

# STANSYS®

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**STANSYS™** Version 5

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## Overview of STANSYS Version 5

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**STANSYS™** is a highly sophisticated yet easy to use and extremely powerful computer software tool specifically designed for the property industry whilst it also has a broad business application.

**STANSYS™** has been designed by property experts over the last 15 years and is now in its fifth version. It is available in 2 versions, Professional and Lite.

Whether you are a Property Developer or and Investor, short or long term, one Stage or multiple Stages, **STANSYS™** will quickly and easily determine every conceivable aspect of your property related development or investment.

We comfortably claim to have designed the most accurate, flexible and powerful feasibility and cash flow program currently available anywhere in the world.

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### Feasibility Summary

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For a development you simply start by inputting the following information into a new Feasibility window: -

- Nominate a Project Start date,
- Elect to run the project in weekly or monthly intervals,
- Nominate the State in which the development is situated so that Stamp Duty can be automatically calculated,
- Name the Stage of the development (if there is more than one),
- Insert the name of your client if Project Managing or alternatively the development entity,
- Describe the development yourself or select from a multiple of choices including: -
- Give your Job a reference number if you wish,
- Make any notes/assumptions that you might want to about the Feasibility that you are about to create,
- You then need to insert some default items. You have an unheard of degree of flexibility in the design of your Feasibility however for the purpose of this overview we will deal with the Standard Default Items. Virtually unlimited line items can be inserted in each field.

Having entered the above very rudimentary information you are asked to create your Feasibility and are led to the Results Page of the main Feasibility window for your newly created Project.

The design of your Project now takes shape with the entering of the amount of Capital that is to be invested (before borrowing's) in the Results window before proceeding to enter your Project data under the following Standard Default Items: -

## **Income**

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Income is input as either Rental Income or Capital Income. This window allows you to fully summarise the information available at the time of creation of the feasibility and to add as much detail as you can imagine regarding these income sources at any time.

You can specify all issues relating to the length and timing of all payments, increases and the manner of increase etc. Different yields can be applied to any number of rental income streams.

If you do not intend at this time to subsequently create a cash flow, the information that you enter can be as rudimentary as Quantity and Rate resulting in a Projected income for each source of Rental or Capital Income.

Alternatively, to the right of the screen you have the option to include detailed information regarding the timing of receipt of your income by each individual source. For Rental Income insert Start (the month that rent commences) Length and Period. Then enter the Term, RFP and method of increase (CPI%, Growth, Min%, Max% and Review Type).

## **Outgoings**

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Outgoings are either recoverable or non-recoverable so naturally both options are available with the obvious impact on a calculation of the Annual Net Rent.

The Standard Default Items (again infinitely variable) include: -

The option exists to specify these outgoings as a fixed % of the income or a \$ value and to specify the timing of payment.

Sufficient information has now been entered for **STANSYS™** to calculate the Gross Rental Income, any Non-Recoverable Outgoings and therefore the Annual Net Rental, the Total Sale Price (based on your nominated yields) and any Capital Income to arrive at Total Income.

## **Land**

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The purchase price or nominated value of the Project is simply inserted in the next window. It can be entered as a lump sum or a rate per area for a nominated quantity. Stamp Duty is automatically calculated or if the land is held can be deleted. Legal fees and any other costs such as joint venture documentation costs etc are included.

The timing of payment of any land costs is easily included.

## **Construction**

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The Standard Default Items under this heading of expense include Contingency Allowance, Construction and Demolition and Clearing. Again this is infinitely variable with the following examples provided if All Default Items are selected: -

You select the manner in which this cost item is likely to be paid, by a lump sum, S-Curve etc and the timing of such payments.

Our unique S-Curve feature utilises a highly sophisticated trinomial and quadratic time and expenditure model originally created by the British Department of Works in the 60's. Three years of development by our in-house Doctors of Mathematics (PhD) has created what we believe to be the most accurate, flexible and totally up to the minute with international construction trends prediction and re-prediction model available.

No other system has this capacity.

The option exists to nominate a period of months till Construction commencement and an amount by which the Construction cost is likely to escalate per month until that time.

Our system is powerful enough to insert your Quantity Surveyors detailed cost schedule by individual item for the largest job.

## **Consultants**

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There is complete freedom to nominate as many or as few Consultants as are required to complete the Project. Structural Engineer, Architect and Project Manager appear in the Standard Default Items. All Default Items include such other Consultants as: -

Consultants fees can be input as a % of the Construction total or a \$ amount.

Again there is ultimate flexibility in the choice allowed as to timing of payment.

Select between Single Payments, Equal Payments, Periodic Payments or a Consultants option that allows you to pay a nominated % of the particular Consultants fees in a given month with the balance then remaining as you choose or negotiate.

## **Local Authority**

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Enter the estimated or known costs under this head into the following optional categories (or create your own): -

Choose to enter as much or as little detail regarding the frequency and timing of payment of any cost item. If you do not enter any timing details, it will not affect your feasibility.

It is suggested that you include this information under all headings so that the most useful cash flow applicable to the project can be automatically generated on completion of entry of the feasibility data described above and below.

This is not critical as the information can very easily be entered or manipulated within the cash flow itself.

## **Finance Costs**

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All Default Items under this heading include: -

At the risk of being repetitive, there is again, ultimate flexibility in so far as how little or how much information you enter in relation to the timing and method of payment of any particular item.

Interest is automatically calculated for the life of the project on the Total Project Costs less any Capital contribution made to the development.

Interest is input in an extremely user friendly manner by simply selecting the Rate, Type (capitalised or interest only) and the period (of months) for which each of Land, Development and Construction will be held and undertaken respectively.

An option exists to provide for Holding Costs for a specified period.

