Assignment 29:  
Strategic UDF Investing and  
Project Structuring  

Appendix 3a: Project Structuring and  
Strategic Investing – User Manual  

Version 02d 
6 September 2013 

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1. Disclaimer

On 15th March 2013, the Mazars Consortium was appointed to carry out the 29th Assignment issued under the European Investment Bank’s Framework Agreement for services to be provided within the context of the JESSICA initiative, titled Strategic UDF Investing and Project Structuring.

The Financial Model and the accompanying user guide has been built under the Assignment as a tool to assess the impact of introducing Financial Instrument on the viability of urban investments at the different investing levels i.e. at project and project portfolio level. It should not be used for any other purpose.

Users should note that the Financial Model is of a medium level of complexity, therefore, it is suggested that users will need to familiarise themselves with its operations as set out in this guide. Please note that the Financial Model does not contain the full complexities of a full project finance Financial Model and users may need to adopt some “simplified” assumptions when entering project data.
2. Purpose of the Financial Model

The Financial Model is a tool to assess the impact of introducing Financial Instrument on the viability of urban investments at the different investing levels:

- Project Level
- Fund Level and
- Holding Level

This Financial Model has been designed for relevant stakeholders currently involved or interested in using Financial Instrument. It is specifically designed for Managing Authorities and prospective fund managers, etc. who does not have high-level modelling tools to evaluate the impacts of Financial Instruments on projects or funds in order to make strategic investment decisions.

For each level, a cashflow is calculated as well as key indicators such as the payback periods, Internal Rate of Return (IRR), Net Present Value and the financial index (see the definition list in Annex).

The Financial Model has the flexibility to add and delete projects and funds using macros.

All the calculations present in the Financial Model are before tax. The impacts of the tax legislation which vary between countries within the European Union are not taken into account in this Financial Model. An analysis outside the Financial Model should be carried out to take into account the tax impacts.

Please find below the conceptual map of the Financial Model:
Model Inputs

Project Level
- Project Start
- Project Template
- Project 1
- Project 2
- Project 3
- Project n
- Project End

Fund Level
- Fund Start
- Fund Template
- Fund 1
- Fund 2
- Fund 3
- Fund n
- Fund End

Holding Level
- Holding Fund

Projects Summary

E.g.
- Project 1 - Fund 1
- Project 2 - Fund 2
- Project 3 - Fund 1
- Project 1
- Project 2
- Project 3
- Project n

Funds Summary

Dashboard

Key Outputs and Graphs

Holding Fund

Key Outputs and Graphs
3. Financial Model Guidance Sheet

3.1 Opening the Financial Model

When opening the Financial Model, you will be directed to the following tab:

Enable Content: In case of security warnings, before continuing, please press ‘Enable Content’. Then, please choose the calculation mode to be used: automatic or manual.

Select Automatic Mode or Manual Financial Model

- The “Automatic mode” is recommended for beginner Excel Users. Using Automatic Financial Model will avoid pressing further keys to fully calculate the Financial Model.

- The “Manual Mode” is recommended for proficient/advanced Excel Users. To see the results of any changes to inputs you make, you will need to press the F9 key. All macros include a calculation routine, so you should not need to press F9 after running these.

Disclaimer: Once, the calculation mode chosen, you will be directed to the disclaimer sheet. Please press “Accept” to signify that you understand and accept the disclaimer contained there.

Please note that the Financial Model utilises a limited amount of VBA (Visual Basics for Applications) and therefore you may need to adjust your security settings to allow the code to run. Additionally several of the Financial Model calculations rely on functions contained within the Analysis Tool pack add-in, which you will need to make sure is installed (the Excel help function can assist with this).

The Financial Model has been build using the FAST Financial Modelling standard. For more guidance on the standard and how you can best use its structure, please visit www.fast-standard.org.
3.2 Map sheet

This sheet displays graphically the flow of the Financial Model. It illustrates the three levels (project, fund, and Holding Fund levels) building up the Financial Model.

3.3 Table of contents

This sheet lists all the sheets of the Financial Model and provides links to bring you directly to each of them.

3.4 Instructions Sheet

3.4.1 Key

This section explains the colour coding used in the Financial Model.

