RE80: Create Lease Contract for a Road Reserve Transaction Guide

This guide shows you how to use RE80 (Real Estate Navigator) to create a lease for a Road Reserve property. Use either the quick-step procedure below or the detailed procedure with screen shots which follows.

This transaction is used to create a lease for a Road Reserve Property record and is part of the PM7.2 Licensing/Leasing Utilisation of Road Reserve process.

Access the **RE Navigator** initial screen through either;

- the transaction code **RE80** or,
- the menu path: **Real Estate Management** > **Master Data** > **RE Navigator**.

Prerequisites

The property must already have been set-up as a Property record (Architectural Object) in SAP and have the User Status of MGMT – Held for Management. To do this, use either:

- RE80 (Create Property Record for a Road Reserve) transaction guide, or
- RE80 (Maintain Management Property) transaction guide.

Quick-step procedure

Follow the steps below to complete this transaction.

Step	Action
1.	Select **Object Overview** in the Navigation area.
2.	Select **Real Estate Contract** from the drop-down list, and then click the **Create** icon.
3.	Complete the following fields in the **Create Real Estate Contract** dialog box that displays, and click the **Enter** icon (tick): • Contract Type (e.g. Commercial Lease). • Company code (e.g. 1000). **Result**: The **REC** ***<Type of Lease>*** **Lease <NEW> Create**: **General Data** screen opens in the right-hand pane with the default **General Data** tab displaying. (Note that the last part of the screen name changes as you move between the tabs.)
4.	Enter the Name of the Lessee and the property address (e.g. Buchannan’s Limited SH1 N Pukerua Bay) in the **Contract Name** field of the **Contract** section.
5.	Click the **Change Authorization Group** icon in the **Authorization Group** section and do the following: • click the **Search** icon in the **Authorization Group** dialog box. • select the required Authorisation Group (e.g. Wellington) from the displayed list, and • click the **Enter** icon in each of the open dialog boxes to confirm selection.

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Step	Action
6.	Select the **Partners** tab and do the following: • Click the **Assign new partner** icon. • Select the relevant option from the drop down list (e.g. Contract Partner – the mandatory partners required are Contract Partner, Property Management Company, and Property Manager). • Enter search terms (e.g. Name1/LastName, Street or City) in the **Business Partner Search** dialog box. • Click the **Enter** icon.
7.	If the partner: • displays in the search results list (i.e. is an existing Business Partner), then select them and click the **Enter** icon to confirm. Go to step 10. • does not display in the search results list (i.e. is a new Business Partner), then close the search and go to step 8.
8.	Select either Person or Organization. (Select **Person** if the Business Partner is an individual person, for all other entities; select **Organization**). **Result**: The **Create** ***<Person/Organization>***: **Role Contract Partner** screen is displayed.
9.	Complete the details of the Business Partner, and then click the **Back** icon once you have entered all relevant details. Refer to the RE80 (Create Business Partner) transaction guide for more detail. **Note**: For a Business Partner created for a property lease, the following should be done: • the **Authorization Group** selected should be ‘8800 Property General’, and • the new business partner’s bank account details are loaded. **Note**: A Business Partner may have more than one bank account loaded, so each is given an ID. The ID of the bank account selected in the Lease agreement, is used to clear open items. **Result**: The **REC** ***<Type of Lease>*** **Lease <NEW> Create**: **Partners** screen is displayed. **Note**: The Business Partner ID no. is not assigned until the new Real Estate Contract is saved.
10.	Complete the **Start relnship** field (e.g. 27.05.2013) on the **Details** section **Note**: Ensure that this field are completed for all partners, and that all dates align.
11.	Repeat steps 6 to 10 to add all relevant partners (i.e. Contract Partner, Property Management Company, and Property Manager). **Note**: If you click the **Save** icon without selecting the required partners, the system displays an error message at the bottom of the screen prompting you to choose a partner (or partners) that corresponds to the **User Status** selected (e.g. MNGD – Managed).

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Step	Action
12.	Complete the following fields on the **Term** tab, and press Enter: • Contract start Date (e.g. 27.05.2013). • Cash Flow From (e.g. 27.05.2013) if different to contract start date. • 1st Contract end (e.g. 27.05.2018) • First Posting From (e.g. 20.05.2013) if required. **Result**: In the **Term Information** section, the Current Status is updated e.g. Fixed Term(without Renewal), along with the following fields: • Poss. Partner Notice (e.g. 03.07.2013). • Possible Own Notice (e.g. 10.09.2013). **Note**: The above notice periods are based on the NZTA Standard Notice period. This can be altered by changing the Notice period to an existing template or an individual notice period based on the negotiated contract.
13.	To change the Notice period, on the **Term** tab: • select **Notice,** and • in the **Notice Type** field that displays, select the type of Notice period (e.g. Individual Notice Procedure) required.
14.	On the **Notice** tab, select the **Create with Template** icon to specify individual Notice conditions.
15.	In the **Notice Procedure (1)** dialog box that displays, select the **Notice Procedure** (e.g. 1000 For Both Parties: 3 months for End of Month (3rd Bus. Day)) to use from the list and click the **Enter** icon. **Result**: The Notice rules for the contract parties are displayed. **Note**: Other individual Notice periods may be setup by clicking the **Create Notice Rule** icon.
16.	To add a Renewal period, click the **Create Term** icon and select **Renewal** from the list displayed. **Result**: The Renewal screen is displayed.
17.	Do the following: • select an option from the drop-down list in the **Renewal Type** field (e.g. Standard Renewal) • click into the **Renewal Rule** field and click the **Search** icon (circled above), and • in the Renewal rule dialog box that displays, select the Renewal rule (e.g. 1300 2 Options for 5 years; 1 Year Notice period) so that it is highlighted in blue, and then • press Enter.
18.	Back on the Renewal screen, you may need to press Enter to confirm the Renewal option selected. **Result**: The selected renewal conditions are displayed. **Note**: The 1 Year Notice Period for Renewal means that notice must served that the tenant wants to renew at least 1 year prior to the renewal date.

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Step	Action
19.	On the **Objects** tab, select **REC <NEW>** under the **Object Hierarchy** list. **Note**: This is where you link the contract to the Property record (Architectural Object) and the Property WBS element.
20.	Click the **Assign** icon.
21.	Select either **AO (Architect. Object)** or **WBS (WBS Element)** from the **Object Type (1)** dialog box that displays, and press Enter. **Note**: Both of these options need to be assigned.
22.	Enter the search details (e.g. 88*) in the **Restrict Value Range (1)** dialog box displayed and click the **Find** icon (binoculars).
23.	Select either the property record the lease is for (e.g. 88000147 NZTA Road Reserve SH1 North Pukerua Bay) or the WBS (e.g. 88000147) in the **Restrict Value Range (2)** dialog box and click the **Enter** icon to confirm.
24.	Complete the Relnship Valid From (e.g. 27.05.2013) field on the **Object** section and press Enter.
25.	Repeat steps 19-24 until both the WBS and Architectural Object have been linked.
26.	Click on the **Posting Parameters** tab, and on the **Posting** tab, complete the **Bank Det. Inc.** field (e.g. 001). **Note**: A Business Partner may have more than one bank account loaded, so each is given an ID. The ID of the bank account selected here, is used to clear open items for this lease agreement. For the bank account(s) details to be available they must be set-up in the Business Partner record.
27.	Click on the **Posting Parameters** tab, and select **Frequency** from the list.
28.	Complete the following fields on the **Frequency** tab and press Enter: • Number (e.g. Monthly is standard for commercial leases, and Fortnightly is standard for residential leases). • Frequency and “in” (e.g. “1” in “Months” described monthly rent payments) • FrequencyStart (e.g. Custom). • User-Def. Start (e.g. 01.05.2013). This field only displays if ‘Custom’ is selected in the FrequencyStart field. • Prorated (e.g. Contract or Rental Object Start and End, Pro Rata). • Amt. Reference (e.g. Cyclical Amount). • Calc. Method (e.g. Exact Days). • Payment form (e.g. In Advance). • Due date (+/-) (e.g. Standard). • Start/end (e.g. Move Due Dates at Start and at End).
29.	Click on the **Conditions** tab, and then click on the **Insert Conditions** icon. **Note**: If the **Choose Calculation Object for Condition** dialog box displays, select the **WBS element** (e.g. 88000147 NZTA Road Reserve SH1 North Pukerua Bay) and press Enter to confirm.
30.	Place a tick in the box to the left of the **Condition Type Name** field (e.g. 140 Rent Commercial) in the **Condition Type 13 Entries** dialog box and click the **Enter** icon to confirm. **Result**: The **Condition** screen displays.

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Step	Action
31.	Enter the amount (e.g. 6000) in the **Unit Price** field and press Enter. **Result**: The Conditions are updated, showing the monthly rental amount. **Note**: The **Valid From date** must not be before the **Frequency Start Date** identified in the **Posting Parameters** tab.

32.	Click the **Simulate** button to check the postings for the dates entered on the **Terms** tab.
	
	Result: The simulation shows the rent payments for the open-ended commercial rental agreement.
	
	Note:
	• Always use Simulation to check that the conditions entered are correct. If the posting are not as expected, check the following dates are entered correctly on the **Terms** tab:
	  o Contract Start and end (if required)
	  o Cash Flow start, and
	  o Postings.
	• Simulations may be run again and again to check different payment conditions.

