.362%
+ £5.00 ft ²	£3,147,107	£3,049,198	£2,951,290	£2,853,381	£2,755,472
£20.00 ft ²	71.268%	67.553%	63.996%	60.586%	57.316%

Capitalization Yield: - 0.500% - 0.250% 0.000% + 0.250% + 0.500%

Time (Construction): 12 mths



Step 14

Exporting to Excel and Word

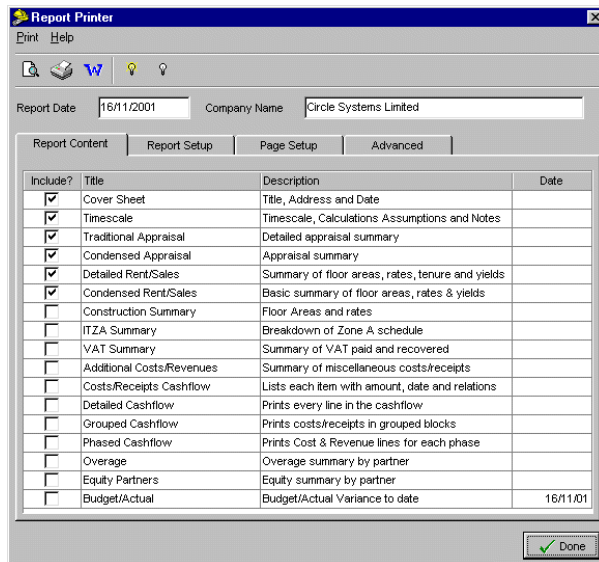
Visual Developer allows you to export data to other software packages including **Microsoft Word** and **Excel**.

To export the cash flow to excel click on **File | Export** to reveal the export data menu. This allows the user to export the **Appraisal Summary** and the **Discounted Cashflow** to excel by saving it as a Comma Separated Variable (CSV) file.

This type of file can be opened and read by most popular spreadsheet applications.

The Appraisal Summary can be exported to **Microsoft Word**.


To print a report, choose the Print button on the toolbar. By selecting the **W** button the summary is automatically exported into word and can then be edited.



Step 15

Saving Project & E-mailing File



To save a document on disk, click the Save  button on the toolbar. When you save a project for the first time, Visual Developer displays the Save As dialog box so that you can type a name for the project.

E-mail - You can email any of your project data files to a client or to another user from within Visual Developer. If you want to email the project you have open on your screen, you must save it first.

To email a project, Select **Mail Data File** from the **File menu**. You will be asked to select a project data file from the Open dialog box.

When Visual Developer displays the Send Message dialog box, you can fill in the recipient's email address and any message.

The project file will be automatically attached to the message.

Finally, click on the **Send** button, or select Send from the File menu.

Step 16

Closing Down

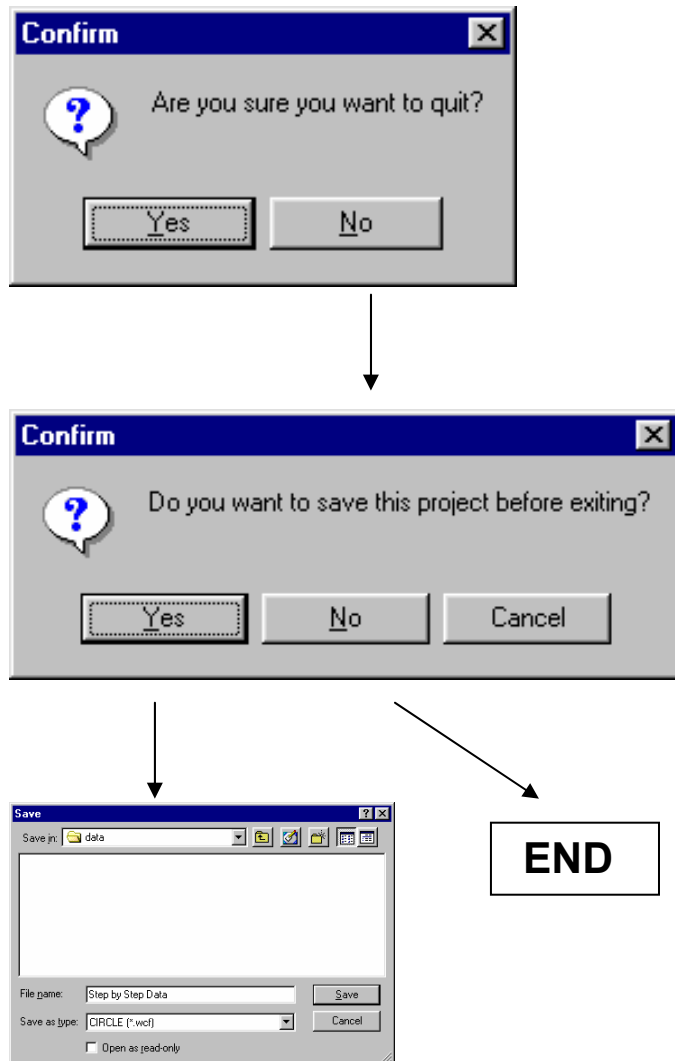
Once you are ready to exit the program choose **File** | **Exit** and a confirmation box will appear.

