

# Software Description



YAVICA

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# 1. FlexProperty overview

In the following we have provided a high-level overview of FlexProperty.

## 1.1 Introduction

YAVICA has developed FlexProperty as an ISV (Independent Software Vendor) solution and FlexProperty is embedded into Microsoft Dynamics 365 for Financials and Operations (D365FO).

FlexProperty adds to Microsoft D365FO the features and support for workloads around properties and lease contract management together with enhanced features in other areas for managing business processes within real estate/property management.

## 1.2 Property hierarchy

The solution holds the detailed information around properties and units. Units typically represent the spaces that are leased to tenants (or leased from landlords) and are placed in the hierarchy of property/building · floor · unit.

The solution also holds the possibility to sub-divide units into individual rooms, for scenarios where there is a need to lease individual rooms, or just hold such information in the database.

Properties can be added to lots and property groups, and refined with information of e.g., purpose and type of property. Information about multiple unit area types, availability/occupancy and type of unit are specific addresses are part of information available on units.

Finally, the solution also holds information of assets/objects related to the property hierarchy, e.g. facilities/service objects (i.e., elevators, surveillance and furniture).

### 1.2.1 PARKING FACILITIES AND ACCESS DEVICES

In addition to holding information around the properties/floors/units, FlexProperty also has separate features for tracking parking facilities, which can be either individually, leased spaces or parking lots, holding several spaces, split into multiple parking space types.

This is a typical area, where the access device (keys, access cards) of the solution is often used to allow users access to "fenced parking".

The access device features of the solution can also be used for other purposes, such as tracking access key cards to a building or parts of a building (requires integration with on-site physical systems).

## 1.2.2 FUNCTIONALITY OVERVIEW

- Property structure to manage lots, property groups, property sections, properties, floors, units and rooms.
- Property types, unit types, area types, purposes.
- Copy properties, floors and units.
- Re-measurement of units.
- Split and merge units.
- Data source available for building linking to graphical floor plans.
- Information of fixed asset number and project number displayed on properties and units.
- Handling status of the properties and units, e.g., vacant unit functionality.
- Unit capacity, allowing you to let the same unit multiple times in the same period
- Handling parking spaces, linked to property, floor and/or defined as dedicated parking space unit.

## 1.3 Contracts and Lease agreements

Contracts are at the center of any real estate organization. FlexProperty holds the ability to manage several different types of contracts:

- Tenant contracts (leases towards tenants).
- Non-tenant contracts (revenue generating contracts for other purposes than tenants).
- Landlord contracts (contracts that generate expenses/purchase orders).

Broadly speaking, all these contract types have many of the same features that allow Microsoft D365FO to do recurring billing, taking into account the special requirements for leases.

A contract is structured with a header and a number of lease lines (charges). Typically, once a contract is setup correctly in the solution, the user only has to change setup if there is a change to the lease agreement. Anything else is managed through setup and periodic processes in the solution.

### 1.3.1 FUNCTIONALITY OVERVIEW

- Setting different types of contracts and lease agreements, e.g., tenant contracts, non-tenant contracts and landlord contracts.
- Tenant information for invoicing, addresses, contacts.

- Copy contracts or create contracts Lease contracts based on templates.
- Client defined setup of billing and price frequencies, e.g., monthly, quarterly, biweekly, one-off, manual.
- Rates and rate adjustments, e.g., standard rates, agreed rates, manually agreed adjustments, indexation (CPI), stepwise adjustments, rent free periods.
- Change, extend or end lease Lines.
- Manage amendment of the contract.
- Manage expiration and early termination of the contract.
- Date management for validity periods, rent free periods, irrevocability, renewal, notice.
- Manage lease line discount requests from tenants in a journal.

## 1.4 Price adjustment and indexation

Price adjustments, indexation (or CPI adjustments) are covered in many different variations, including the use of different indices, full or partial indexation, max/min increase.

The solution automatically keeps track of adjustment dates for all leases, and automatically includes the relevant leases for adjustment, when the adjustment process is run – typically when a new index value is available. All historic rates and charges are stored on the lease, so it is always possible to review prior year charges for controlling or error correction if needed.

### 1.4.1 FUNCTIONALITY OVERVIEW

- Automatically crediting already invoiced periods, where the rate was incorrect or CPI index figures not ready, when invoiced.
- Bulk adjustment of lease lines, using indexation setup of the lease lines.
- Bulk adjustment of selected lease lines, using fixed rate or percentage, e.g. for cleaning.
- Setting up and applying step rent of lease lines.
- Manual price adjustment of lease liens, according to lease agreement.
- Applying standard prices/rates.