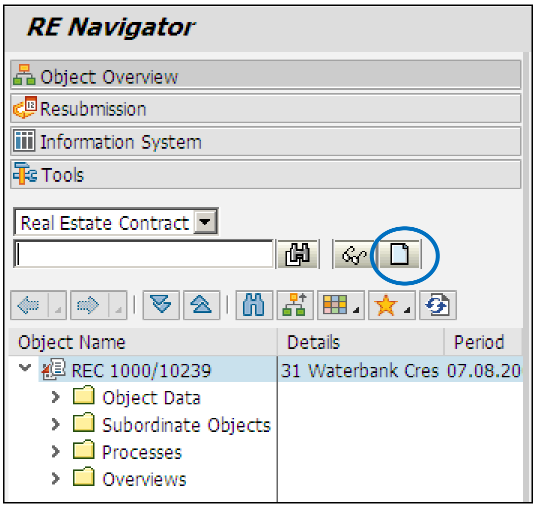
33.	Once all required details are entered on the tabs, click the **Check** icon on menu bar to verify the data and correct any errors.
34.	Once there are no errors, click the **Save** icon. **Result**: At the bottom left-hand side of the screen, the message *'Real Estate Contract no. <1000/1*****> has been created'* is displayed.
35.	Click the **Activate** icon on the menu bar to activate the lease.
36.	Click **Yes** in the **Execute Activity** dialog box that displays. **Result**: At the bottom left-hand side of the screen, the message *'Status Was Changed'* is displayed.
37.	Click the **Save** icon again to confirm.
38.	The Real Estate Contract has been set-up, linked to the Property Record (Architectural Object), and activated. Now the Contract Partner (Business Partner) must be linked into the Financial Accounts by creating a Contract Account. Use the CAA1 (Create Contract Account) transaction guide to do this.
39.	Once the Contract Account has been set up for the Contract Partner, display the Real Estate Contract and check the **Contract Acct** field on the **Partners** tab. **Note**: The Contract Account that you have just created should be displayed. A Contract Partner may have more than one Contract Account, but each Contract Account is unique to a particular Real Estate contract.

Detailed procedure

Follow the steps below to complete this transaction.

1. Select **Object Overview** in the Navigation area.

2. Select **Real Estate Contract** from the drop-down list, and then click the **Create** icon (circled below).

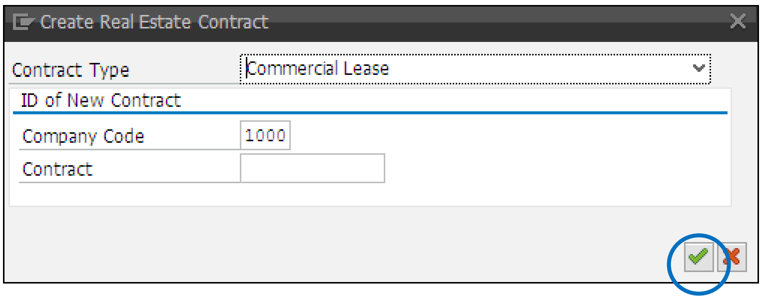


3. Complete the following fields in the **Create Real Estate Contract** dialog box that displays, and click the **Enter** icon (circled below):

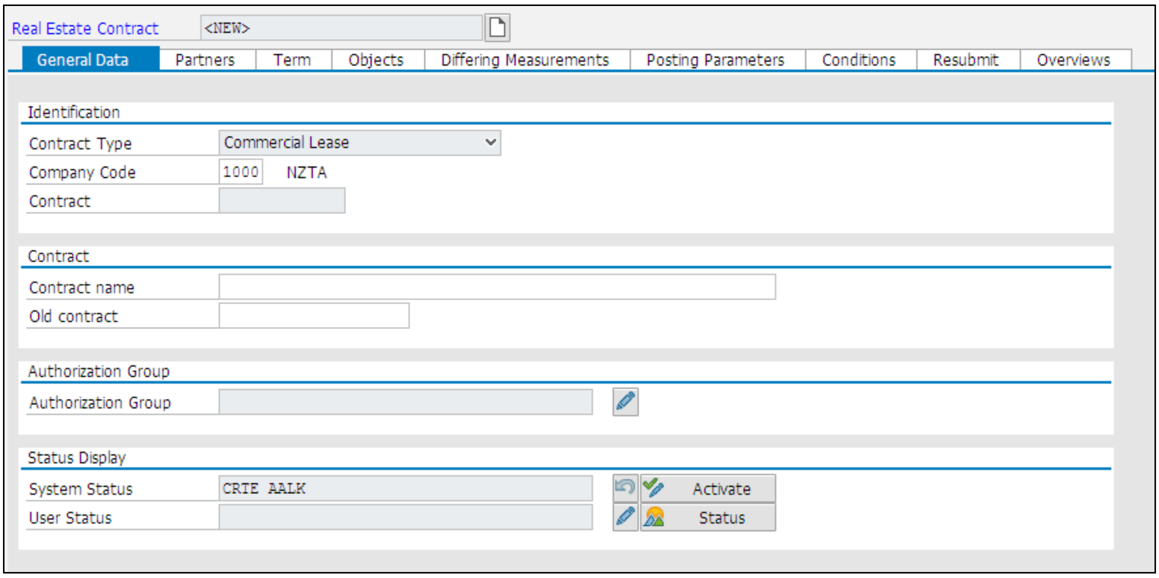
Field	Description

Contract Type	The contract type (e.g. Commercial Lease) controls:
	• the purpose served by the real estate contract, for example: Lease-in, Lease-out, Security deposit agreement, Purchase, Sale, Service contract, and
	• how the real estate contract behaves during certain processes, for example if it:
	  ○ is an external, internal, or G/L account contract
	  ○ is an occupancy or non-occupancy contract
	  ○ handles commercial real estate or residential real estate processes, and/or
	  ○ is for offering or using objects or services from the viewpoint of the company code in which the real estate contract was created.

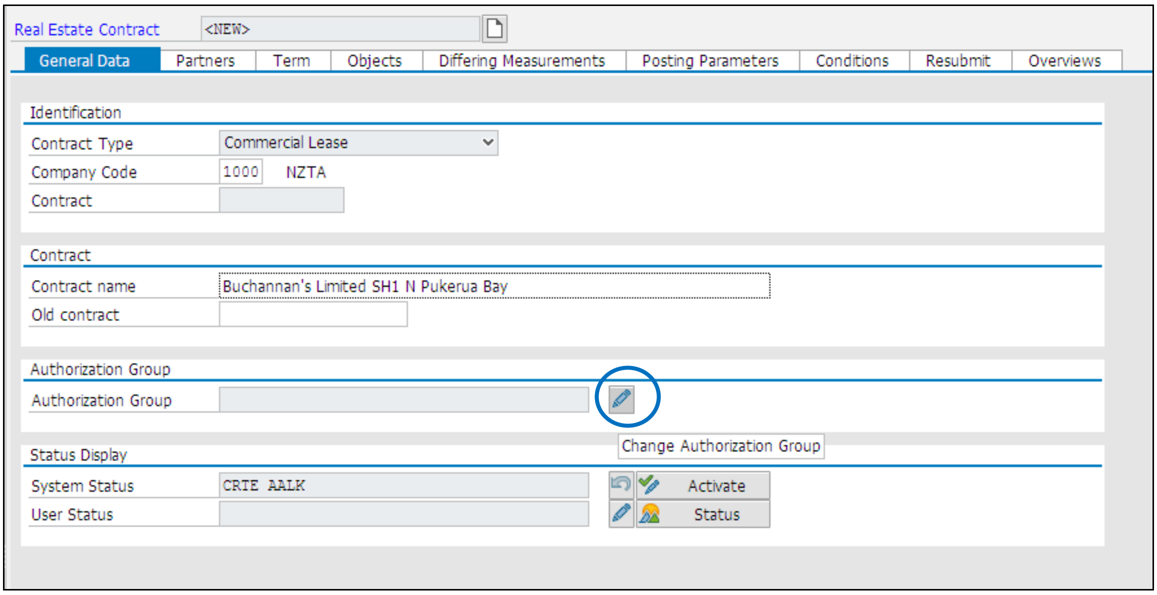
Company code	The code of the company (e.g. 1000 NZTA).



Result: The **REC *<Type of Lease>* Lease <NEW> Create**: **General Data** screen opens in the right-hand pane with the default **General Data** tab displaying. (Note that the last part of the screen name will change as you move between the available tabs.)

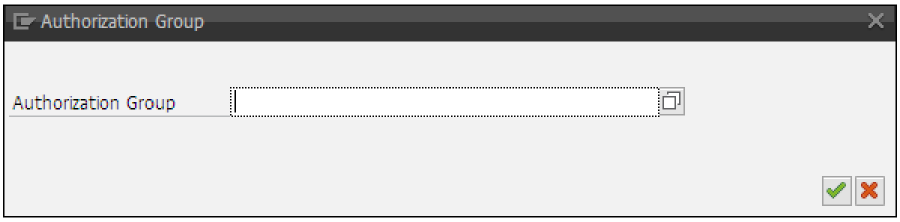


4. Enter the Name of the Lessee and the property address (e.g. Buchannan's Limited SH1 N Pukerua Bay) in the **Contract Name** field of the **Contract** section.



