



Lease Synchronization User Guide

Real Estate Manager

Version 26.2.1



Document Information

Notices

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This guide is designed to help you to use the Real Estate Manager applications effectively and efficiently. All data shown in graphics are provided as examples only. The example companies and calculations herein are fictitious. No association with any real company or organization is intended or should be inferred.



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Lease Synchronization

Introduction

LeaseAccelerator was designed from the ground up to support the lease accounting standards. A dedicated lease accounting subledger tracks all the journal entries such as amortization, depreciation, interest, and operating expense for each property. To utilize this feature, lease contracts entered in LeaseAccelerator’s Real Estate Manager must be synchronized with LeaseAccelerator’s Lease Accounting Manager.

By synchronizing each lease contract, information is sent via API to the Lease Accounting Manager database and a lease record is created within Lease Accounting Manager. All the critical lease information, including participants, lease terms and details, payment information, and end of term options are included in that lease record. Once the lease is synchronized, there is an approval process within both Real Estate Manager and Lease Accounting Manager to ensure accurateness before the lease generates journal entries and may be exported to a company’s ERP, along with all the other lease contracts.

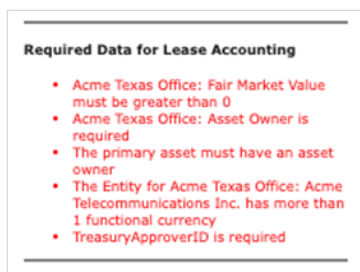
The basic steps in the lease synchronization process after a lease contract is entered in Real Estate Manager include:

1. Performing the Lease Accounting Readiness Review (Real Estate Manager)
2. Approve review (Real Estate Manager)
3. Synchronize with Lease Accounting Manager (Real Estate Manager)
4. Book lease (Lease Accounting Manager)
5. Classify lease (Lease Accounting Manager)
6. Approve lease (Lease Accounting Manager)

Each step in the process is outlined in greater detail in this guide.

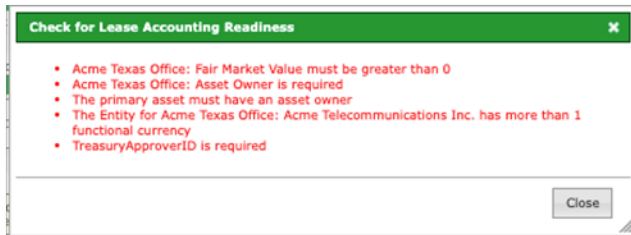
Checking for Lease Accounting Readiness

Prior to performing the Lease Accounting Readiness Review, users have the ability to check for critical data. This data includes pertinent financial and participant information that is required in Lease Accounting Manager and must be provided prior to any synchronization.



There are two ways to check for Lease Accounting Readiness:

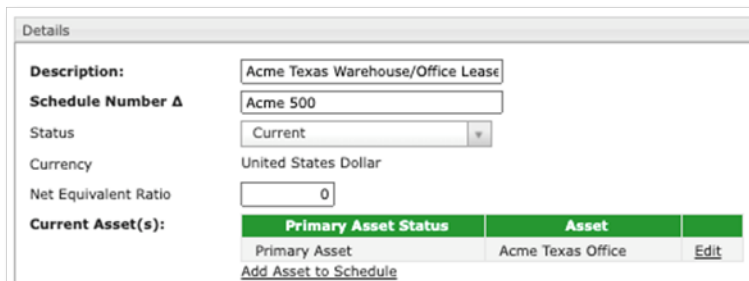
1. Within the Contract Details tab, along the right side of the workspace, missing items will be red under the Required Data for Lease Accounting section.
2. While in the edit mode of a contract, users can scroll to the bottom of the workspace and click the button to **Check for Lease Accounting Readiness**. This will display a pop-up listing any missing items that are required.



Populating Required Lease Accounting Fields

If you have checked for Lease Accounting Readiness and find that you are missing required items, follow these steps to update your contract.

1. While in the Asset, go to the Contracts tab.
2. Select the lease contract and click **Edit**. If you are already in the contract, you may scroll to the bottom of the workspace and click **Edit**.
3. Once in Edit mode in the contract, click **Edit** in the Asset box.



4. In the pop-up, fill in any missing information. Required fields are bolded and must be populated to perform a Lease Accounting Readiness Review.

