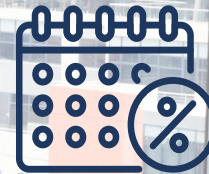


PROPERTY LEASE MANAGEMENT

Microsoft Dynamics 365 for Finance and Operations



Glossary

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Introduction

While most companies manage a portfolio of leases for their properties, plants, and equipment, a majority are missing a comprehensive lease software to consolidate their data and streamline their processes. Many still rely on tedious and time-consuming spreadsheets or are forced to juggle disparate systems and error-prone integrations. The need for a robust, end-to-end solution that can be flexible enough to suit each organization's unique needs is clear.

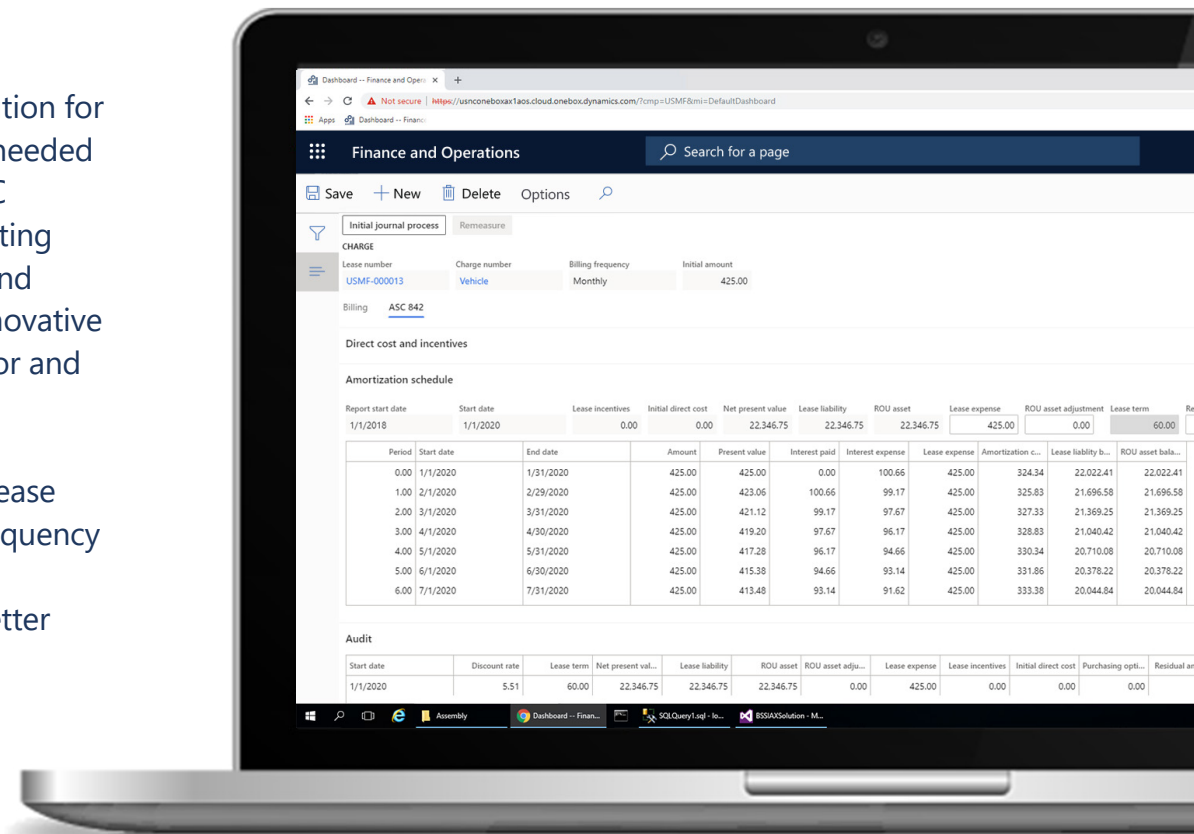
The introduction of the new lease accounting standards, IFRS 16 and ASC 842, further proved the need for a system that can consistently tackle challenging lease scenarios, and help organizations to meet their compliance goals while enabling their growth.



