



**Building networks**  
**Munich 4-6 October 2017**

CACEIS  
Stand  
B1.542

© Expo real



## Patrizia expands fund mandates across Europe

### The German Real Estate expert talks about industry challenges and market trends – An interview

**Dr. SVEN OLAF EGGERS**  
Managing Director of  
Patrizia WohnInvest KVG mbH  
and Group Head Platform  
Administration of Patrizia  
Immobilien AG



© CACEIS

#### What do your clients value in PATRIZIA?

With 17 offices in 15 countries, PATRIZIA is represented by more than 600 professionals throughout Europe. This enables PATRIZIA to have a high level of market penetration and to manage transactions and manage properties in geographies, segments and risk styles across the entire real estate life cycle and value chain. PATRIZIA thereby offers tailored investment solutions (e.g. commingled funds, club deals, separate accounts), that reflect the different requirements of its more than 200 global blue chip institutional investors (of these >50% are repeat investors).

In Q2 2017, PATRIZIA entrusted CACEIS Bank with depositary services for three funds on its PATRIZIA WohnInvest platform – in addition to the existing PATRIZIA GewerbeInvest. How did this come about?

PATRIZIA had already cooperated closely with CACEIS in the area of its commercial business funds prior to this commission. CACEIS proved itself to be one of our competent and efficient partners in the depositary business during this collaboration. The expansion of our fund mandate requires that our partners not only stay in sync, but that they anticipate problems along with us and jointly bring about a rapid solu-

tion. CACEIS fits this requirement, the logical consequence being the transfer of additional responsibility in the business.

**It seems that universal banks with associated RE divisions cannot grow volumes as quickly as RE experts like PATRIZIA. Do you share this observation?**

Local market knowledge and local market access is essential for the realisation of transnational investment strategies with the acquisition of solid investment properties. This limits successful growth to those RE experts convinced and willing to establish and continuously extend its network of locals. Besides flexible and quick reaction to market opportunities is key. Specialised RE experts tend to follow up with such strategy more unconditionally than universal banks with broad variety of business divisions.

**How would you assess the existing IT systems in the RE industry? Do far-reaching global solutions already exist or do local solutions prevail? How will the market develop with regard to this?**

We assess (and experience) the existing IT systems being developed quite heterogeneously. This is however not surprising keeping in mind enormous external and internal effort and thus costs to implement solutions improv-

ing the service level. Larger companies thus tend to be more advanced in that field whereas smaller or rather niche providers often stick to easier solutions. Expansion of databases however forces us to develop solutions providing solid storage of granular data forcing them to pay attention to further developed products. Far-reaching global solutions generally cover broad fields like property accounting quite well, specialised requirements such as far developed real estate portfolio steering however require specialised if not built-to-suit and integrated solutions. This limits not just the number of available IT products but to an even larger extent demands a global and broad application. Presently we are observing a trend from reporting solutions having been in the focus for quite a while to portfolio steering solutions. We believe in following up with such demand to a high degree.

**We are observing trends in outsourcing. In your view, what role is played by the outsourcing of an RE asset manager's individual divisions (eg. middle-office – fund admin) that are perhaps not among the manager's core competencies?**

We consider it essential that asset managers scrutinise their business organisation on a regular basis and respond quickly to any inefficien-

cies. Increased outsourcing in the market in certain lines of business opens up economies of scale for insourcers that other partners cannot realise to the same degree. Further, the options must be examined if the lines of business are those not ranking among the asset manager's core competencies and if there is no danger of again diminishing supposed advantages through new interfaces. This is a continuous process for us that will generate long-term top performance for our clients and ourselves.

**What is next for the real estate market in Europe overall?**

We assume a stable economic environment in Europe that will continue to be supported by an expansive monetary policy in the medium term. As a consequence, the demand for real estate will continue to grow in coming years. The share of international and global investors will increase further in the process. The limited supply of new business space within the commercial real estate market will strengthen the trend of investment in top properties in secondary areas and in secondary and tertiary locations. Due to its economic robustness and high liquidity, Germany will also continue to be one of the primary target countries for institutional real estate investors. ◻

# CACEIS, as part of Crédit Agricole's Private Equity Services sector, partners in the development of real estate investment funds



LAURENT DURDILLY, Head of PERES Global Services, CACEIS

The Private Equity Services line, part of Crédit Agricole's Premium Client Solutions, combines the expertise of CACEIS, Crédit Agricole Corporate & Investment Bank and Indosuez Wealth Management to meet the financing and servicing requirements of real estate funds.

This business line has a joint approach to private equity, private debt, infrastructure and real estate funds, all of which have developed strongly in recent years across the world. At present, financing of the global economy relies to a large extent on this class of unlisted asset, which has experienced growing success. One of the drivers of this investment vehicle's