Clicking **Yes** will activate another warning box asking if you wish to save the project.

By choosing **Yes**, Visual Developer displays a Save as box and requires the user to enter a file name.

If the project has been created in the past and is being edited the existing file name is kept.

Choosing No closes the program down.



Rent	Lease	Option
Lease Start Date	Aug 2003	...
Rent Cycle Date	Sep 2003	...
Term (years)		7
Term (months)		0
Payment Cycle	Quarterly	
Review Cycle yrs		5
Modified in DCF		

Lease History

Step 17a

Investment Income Approach



Where a development is retained as an investment or where Pre-Lets are achieved, the information on the Lease tab will generate a flow of rental income in the cashflow. To enable the flow of rent from the lease details, select Valuation from the main menu then tick 'Tenant's Income Stream'.

Use the Lease History command button to view a schedule of rents and ERVs including growth. The Rent and ERVs are the same at the Letting and Review dates. The Exit event shows the ERV plus any growth on the Rent from the last Rent Review.

Lease History				
Retail Unit 1				
	Event	Date	Rent	ERV
▶	Letting	01/08/2003	286,472	286,472
▶	Review	01/08/2008	332,099	332,099
▶	Exit	01/02/2010	332,099	347,155

History net of Ground Rent Deductions

Done

Rent Capitalisation	
Tenure	Freehold
Yield %	6.2500%
YP	16.0000
Gross Cap. Rent	2,000,000
Rent Free Amount	0
Net Cap. Rent	2,000,000
Manual Cap. Value	0
Stage	Income Flow 
Capitalised At	Jul 2014 
Distribution mths	1

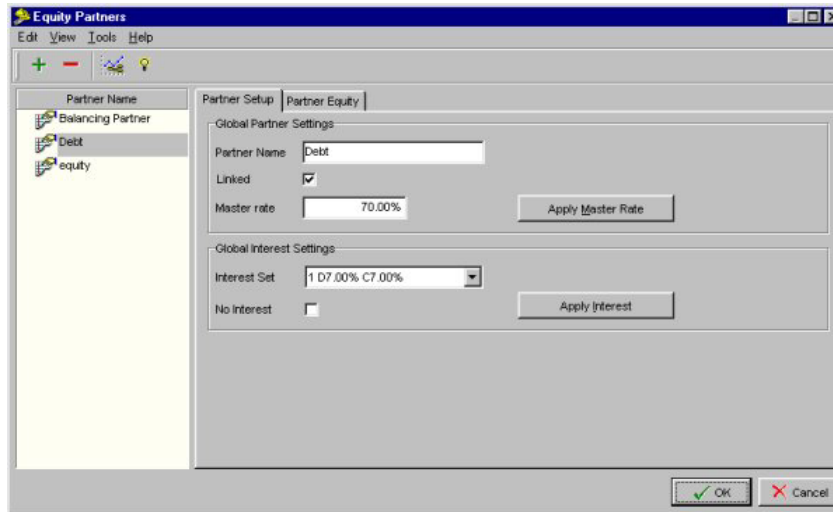
Step 17b

Investment Income Approach

Make sure that you defer the sale date to the end of the building retention by clicking into building and rent (full detail view) and selecting the dropdown menu associated with Stage.