5. Click the **Change Authorization Group** icon In the **Authorization Group** section and do the following:

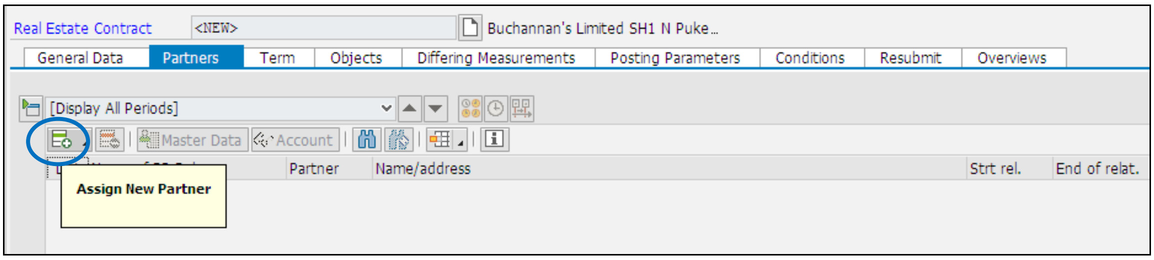
   - click the **Search** icon in the **Authorization Group** dialog box.



   - select the required Authorisation Group (e.g. Wellington) from the displayed list, and
   - click the **Enter** icon in each of the open dialog boxes to confirm selection.

6. Select the **Partners** tab and do the following:

   - Click the **Assign new partner** icon (circled below).
   - Select the relevant option from the drop down list (e.g. Contract Partner – the mandatory partners required are Contract Partner, Property Management Company, and Property Manager).
   - Enter search terms (e.g. Name1/LastName, Street or City) in the **Business Partner Search** dialog box.
   - Click the **Enter** icon.

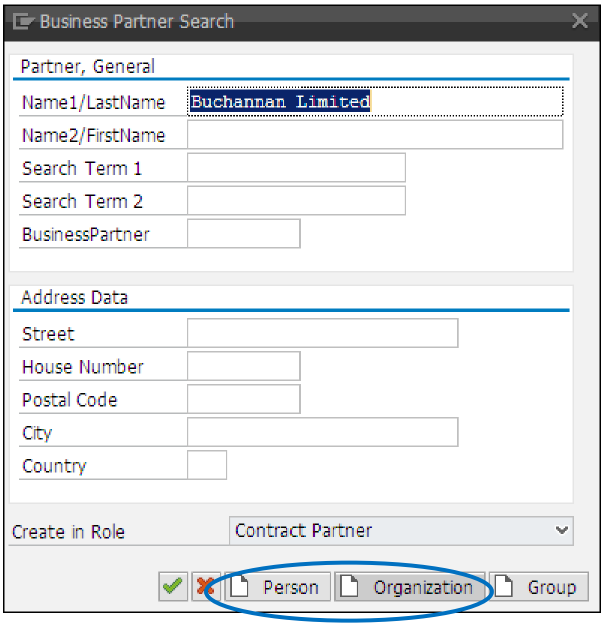


7. If the partner:

   - displays in the search results list (i.e. is an existing Business Partner), then select them and click the **Enter** icon to confirm. Go to step 10.
   - does not display in the search results list (i.e. is a new Business Partner), then close the search and go to step 8.

8. Select either Person or Organization. (Select **Person** if the Business Partner is an individual person, for all other entities; select **Organization**.)

   Result: The **Create** ***<Person/Organization>***: **Role Contract Partner** screen is displayed.



9. Complete the details of the Business Partner, and then click the **Back** icon once you have entered all relevant details. Refer to the RE80 (Create Business Partner) transaction guide for more detail.

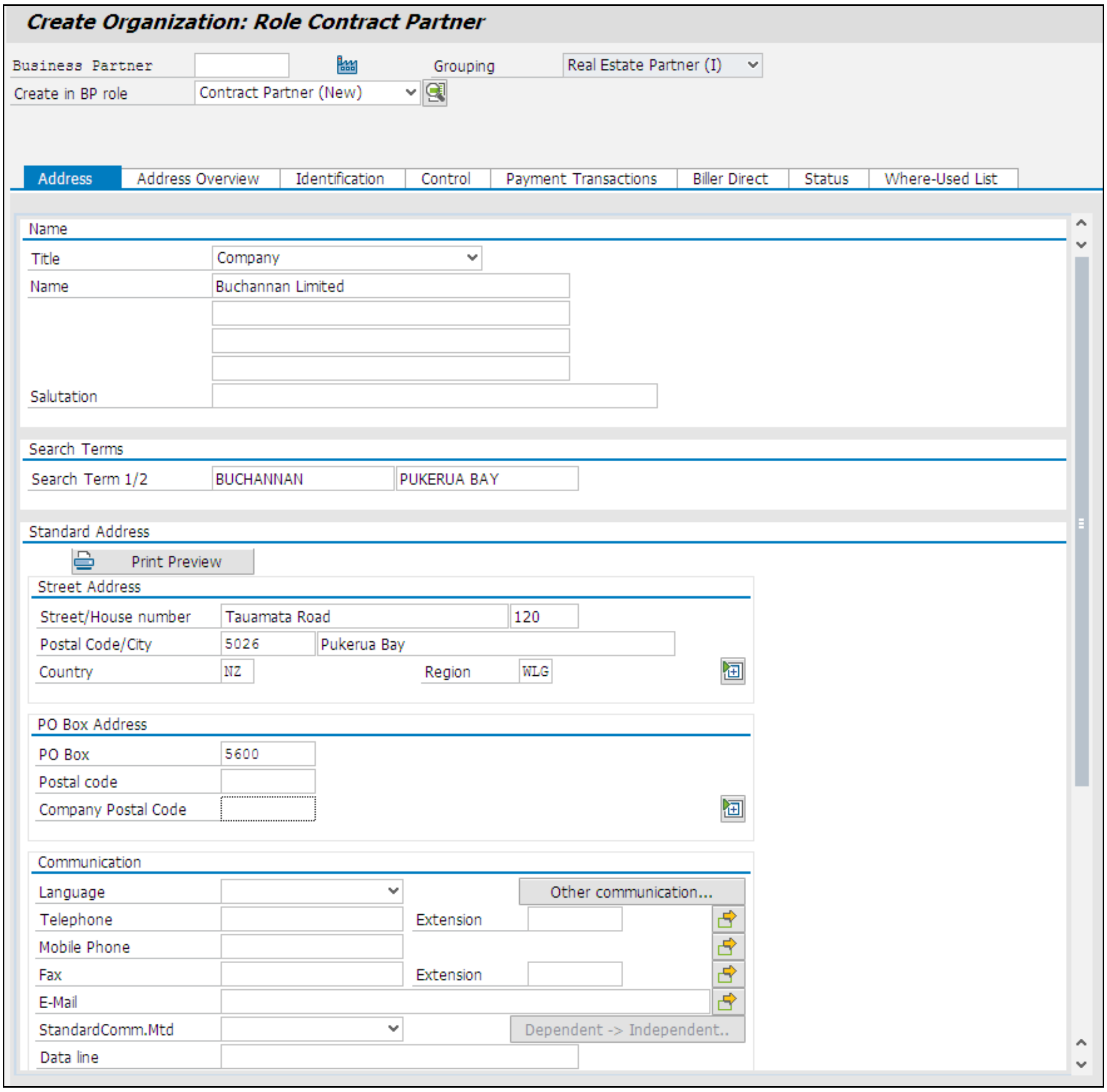
   Note: For a Business Partner created for a property lease, the following should be done:

   - the Authorization Group selected should be ‘8800 Property General’, and
   - the new business partner’s bank account details are loaded.

     Note: A Business Partner may have more than one bank account loaded, so each is given an ID. The ID of the bank account selected in the Lease agreement, is used to clear open items.

   Result: The **REC *<Type of Lease>* Lease <NEW> Create**: **Partners** screen is displayed.

   Note: The Business Partner ID no. is not assigned until the new Real Estate Contract is saved.



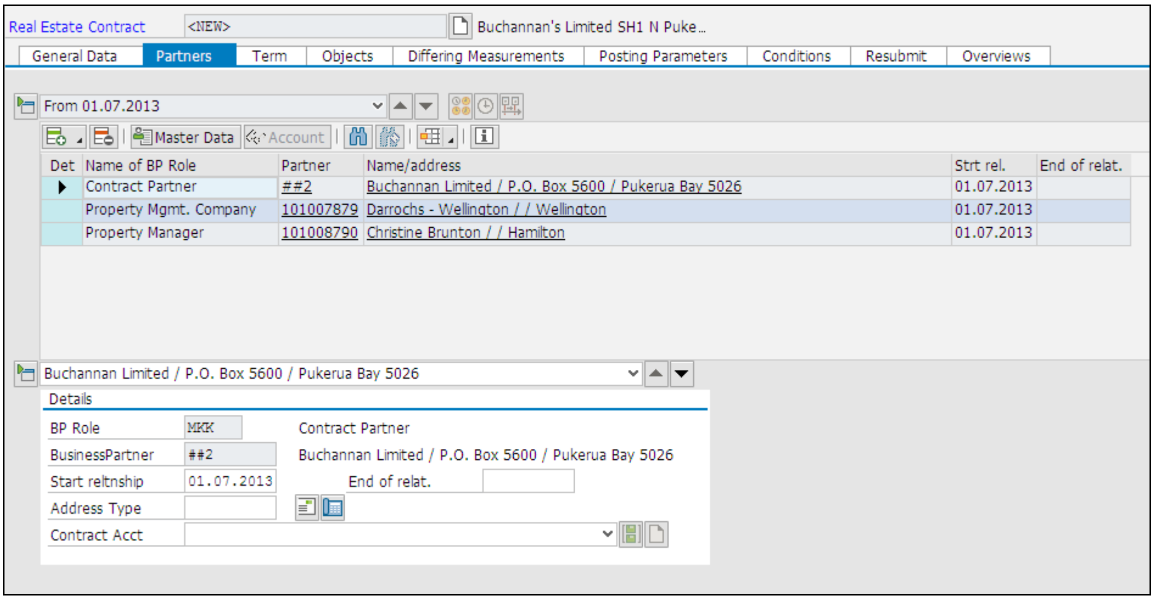
10. Complete the following field on the **Details** section:

Field	Description
Start relnship.	Date from which the relationship is valid (e.g. 27.05.2013).