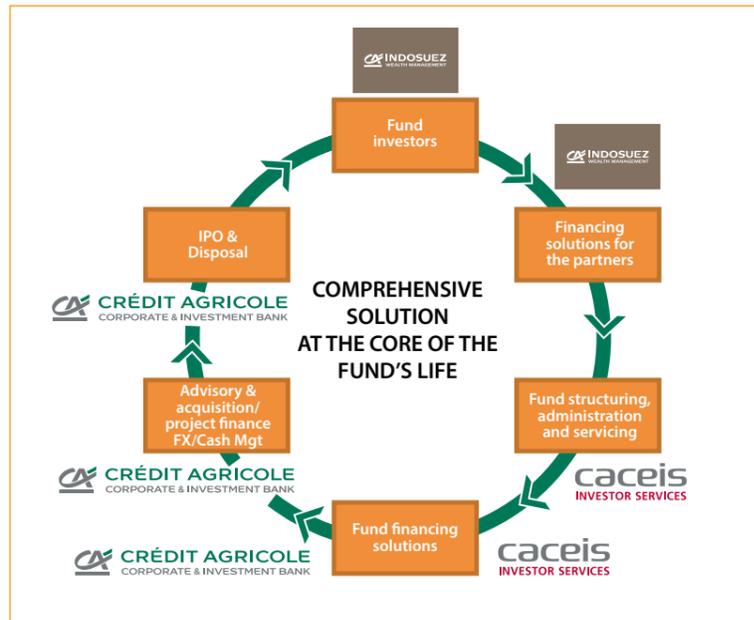
success is that it offers some of the highest profitability (compared to listed vehicles) whilst being a low volatility investment. Another factor is that governments are increasingly looking to the private sector to contribute to financing the real economy. Real estate funds in particular are being called upon to play a role in construction project financing.

These funds are experiencing rapid growth and need the support of a reliable, long-term partner throughout their lifecycle. This is where the Premium Client Solutions division Crédit Agricole is involved, combining the expertise of its three members.

Regarding closed-end real estate funds, Indosuez Wealth Management, Crédit Agricole group's wealth management arm, offers its specific expertise to support fund managers, with regards financing their carried interest. Indeed, to ensure managers meet regulatory requirements intended to align their interests with those of unitholders, they are required to personally invest a minimum of 1% of the fund's total assets. Indosuez Wealth Management can help them define the best suited solution depending on their financial status.

During the fund's life, Crédit Agricole CIB (CA-CIB), Crédit Agricole group's corporate and investment banking arm, contributes its expertise by providing investment and acquisition advice, as well as asset based financing over the investment period. It offers liquidity solutions (refinancing, trade sales) during the fund's divestment phase. CA-CIB also offers comprehensive hedging solutions (forex, interest rate derivatives).

CACEIS is involved at several levels: in particular as depositary and registrar when the fund is established, then as administrator throughout the life of the fund. CACEIS is in charge



of managing relationships and flows between the management company and the fund's investors.

CACEIS and CA-CIB provide equity bridge financing to closed-end funds. As Laurent Durdilly, Head of the business line at CACEIS, points out: "Equity bridge financing is a short or medium-term (two to four years) facility made available to investment fund managers. It is designed to optimise the management of the financial flows between investors and the management company, such as those related to company acquisitions and management fees. Such financing has several advantages for investors and fund managers: it makes it possible to postpone and reduce the number of capital calls to investors. This improves the fund's internal rate of return and is also greatly appreciated by investors because it enables them

to better view the schedule of capital calls."

Ranking among the leading service providers on the market, the three partners offer a comprehensive and robust servicing solution provided by experts in their respective fields. CACEIS is the number one depositary in France for private equity, private debt and infrastructure funds, and is one of the leading players in Europe.

In order to better serve its clients, CACEIS has set up a dedicated private equity and real estate funds team, which includes all support and operational functions.

CACEIS is not only a service provider, but also a partner that supports management companies in their development in real estate funds.

## INTERVIEW WITH RÉGIS AUBERT, Senior Banker at Crédit Agricole CIB - Real Estate & Hotel Group



What is your assessment so far, 12 months after the creation of the business line?

The results are very positive. The creation of the business line has clearly enhanced the

communication and synergies between the three entities of the Private Equity Services Division, CA-CIB, CACEIS and Indosuez Wealth Management with a strong team spirit and goal sharing alignment.

It enables each entity to gain a broader view and understanding of the full spectrum of banking services that our Group can deliver to our private equity, real estate and infrastructure clients and to be more responsive in our approach for addressing all their needs throughout the fund life cycle.

Thanks to the deployment of teams dedicated to equity bridge facilities/subscription lines not only in Paris but also in London and New York, we have implemented this type of facility in each of the three zones for some of the largest and most well-regarded players in the real estate private equity industry and we are gaining market share rapidly. However we remain selective in our approach, as we only



offer this product to our best clients with a view to strengthening the relationship and promoting the broader long term partnership that our Group wishes to develop.

What are the benefits for your real estate clients?

With its broad international real estate platform, CA-CIB was already one of the very few banks in the world in a position to address the various advisory, equity & debt capital market, asset-based structured finance and hedging needs of our real estate clients in most of their core markets in Europe, North America and Asia Pacific. This geographic coverage is a key strength and is highly appreciated by the large real estate investment managers,

which develop their business on a pan-European or a global scale. But now, thanks to the closer synergies with CACEIS, which also has a strong international presence, and to the development of our joint equity bridge financing offer (for funds which use this type of facility), we can bring to the table an even more complete offer to our clients.

Our clients understand what are the respective businesses of CACEIS and CA-CIB and don't expect one entity to answer for the other. But they also appreciate the fact that they can use the opportunity of a contact either with CACEIS or CA-CIB to raise some needs which can be covered by the other entity and that both will then interact in order to answer adequately in a coordinated way.