5. Once all fields are populated, click **Save Changes**.
6. Scroll to bottom of workspace and click **Save Contract**.
7. Add any relevant notes in the pop-up.
8. Click **Okay**.

Performing the Lease Accounting Readiness Review

This action is taken within the Real Estate Manager user interface, after a lease contract has been added to an existing asset. The contract must be entered using a Contract Category which has been configured as having lease accounting significance. This is done within Administration in the Contract Categories workspace. For more information on this configuration, please see the Real Estate Manager User Guide – Contract Categories, available in Ask Alex and the Success Center.

The Lease Accounting Readiness Review checks lease contracts for critical and required data that must be transferred to Lease Accounting Manager to provide accurate and detailed lease accounting, to ensure full accounting compliance. There are three steps to the review which include reviewing the details for contract payments, contract duration, and a final review.

Note: Leases must be in an Active state to commence with a Lease Accounting Readiness Review.

1. From the Top NavBar, select **Management** and then **Assets**.
2. In the Action Panel, click the **Expand Tree** icon to display the Asset which the lease contract has been added.
3. Select the Asset. The Summary tab for the Asset displays.

Summary										
Details	Valuations	Contracts (1)	Apportionments	Subdivisions	Consent/Approvals	Exit Costs	Insurance Records	Compliance	Tasks	Files
Contractors		Budget								
Payable Contracts		Receivable Contracts		Show Archived : <input type="checkbox"/>						
Actions	Description	Reference No	Contractor	Contracted Party	Contract Type	Contract Period	Current Term	Next Term	Category	
Edit Move Delete	AZ Headquarters Office	ACC3	Cyrus One LLC	Acme Communications Corporation	Real Estate Standard Lease	01/01/2022 - 12/31/2026	Name: Initial Term Period: 01/01/2022 - 12/31/2026	Name: Renewal Option 1 (Pending) Period: 01/01/2027 - 12/31/2031	Operating Expense Rent	
Add Contract										

- Click on the **Contracts** tab.
- Click the blue hyperlink on the lease contract.

Contract Details		Invoices	Lease Accounting History	Contract Audit Log	Subcontracts
Contract Details		Unsynchronised - No Lease Accounting Readiness Reviews			
Description:	AZ Headquarters Office			Actions: <input type="text" value="Please choose an action"/>	
Schedule Number:	ACC3			<input type="button" value="Perform Action"/>	
Status:	Current				
Currency:	United States Dollar				

- The Contract Details display and you will see that the lease has been unsynchronized, as no Lease Accounting Readiness Review has been done.
- From the Actions drop-down, select **Mark Lease as Active**.
- Click **Perform Action**.
- Click **Okay** in the confirmation pop-up.
- Now that the lease contract is active, you may select **Commence Lease Accounting Review** from the Actions drop-down.
- Click **Perform Action**.

Lease Accounting Review

Lease Accounting Readiness Review Wizard - Page 1 of 3 - Contract Payments

Please evaluate the contract reviews listed below. Only reviews which result in a known increase in payment amount will be included in the cashflow projection of this contract. This typically includes fixed or stepped rental increases and any minimum escalation percentages such as a collar or floor attached to a review. To edit or add to the reviews shown here, click the link to the top right to save your progress and open this contract in the contract editor. Edit and save the review structure, then re-open this Lease Accounting Review wizard to continue.

The First Payment Date of the contract will be the date that the synchronised deal will start on, and its payments will be aligned on the monthly anniversary of this date. The day is used as the monthly anniversary. If the date is after the start of the contract, then all costs that occur before the First Payment Date will be allocated as Interim Rent. This date will be used as the Lease Start date when synchronised.

First Payment Date: 01/01/2022

Current Contract Costs

Label	Asset	Category	Payment Amount	Tax Amount	Pattern	PA Equivalent (ex Tax)
Base Rent	Acme Arizona Headquarters (AZ 1)	Base Rent (Rent)	\$5,000.00 USD	\$0.00 USD	every 1 months	\$60,000.00 USD
CAMS	Acme Arizona Headquarters (AZ 1)	CAM (Operating Expenses)	\$500.00 USD	\$0.00 USD	every 1 months	\$6,000.00 USD
Totals						\$66,000.00 USD

Upcoming Reviews

Date	Description	Known Increases	Additional Notes
No Lease Accounting Significant Reviews At This Time			

Save and Continue Cancel Delete In-Progress Review

12. In the Lease Accounting Review pop-up, you'll start with the Contract Payments. Evaluate each of the contract reviews that are listed. These will only include reviews which result in a known increase in payment amount, which typically include fixed or stepped rental increases and any minimum escalation percentages such as a collar or floor attached to a review.
13. Verify the first payment date is correct and that all of the current contract costs and upcoming reviews, if any, are entered correctly.
14. Click **Save and Continue** if everything is correct and you are ready to proceed to step 2 of the review.
15. The next step is to review the contract duration, renewal options, and indicate the reasonably certain option.