Note: Ensure that this field are completed for all partners, and that all dates align.

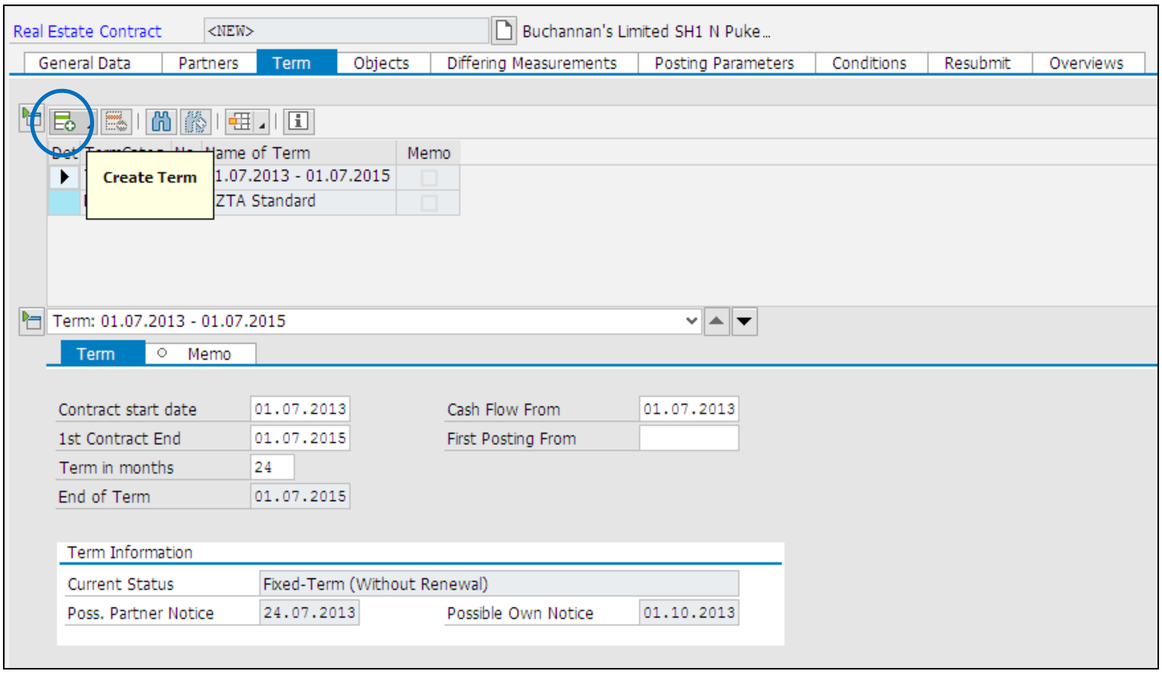
11. Repeat steps 6 to 10 to add all relevant partners (i.e. Contract Partner, Property Management Company, and Property Manager).

Note: If you click the **Save** icon without selecting the required partners, the system displays an error message at the bottom of the screen prompting you to choose a partner (or partners) that corresponds to the **User Status** selected (e.g. MNGD – Managed).



12. Complete the following fields on the **Term** tab and press Enter:

Field	Description
Contract start Date	Start date of the contract (e.g. 27.05.2013).
Cash Flow From	Date starting on which the agreed conditions are considered during generation of the cash flow (e.g. 27.05.2013).
1st Contract end	First contract end date for a fixed-term contract or for a contract with options and/or automatic renewals (e.g. 27.05.2018).
First Posting From	This date is relevant for legacy data transfer (e.g. 20.05.2013). The date can be entered in the "Term Data" of the contract, in the "General Data" of the rental object, or in the conditions. The date in the condition is given priority over the date in the contract term data, assuming that one is entered.

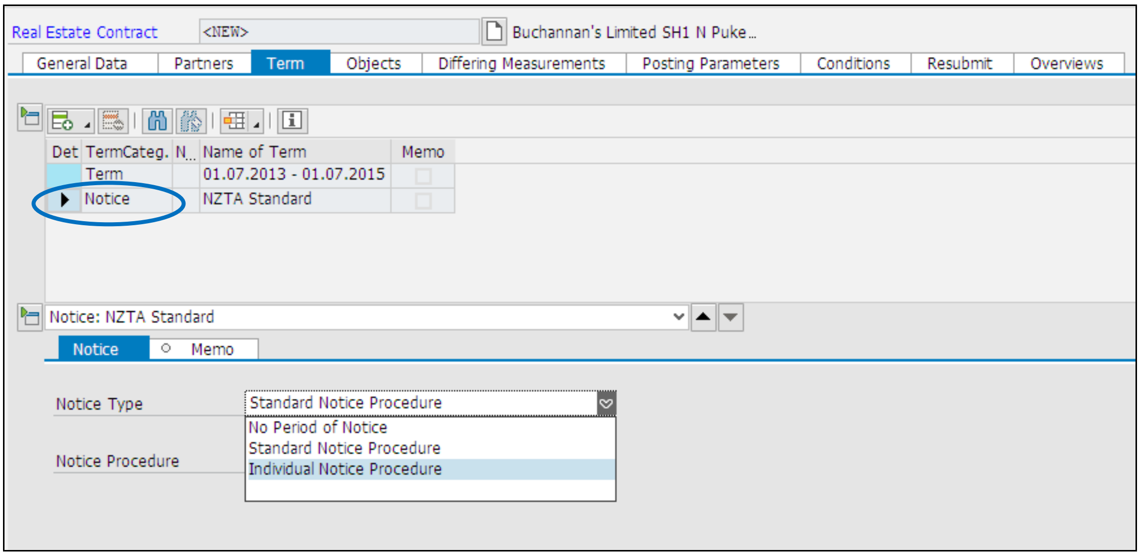


Result: In the **Term Information** section, the Current Status is updated (e.g. Fixed Term (without Renewal), along with the following fields:

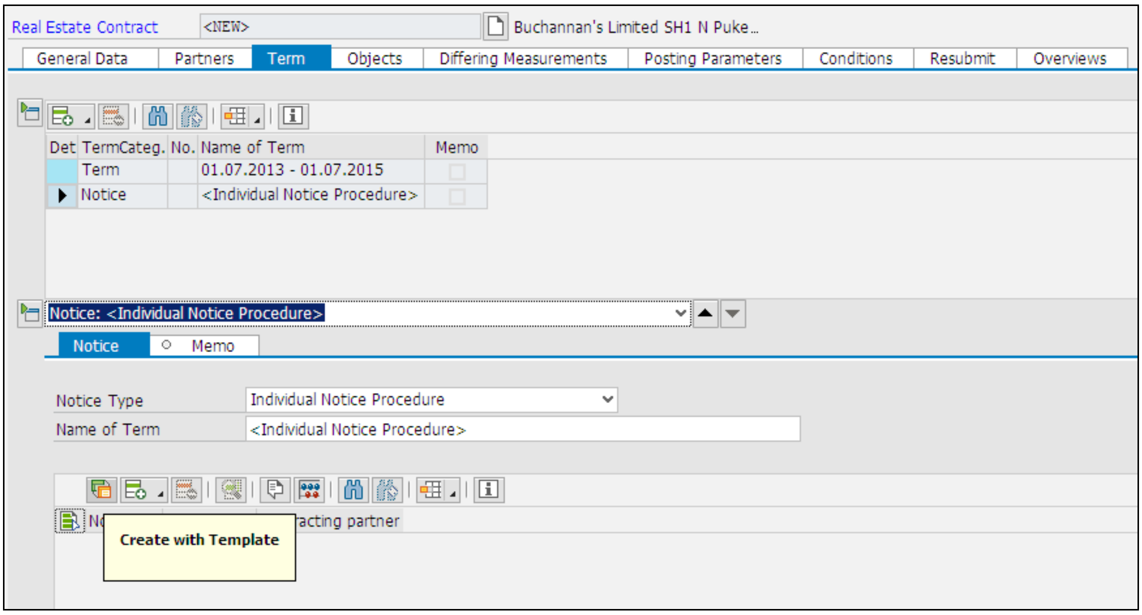
- Poss. Partner Notice (e.g. 03.07.2013).
- Possible Own Notice (e.g. 10.09.2013).

Note: The above notice periods are based on the NZTA Standard Notice period. This can be altered by changing the Notice period to an existing template or an individual notice period based on the negotiated contract. Adding a renewal period may also alter the notice period (see below).