3.4.2 Instructions

This section lists the instructions to follow in order to use the Financial Model correctly.

3.4.3 Funding assumptions

QUICK TIP – (Under a UK keyboard)

Below are some navigation tips to enable you to move efficiently around the Financial Model:

- **Ctrl+page down** will move you one worksheet to the right. **Ctrl+page up** will move you to the left.

- To navigate to the source of a figure or value in the Financial Model, press **Ctrl+ [**. This is particularly helpful if you want to navigate from a value in the working sheet back to the source input, or from an output in the summary sheet to where it is calculated.

- Once you’ve used **Ctrl+ [** you can return to your original location by pressing the **F5** key followed by ‘enter’.
This section lists the funding assumptions taken in the Financial Model by default and how to change them.

3.4.4 Financial Index

This section explains the financial index calculation.

3.4.5 Navigation Buttons

This section explains the purpose of the navigation buttons present at the top of the project, fund and the holding sheets. These buttons make it easier to navigate through the Financial Model and reach the key output sections.

3.4.6 Macros

This section explains the different macros present in the Financial Model.

3.5 Inputs Sheet

This sheet includes the basic assumptions used in the Financial Model. It includes the following two sections:

- **Financial Model Inputs**: in this section you can specify the name of the Financial Model, the currency used and the Financial Model start date.
- **Non-changeable Technical Inputs**: this section is used to set basic parameters of the Financial Model. You should not need to change them. It has the basic timeline and the tolerance level values in it.
Please note that there are a variety of inputs in the Financial Model, and a separate colour is used for each type of the input:

- **Light yellow**: input cells which have to be populated manually.
- **Light green**: input cells which have a link or calculated value by default.
- **Light grey**: input cells where no value is expected (these are non-changeable and the technical inputs).

3.6 Dashboard

The dashboard sheet shows the **key indicators** to monitor the holding fund and a particular portfolio. This section summarises the Financial Index, IRR, NPV, Payback periods, Sources of Funds and the Gearing.

Under the fund section, there is a switch on cell ‘E51’ to display the outputs of a particular fund.

3.7 Project Template (Pr_temp)

The sheet is a general template for the project level.

A new copy of this sheet is created whenever the “Add Project” button is clicked at the top of the worksheet. You will be able to name your new Project.

This sheet has buttons at the top of the worksheet to allow the user to navigate through the sheet and to provide the functionality of adding projects.

The “**Key Inputs**” and “**Key Outputs**” are at the top of the sheet in the “**Summary**” section. The workings and calculations are below this first section.

The graphs present in the “**Key Outputs**” section of the sheet are a good way to have a quick understanding of the underlying shape of the project. The graphs present at the top of the sheet display the net cashflow, commercial and JESSICA debt service, Private and JESSICA Equity distributions.

3.8 Project Summary (Pr_Sum)

This sheet is an intermediate sheet which let to summarise all the projects calculations.

No inputs are required in this sheet. This sheet is dynamic and is updated automatically when adding or deleting projects.

3.9 Fund Template (Fund_temp)

The sheet is a general template for the Fund level.

A new copy of this sheet is created whenever the “Add Fund” button is clicked at the top of the worksheet. You will be able to name your new Fund as you like, for example: LEEF, Foresight, Merseyside, or Evergreen
This sheet has buttons at the top of the worksheet to allow the user to navigate through the sheet and to provide the functionality of adding funds.

The sheet includes general fund characteristics such as name, Indexations, revenue sources, Costs and Management Fees, which is entered as a % of JESSICA loan Balance.

The consolidated cashflows of the projects constitutes the cashflows of the fund (of which the project is a part of) and are further used at a portfolio level for the calculations of the key indicators such as Financial Index, IRR, NPV, Payback periods, Sources of Funds and the Gearing, which go to the Fund Summary and finally to the Dashboard.

As for the project sheet, the graphs present in the Key Output section of the sheet show the net cashflow, commercial and JESSICA debt service, Private and JESSICA Equity distributions.

3.10 Fund Summary (Fund_Sum)

This sheet is an intermediate sheet which summarises all the funds cashflows. This sheet then flows to the “Holding” Sheet and “Dashboard” Sheet.

