

closer



Auditing of real estate charges and rent

PRG-SCHULTZ: the group

- ◆ Founded in 1971, PRGX is the world leader in accounts payable auditing
- ◆ PRGX's global head office is in ATLANTA, Georgia, USA
- ◆ PRGX employs 1,347 staff across 22 countries
- ◆ 2009 turnover: \$180 million
- ◆ Who are our customers? They are major players in the supermarket and specialist retail industry and major industrial and tertiary groups
- ◆ In 2010, PRG-Schultz became PRGX and launched a new category of services: hidden profit discovery, which combines audit, analysis and consulting.

PRG-SCHULTZ in France

- ◆ Since 1995
- ◆ 87 staff
- ◆ 2009 turnover: €9 million
- ◆ Head office in Levallois-Perret (92, Hauts de Seine department)
- ◆ OPQCM certified (Professional Qualification Office for Management Consulting)
- ◆ Member of SYNCOST, the 1st professional syndicate of cost reduction consulting businesses

PRG-SCHULTZ's areas of expertise



Accounting transaction analysis

Verification of the appropriate application of purchasing contracts

Auditing of real estate charges and rent

And also...a consulting department

Multiannual analysis methodology

Key phases of the assignment

- ◆ Location and analysis of Legal and Financial records
- ◆ Lease contracts, amendments, agreements and other correspondence
- ◆ Key factors, for the retroactive calculation of expected results
- ◆ All types of invoices from third parties, actual result estimation

"Expected – actual results" reconciliation form

- ◆ Identification, third parties, site, surface areas etc.
- ◆ Rental amount and review conditions
- ◆ Charges and other expenses by nature and period

Preparation of information requests and claims

- ◆ File documented with supporting evidence
- ◆ Internal validation of files
- ◆ Formatting and sending of letters

Recovery

- ◆ Communication with suppliers
- ◆ Fees based on results

Actions targeting charges

All types of charges

Analysis of fixed conditions

- ◆ Lease contract: list considered restrictive
- ◆ Lease contract: allocation conditions of common charges
- ◆ Framework conditions, rules of joint ownership etc.

5-year expenditure analysis

- ◆ Schedule of expenditure, invoices and settlements
- ◆ Provision and balance statement
- ◆ Evolution analysis by nature
- ◆ Accounting consultations and extractions
- ◆ Calculation of a cost/m²/year ratio

File detection, preparation and validation

- ◆ Adjustment request
- ◆ Detailed information request
- ◆ File documentation
- ◆ Effective recovery or deduction agreement



