

## Minutes of the meeting of the Practice Group Real Estate held in Cannes on 27 April 2012

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The participants discussed the first edition of FYI, the new client information letter of the practice group. The participants were of the opinion that the practice group and the GGI headquarter made a good job. The chairman expressed his thanks to all the authors and to Barbara Reiss. Without her this project would not have had the result which now can be presented to the clients and potential clients.

The second part of the meeting discussed options for the seller when the potential buyer of real estate or a business does not have the financial means to pay the entire purchase price at closing.

Reinhard Nacke introduced various models which give the parties the option to go ahead with the deal even if bank loans or private equity were not sufficiently available. He dealt with earn-out agreements (payments for reaching certain milestones), partial sales of company shares, seller participation in the acquisition object, payment in instalments, vendor loan constructions, and sale with preceding rental. It was mentioned that depending on the relevant national law, the parties could be subjected to significant legal and tax risks if they choose the wrong approach. Under German law, for example, it is very dangerous to choose deferment over a vendor loan solution. The models were intensely discussed under legal and tax aspects.