

# caceis news

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**BRUNO BOURBONNAUD**, Global Head of the PERES Division, CACEIS

In a context of low interest rates, real estate funds, but also private equity, private debt and infrastructure funds have demonstrated tremendous growth across the world over the last few years.

At present, an increasing share of the global economy relies on the financing of these specialist funds, and the unlisted asset class has experienced growing successes. One of the drivers of this asset class

success is that it offers some of the highest profitability (compared to listed vehicles) whilst being a relatively low volatility investment, provided investors are comfortable with its illiquid nature.

Another factor is that governments are increasingly looking to the private sector to contribute to financing the real economy, notably infrastructure. Real estate funds in particular are being called upon to play a key role in construction project financing.

As such, Crédit Agricole saw a natural opportunity to offer sophisticated solutions to clients in this industry, conjointly served by the CACEIS, Crédit Agricole Corporate & Investment Bank and Indosuez Wealth Management entities.

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

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

In order to better serve its clients, CACEIS has set up a dedicated private equity and real estate funds business line: PERES (Private Equity, Real Estate and Securitisation) with integrated front-to-back teams including relationship management and all support and operational functions.

The business line has experienced remarkable growth over the past three years thanks to its model which enables the development of a relationship of trust with its clients, to the major investments made in information systems, and its dedicated offering.

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

CACEIS is a leading depositary in Europe for private equity and real

estate funds with close to €200 billion in Assets under Depositary. Real Estate represents over half of this amount, making CACEIS a major player in the asset class in Europe.

We must now nurture this growth and manage this business development. In order to always provide better support for our clients and optimise what has already been accomplished, I have initiated, with the support of CACEIS's General Management, a program based on two pillars: The first will strengthen the commercial management of our clients and prospects in order to meet their needs; The second pillar will strengthen the operational efficiency of our services.

In a very competitive environment, my ambition is to make sure our offer is the most relevant for our clients and make it accessible to all our clients across private equity, infrastructure, real estate funds and securitisation sectors, regardless of their geographical location.

**expo real** Munich 8-10 October 2018  
FundForum International  
CACEIS Stand  
B1.542

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# Real estate fund managers requesting broader service range from providers



ANDREAS PADE, Head of Fund Administration, CACEIS in Germany

The securities industry started leading the way some ten years ago. Asset Managers seeking to increase focus on their core business: portfolio management, risk management, sales and distribution. Many managers have outsourced their middle-office or fund administration. This trend has since moved into the real estate asset management industry.

## PROVIDING A ONE-STOP SHOP SOLUTION

Subscription and redemption processes with securities can be mapped so well technically that they can be transferred into reliable electronic processes without major difficulty. On the other hand, real estate funds involve manual intervention when buying or selling items. This slowed the outsourcing trend for fund administration services to real estate funds for a time. However, after the financial crisis, restructuring at many asset management companies, and checking the contribution margin accounting and in times of robotic automation processes, many real estate asset managers are now looking for service providers that offer a one-stop shop solution: Depository and fund administration services from a single source. Why? The one-stop shop model enables CACEIS to provide a comprehensive solution covering banking, fund administration and depository services. These services are performed by specialised teams dedicated to CACEIS's PERES (Private Equity

& Real Estate Securitisation) business line. In addition to CACEIS's one-stop shop service solutions, clients may also benefit from attractive value-added services such as FX trading, cash management, collateral management or EMIR services. However, with the creation of PERES at CACEIS group level, the bank points out the importance and strengthen its position as a leading player, share best practices amongst all servicing entities and provide bespoke servicing on a single or multijurisdictional basis through CACEIS's main centers of excellence. Besides, this integrated solution grants clients access to other teams of experts within the premium division of Crédit Agricole Group delivering tailored services.

## A PIONEER IN REAL ESTATE FUND ADMINISTRATION

CACEIS, being a market leader as depository for real estate funds, was early expanding its expertise to real estate fund administration by founding CACEIS Fonds Services. As such, the bank counts itself amongst the pioneers in the field of fund administration

for open-ended real estate funds in Germany.