3.11 Holding Sheet

The sheet is a final calculation sheet. This sheet has buttons at the top of the worksheet to allow the user to navigate through the sheet.

The sheet includes the general requirements such as name, Indexations, revenue sources, Costs and Management Fees, which is entered as a % of JESSICA loan Balance.

The consolidated cashflow of all the funds constitutes the cashflow of the Holding Fund. This cashflow is then used in to calculate key indicators at holding level: financial Index, IRR, NPV, Payback periods, Sources of Funds and the Gearing.

This information can be found at the top of the Holding Fund sheet or at the top of the Dashboard.
4. Instructions

This section explains in more details step-by-step how to use the Financial Model.

ADD A PROJECT

1.1 To add a new project, click on the 'Add Project' button presented on the top of Dashboard/Pr_Temp/Projects sheet. A new project sheet with the default values as in the Project Template will be added.

Please note that 'Pr_Temp' is the template sheet for the project level. No inputs should be added here.

1.2 Update the project inputs into the particular project sheet from row 13 to row 75 in the input cells (format: light yellow + border).
1.3 Input the Portfolio / Fund name of which the project is a part of in cell F14.

1.4 If the selected calculation mode is manual, calculate the Financial Model using Ctrl + Alt + F9. This will generate the outputs (Cash flow, Returns, NPV, and Payback) for the projects. The Cash flow of the projects would also flow into the selected fund.
ADD A FUND

2.1 To add a new fund, click on the 'Add Fund' button presented on the top of Dashboard/Fund_Temp/Funds sheet. A new fund sheet with the default values as in the Fund Template will be added. Please note that the 'Fund_Temp' sheet is the template sheet for the fund level. No inputs should be added here.

2.2 Update the fund inputs into the particular fund sheet from row 13 to row 43 in the input cells (format: light yellow + border).

- Macro generated Input,
- Financial Model and sheet specific
- Input to be entered into the cells marked with light yellow and borders
- IRR details of the projects active in this
2.3 If the selected calculation mode is manual, calculate the Financial Model using Ctrl + Alt + F9. This will generate the outputs (Cash flow, Returns, NPV, and Payback) for the funds. The Cash flow of the funds would also flow into the holding sheet.
UPDATE THE HOLDING INPUTS

3.1 Update the holding inputs into the holding sheet row 13 to row 43 in the input cells (format: light yellow + border).

3.2 If the selected calculation mode for the Financial Model is manual, calculate the Financial Model using Ctrl + Alt + F9. This will generate the outputs (Cash flow, Returns, NPV, payback) for the holding which will further flow into the Dashboard.
IF THE CHECKS ARE ACTIVE

4 If the Financial Model checks (cell G2 on the top of every sheet) are active, trace them by pressing 'Ctrl + [' . The further explanations of the checks are presented in front of the individual checks.

DELETING A PROJECT

5 To delete a project, click on ‘Delete Project’ button presented on the top of Dashboard sheet. The project’s sheet and the project’s data in the project summary sheet will be deleted.

DELETING A FUND

6 To delete a fund, click on the Delete Fund button presented on the top of Dashboard sheet. The fund’s sheet and the fund’s data in the fund summary sheet will be deleted.
NAVIGATING BETWEEN THE THREE LEVELS

7 To navigate to different parts of a Project / Fund / Holding sheet use the different navigation buttons provided at the top of these sheets. (Summary, Cashflow, Returns, NPV, Payback).

USING THE DASHBOARD

8 To navigate to the Dashboard sheet from the Project / Fund / Holding Sheet, use the navigation button provided at the top of these sheets. The Dashboard provides the user with an additional functionality of Deleting Projects and Funds.
USING THE SUMMARY SECTION

9  ‘Summary’ section presented at the top of Projects / Funds / Holding sheets consists of ‘Key Inputs’, ‘Key Outputs’ (Financial Index, IRR, NPV, Payback periods, Sources of Funds, Gearing %) and Graphs.

MACROS WARNING

10  When saving the Financial Model, you may have a privacy warning, just press ‘Ok’ to continue.

DASHBOARD

11  Other information: The Dashboard has a switch to change between funds in the funding section which can be used to see the output graphs of a particular fund.
Key Output Graphs depicting Cash flows, Loans, Equities for each Fund in accordance with the switch selected.
NAVIGATE BETWEEN SHEETS

12 In order to navigate more easily between the sheets, a window has been created with the list of the sheets available in the Financial Model.