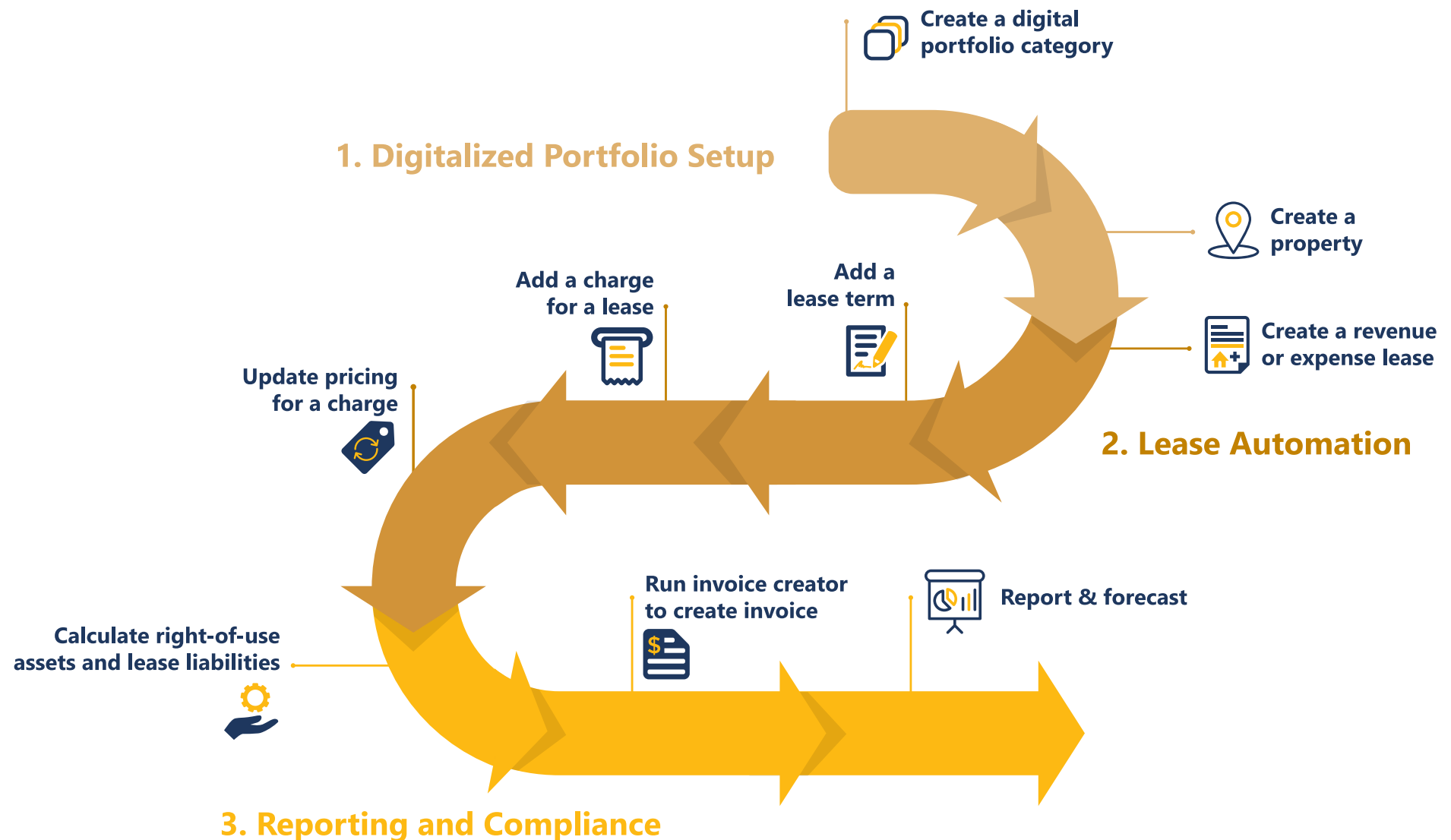
Property Lease Management

Property Lease Management (PLM) is a directly embedded solution for Dynamics 365 for Finance and Operations. It gathers the tools needed to manage your properties while enabling compliance with ASC 842 and IFRS 16; and simplifying both lessor and lessee accounting processes. PLM simplifies the management of multiple leases and subleases, and streamlines complex contracts by employing innovative lease-creation wizards to eliminate the potential for human error and repetitive tasks.