## 1.5 Percentage rent

A very common requirement in retail leases is the concept of percentage rent or turnover rent. FlexProperty has the functionality to manage percentage rent through a setup at the lease line level, including different percentages, breakpoints and threshold charges. The solution allows billing of pre-payments based on budgeted tenant sales with a subsequent reconciliation process managed by the solution.

After initial setup, the solution only needs input about the actual tenant sales for the defined period to calculate the correct percentage rent, and issue a charge during the next billing process.

### 1.5.1 FUNCTIONALITY OVERVIEW

- Pre-defined percentage rent templates.
- Breakpoint and percentage setup on the lease line.
- Prepayment, minimum and maximum setup on the lease line.
- Relations between lease lines.
- Capturing tenant sales in multiple ways, including correction.
- Calculation of percentage rent for multiple lease lines in a dedicated journal.
- Automatically create one-off lease lines for invoicing, based on the journal true-up amounts.

## 1.6 Service Charges and cost allocation

Service charges, or cost allocation, are the functionality to support tracking of expenses by expense pools and allocating these expenses to individual units.

The service charges functionality allows the user to allocate costs, manage prepayments, and perform a subsequent reconciliation, where selected expense pools and prepayments are settled together.

Expense pools are used to group property units, which have to share the expenses. Tenants are connected to expense pools via the contract to the given property unit. The allocation key can either be calculated using an area type or be entered manually.

Once expenses are captured and allocated, the solution holds the information about the allocation of each single invoice, which allows analysis of recovery percentages and leakage to the individual expense transaction level.

### 1.6.1 FUNCTIONALITY OVERVIEW

- Service charge functionality for allocation of expenses to a specific property and across properties.
- Setup of expense pools, expense types, reconciliation groups.
- Integrated to Accounts Payable and General Ledger, i.e., purchase orders, vendor invoices and other expense journals.
- Direct re-charging of single invoices.
- Invoicing prepayments based on budgets.

- Automated reconciliation calculation in journals, including payments, caps and floors, adjustments and true up by automatically creating lease lines for invoicing.

## 1.7 Utility billing and meter reading

In addition to cost allocation, the solution also allows the tracking of utility consumption based on meter readings and does tenant billing based on actual consumption.

Depending on the scenario, meters can be setup for single, several or no utility types, and for each setup separately whether the meter readings are to be used for tenant billing or not. (Meter readings can also be used just to track consumption without the financial aspects).

As for other types of charges, the solution is able to manage pre-payments and actual payments and can manage the reconciliation process for settling differences between expected and actual consumption (and cost).

### 1.7.1 FUNCTIONALITY OVERVIEW

- Set up main and sub meters, e.g., electricity, heating, water, gas.
- Handles prepayment billing and reconciliation based on prepayments and reported meter readings.
- Allows for tracking of consumption by tenant, property, and reporting.

## 1.8 Security deposits, guarantees and collaterals

Managing paid security deposit to the landlord to ensure that rent will be paid, and other responsibilities of the lease performed, e.g., paying for damage caused by the tenant. Security deposit is a special type of lease lines, which are invoiced to the tenants as security for the rent payments. When the tenant is moving out, the security deposit is returned to the tenant.

Guarantees of different types can be set-up, related to the contract.

### 1.8.1 FUNCTIONALITY OVERVIEW

- Dedicated security deposit lease lines.
- Invoicing security deposit.
- Reconciliation (refunding) of security deposits.
- Setting up and follow up on bank guarantees.

## 1.9 Invoicing

The solution makes it easy to do the calculation of rentals and charges for tenants, based on lease lines, using setup of billing frequency, price frequency, starting period, rates.

Rent calculation (invoice proposal) is generated by a job. The calculation also includes rent increase during the period, retrospective changes in agreements and on prepayments.

After generating the leases/charges for invoicing it is possible to perform single or mass approval. When the invoice proposal is approved, the leases/charges are to be posted in a "one step" process, where the sales invoice is issued – and the account receivable module updated, as well as the financial posting is done in the general ledger module.

### 1.9.1 FINANCIAL DIMENSIONS

According to use Microsoft D365FO as the financial base solution, it is native use the functionality, financial dimensions, which gives the possibility to measure the financial accounting based on individual defined values. E.g. having a financial dimension named; Property, Contract, Project, Business unit.