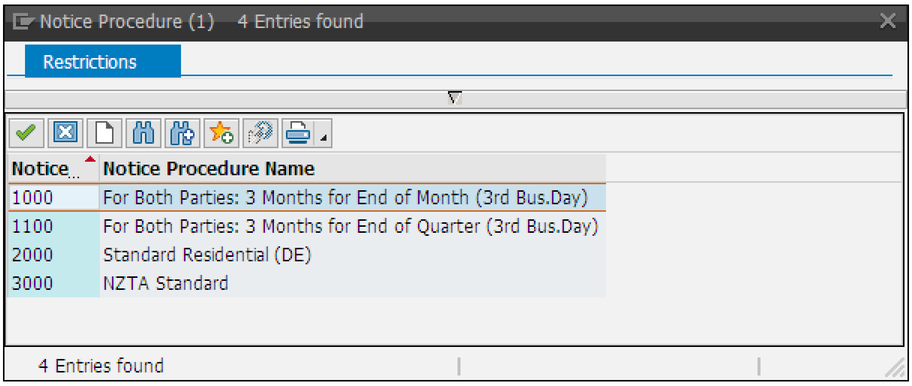
13. To change the standard NZTA Default Notice period, select **Notice** (circled below) and in the **Notice Type** field that displays, select the type of Notice period (e.g. Individual Notice Procedure) required.



14. On the **Notice** tab, select the **Create with Template** icon to specify individual Notice conditions.

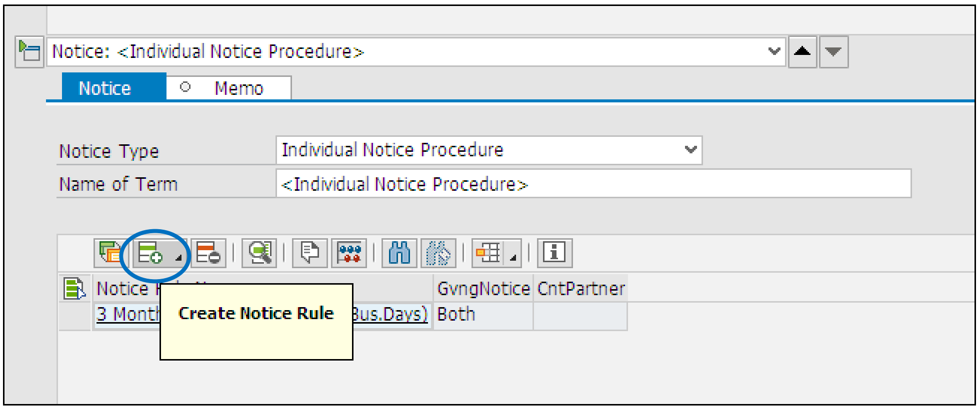


15. In the **Notice Procedure (1)** dialog box that displays, select the **Notice Procedure** (e.g. 1000 For Both Parties: 3 months for End of Month (3rd Bus. Day)) to use from the list and click the **Enter** icon.

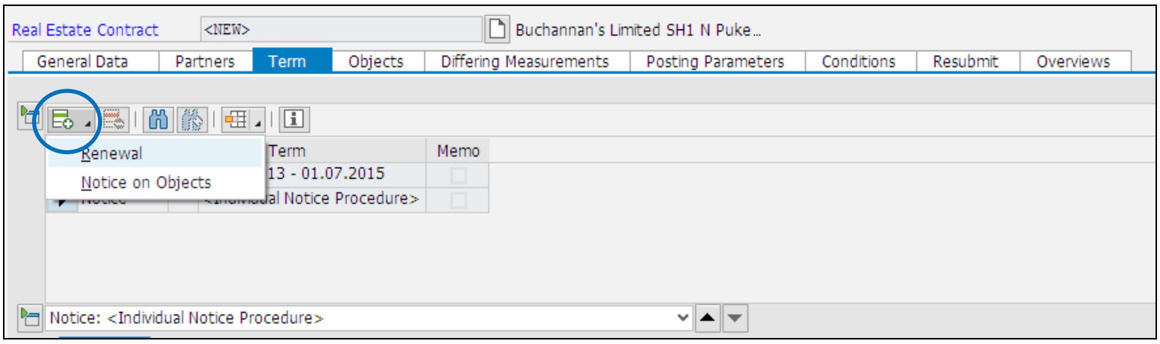


Result: The Notice rules for the contract parties are displayed.

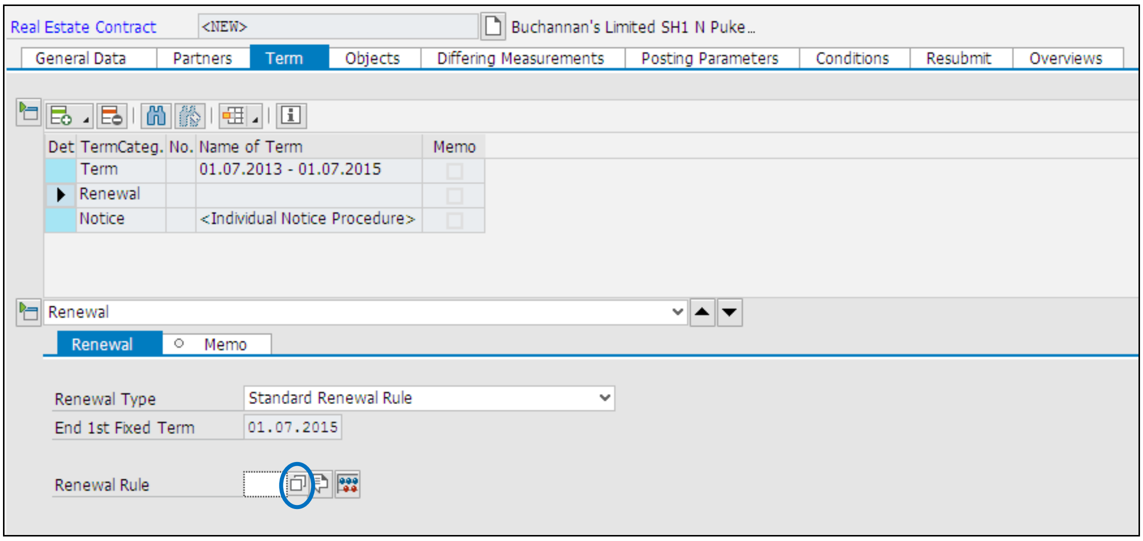
Note: Other individual Notice periods may be setup by clicking the **Create Notice Rule** icon (circled below).



16. To add a Renewal period, click the **Create Term** icon (circled below) and select **Renewal** from the list displayed.

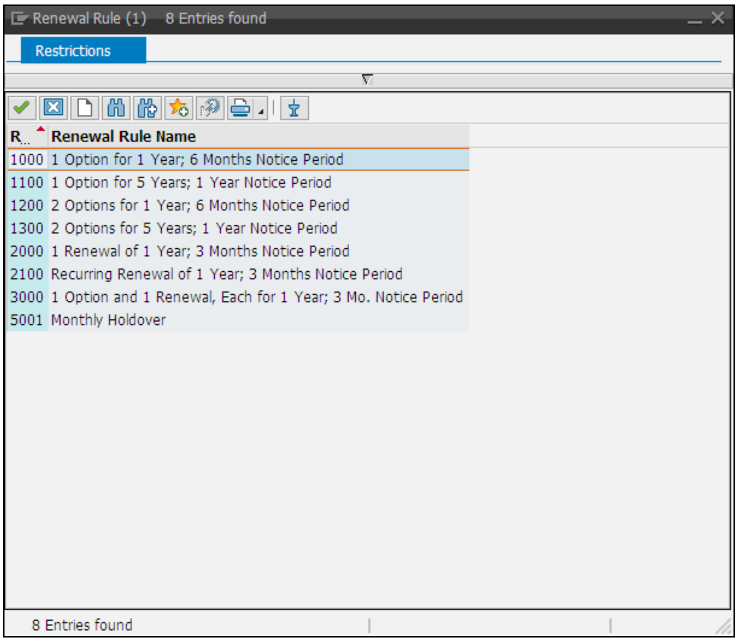


Result: The Renewal screen is displayed.



17. Do the following:

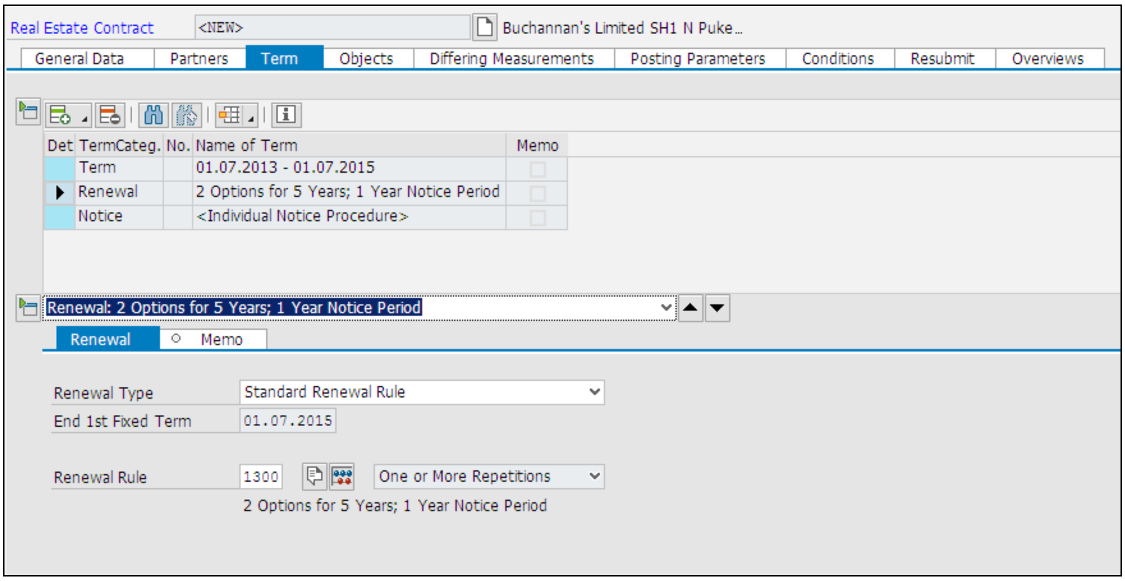
- select an option from the drop-down list in the **Renewal Type** field (e.g. Standard Renewal)
- click into the **Renewal Rule** field and click the **Search** icon (circled above), and
- in the Renewal rule dialog box that displays, select the Renewal rule (e.g. 1300 2 Options for 5 years; 1 Year Notice period) so that it is highlighted in blue, and then
- press Enter.