Aside from the lease processing and administration, Property Lease Management also excels at building detailed vacancy and delinquency reports, rent roll reports, and lease summary reports that help companies improve their analysis and forecasting leading to better business decisions.



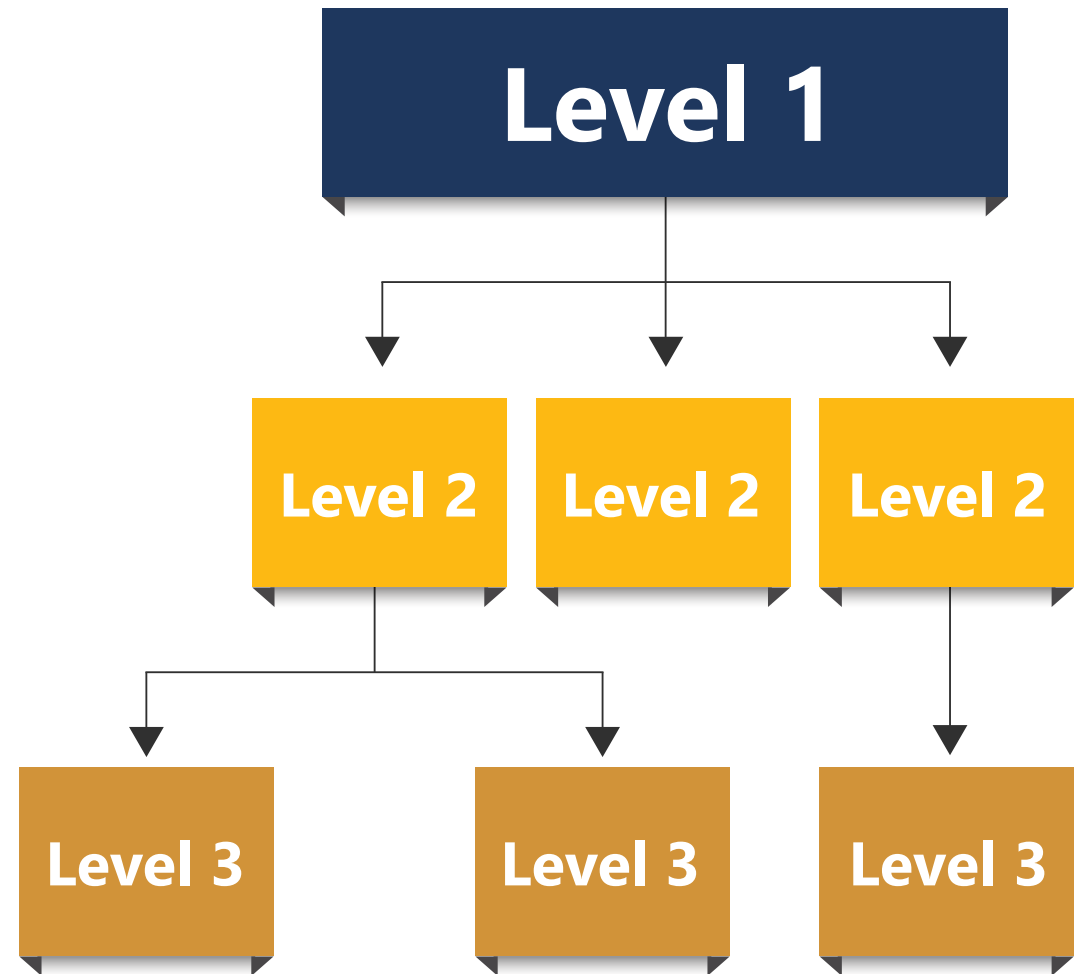
The Complete Lease Management Process



Digitalized Lease Portfolio

Property Lease Management (PLM) is built with flexibility at the forefront so it can be a perfect fit for each organization's unique lease portfolio while helping them meet their expectations for growth.

The easily configurable property setup accommodates complex business scenarios and completely digitalizes an organization's lease portfolio and provides them with greater visibility into their cashflows and forecasts.



Lease Administration

Goals

- **Create and modify leases with ease**
- **Set up and manage lease terms and renewals flexibly**
- **Increase in charge automatically executed based on renewal terms**
- **Deposits at the lease level**
- **Automated process of the lease space change and lease termination**

Property Lease Management is a flexible and intuitive solution for complex lease administration challenges that accommodates different lease renewal terms, streamlines their creation and modification, and enables organizations to execute more control over their processes from recording to reporting.