### 1.9.2 PAYMENTS AND OVERVIEW OF TRANSACTIONS

FlexProperty utilizes the standard Microsoft D365FO account receivable module for handling payments and collections. The payment functionality is added with information from FlexProperty, e.g., Property-Floor-Unit, Contract id, Billing group and Billing type.

The contract overview provides direct access to the invoicing history, balances, collections, transactions. in the FlexProperty module.

### 1.9.3 FUNCTIONALITY OVERVIEW

- Setting up contracts in one legal entity and invoicing in another legal entity.
- Setting up a lease line in one currency and invoice in another currency.
- Selecting lease lines for invoicing from multiple legal entities in a dedicated invoice proposal journal.
- Workflow approval of dedicated invoice proposal journal.
- One click posting in AR and GL in multiple legal entities.
- Printing invoices directly form the invoice proposal journal.



## 1.10 Management fees

FlexProperty has the functionality to calculate and invoice fee billing, based on transactions of a selected table, through a setup at the lease line level, including different percentages, breakpoints and threshold charges. The solution allows billing of pre-payments with a subsequent reconciliation process managed by the solution.

After initial setup, the solution applying transactions for the defined period to calculate the correct fee and issue a charge during the next billing process.

### 1.10.1 FUNCTIONALITY OVERVIEW

- Pre-defined fee type templates.
- Breakpoint and percentage setup on the lease line.
- Selecting transaction table for fee calculation, e.g. project transactions.
- Prepayment setup on the lease line.
- Calculate fees for multiple lease lines, based on selected transactions.
- Automatically create one-off lease lines for invoicing, based on the journal true-up amounts.

## 2. Business processes supported

| Process Name                   | Process Description  |
|--------------------------------|--|
| 91. Acquire to Property        | 91. Acquire to Property is the business process activities related to managing the property, the units and the meters (e.g. utility meters) within the Property module of Dynamics 365.  |
| 91.10 Manage Property          | 91.10 The property module holds information regarding the property. Examples include the location, floors, total building area and individual unit areas, property tax, value assessment, property managers, stakeholders, managers, facilities, parking and history logs.<br>This default information is captured on a property and is used when drawing up contracts/leases. |
| 91.10.010 Set up Property      | 91.10.010 This process covers how to create a new property and describes the fields and activities required to capture the main information related to the property.<br>A Property is understood to be, in most cases, a building consisting of floors and units (e.g. a shopping complex).  |
| 91.10.020 Set up Parking Space | 91.10.020 This process describes how to set up a number of parking spaces types with different parking spaces and link them to the property. In the Property module, parking spaces are created for a property and floors. Dedicated parking space unit can also be created per property.  |
| 91.20 Manage Unit              | 91.20 This process covers how to create and manage units in the Property module. Units are related to the property via Floors.   |
| 91.20.010 Remeasure Unit       | 91.20.010 Create unit areas for the units. The functionality to re-measure a unit will be covered as part of the section.  |

| Process Name                                  | Process Description  |
|---|--|
| 91.20.020 Split/merge Unit                    | 91.20.020 This process outlines how to create sub units by splitting the unit. The unit can be split into sub-units (rooms) like kitchen, bathroom, bedroom, cubicles etc. Units can be managed using merged functionality during unit maintenance.  |
| 91.30 Manage Meter                            | 91.30 This process outlines how utilities billing can be handled by the Property module.<br>Steps will include working with flat rate payments and prepayments, with meters attached to the lease line.<br>Registration of actual meter readings is compared to the prepayments to create the reconciliation (final settlement) of consumption.  |
| 91.30.010 Set up Meter                        | 91.30.010 This process focuses on how to create meter which will be linked to the Unit. Units will have meters to capture different consumptions like Electricity, Water, Gas etc.   |
| <b>92. Lease to Cash</b>                      | <b>92. Lease to Cash is the business process related to the creation of the tenant lease contract for a property through to generating billing lease lines for the contract.</b>   |
| 92.10 Manage Tenant Contract                  | 92.10 This process covers how to create a tenant contract. Steps are included to outline the required default information. For example, the property, floor and unit will be required when creating a tenant contract.   |
| 92.10.010 Set up Tenant Contract              | 92.10.010 These steps cover how to set up a tenant contract. The contract holds information related to the lease agreement. The lease agreement can contain an unlimited number of lease. Lease Lines are categorized by types. For example, lease lines (with or without different units) for apartments, offices, retail, maintenance, electricity, prepayments, deposits, etc. Important to note that on an individual lease line information such as lease terms, conditions, adjustments, prices and periods are used, as a starting point, for the automatic rent calculation.   |
| 92.10.020 Set up lease line                   | 92.10.020 This process covers the creation of several types of Lease lines for a contract. For example, Base Rent, General Charges, Security Deposit, Service Charges, One-off Charge, Base Rent with indexation, Base Rent with step rent, Percentage Rent, Utility (by meter) and Parking.   |
| 92.10.030 Change, Extend or End Lease Line    | 92.10.030 This section covers the functionality to maintain the lease line. Steps to change a lease line, change the 'To date' of a lease line and end a Lease line are part of maintenance functionality.   |
| 92.10.040 Manage Amendment to Tenant Contract | 92.10.040 This process focuses on how add a lease line as an amendment to an existing contract. Supplementary information can be added such as the reason for the amendment and the source of the amendment. For demonstration purposes a new general charge lease line is amended on the contract. It is possible to amend a base rent lease line, service charge lease line or other types of lease lines.<br><br>An alternative to an amendment is an extension or reduction of the lease line period or ending the lease line (early termination).<br><br>For business, the lease line is essential for the invoicing of the tenant (or landlord) and proper management of the lease line information is required for billing. |