Lease Accounting Review

Lease Accounting Readiness Review Wizard - Page 2 of 3 - Contract Duration

- Please indicate which of the upcoming options are reasonably certain to be exercised.
- If a significant event or significant change in circumstances has occurred that means the business is reasonably certain to extend or terminate the contract early, please contact the business for written confirmation and in the event of expected termination provide an estimate of the termination costs noting the expected termination date.

Initial Contract Structure

Option	Structure
N/A	NA
Initial Term 01/01/2022 - 12/31/2026	Duration: 01/01/2022 - 12/31/2026 Status: Exercised
Renewal Option 1 01/01/2027 - 12/31/2031	Duration: 01/01/2027 - 12/31/2031 Status: Pending

Un-Exercised Options

All un-exercised options within the contract structure are listed below, if there is a reasonably certain expectation that an option will be exercised in the future it should be selected as 'Reasonably certain to be exercised' in the dropdown selection field. Please attach documentation regarding the strategic reason for exercising the option in either the notes text field or as an uploaded document.

Option Description	Exercise Assumption	Notes	Documentation
Renewal Option 1 - 01/01/2027 - 12/31/2031	Please select assumpti...	Add an optional note to be saved with the Lease Accounting Readiness review.	<Click to upload>

Back Save and Continue Cancel Delete In-Progress Review

16. Verify the Initial term and any options are correct, including the current status.
17. In the Un-Exercised Options section, select the Exercise Assumption appropriate for each option, ensuring that you indicate if any are reasonably certain to be exercised.
18. Enter any relevant notes associated with each option.
19. You may upload relevant document as necessary by click the **Click to upload** hyperlink for each option.

Lease Accounting Review
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Lease Accounting Readiness Review Wizard - Page 3 of 3 - Finalise Review

- Below is listed all information that will be saved as part of this review.
- Please note that once saved an Lease Accounting Review cannot be modified. An incorrect review can be deleted and re-performed as long as it has not been submitted for export to a Lease Accounting system.
- Once exported to a Lease Accounting system the review is permanently frozen within the system.

Contract Details

Projected Lease Accounting Term	01/01/2022 - 12/31/2026
Years (rounded up to nearest year)	5
Schedule Number	ACC3
Country	US
Currency	USD
Lessor Name	Cyrus One LLC

Initial Direct Costs

Description	Amount
Contract has no initial direct costs	

Make Good Costs

Date of Obligation: 12/31/2026

Type	Description	Amount
Contract has no make good costs		

Break Termination Penalties

Description	Amount
Contract has no Break Termination Penalties	

Incentives

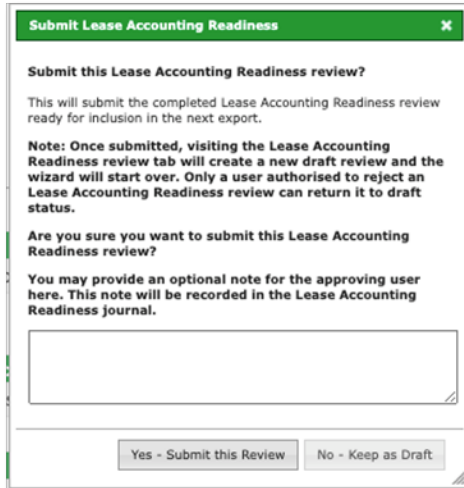
Date	Type	Description	Amount
Contract has no incentives			

Un-Exercised Options

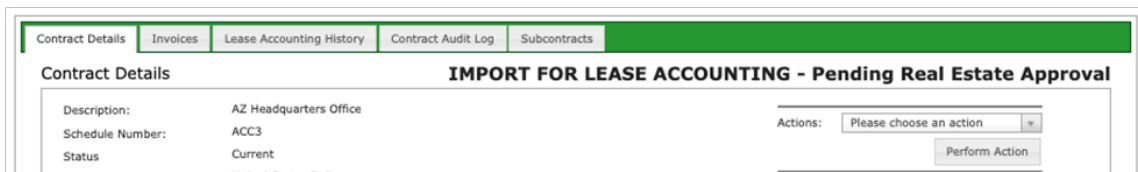
20. The third step in the review lists all of the contract details that will be included in the review.