18. Back on the **Renewal** screen, you may need to press Enter to confirm the Renewal option selected.

    Result: The selected renewal conditions are displayed.

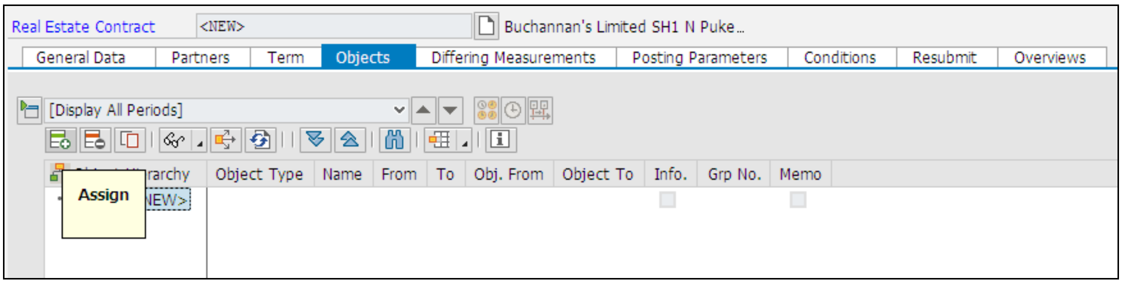
    Note: The 1 Year Notice Period for Renewal means that notice must served that the tenant wants to renew at least 1 year prior to the renewal date.



19. On the **Objects** tab, select **REC <NEW>** under the **Object Hierarchy** list.

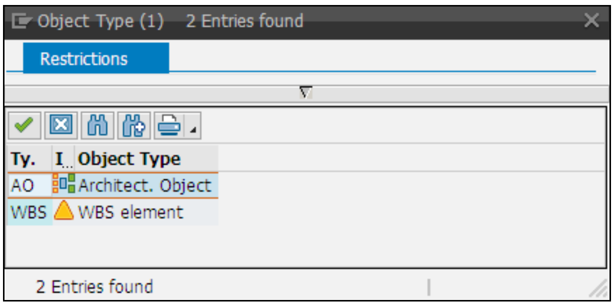
    Note: This is where you link the contract to the Property record (Architectural Object) and the Property WBS element.

20. Click the **Assign** icon.

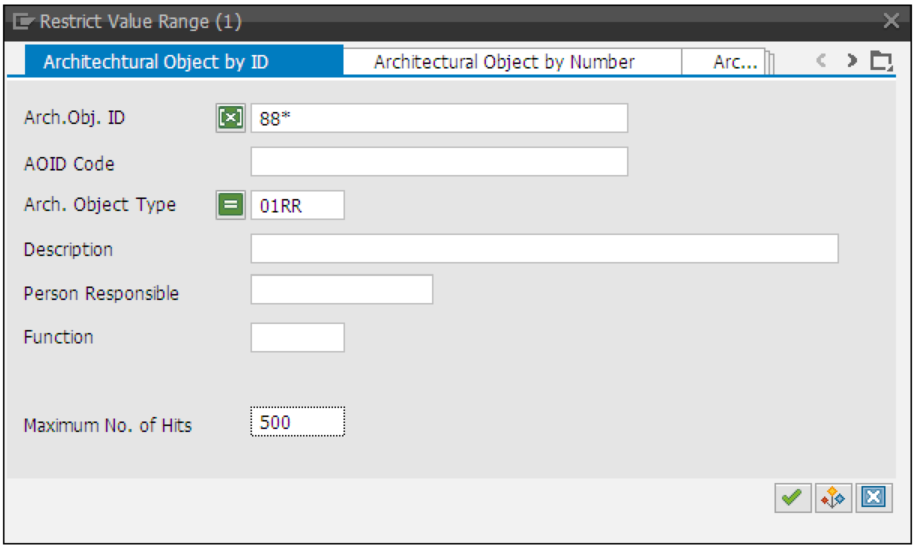


21. Select either **AO (Architect. Object)** or **WBS (WBS Element)** from the **Object Type (1)** dialog box that displays, and press Enter.

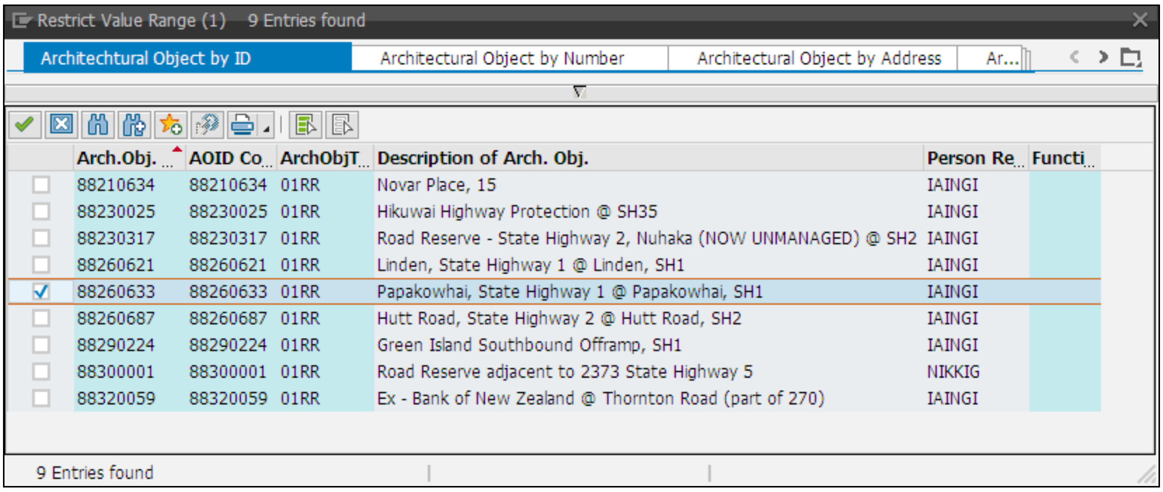
    Note: Both of these options need to be assigned.

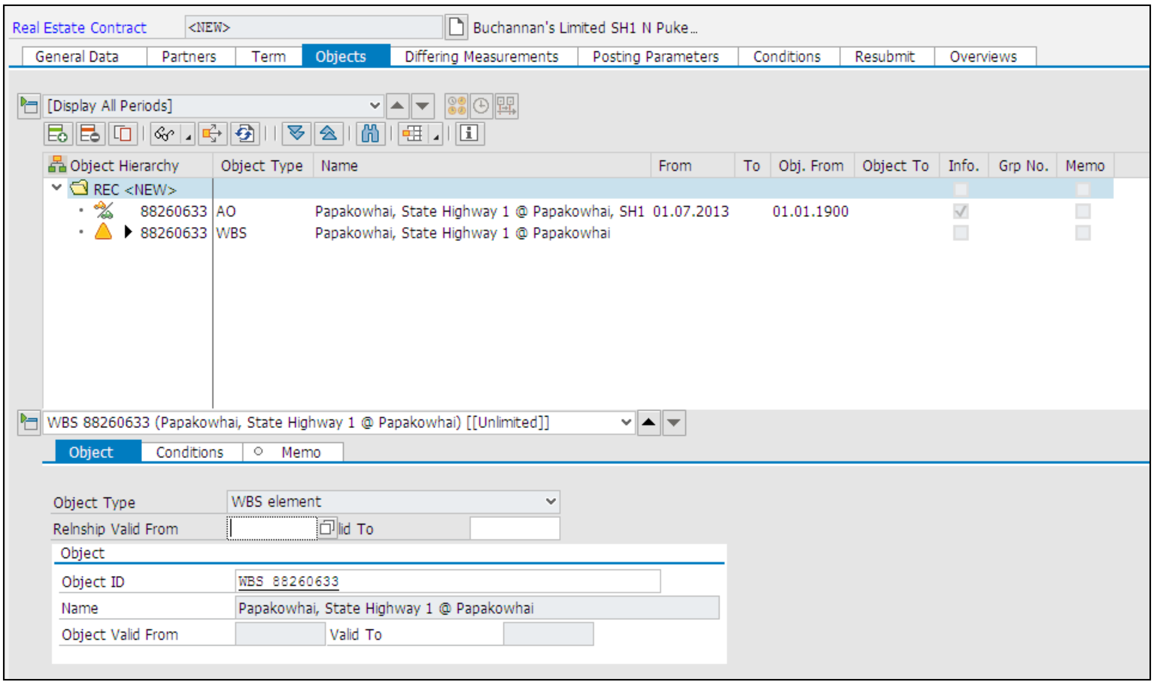


22. Enter the search details (e.g. 88*) in the **Restrict Value Range (1)** dialog box displayed and click the **Find** icon (circled below).