Powered by a robust automation engine, Property Lease Management handles lease space changes and lease terminations for equipment and real estate with ease. As a directly embedded solution, Property Lease Management streamlines the entire leasing process from set up to payment for both revenue and expense leases.

The screenshot displays the 'Finance and Operations' dashboard for a specific lease. The interface includes a search bar and navigation tabs for 'Billing lines', 'Process', 'CHARGE', 'Billing', 'Escalation', and 'Abatement'.

CHARGE Details:

| Lease number | Charge number | Billing frequency | Initial amount |
|--------------|---------------|-------------------|----------------|
| USMF-000013 | Vehicle | Monthly | 425.00 |

Billing: ASC 842

Escalation:

| Escalation date | Term start date | Term end date | Escalation frequency | Type | Percent | Amount | CPI schedule | Rate schedule |
|-----------------|-----------------|---------------|----------------------|-----------|---------|--------|--------------|---------------|
| 1/1/2020 | 1/1/2020 | 12/31/2024 | Monthly | Lesser of | 0.00 | 0.00 | | |

Abatement:

Billing lines:

| Start date | End date | Amount | Abatement am... | Net amount | Billed | Invoice journal | Invoice | Status |
|------------|-----------|--------|-----------------|------------|--------------------------|-----------------|---------|--------|
| 1/1/2022 | 1/31/2022 | 425.00 | 0.00 | 425.00 | <input type="checkbox"/> | | | |
| 2/1/2022 | 2/28/2022 | 425.00 | 0.00 | 425.00 | <input type="checkbox"/> | | | |
| 3/1/2022 | 3/31/2022 | 425.00 | 0.00 | 425.00 | <input type="checkbox"/> | | | |
| 4/1/2022 | 4/30/2022 | 425.00 | 0.00 | 425.00 | <input type="checkbox"/> | | | |
| 5/1/2022 | 5/31/2022 | 425.00 | 0.00 | 425.00 | <input type="checkbox"/> | | | |
| 6/1/2022 | 6/30/2022 | 425.00 | 0.00 | 425.00 | <input type="checkbox"/> | | | |
| 7/1/2022 | 7/31/2022 | 425.00 | 0.00 | 425.00 | <input type="checkbox"/> | | | |

Charges Management

Goals

- **Bill and accept payments for charges based on an index or rate schedules**
- **Create and process complex charges**
- **Achieve compliance with ASC 842 and IFRS 16**

Property Lease Management offers a highly flexible set of tools for managing charges based on metering, percentages, square footage, or index that streamline the end-to-end lease process.

Managing complex charges and allocating them properly is the most common point of error when managing multiple leases or when relying on manual processes. Using its powerful automation engine, Property Lease Management eliminates the complexity of managing charges and allows organizations to use the business model that suits their needs while enabling their compliance with the recent accounting standards.

The screenshot displays the 'Finance and Operations' dashboard. The main section is titled 'CHARGE' and shows details for a lease with number 'USMF-000013', charge number 'Vehicle', billing frequency 'Monthly', and initial amount '425.00'. Below this, the 'Amortization schedule' is shown for the period from 1/1/2018 to 1/1/2020. The schedule includes columns for Period, Start date, End date, Amount, Present value, Interest paid, Interest expense, Lease expense, Amortization c..., Lease liability b..., and ROU asset bala... The table shows a series of payments over time, with the final payment on 7/31/2020.