Press: Ctrl + Shift + J and the following window will appear:

![Navigate window]

If you want to go to the ‘Dashboard’ sheet for example, just click on ‘Dashboard’ and press ‘Activate’.
Click ‘Cancel’ to close the window.

UNPROTECT SHEETS

13 Once open, the Financial Model will be automatically protected which means that only the cells in yellow could be modified.

If you are an advanced user of excel and want to make any changes in terms of Financial Modelling, you have the possibility to do so by unprotecting the Financial Model and use the following password: ‘Mazars’. However, please note that should the sheets be deleted or renamed manually, the macros not will worked properly.

FINANCIAL MODEL SPEED

14 After adding 10 projects and 10 funds approximately, the Financial Model may operate slightly slower, and therefore, can take up to 1 minute to add a new project or a new fund.
5. Funding Assumptions

1. In the Base Case, 100% of the debt is provided as a commercial loan. However, it can be divided into commercial loan and JESSICA loan as and when required.

Similarly, equity funding is 100% from private equity which can be divided into private equity and JESSICA equity as and when required.

Enter the % input for ‘Commercial Loan’ and ‘Private Equity’. JESSICA % will get automatically calculated.
2. By default, the debts are repaid on an annuity basis. However, this can be changed in cells F61 and G61 by selecting '2' and then by entering a manual profile row 269 and 292.

Enter the Repayment term and select the repayment profile, '1' for 'Annuity' and '2' for 'profiled'.
3. In the Base Case, Private equity and JESSICA equity are repaid equally depending on the cash availability.

As, Private Equity and JESSICA equity repayments are one time repayments on the dates entered by the user, the date can be changes, for example to repay the JESSICA equity before the private equity. By default the repayment date is the end of the concession.

Enter the ‘%age Share in Cash for Repayment of - Private Equity’ and the redemption date.
6. Case studies – Examples

In this section, there are examples on how to use the Financial Model step-by-step with two simple case studies.

a. Multicentre (Urban project)

   i. Summary

The project is the construction of a multicentre in France and involves a multi-functional facility for culture, entertainment, and commercial purposes. The Centre will be approximately 15,000 m².

The construction will start in 2013 and will last two years.

In France, the expected inflation rate (RPI) is 3% per year.

All spaces created by the Project will be commercialized and relevant agreements signed with large retail and service chains.

- Revenue from ticket sales (cinemas, artist exhibitions, other entertainment facilities) : expected revenue per year : € 80,000/year
- Rent collection from the leasing of newly developed commercial space (large retail, food, and services chains) : expected revenue per year : € 600,000/year

Based on the business plans, the investors are planning to sell the multicentre after 25 years of concession with a yield of 7.5%.
The investment requirement (capital expenditure or Capex) is €7m.

There would potentially be associated labour costs as well: €80,000/year.

The main project operating costs would be related to the maintenance of the commercial infrastructure space also called lifecycle costs: €100,000/year.

The different parties involve want to calculate the different keys indicators and cashflows firstly using a gearing of 80%.

The commercial loan terms are still under negotiation but the following characteristics are expected:

- Repayment terms: 15 years
- Loan rate: 3.5%
- Arrangement fees: 1%

For this project, the private investors expect a project IRR of 10%.

ii. In practice in the Financial Model

1. Go the Pr_Temp sheet
2. Press “Add Project”
3. Enter the name of the project, for example: “Multicentre” and press “OK”
4. Start entering the inputs as per the case summary above (i).

Under this current case, the project IRR is 10.57% and the private equity IRR 14.15%.
The private equity IRR is above the expected IRR from the private sector, therefore, it is reasonable to assume that this is an attractive project to the private investor.