From the menu select Income Flow and the sale date will be deferred till the end of that period. The system default is after the end of the letting period.

Any predicted growth, if applied, will also be reflected in the final Capital Value.



Step 18a

Debt and Equity (Only applicable if user has additional module)

The partnership equity module enables you to model joint venture characteristics of a project in a way that is straightforward and quick to use.

Once your development appraisal has been defined in the main section of the program, you can move on to the Debt and Equity module to describe each participating partner's share of costs and receipts.

The Debt and Equity module calculates and summarises Profit, Profit on Cost% and IRR for each partner, group of partners or all partners.

Project Cashflow				Debt			
Heading	Phase	%	Amount Remaining	% Equity	Amount	Interest Set	Ignore Interest
Rev/Cost Type : 0 - Revenue							
ERV - Retail Unit 1	1	0.00%	0	70.00%	564,340	Set 1	<input type="checkbox"/>
Cap - Retail Unit 1	1	0.00%	0	70.00%	5,615,387	Set 1	<input type="checkbox"/>
Sale -	1	0.00%	0	70.00%	0	Set 1	<input type="checkbox"/>
History - Office - Circle House	2	0.00%	0	70.00%	126,000	Set 1	<input type="checkbox"/>
ERV - Office - Circle House	2	0.00%	0	70.00%	126,000	Set 1	<input type="checkbox"/>
Cap - Office - Circle House	2	0.00%	0	70.00%	1,260,000	Set 1	<input type="checkbox"/>
Sales	2	0.00%	0	70.00%	0	Set 1	<input type="checkbox"/>
R Flow - Units 1-20	3	0.00%	0	70.00%	0	Set 1	<input type="checkbox"/>
Sale - Units 1-20	3	0.00%	0	70.00%	2,240,000	Set 1	<input type="checkbox"/>
Rev/Cost Type : 1 - Cost Reducing Revenue							
Purchaser's Costs	1	0.00%	0	70.00%	-323,587	Set 1	<input type="checkbox"/>
Purchaser's Costs	2	0.00%	0	70.00%	-72,608	Set 1	<input type="checkbox"/>
Rev/Cost Type : 2 - Cost							
RFree - Retail Unit 1	1	0.00%	0	70.00%	-141,085	Set 1	<input type="checkbox"/>
Sales Agent Fees	1	0.00%	0	70.00%	-52,918	Set 1	<input type="checkbox"/>
Sales Legal Fees	1	0.00%	0	70.00%	-26,459	Set 1	<input type="checkbox"/>
Sales Agent Fees	2	0.00%	0	70.00%	-11,874	Set 1	<input type="checkbox"/>
Sales Legal Fees	2	0.00%	0	70.00%	-6,037	Set 1	<input type="checkbox"/>

Step 18b

Debt and Equity

Each partner's involvement in the project is described in terms of the money they put into the scheme and how much they take out. For straightforward agreements, you can specify a partner's involvement as a single percentage figure that covers all costs and receipts.

After the partner shares have been defined, the program creates a discounted cashflow that details their costs and receipts over time.

When using the Apply Master Rate button to allocate costs and receipts to a partner, the program produces a new cashflow that contains every item defined in the main project. In some circumstances, this may not be exactly what you want. For example, you may want 30% of the Land Cost, 50 % of Construction Costs and 40% of the Sale proceeds. To model scenarios like this, you will need to review the detail on the Partner Equity tab.

There is a lot more in Visual Developer, and this introductory guide is by no means comprehensive.

A full User Guide is provided with the system, and there are Guides for Installation, Administrator, and Specific Topics.

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