| Period | Start date | End date | Amount | Present value | Interest paid | Interest expense | Lease expense | Amortization c... | Lease liability b... | ROU asset bala... |
|--------|------------|-----------|--------|---------------|---------------|------------------|---------------|-------------------|----------------------|-------------------|
| 0.00 | 1/1/2020 | 1/31/2020 | 425.00 | 425.00 | 0.00 | 100.66 | 425.00 | 324.34 | 22,022.41 | 22,022.41 |
| 1.00 | 2/1/2020 | 2/29/2020 | 425.00 | 423.06 | 100.66 | 99.17 | 425.00 | 325.83 | 21,696.58 | 21,696.58 |
| 2.00 | 3/1/2020 | 3/31/2020 | 425.00 | 421.12 | 99.17 | 97.67 | 425.00 | 327.33 | 21,369.25 | 21,369.25 |
| 3.00 | 4/1/2020 | 4/30/2020 | 425.00 | 419.20 | 97.67 | 96.17 | 425.00 | 328.83 | 21,040.42 | 21,040.42 |
| 4.00 | 5/1/2020 | 5/31/2020 | 425.00 | 417.28 | 96.17 | 94.66 | 425.00 | 330.34 | 20,710.08 | 20,710.08 |
| 5.00 | 6/1/2020 | 6/30/2020 | 425.00 | 415.38 | 94.66 | 93.14 | 425.00 | 331.86 | 20,378.22 | 20,378.22 |
| 6.00 | 7/1/2020 | 7/31/2020 | 425.00 | 413.48 | 93.14 | 91.62 | 425.00 | 333.38 | 20,044.84 | 20,044.84 |

Reporting & Forecasting

Rent roll inquiry

Filter Lease type: Expense Lease status: Active As of date: 5/14/2020 Charge number:

| Level 3 number | Start date | End date | Leasable area | Leased area | Charge number | Current amount | Previous amount | Difference | Monthly rent roll | Annual rent roll | Rate | Deposit amount | Remaining am... |
|----------------|------------|------------|---------------|-------------|-----------------|----------------|-----------------|------------|-------------------|------------------|------|----------------|-----------------|
| | 1/1/2020 | 12/31/2024 | 0.00 | 0.00 | Vehicle | 425.00 | 425.00 | 0.00 | 425.00 | 5,193.79 | 0.00 | 0.00 | 0.00 |
| | 2/1/2020 | | 6,000.00 | 6,000.00 | Vehicle | 49.95 | 49.95 | 0.00 | 49.95 | 687.88 | 0.01 | 0.00 | 0.00 |
| | 2/1/2020 | | 900.00 | 900.00 | Equipment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 2/1/2020 | | 900.00 | 900.00 | Misc Exp charge | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 2/1/2020 | | 900.00 | 900.00 | Prop Rent | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 4/1/2020 | 3/31/2022 | 4,000.00 | 4,000.00 | ASC842 | 1,000.00 | 1,000.00 | 0.00 | 1,000.00 | 12,177.78 | 0.25 | 0.00 | 0.00 |
| | 5/1/2020 | | 0.00 | 0.00 | Vehicle | 500.00 | 0.00 | 500.00 | 500.00 | 6,075.00 | 0.00 | 1,500.00 | 1,500.00 |
| | 1/1/2020 | 12/31/2020 | 6,000.00 | 6,000.00 | ASC842 | 0.00 | 0.00 | 0.00 | 0.00 | 19,650.00 | 0.00 | 0.00 | 0.00 |
| | 11/1/2014 | 10/31/2026 | 0.00 | 0.00 | BaseRent | 3,000.00 | 3,000.00 | 0.00 | 3,000.00 | 36,606.90 | 0.00 | 0.00 | 0.00 |

Goals

- Sales reporting by lease type
- Insights into properties by type
- Comprehensive reporting, inquiries and audit trails

Proper tracking of lease-related data is critical for organizations as they attempt to forecast their cashflow, manage their existing portfolio, and prepare for compliance.

Property Lease Management is built to centralize all lease data so it is easily analyzed and transformed from unknown to actionable. With many real-time reports built in, and the ability to add custom reports, Property Lease Management enables organizations to track their own unique performance measures, and confidently make the best business decisions.

Key real-time reports:

- property analysis report
- vacancy report
- delinquency report
- rent roll report
- lease details report

Implementation & Support

Goals

- **Smooth implementation**
- **Alignment with business process**
- **Lack of errors**
- **Customizability and up to date software**

Our implementation consultants work with organizations to help them meet their business process needs, achieve long-term improvement and measurable results. We know that a well-conducted managed discovery and implementation process can be the deciding factor in whether an organization meets its digital transformation goals or not. We rely on over 20 years of experience and hundreds of completed projects to blend our innovative solutions with industry-leading best practices to deliver the right results and help organizations achieve sustainable growth. Following an implementation, a knowledgeable support team can ensure that the initial success is sustained through changes to an organization's needs. Our support teams bring a wealth of knowledge covering different industries and business models; and complement it with a positive attitude and excellent communication.