| Process Name   | Process Description   |
|--|---|
| 92.10.050 Manage Expiration and Termination            | 92.10.050 This process demonstrates how to terminate(end) a contract. It is important to understand the terminology behind 'termination' of a contract. This is also called early termination of a contract because it is agreed between the tenant and landlord to terminate the contract before the expiry date of the contract/lease lines.<br>When terminating the contract, several validations are executed. If lease lines to be reconciled exist (e.g. security deposit or service charges), then a warning is shown and the contract, including the affected lease lines, cannot be terminated. The reconciliation process must be processed before the final termination of the contract. |
| 92.20 Manage Security deposits                         | 92.20 This process covers how to create a security deposit lease line and reconcile/refund the paid security deposit.   |
| 92.20.010 Set up Security deposit lease line           | 92.20.010 This process covers the creation of Security Deposit Lease lines for a contract   |
| 92.20.020 Reconcile Security Deposit                   | 92.20.020 In this process reconcile a security deposit for a lease line. A security deposit is a deposit of money to the landlord to ensure that rent will be paid and other responsibilities of the lease performed. For example, paying for damage caused by the tenant.<br>A security deposit is a special type of lease lines, which are invoiced to the tenants as security for the rent payments. When the tenant is moving out, the security deposit is returned to the tenant.  |
| 92.25 Manage Indexation and bulk price adjustment      | 92.25 This process covers how to create an indexation lease line, capture index figures, perform indexation and bulk adjust prices/rates for lease lines.   |
| 92.25.010 Set up indexation lease line                 | 92.25.010 This process covers the creation of indexation Lease lines for a contract   |
| 92.25.020 Capture Index Figures                        | 92.25.020 In this process capture Index figures. Steps included in this demonstration include how to create a lease line for base rent for a unit with indexation information. The indexation process uses indexation information and the price indexes. The price index is defined as a normalized average of price relatives for a given class of goods or services in a given region, during a given interval of time. A typical price index is consumer price index.  |
| 92.25.030 Perform Indexation of Lease Lines            | 92.25.030 In this process perform Indexation of lease lines. The indexation process uses indexation information and the price indexes. The price index is defined as a normalized average of price relatives for a given class of goods or services in a given region, during a given interval of time. A typical price index is consumer price index. The process automatically creates indexed lease lines, when the indexation journal is posted.  |
| 92.25.040 Perform bulk price adjustment of Lease Lines | 92.25.040 In this process perform bulk adjustment of lease lines in a dedicated journal. The bulk adjustment process adjusts lease lines, using a percentage or price increase, and automatically create price adjustment lease lines, when the price adjustment journal is posted.   |
| 92.30 Manage Utility billing                           | 92.30 This process covers how to create a utility lease line, invoice prepayments, capture meter readings and reconcile meter readings.   |
| 92.30.010 Set up utility lease line                    | 92.30.010 This process covers the creation of utility Lease lines for a contract, meaning flat rate, utility by meter, with and without prepayments   |
| 92.30.020 Capture Meter Readings                       | 92.30.020 The sections outline how the Property module handles prepayment billing and automatic reconcile billing based on captured meter readings<br>Units will have meters in order to capture different consumptions like Electricity, Water, Gas etc. In this process capture meter readings for units.   |
| 92.30.030 Reconcile Utility Meter Readings             | 92.30.030 In this process reconcile utility meter readings for a unit of a property.  |