## **Titling**

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Next enter any items of cost known or anticipated under the following options. If none exist it is very easy to delete this group.

The final results will not print any items under a heading that does not have \$ values inserted as costs.

Again elect whether to include as little or as much information regarding method and timing of payment, as you wish either at this stage or prior to generating your cash flow, which relies on this information for its accuracy.

## **Selling**

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**STANSYS™** takes special care to ensure that you have properly considered and accurately represent your intentions regarding this most important aspect of any development.

Under three sub-headings all issues are thoroughly dealt with starting with Marketing which includes the known or estimated cost of Brochures and Advertising, Pre-Sale with sub-headings such as Lease Legals, Incentive Lease Commission, Tenant Incentive, Advertising fees and Acquisition fees.

Finally there is Post Sale, which, unless you design it otherwise, consists of Legals for end sale, Sales Commission and Incentive Sales Commission.

All items can be input as a % (of the sale price or rental income in the case of sale and leasing commissions) or as a \$ amount.

## **Miscellaneous**

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Any category of expense that has not yet been input can be nominated and input at this window in a similar manner.

## Reversionary

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Finally you can look at your development from the position of either the purchaser from you (at the sale price) or as a proposition to hold.

Enter the Purchase Price and Stamp Duty (automatically calculated or manually input) and Legal Fees to buy the completed development.

Enter the method of Rental Review (CPI, Annual Growth, Market etc), any Vacancy Factor anticipated, the estimated rate of CPI and Annual Growth and any Cost of Sale.

Nominate the number of Years that the project might be held and project a yield at sale (i.e. at the end of the years held). **STANSYS™** will automatically provide information such as Annual Net Rental, Gearing on Completion, and Exit Sale Price based on the information entered.

Additionally you are able to see the following results based on the above inputs: -

Reversionary Yield

Reversionary Internal Rate of Return (IRR)

Reversionary IRR Annualised

Reversionary Yield on Capital

## Results

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The all-important Results window allows you to overview all of the above inputs.

### Costs Summary

The first thing you will notice is a one figure summary of each of the above heads of cost - Land, Construction, Consultants, Local Authority, Titling, Finance, Marketing, Pre-Sale, Post Sale, Miscellaneous and Holding to arrive at Total Project Cost.

### Summary

This figure (Total Project Cost) can then be seen at the very top of the screen followed by Total Sale Revenue.

Total Sale Revenue is the sum of your Rental Income at the nominated yield and any Capital Income (or a combination of neither or both).

The Profit on Sale is then clearly displayed as a figure and as a % Return on Cost.

If you have not contracted to purchase or purchased the Land by checking the box next to Profit and Risk and then nominating a desired Return on Cost, **STANSYS™** will automatically change the Land cost to the \$ value that can be paid to achieve the desired Return on Cost.

Your Return on Cost is then shown on an Annualised basis.

Return on Capital is shown for the nominated life of the project and on an Annualised basis.

### **Analysis Summary**

The Annual Net Rental and Av Capitalisation Rate and any Capital Income are clearly shown so that you can easily confirm that the Total Sales Revenue (based on these figures) is accurate.

You will have nominated the amount of Capital to be invested earlier in the set up. Here is your chance to clearly and instantaneously view the effects of increasing, decreasing or even deleting (100% debt) this sum.

IRR, IRR Annualised, IRR on Capital Invested and IRR on Capital Annualised all appear here for ease of reference. These key indicators of the performance of your project

You can quickly see Gearing on Completion (\$), Gearing Ratio on Costs (%) and Gearing Ratio on Sale Price (%). This very powerful feature allows you to view your project from the Lenders perspective whether you are borrowing on the basis of the cost of the project or its likely end value.

By changing the Capital Invested option in this screen you can instantly see the effect on you and your lenders gearing ratios.

### **Sensitivity**

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A critical factor in any development is the effect that any variation in either Yield (%) or Capital Income (\$) will have on your Profit on Sale. You simply select increments by which you expect Yield (%) or Capital Income (\$) to vary and watch the difference that your chosen increment makes to the Profit on Sale.

### **Cash Flow Summary**

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Once you are comfortable with the feasibility that you have created and in particular the timing options that appear in each of the windows described above it is a very simple process to create a cash flow for your project.

Select Tools and the Generate Cash Flow. A window will appear entitled Step 1, Confirm Project Length. Under headings of Land Settlement, Documentation and Construction appear headings of Start (the month/year each of the heading items is scheduled to commence), Duration (in months or weeks dependent on your Options setup) and Finish (scheduled month/year).

These periods are automatically generated from your inputs made into the Finance window described within the feasibility summary above.



Step 2 is confirmation of your Start Date, Project Length, Project Name, Client, Description and Job No. At this step you can vary any of these inputs that in the first instance are automatically generated from the information input into the feasibility.

Step 3 is Cash Flow Inputs. You can vary or accept the Initial Capital Invested that again is automatically taken from the feasibility.

Depreciation Value allows you to input an amount on which you estimate depreciation will be claimed and then Depreciation Rate allows you to input a % rate at which depreciation will apply to the inserted amount. A Starting Period (month or week) is then selected for depreciation to commence.

As for the Feasibility, the Cash Flow automatically presumes that you are borrowing the Total Project Cost less Initial Capital Invested. You must confirm the Interest Rate that you expect to pay on this sum and whether interest will be Capitalised or Interest Only.

If you wish to see Profit after Tax insert the Tax Rate applicable to your entity/client and tax will automatically be calculated at the selected rate on Profit after Depreciation.

Select or de-select the box entitled Only generate items that have a projected figure and you are ready to select Generate.

The cash flow appears with similar headings, now referred to as Rows as the various options that you have included within your feasibility.

In other words you will see each item of expenditure.