The background of the slide features a low-angle, silhouetted photograph of several people walking across a city street. The scene is captured during the "golden hour" of sunset or sunrise, with a warm, orange-gold light filtering through the air. In the foreground, the lower legs and feet of the pedestrians are visible, creating a sense of movement. The background shows the outlines of modern buildings and a clear sky. A semi-transparent orange rectangular box is centered over the image, containing the main text in white.

**39% of companies currently manage
their lease agreements and related
accounting using decentralized systems**

PwC Survey (2016)

Lease Accounting Compliance

Lease accounting rules were drastically changed with the introduction of ASC 842 and IFRS 16. The two standards do have some differences, but are both aligned to the goals of improving the transparency in reporting on leases, adjusting the definition of a lease and differentiating between different lease types, and establishing accounting uniformity across the world.

Complying with ASC 842 and IFRS 16 requires more than capturing data in a structured or consolidated system. For organizations affected by the two new standards, having the ability to eliminate manual processing becomes exponentially more beneficial with each lease contract they sign; and having an accounting system with the ability to handle this becomes a necessity.



Compliance with ASC 842

Lessees are more likely to be significantly affected by the new FASB lease accounting standard. While ASC 842 retains the two-model approach to classifying leases as operating or finance, most leases - with the exception of some shorter term ones - must now be recorded on the balance sheet as a Right of Use (RoU) asset with a corresponding liability. This was not the case for operating leases under previous regulations.

While the impact is much greater for lessees, ASC 842 also affects lessors managing their disclosures and financial statements. The new standard's profit recognition requirements are congruent with those mandated by FASB's new revenue recognition requirements (including ASC 606), and the definition of a lease is now consistent for both lessors and lessees.



Compliance with IFRS 16

IFRS 16 is the new international financial reporting standard specific to lease accounting mandated by the International Accounting Standards Board (IASB). While ASC 842 categorizes leases as either operating leases or finance leases; all leases under IFRS 16 are required to be handled as finance leases. Unlike US GAAP standard, IFRS 16 permits lessees to apply a recognition exemption for leases of less valuable assets (ones with a value lower than or equal to \$5,000 when new). If lessees do choose to recognize a lease, they can only apply a single accounting model on their balance sheet.