23. Select either the property record the lease is for (e.g. 88000147 NZTA Road Reserve SH1 North Pukerua By) or the WBS (e.g. 88000147) in the **Restrict Value Range (2)** dialog box and click the **Enter** icon to confirm.





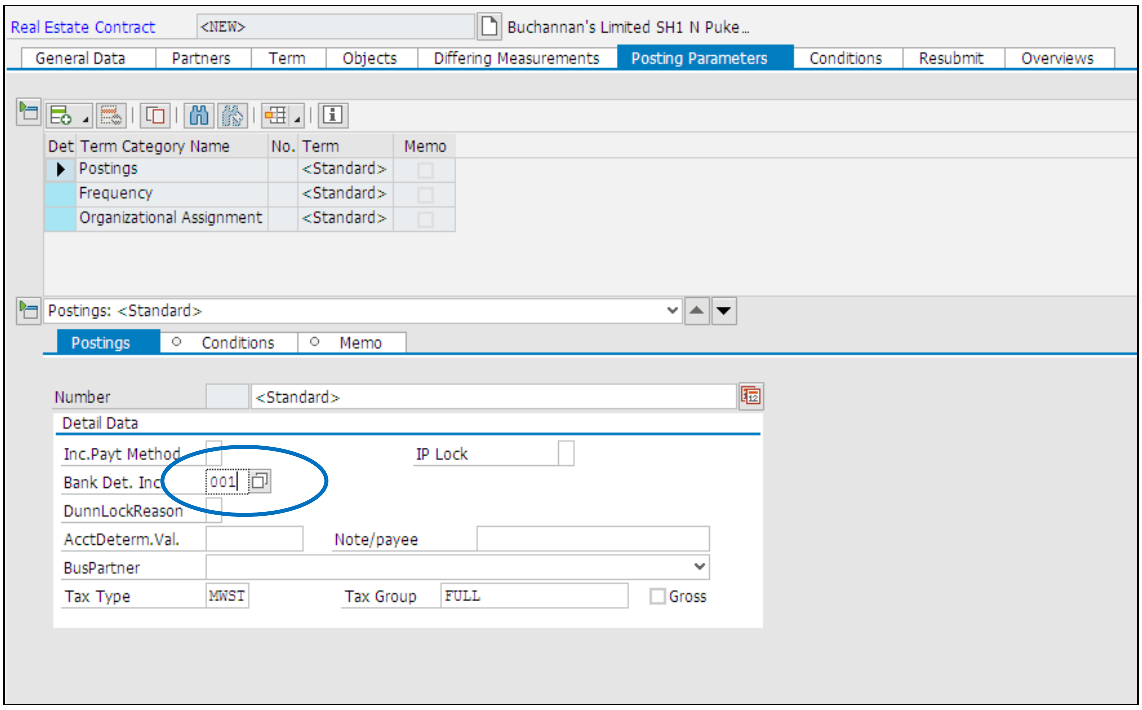
24. Complete the following field on the **Object** section and press Enter:

Field	Description
Relnship Valid From.	Date from which the relationship is valid (e.g. 27.05.2013).

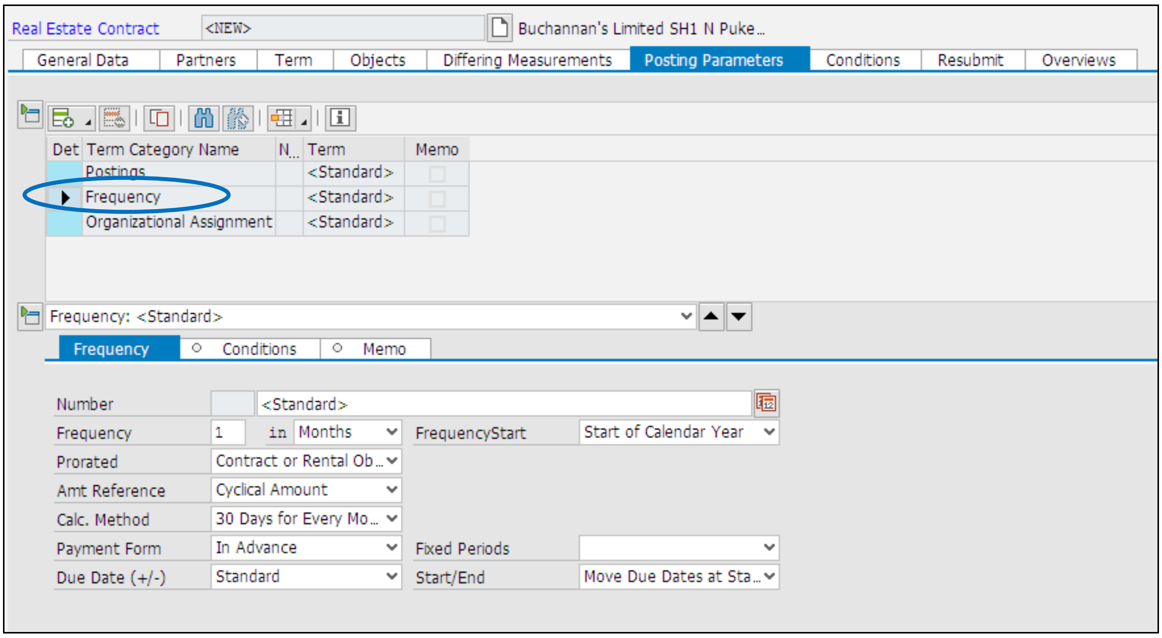
25. Repeat steps 19 to 24 until both the WBS and Architectural Object have been linked.

26. Click on the **Posting Parameters** tab, and on the **Posting** tab, complete the following field:

Field	Description
Bank Det. Inc.	ID of the bank account the business partner uses to clear open items (e.g. 001). **Note**: A Business Partner may have more than one bank account loaded, so each is given an ID. The ID of the bank account selected here, is used to clear open items for this lease agreement. For the bank account(s) details to be available they must be set-up in the Business Partner record.

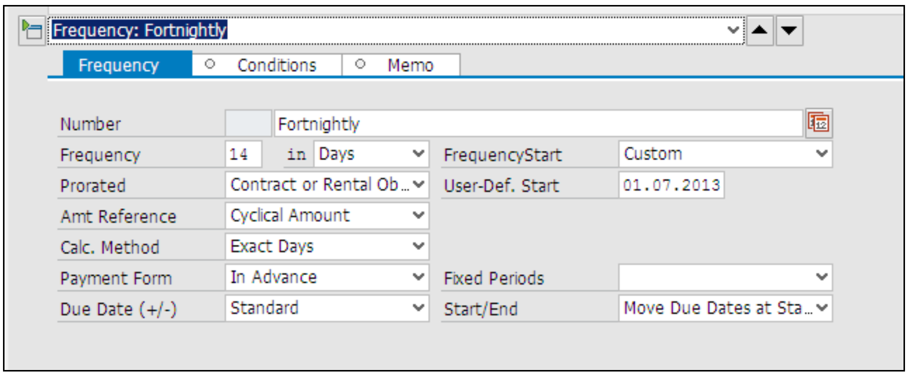


27. Click on the **Posting Parameters** tab, and select **Frequency** from the list (circled below):

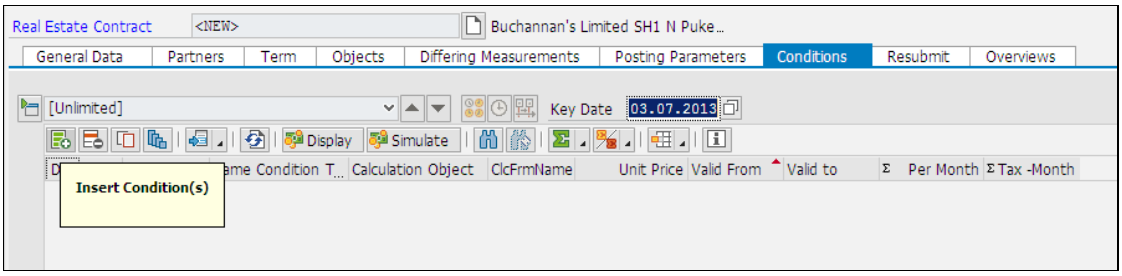


28. Complete the following fields on the **Frequency** tab and press Enter:

Field	**Description**
Number	Leave the number field blank but in the field to the right which shows <Standard>, overtype this with the frequency of the rent, as this will appear on the invoice statement (e.g. Fortnightly is standard for residential leases, and Monthly is standard for commercial leases).
Frequency and "in"	This describes the frequency with which the rent is due (e.g. "1" in "Months" described monthly rent payments).
FrequencyStart	For daily, monthly, or annual frequencies, defines the start of the frequency interval (e.g. Custom).
User-Def. Start	Used to define the start date manually (e.g. 01.05.2013). This field only displays if 'Custom' is selected in the FrequencyStart field.
Prorated	Specifies how the system handles posting of condition amounts (e.g. Contract or Rental Object Start and End, Pro Rata). if the: • Contract or rental object start date is not at the beginning of the period. • Contract or rental object end date is not at the end of the period.
Amt. Reference	Specifies how a condition amount should be understood in relation to time (e.g. Cyclical Amount). Using this attribute you can, for example, set up annual amounts with monthly posting on the condition item.
Calc. Method	The calculation method specifies whether 30 days or the actual number of days in the month are used for making calculations proportional to the whole month (e.g. Exact Days).
Payment Form	The payment form specifies the date within a period on which the payment is due (e.g. In Advance).
Due date (+/-)	Defines how the due date is corrected/moved (e.g. Standard).
Start/end	Either: • Move Due Dates. If this indicator is not set, then the determined due date is used, even if the contract start date or rental object start date is in the middle of a period. • Start and at End. If this indicator is not set, then the determined due date is used, even if the contract end date or rental object end date is in the middle of a period.