This is quite a strong position, helping to meet the group's ambitions – after all, the CACEIS group has €55 billion in Assets under Administration in the PERES business line. Consequently, the goal in Germany is to further enlarging the fund administration business with services for closed-end real asset funds and for securities funds as well.

Currently, the bank is involved in many conversations in the market and receives requests for proposals asking for services in both areas – depository and fund administration services. As each client project is unique, the services are all about customisation. Having worked with many different clients in different countries, it is clear that no two projects are the same.

## ENSURING A SMOOTH MIGRATION

CACEIS had the opportunity to prove the experience by a large number of insourcings, takeovers and migrations for depository Real Estate clients across Europe with the last years. As such, the bank established an onboarding and migration approach with dedicated on-boarding resources, project blue print and proven processes to ensure a successful migration in the shortest possible time, maximum risk mitigation and with an optimised use of resources on the client side. Based on the migration plan, each step of the entire migration will be closely coordinated with the client. Projects at CACEIS should be carried out on a joint basis and of course, the client will be involved on all aspects dealing with the migration by a representation in the various working groups and

committees of the project.

In addition, CACEIS started to develop a global IT servicing platform for private equity and real assets, which is shared by all entities and allows country-independent procedures based on the relevant business lines.

Clients will benefit due to one single interface and reporting solution, taking into account local market needs for all servicing countries.

## STAFF TRANSFER AND INTEGRATION

Taking over parts of a business from a client by a service provider, sometimes comes along with integrating employees or entire teams. Many asset management companies even make it a prerequisite. Therefore, CACEIS is open to taking over existing employees in case of an all-embracing outsourcing at the client-side. Certainly, the successful transfer of employees is one of the major success factors at the insourcing company. A comprehensive communication concept will help the employees understand the benefits of the new situation and to welcome them into CACEIS with all its opportunities including future career development. This is an important contribution to a smooth handover and to the continuity of business for the client.

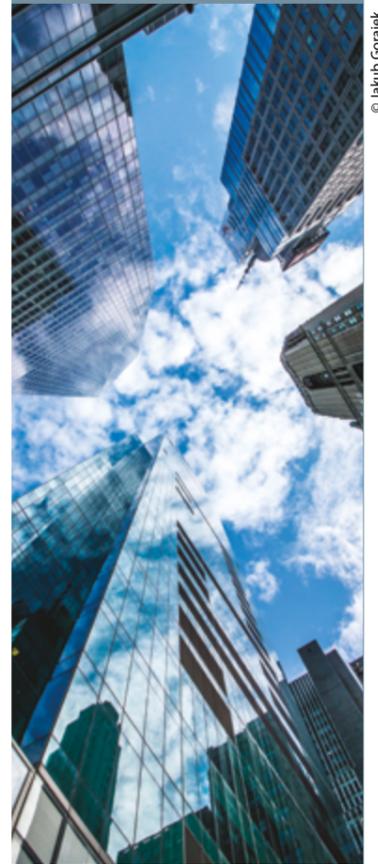
In fact, CACEIS has a proven track record for insourcing business, processes and employees group-wide: In 2014, for example, the bank transferred the real estate depository banking activities – including employees - from a German competitor to CACEIS.

In 2015, CACEIS took over the depository activities of another German competitor. At that time, both companies justified their withdrawal with strategic considerations. Shortly after, in 2016, CACEIS entered into fund administration for open-ended real estate funds in Germany by a lift out of the client's entire fund administration department. The growth and success of CACEIS across Europe is based on similar transactions.

## OUTLOOK

CACEIS expects strong growth in the real estate funds business area for the years to come, no matter whether open-ended or closed ended funds. In addition to that, asset managers increasingly consider the outsourcing of non-core activities such as fund administration these days. Technological progress will even encourage these considerations in the future.