<table>
<thead>
<tr>
<th>IRR</th>
<th>Nominal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity IRR</td>
<td>14.15%</td>
</tr>
<tr>
<td>Project IRR before financing</td>
<td>10.57%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payback period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Payback Period</td>
<td>15 years</td>
</tr>
<tr>
<td>Private Equity Payback Period</td>
<td>19 years</td>
</tr>
<tr>
<td>Commercial Loan Payback Period</td>
<td>14 years</td>
</tr>
</tbody>
</table>
b. Waste Incineration plant

i. Summary

The project will consist of the development of Combined Heat and Power plant on an industrial area in Wales. The plant will produce both electricity and heat of approximately 10.0 MW. It will significantly improve the environment and provide a comprehensive solution for the landfills program in the region. It is envisaged that the facility will process approximately 153,000 tonnes of municipal waste and 36,500 tonnes of wet sewage sludge. The installation is to consist of two technological lines, an efficient multi-stage flue gas treatment system, with electricity and heat produced to be transmitted to the power grid and local heating network.

The construction will start in **2013** and will last three years.

In the UK, the expected inflation rate (RPI) is **3% per year**.

The project will have multiple potential sources of revenue, including:

- Revenue from sale of generated electricity; expected revenue per year: **€300,000/year**;
- Revenue from sale of produced heat; expected revenue per year: **€220,000/year**

The investment requirement (capital expenditure) is **€10m**.

The main project operating costs are related to gas consumption, connection and transmission charges, carbon production, maintenance, consumables, disposal, and labour costs. Expected costs per year: **€70,000/year**

The different parties involve want to calculate the different keys indicators and cashflows firstly using a gearing of 70%.

The commercial loan terms are still under negotiation but the following characteristics are expected:

- Repayment terms: 22 years
Loan rate: 4%
Arrangement fees: 1%

For this project, the private investors expect a project IRR of 8%.

ii. In practice in the Financial Model
5. Go the Pr_Temp sheet
6. Press “Add Project”
7. Enter the name of the project, for example: “Power plant” and press “OK”
8. Start entering the inputs as per the case summary above (i).

Under this current case, the project IRR is 2.75% and the private equity IRR 4.28%.
The private equity IRR is far below the expected IRR from the private sector. In such case, one should consider including some JESSICA investments into the project to improve the financial viability.

<table>
<thead>
<tr>
<th>IRR</th>
<th>Nominal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Equity IRR</td>
<td>2.75%</td>
</tr>
<tr>
<td>Project IRR before financing</td>
<td>4.28%</td>
</tr>
</tbody>
</table>

Payback period

<table>
<thead>
<tr>
<th>Payback Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Payback Period</td>
<td>20 years</td>
</tr>
<tr>
<td>Private Equity Payback Period</td>
<td>29 years</td>
</tr>
<tr>
<td>Commercial Loan Payback Period</td>
<td>17 years</td>
</tr>
</tbody>
</table>

iii. Cashflow improvement

At the top of the sheet, you will notice that one alert is activated. By pressing Ctrl + [, on cell G3, the following elements will be shown with the details:

<table>
<thead>
<tr>
<th>Checks &amp; Alerts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checks OK &amp; Alert</td>
</tr>
<tr>
<td>Checks</td>
</tr>
<tr>
<td>Do not delete</td>
</tr>
<tr>
<td>Of Winding up Check</td>
</tr>
<tr>
<td>Of柯金可How Summet Check</td>
</tr>
<tr>
<td>Total Funding Check</td>
</tr>
<tr>
<td>Source &amp; Uses of Fund Check</td>
</tr>
<tr>
<td>Private Equity - Balance Check</td>
</tr>
<tr>
<td>JESSICA Equity - Balance Check</td>
</tr>
<tr>
<td>Commercial Loan - Closing Balance Check</td>
</tr>
<tr>
<td>JESSICA Loan - Closing Balance Check</td>
</tr>
<tr>
<td>Nominated Cash (Overdraft) - Closing Balance Check</td>
</tr>
<tr>
<td>Do not delete</td>
</tr>
<tr>
<td>JERFS</td>
</tr>
<tr>
<td>Do not delete</td>
</tr>
<tr>
<td>Is Cash in Credit?</td>
</tr>
<tr>
<td>Does cash balance reconcile to cashflow?</td>
</tr>
<tr>
<td>Do not delete</td>
</tr>
</tbody>
</table>
The alert indicates that the cash balance is negative in some periods. The revenues are not sufficient to cover the operating costs and service the debt in some periods.

