

The benefits of outsourcing property management accounting for French real estate funds (OPCIs)



FRANCK DELBES *Head of Fund accounting, France*

CACEIS in France strengthens its leading position in administration, custody and trustee services for French real estate funds (OPCIs). We support investment management companies to capitalise on the growth of OPCIs by providing outsourced property management accounting integrated to our fund administration and depositary services.

OPCI, with the property managers responsible for renting out the buildings, and with the fund administrator. To enable the asset managers to work more effectively through the use of cost-effective, standardised and automated systems CACEIS delivers property accounting service integrated with its fund administration services that keeps track of income and charges related to real estate activities.

ACCOUNTING OUTSOURCING SERVICES FOR REAL ESTATE ACTIVITIES

Regulations require that OPCIs publish an estimated value at least every three months, prompting investment management companies to wonder what sort of organisation is the most efficient for managing the accounting of real estate assets. For these managers, CACEIS is ready to take on accounting for income and charges related to the real estate business. These include principally rents, security deposits, maintenance, repair expenses and taxes. A team of experts, with years of experience working for top players in real estate investment funds, controls and monitors information from property managers and management companies. They enjoy a secure environment with a technology platform that keeps pace with market developments. CACEIS's active participation in creating a data exchange standard, FIDJI, is just one example of this ongoing process.

CACEIS allows asset management companies to concentrate on core competencies of real estate investment management by minimising in-house administrative resource and by supplying them with reliable and transparent data from a multitude of sources ■

Total assets under management in French real estate collective investment funds (OPCIs) are estimated by the French Asset Management Association, AFG, at €7.5 billion at end-2009 compared with €6 billion at end 2008. Significant equity market volatility and low returns on cash are driving investors to diversify their holdings. These conditions are favourable for OPCIs thrive in 2010.

A STREAMLINED PROCESS THROUGHOUT THE REAL ESTATE INVESTMENT CHAIN

OPCI management generates data flows throughout the real estate investment chain which places an extra administrative burden on the asset management companies responsible for the property assets. It must communicate with the independent property experts who annually appraise the value of each building owned directly or indirectly by the

CACEIS 1st Depositary and Administrator by number of Asset Management companies and OPCIs



CACEIS's OPCI reference paper has been updated with the latest regulatory developments. This informational document displays the framework, the various entities involved, the lifecycle of this investment vehicle and lists all laws, and regulations governing OPCI.

This publication is available on www.caceis.com

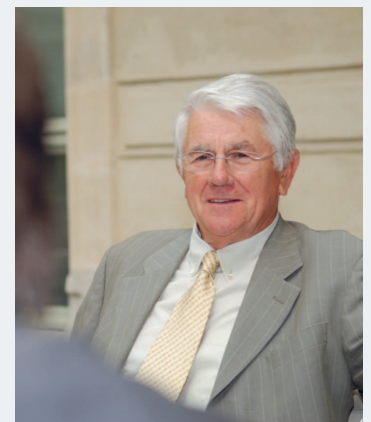


FOCUS ON FIDJI

A new electronic standard for exchanging real estate information

Could you please introduce FIDJI?

The launch of real-estate collective investment schemes (OPCIs) in France in late 2005 prompted the creation of a focus group of real-estate professionals tasked with establishing a data interchange standard. Two years later, in 2008, the group's members decided unanimously to set up FIDJI, a non-profit organisation whose name means "format for the interchange of legal and real-estate data".



BERNARD BOULEGUEZ
Corporate Secretary, FIDJI

Does FIDJI involve all real-estate market participants, especially OPCIs?

Yes, it does.

Our 40 members, who include investors, real-estate experts, property managers, specialised software houses, supervisors and custodian-valuation agents, represent the entire value chain in OPCI investing, each of them is a leader in its sector and contributes its practical experience to the task of establishing the common industry standard.

What is FIDJI's main aim?

FIDJI is working to determine a format for the exchange of quantitative and qualitative data among real-estate market participants. This common language will make the data they exchange simpler and easier to understand. It will enhance transparency and reliability. It will also decrease costs and will improve productivity throughout the value chain.

How is FIDJI getting organised to finalise this project?

In summer 2008 four working groups were set up. The first group is examining the links between investors and property managers. The second is analysing the movement of information between management companies and property experts. The third deals with data flows between management companies and custodian-valuation agents (Rodolphe Bourg, head of OPCI valuation, represents CACEIS on this group). The fourth group facilitates transfers from FIDJI data to the Investment Property Databank (IPD) standard. Another group will be set up to look into the possibility of exchanging data under foreign standards, initiated recently via a partnership with OSCRE International, the consortium responsible for the standards used in the US and UK markets. All these groups meet once a month.

What action are you taking to promote use of the FIDJI standard?

There are two main practical thrusts. FIDJI's draft standard was recognised as strategic, innovative and credible by the Finance Innovation global competitiveness cluster in June 2009. Last summer a management company and two real-estate experts carried out a full-scale test to simulate the valuation of an OPCI scheme. The success of that test means that the FIDJI standard can be brought into general use for all property experts and management companies in the near future. The next stage will be to extend the standard to all stakeholders in the OPCI market. We are also developing international cooperation with existing standards ■