PERES  
BUSINESS LINE  
WITHIN CACEIS  
KEY FIGURES



250

PROFESSIONALS  
ACROSS EUROPE

#1

EQUITY BRIDGE  
FINANCING PROVIDER  
IN CONTINENTAL EUROPE

DEPOSITORY BANK OF

2,000

FUNDS IN EUROPE

FUND ADMINISTRATOR OF

500

FUNDS IN EUROPE



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



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**ARNAUD GAREL-GALAIS**, Group Head of Coverage & Business Development 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

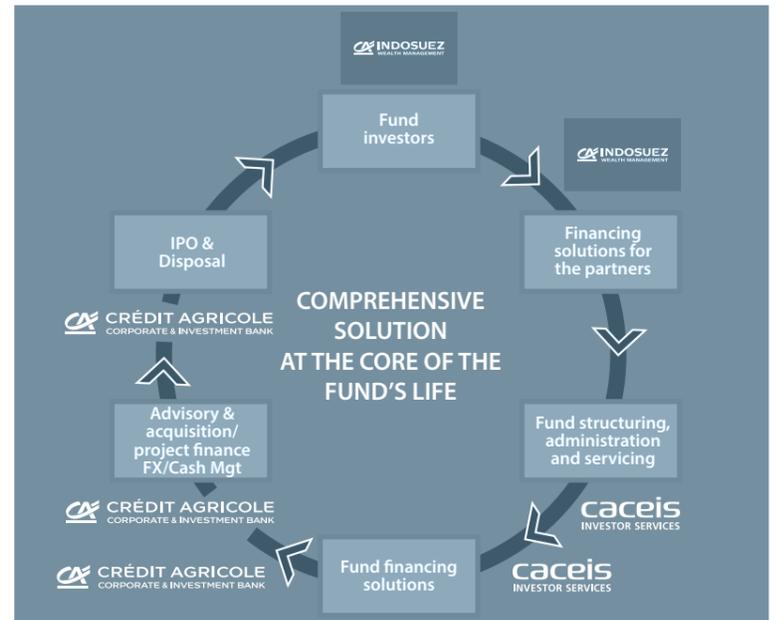
drivers of this investment vehicle's success is that it offers some of the highest profitability (compared to listed vehicles) whilst being a low volatility investment. Another factor is that governments are increasingly looking to the private sector to contribute to financing the real economy. Real 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 depository 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 **Arnaud Garel-Galais**, Group Head of Coverage & Business Development of PERES 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 depository 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



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**Two years after the creation of the business line, what is your assessment?**

In my mind, the creation of the business line was a very good move. It has clearly improved the

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

It actually enables each entity to gain a broader view and understanding of the full spectrum of banking services that our Group is able to deliver to many clients in the areas of private equity, real estate and infrastructure. Moreover, it helped us to become 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 geographies for some of the largest and most well-regarded players in the real estate private equity industry. Though competition on the market is increasing, we



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are gaining market shares rather rapidly and continuously. 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. They actually develop their business on a pan-European or a global scale. Thanks to the closer synergies with CACEIS, which also has a strong international footprint, and to the development of our joint equity bridge financing offer (for funds which use this type of facility), we can bring to our clients an even more complete offer.

# A management team for CACEIS Private Equity and Real Estate business line

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From left to right: YVES CARON, ARNAUD GAREL-GALAIS, FRÉDÉRIC ULLENS, BRUNO BOURBONNAUD, PIERRE-MARIE NOWACZICK and GILLES CORCOS

**Bruno Bourbonnaud** is Global Head of the PERES division. **Arnaud Garel-Galais** who previously headed business development for PERES in the UK, has been promoted to Group Head of Coverage & Business Development for the PERES business line. **Frédéric Ullens** is Group Head of Operations; he oversees all operational activities in the PERES sector for all CACEIS entities. His strong experience in the Private Equity is key to master our operational efficiency and improve the quality of the client experience. **Yves Caron**, his Paris-based deputy, who comes from a major private equity management firm, contributes to strengthening the operational efficiency of services. **Gilles Corcos** supervises the Equity Bridge Financing activity for the business line. **Pierre-Marie Nowaczick** is dedicated to the IT projects and innovative solutions.



... to new heights.

## We're taking Private Equity and Real Estate

Non-traditional investments like Private Equity and Real Estate demand non-standard services. We might be a global asset servicing group, but we think like a boutique operation. Our bespoke services and specialised expertise help you create investor value. We cover all your financing needs, including bridge financing, carried interest and guarantees.

**CACEIS, your comprehensive asset servicing partner.**

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INVESTOR SERVICES  
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