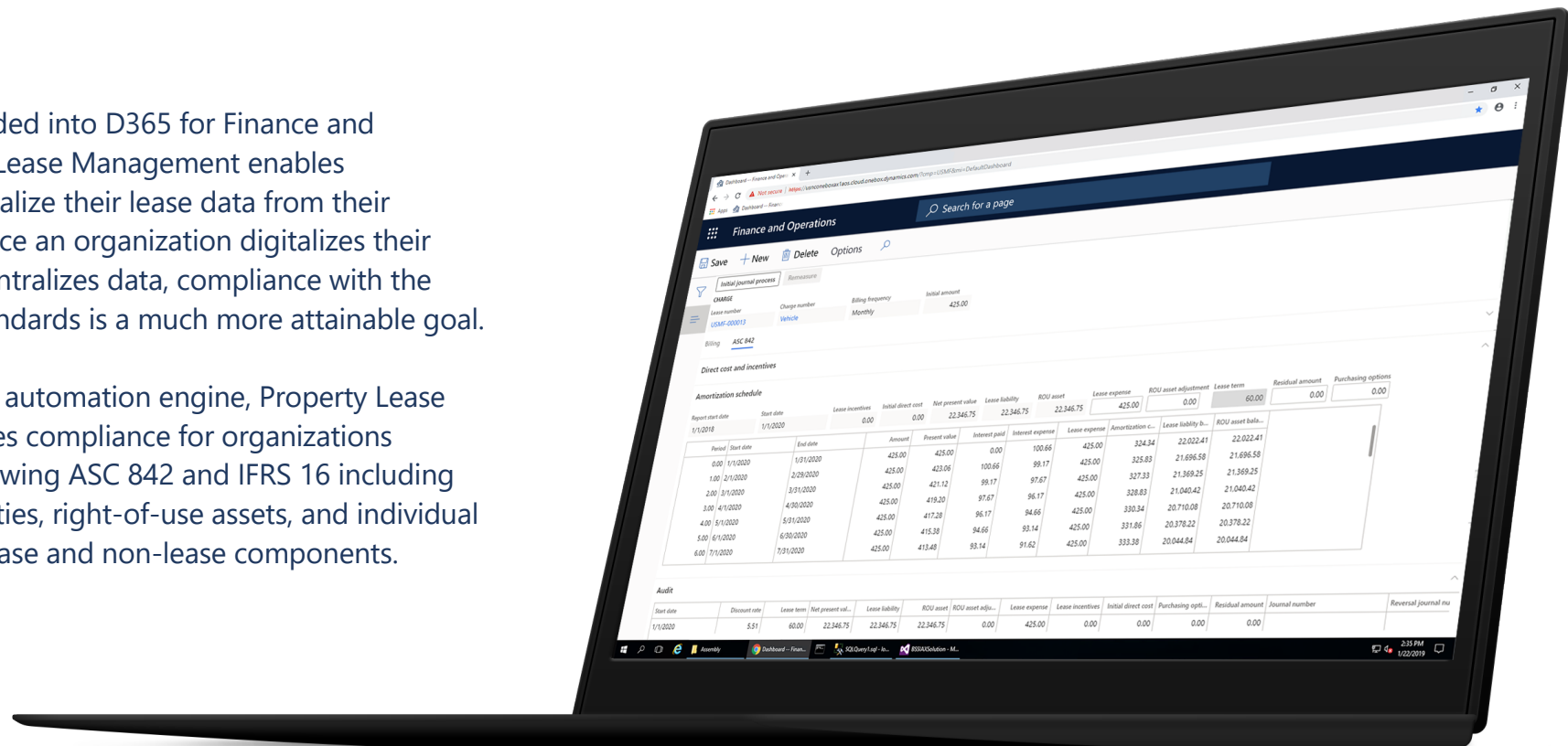
Under IFRS 16, lessees are required to recognize whether a contract is a lease or contains lease components at its inception –similar to ASC 842’s requirement. While this is straightforward in many cases, it may necessitate that lessee entities dedicate more time and effort to their lease definition process or that they implement an improved accounting software to aid their compliance efforts.



How PLM Helps with Compliance

Being directly embedded into D365 for Finance and Operations, Property Lease Management enables organizations to centralize their lease data from their disparate systems. Once an organization digitalizes their lease portfolio and centralizes data, compliance with the recent accounting standards is a much more attainable goal.

Powered by its robust automation engine, Property Lease Management facilitates compliance for organizations whether they are following ASC 842 and IFRS 16 including managing lease liabilities, right-of-use assets, and individual contracts with both lease and non-lease components.



What Our Customers Say About Us



The charge escalations functionality within Property Lease Management was absolutely wonderful for us. This made my life so much easier, by automatically tracking and updating our tenant billings when the time came to do so, I could be assured everything was being handled properly.

Cherie Sanders – Property Manager
W. C. Bradley Co.



By being a fully-embedded solution, Property Lease Management allowed us to save a great amount of time when sharing tenant and property management related information. This has empowered me to access the information I need immediately instead of waiting for answers that could take days to come.

Heather Straw, Controller
Charlotte County Airport Authority



In reconstructing an entire year's worth of data, Property Lease Management allowed a 34 unit building to be invoiced monthly in a matter of 4 hours which would have taken 20 hours otherwise.

Melissa Greene, Staff Accountant
Oxford Property Management



Looking at what we used to do and seeing how much time we've saved, I am ecstatic. Property Lease Management has definitely helped us get to where we are today.

Nora Pecor, Director of Finance
Dermond Property Investments





About Binary Stream

Our Microsoft Dynamics ERP solutions are designed to simplify your various accounting procedures for consolidation accounting, recurring billing, property lease management, and more. These enterprise-grade ERP add-ons work seamlessly with your Dynamics ecosystem to help your organization improve productivity and propel growth.

We are an award-winning Microsoft Gold Certified ISV with 20+ years of experience creating scalable solutions for over 1900 customers across 30+ countries in the finance, healthcare, hospitality, real estate, manufacturing and software industries.

Start enhancing your on-premise or cloud-based Microsoft Dynamics 365 platform to do more with Binary Stream. Ask your ERP service provider for more information or visit binarystream.com to learn more.

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