Note: Once a review is saved, it cannot be modified. An incorrect review may be deleted and re-performed as long as it has not been submitted for export to a lease accounting system. Once exported, the review is permanently frozen within the system.

21. You may enter necessary notes in the confirmation pop-up that will appear for the approver and they will also be recorded in the Lease Accounting Readiness journal.



22. Click **Yes – Submit this Review**.
23. The lease contract is now ready for approval for synchronization.



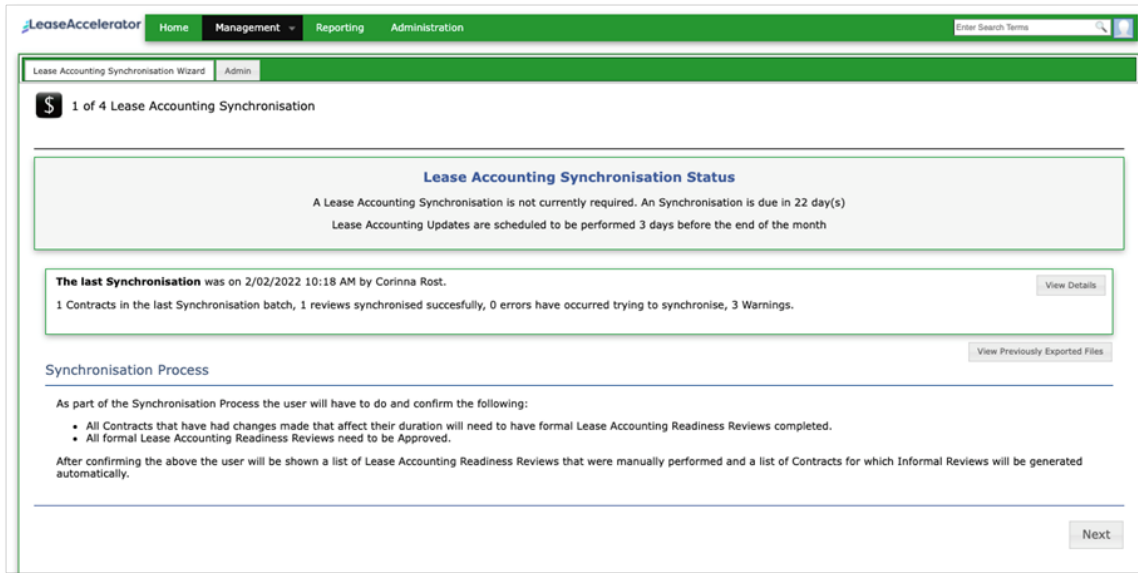
Approving the Lease Accounting Review

The next step in the lease synchronization process is for the Lease Accounting Review to be approved within Real Estate Manager. This approval is done by a different user than the one that submitted the review and serves as another quality check on data accuracy prior to the lease contract being sent to the accounting compliance application.

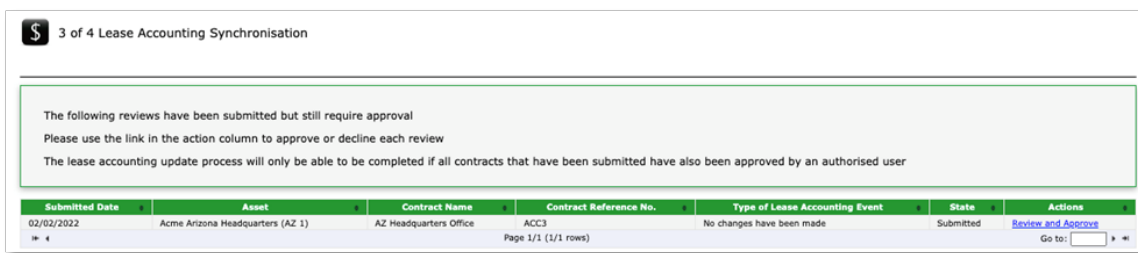
1. To approve a Lease Accounting Review, navigate to the Lease Accounting Synchronization Management workspace by clicking **Management** and selecting **Lease Accounting Synchronization Management**.