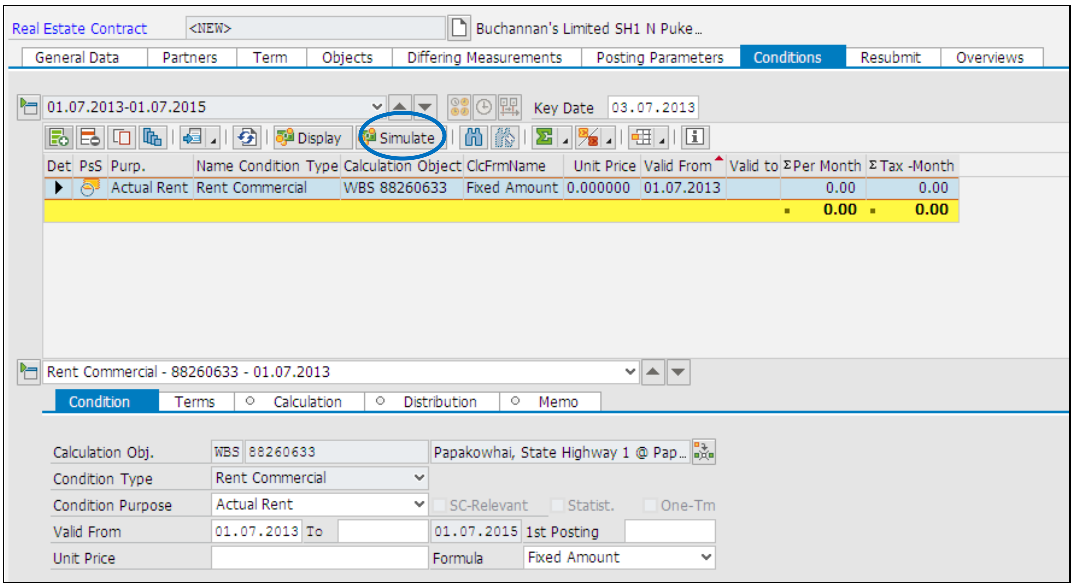
29. Click on the **Conditions** tab, and then click on the **Insert Conditions** icon (see below):



Note: If the **Choose Calculation Object for Condition** dialog box displays, select the **WBS element** (e.g. 88000147 NZTA Road Reserve SH1 North Pukerua Bay) and press Enter to confirm.

30. Place a tick in the box to the left of the Condition Type Name field (e.g. 140 Rent Commercial) from the **Condition Type 13 Entries** dialog box and click the **Enter** icon to confirm.

Result: The **Condition** screen displays.



31. Enter the amount (e.g. 6000) in the **Unit Price** field and press Enter.

    Result: The Conditions are updated, showing the monthly rental amount.

    Note: The **Valid From** date must not be before the **Frequency Start** date identified in the **Posting Parameters** tab.

32. Click the **Simulate** button (circled above) to check the postings for the dates entered on the **Term**s tab.

    Result: The simulation shows the rent payments for the open-ended commercial rental agreement. In the example below, it shows the first rent payment starting on the 27.05.2013 (circled below) of $6000 being paid every month ongoing.

    Notes:

    - Always use Simulation to check that the conditions entered are correct. If the posting are not as expected, check the following dates are entered correctly on the **Terms** tab:
        - contract start and end (if required)
        - cash flow start, and
        - postings.
    - Simulations may be run again and again to check different payment conditions.

Simulation of Partner-Rel. Cash Flow - All Conditions (8/26)

Flow Type Name	Due date	Status	Net CndC...	TaxCnd...	Gross Cn...	Calc. from	Calc. to	FT...	Partner/Acct Assgmt Obj.
Commercial Rent	27.05.2013		6,000.00	900.00	6,900.00	27.05.2013	26.06.2013	Z141	Buchannen Limited / P.O. Box 5600 / Pukurua Bay 5026
	27.06.2013		6,000.00	900.00	6,900.00	27.06.2013	26.07.2013		Buchannen Limited / P.O. Box 5600 / Pukurua Bay 5026
	27.07.2013		6,000.00	900.00	6,900.00	27.07.2013	26.08.2013		Buchannen Limited / P.O. Box 5600 / Pukurua Bay 5026
	27.08.2013		6,000.00	900.00	6,900.00	27.08.2013	26.09.2013		Buchannen Limited / P.O. Box 5600 / Pukurua Bay 5026
	27.09.2013		6,000.00	900.00	6,900.00	27.09.2013	26.10.2013		Buchannen Limited / P.O. Box 5600 / Pukurua Bay 5026
	27.10.2013		6,000.00	900.00	6,900.00	27.10.2013	26.11.2013		Buchannen Limited / P.O. Box 5600 / Pukurua Bay 5026
	27.11.2013		6,000.00	900.00	6,900.00	27.11.2013	26.12.2013		Buchannen Limited / P.O. Box 5600 / Pukurua Bay 5026
	27.12.2013		6,000.00	900.00	6,900.00	27.12.2013	26.01.2014		Buchannen Limited / P.O. Box 5600 / Pukurua Bay 5026
			• 48,000.00	• 7,200.00	• 55,200.00				

33. Once all required details are entered on the tabs, click the **Check** icon on the top toolbar to verify the data and correct any errors.

34. Once there are no errors, click the **Save** icon.

    Result: At the bottom left-hand side of the screen, the message 'Real Estate Contract no. <1000/1*****> has been created' is displayed.

35. Click the **Activate** icon on the top toolbar to activate the lease.

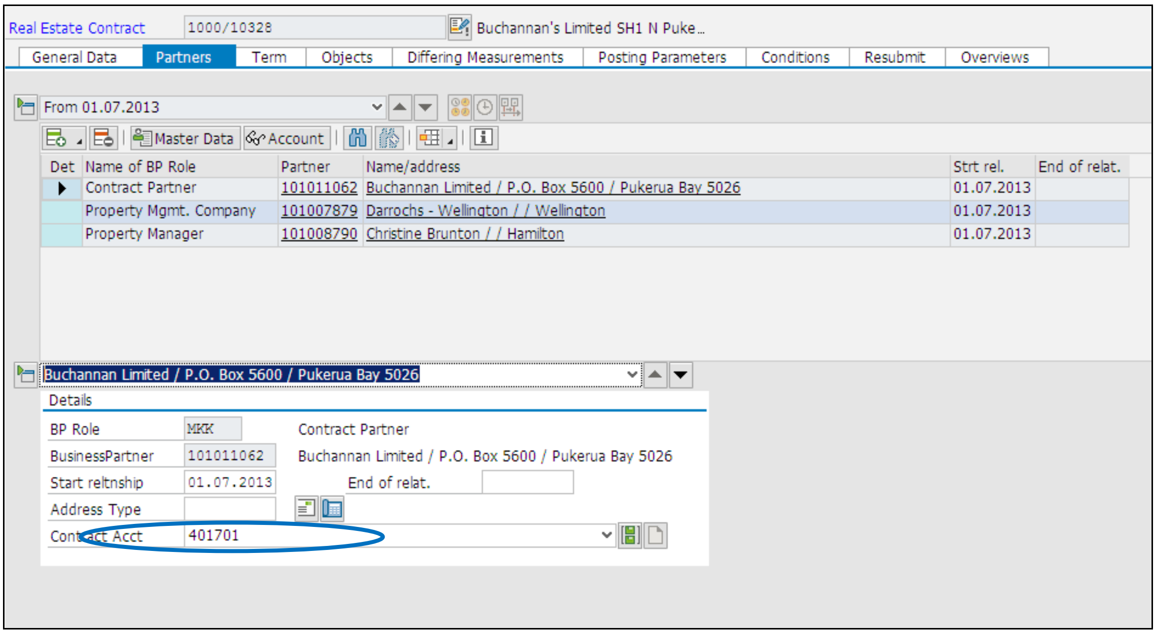
36. Click **Yes** in the **Execute Activity** dialog box that displays.

    Result: At the bottom left-hand side of the screen, the message 'Status is changed' is displayed.

37. Click the **Save** icon again to confirm.

38. The Real Estate Contract has been set-up, linked to the Property Record (Architectural Object), and activated. Now the Contract Partner (Business Partner) must be linked into the Financial Accounts by creating a Contract Account. Use the CAA1 (Create Contract Account) transaction guide to do this.

39. Once the Contract Account has been set up for the Contract Partner, display the **Real Estate Contract** and check the **Contract Acct** field (circled below) on the **Partners** tab.



Note: The Contract Account that you have just created should be displayed. A Contract Partner may have more than one Contract Account, but each Contract Account is unique to a particular Real Estate contract.