Auditing of real estate charges

Experience

Shopping centres

Agency networks

Industries
Service provision

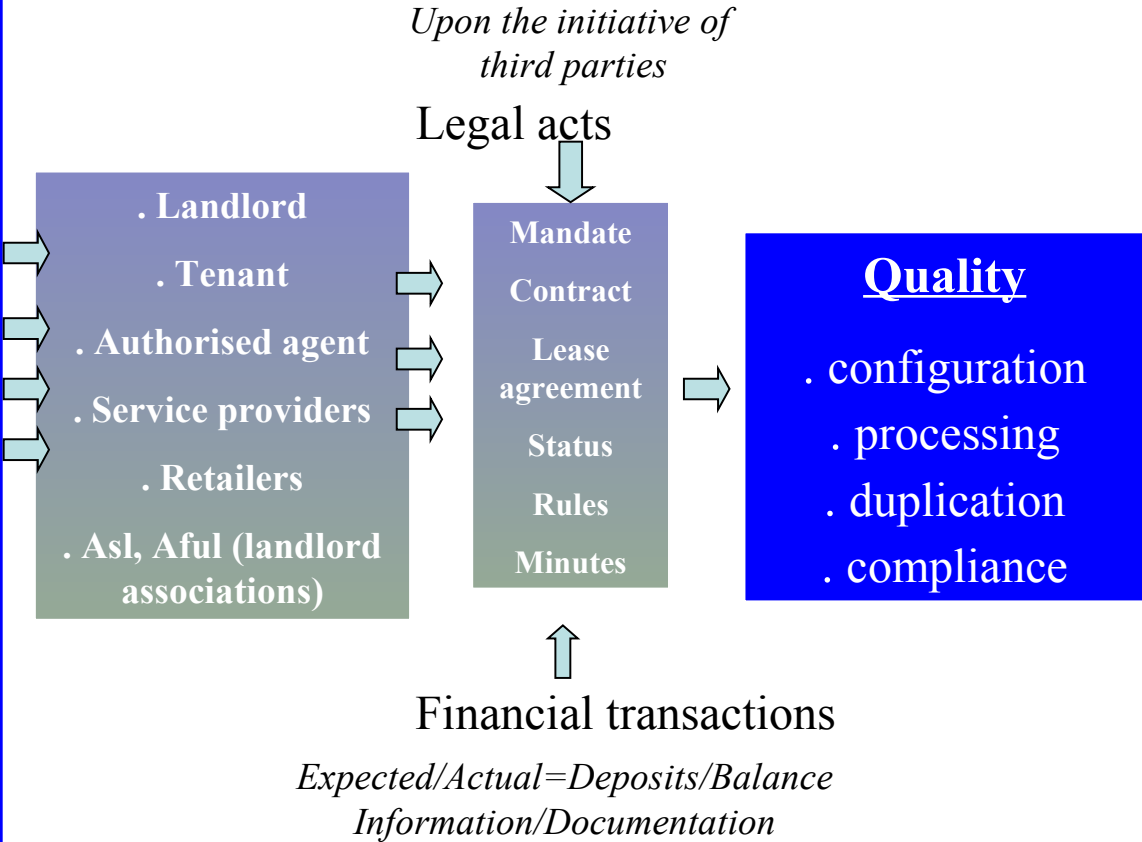
Logistics
call centres

Office buildings

Organisation

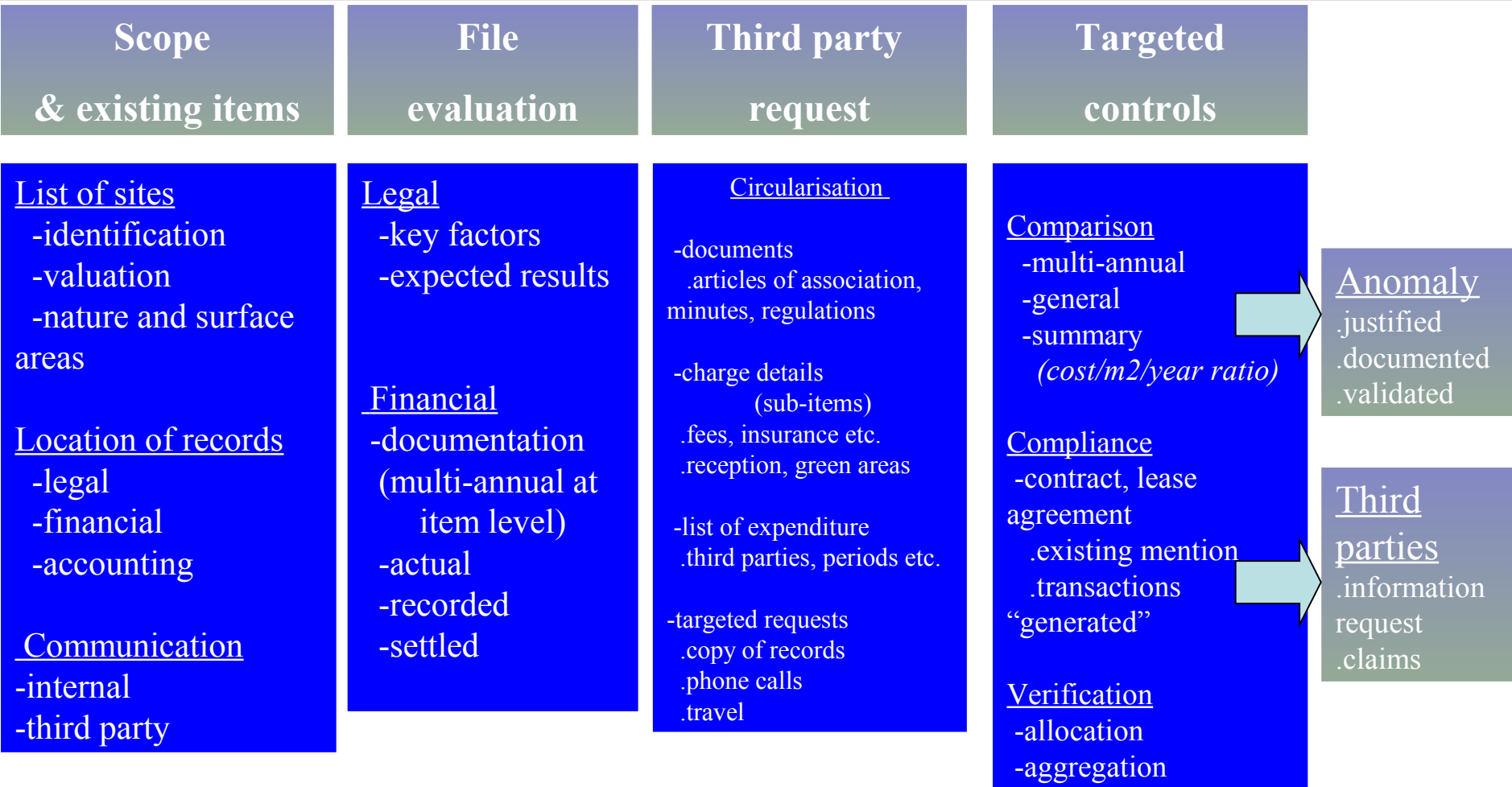
Cncc transactions
Common charges
 -cleaning
 -waste
 -building operation
 -mechanical liaison
 -green areas
 -security, fire
 -surveillance etc.
 -air conditioning
 -general operation
 -common areas
 -receipts
Rent
 -review, indexes
 -variable, exemption
Individual charges
Other services
Works, art.606