2. Once in the workspace, on the Lease Accounting Synchronization Wizard tab, you will see any previous synchronization activity listed and you may view details on those synchronizations by clicking **View Details**.

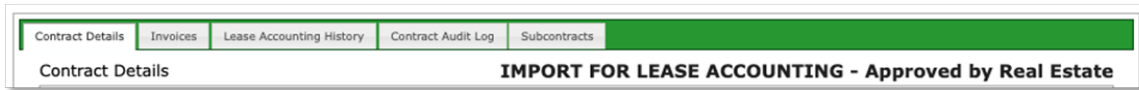


3. To start the process for a new synchronization, including approving the review, click the **Next** button in the Synchronization Process section.
4. Step 2 of the process identifies any contracts that have had changes made to them that require a Lease Accounting Readiness Review to be performed. Links to take that action appear in the table.
5. Click **Next**.
6. Step 3 of the process is where a user may review and approve a Lease Accounting Review. To do so, click the **Review and Approve** link in the Actions column.



7. In the pop-up, review and verify all information is accurate for the Contract Details, Contract Costs, and Options sections.
8. If everything is correct, click **Approve**.
9. If there are mistakes that need to be corrected, click **Decline**.
10. Once approved, you may view the review details by clicking the **View Lease Accounting Review Details** link in the Actions column.
11. Click **Next**.

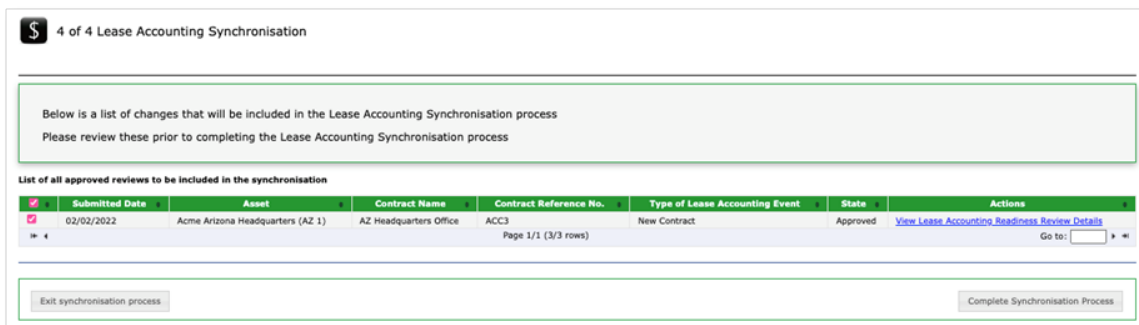
- If you view the contract within the Asset Management workspace, you'll see the synchronization status change to Import for Lease Accounting – Approved by Real Estate.



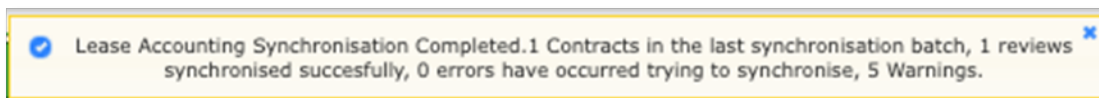
Commencing with the Lease Accounting Synchronization

Once the review has been approved, it is now ready to commence with the lease accounting synchronization.

- On step 4 of the Lease Accounting Synchronization Wizard, check the boxes for any contracts which you want to synchronize with the core accounting application.



- Click **Complete Synchronization Process**.
- Once complete, you'll see a status box at the top of the workspace.



- If you view the contract within the Asset Management workspace, you'll see the synchronization status change to Import for Lease Accounting – Pending Accounting Approval.



- Once a lease contract has gone through the synchronization process within Real Estate Manager, it must still be booked, classified, and approved in Lease Accounting Manager.

Version Summary

Version	Changes/Updates	Date
22R1	Guide created.	08/26/2021
23R3	Removed all reference to Real Estate Manager and core and updated to Lease Accounting Manager.	08/07/2023
24R1	Updated screenshots and steps to remove Early Termination from Lease Accounting Review section.	01/19/2024