The following approaches could be taken to improve the cashflows:

- find new sources of revenue without increasing the costs;
- optimise the financing: introduction of Financial Instruments or grant

This list above is not exhaustive and will depend on each project, financing structure, and cost/revenue sources.

c. Fund level

With these two case study examples, one project (Multi-Centre) has an IRR which meet the private sector expectations and the other project (Waste Incineration Plant) does not.

At fund level, these two projects will compensate each others to get a Private Equity IRR of 9.13%. Depending on the expected return of the fund, this could be an acceptable IRR. The fund level allows you to take a ‘portfolio’ approach to strategic investing.
7. Component analysis - example

If for example, a component analysis is required the project sheet of the Financial Model can be used as the **component level** and the fund sheet as the project level.

If for example there is a project composed of commercial space and residential space; and the project managers wants to follow the finances for these two spaces, separately, they can do so by considering each sub-project as a separate project.

In this case, the project level will be used for each sub-project and the fund level will be the synthesis of the two projects.
8. Annexes

Key
Colour coding used in the Financial Model

<table>
<thead>
<tr>
<th>Cell Type</th>
<th>Coding Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input Cell</td>
<td>Light Yellow + Border</td>
</tr>
<tr>
<td>Input Cell with default value link</td>
<td>Light Green + Border</td>
</tr>
<tr>
<td>WIP Coding</td>
<td>HARD YELLOW</td>
</tr>
<tr>
<td>Counter flow within sheet</td>
<td>Icy Blue + Black Font</td>
</tr>
<tr>
<td>Counter flow between sheets</td>
<td>Icy Blue + Blue Font</td>
</tr>
<tr>
<td>Dead Values</td>
<td>Colour Index 24</td>
</tr>
<tr>
<td>Import from other sheet</td>
<td>MZR Blue Font</td>
</tr>
<tr>
<td>Export to other sheet</td>
<td>MZR Red Font</td>
</tr>
<tr>
<td>Error Check</td>
<td>Red Shade</td>
</tr>
<tr>
<td>Alert</td>
<td>Orange Shade</td>
</tr>
</tbody>
</table>
### Navigation Buttons

**Various buttons present in the Financial Model for client use**

<table>
<thead>
<tr>
<th>Navigation Button</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary</strong></td>
<td>This button (presented at the top of each sheet) helps to navigate to the ‘Summary’ of a particular project / fund / holding.</td>
</tr>
<tr>
<td><strong>Cashflow</strong></td>
<td>This button (presented at the top of each sheet) helps to navigate to the ‘Cashflow’ of a particular project / fund / holding.</td>
</tr>
<tr>
<td><strong>Returns</strong></td>
<td>This button (presented at the top of each sheet) helps to navigate to the calculation of ‘Returns’ of a particular project / fund / holding.</td>
</tr>
<tr>
<td><strong>NPV</strong></td>
<td>This button (presented at the top of each sheet) helps to navigate to the calculation of ‘NPV’ of a particular project / fund / holding.</td>
</tr>
<tr>
<td><strong>Payback</strong></td>
<td>This button (presented at the top of each sheet) helps to navigate to the calculation of ‘Payback Period’ of a particular project / fund / holding.</td>
</tr>
<tr>
<td><strong>Dashboard</strong></td>
<td>This button (presented at the top of each sheet) helps to navigate to the &quot;Dashboard&quot; sheet of the Financial Model. &quot;Delete&quot; Macros are present at the Dashboard sheet only.</td>
</tr>
</tbody>
</table>
## Macros