| Process Name                                      | Process Description   |
|---|---|
| 92.35 Manage Percentage rent                      | 92.35 This process covers how to create a percentage rent lease line, capture tenant sales, calculate and reconcile percentage rent. Percentage rent is also known as turnover rent.  |
| 92.35.010 Set up percentage rent lease line       | 92.35.010 This process covers the creation of percentage rent Lease lines for a contract  |
| 92.35.020 Capture tenant sales                    | 92.35.020 In this process capture tenant sales (actual turnover amount).  |
| 92.35.030 Calculate and Reconcile percentage rent | 92.35.030 The percentage rent is calculated on a percentage of the tenant sales. In this process review how to calculate percentage rent for lease lines of a contract. As a second component to this functionality reconcile percentage rent for lease lines of a contract.  |
| 92.40 Invoice Tenant                              | 92.40 Tenant Invoicing can be performed manually or generated by the property module through an invoice proposal. Invoice proposals utilize a date parameter to determine the contract lease lines to invoice.  |
| 92.40.010 Generate Tenant Invoice (Sales Order)   | 92.40.010 Invoices may be generated manually or through an invoice proposal. Invoice proposals utilize a date parameter to determine the contract lease lines to invoice. Both processes will be demonstrated.  |
| 92.50 Manage Cost Allocation                      | 92.50 This process includes the setup of different cost pools for different purposes (e.g. retail tenants or all tenants). The module also offers the option to manage multiple cost pools/allocation rules per property. Expense types such as cleaning, maintenance, security, marketing etc., can be set up as needed. Vendor invoices, prepayments and reconciliation of expenses can also be captured. |
| 92.50.010 Set up service charge lease line        | 92.50.010 This process covers the creation of service charge Lease lines for a contract, e.g. cleaning, maintenance, security etc.  |
| 92.50.020 Set up Expense Pools                    | 92.50.020 This process includes how to create an Expense Pool. Thereafter follow steps to assign units to an expense pool.  |
| 92.50.030 Capture Expense                         | 92.50.030 This demonstration covers how to capture an expense for an invoice by entering cost allocation information.   |
| 92.50.040 Reconcile Expense and Allocate Cost     | 92.50.040 This process will review the steps to reconcile an expense and allocate cost for the invoice.   |
| 92.60 Manage lease revenue forecast               | 92.50 This process includes the setup of different cost pools for different purposes (e.g. retail tenants or all tenants). The module also offers the option to manage multiple cost pools/allocation rules per property. Expense types such as cleaning, maintenance, security, marketing etc., can be set up as needed. Vendor invoices, prepayments and reconciliation of expenses can also be captured. |
| 92.60.010 Simulate lease revenue                  | 92.60.010 This process creates lease revenue simulation transactions, based on existing lease lines amounts. Vacant units can be included, using market rent values. The transactions are broken down to monthly amounts.   |
| 92.60.020 Create lease revenue forecast           | 92.60.020 This process creates and modify lease revenue forecast for properties, based on the lease revenue simulation. The Lease revenue forecast is 12 months rolling forecast broken down to monthly amounts. The forecast can be modified, meaning modifying the simulated amounts, adding and subtracting revenue for a selected period. Cost can be included as well.                                 |
| <b>93. Lease to Pay</b>                           | <b>93. The Lease to Pay business process focuses on set up and invoice activities related to the Landlord.</b>  |

| Process Name   | Process Description  |
|--|--|
| 93.10 Manage Landlord Contract                       | 93.10 As part of the first steps in the Lease to Pay process it is required to first create a landlord contract. Functionality is available to copy a landlord contract template to new contract.                |
| 93.10.010 Set up Landlord Contract                   | 93.10.010 In this process set up a Landlord Contract in the Property module.   |
| 93.20 Invoice Landlord                               | 93.20 Landlord Invoicing can be performed manually or generated by the property module through an invoice proposal. Invoice proposals utilize a date parameter to determine the contract lease lines to invoice. |
| 93.20.010 Generate Landlord Invoice (Purchase Order) | 93.20.010 In this process generate Landlord Invoice (Purchase Order)   |