Delegation framework



Receipts and Disbursements

Adapted and autonomous audit methodology



Anticipated preparation of the documentation, audit form

Follow-up chart for progress report



Methodology adapted to the lessee and lessor position

Adapted and autonomous methodology

Contract analysis

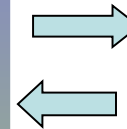
- scope
- key "financial" factors

Analysis of accounting records

- invoices and other records
- accounting entries

Reconciliation form

- Expected / actual valuation
- Multi-annual comparison
- Identification of anomalies

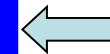


Documentary
control



Claim

- Validation presentation
- Communication to the third party



Documentation

Justified recovery

Requirements for the audit assignment

Legal

Contracts

- mandates
- lease contracts
- other contracts
- agreements etc.

Communications

- correspondence
- internal memos
- litigation
- nature of surface areas

Management follow-up

- maintenance
- existing charts

Financial

Records

- direct invoices
- calls for funds
- settlements
- payment notifications

Communications

- correspondence
- internal memos
- litigation

Management follow-up

- maintenance
- existing charts

Accounting

Procedures

- payment orders
- monthly adjustment
- documentary evidence
- archives

Consultations

- accounts (4*,61*,275*, ...)
- extraction (?)

Management follow-up

- maintenance
- existing charts

Assignment

Office

- workstations
- telephone
- publications
- e-mail (ch.immo@client.xx)

Administration

- badge
- canteen
- car park etc.

Contact

- information
- validation

Assignment: results and deliverables

Assignment report

Savings

- Recovery - deductions
 - third party agreement
 - accounting entries

Recommendations

- Strengths
- General case
- Specific cases

Opportunities

- . Cost reduction
- . Resource adaptation
- . Management tools

Deliverables

Files prepared

- Valuation table
- Detailed documentation
- Nature and comments

Valuation elements

- assignment follow-up table
- inter-site comparison
- sites m² ratios and items

Comparison elements

- general case
- "item" hit parade
- "sub-item" exceptions