### Various Macros provided in the Financial Model

<table>
<thead>
<tr>
<th>Macro</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Add Project</strong></td>
<td>This macro button (presented at the top of Dashboard/ Pr_Temp / Projects sheet) helps in adding a new project with the default input values as in Project Template (i.e. Pr_Temp sheet). Subsequently the project's data will also be added in the Project Summary i.e. Pr_Sum sheet.</td>
</tr>
<tr>
<td><strong>Delete Project</strong></td>
<td>This macro button (presented at the top of Dashboard sheet) helps in deleting a project. The project sheet of the selected project would be deleted. Subsequently the project would also be deleted from the Project Summary i.e. Pr_Sum sheet.</td>
</tr>
<tr>
<td><strong>Add Fund</strong></td>
<td>This macro button (presented at the top of Dashboard/ Pr_Temp / Funds sheet) helps in adding a new fund with the default input values as in Fund Template (i.e. Fund_Temp sheet). Subsequently the new fund's data will also be added in the Fund Summary i.e. Fund_Sum sheet.</td>
</tr>
<tr>
<td><strong>Delete Fund</strong></td>
<td>This macro button (presented at the top of Dashboard sheet) helps in deleting a fund. The fund sheet of the selected fund would be deleted. Subsequently the fund would also be deleted from the Fund Summary i.e. Fund_Sum sheet.</td>
</tr>
<tr>
<td><strong>Unprotect Sheet</strong></td>
<td>This macro (presented at the top of protected sheets i.e. from Pr_Start ---&gt; Fund_Sum) helps in unprotecting a protected sheet. If changes are required to be made in a protected sheet, run the Unprotect Sheet macro to unprotect it before any changes can be made. The password is ‘Mazars’.</td>
</tr>
</tbody>
</table>
### Definition list

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annuity repayment</strong></td>
<td>The repayment of debt is organised in such a way that the principal and interest payments are repaid over the tenor of the debt in order to produce a series of annual payments.</td>
</tr>
<tr>
<td><strong>Cashflow</strong></td>
<td>Cash flow is the movement of money into or out of a business, project, or financial product. It is usually measured during a specified, limited period of time. Measurement of cash flow can be used for calculating other parameters that give information on a company's value and situation. Cash flow can be used, for example, for calculating parameters: it discloses cash movements over the period.</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>Capital expenditures (CAPEX or capex) are expenditures creating future benefits. A capital expenditure is incurred when a business spends money either to buy fixed assets or to add to the value of an existing fixed asset with a useful life extending beyond the taxable year.</td>
</tr>
<tr>
<td><strong>Dashboard</strong></td>
<td>User interface to summarize the data at fund and holding levels</td>
</tr>
</tbody>
</table>
| **Financial index** | The Financial index is an index to evaluate financially a project or a fund and compare projects/funds between them. The financial index helps to answer the following questions:  
- Does my project/fund meet my private investors' requirements?  
- Does my project/fund is profitable?  
- Does my project is in line with my overall financial strategy investment?  
At project level, the financial index is a weighted average index of 4 components:  
- The difference between the Private Equity IRR of a project or a fund. The difference being limited between [-10;+10]  
- The profitability index transformed on a scale of [-10;10]  
- A number on a scale of [-10;10] chosen by the user to evaluate the size of the JESSICA amount used against the financial strategy investment of the fund;  
- A number on a scale of [-10; 10] chosen by the user to evaluate the timing of the JESSICA amount used against the financial strategy investment of the fund.  
At fund level, the same logic has been applied to calculate the financial index apart for the two questions which only applied at project level. |
<p>| <strong>Gearing</strong> | Gearing, called leverage in the US and some other countries, measures the extent to which a company is funded by debt. One common definition is: debt/ (debt + equity). |
| <strong>IRR</strong> | Internal Rate of Return. It is a rate is a rate of return used in capital budgeting to measure and compare the profitability of investments. Two types of IRR have been calculated: real and nominal. The real IRR is the IRR calculated without the inflation. |</p>
<table>
<thead>
<tr>
<th><strong>JESSICA</strong></th>
<th>Joint European Support for Sustainable Investment in City Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payback period</strong></td>
<td>The length of time required to recover the cost of an investment.</td>
</tr>
<tr>
<td><strong>Net Present Value</strong></td>
<td>Net present value: is defined as the sum of the present values of the individual cash flows of the same entity.</td>
</tr>
</tbody>
</table>
| **Profitability Index (PI)**| Also known as profit investment ratio (PIR) and value investment ratio (VIR), is the ratio of payoff to investment of a proposed project. It is a useful tool for ranking projects because it allows you to quantify the amount of value created per unit of investment. Rules for selection or rejection of a project:  
  - If PI > 1 then accept the project  
  - If PI < 1 then reject the project |
| **Yield**                   | It is the percentage of rental income for the purchase price. The yield is calculated by dividing the gross annual rental income by the purchase price. |