

PRESS RELEASE

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Pages 3

Subject CMS Presents and Discusses Current
Developments on the European M&A Market

“Inside M&A”: CMS has analysed the active and seller-friendly M&A market and invited real estate experts to participate in a panel discussion

The global volume of mergers and acquisitions of companies or company shares amounted to about 4,700 billion US dollars in 2014 (source: statista.com). This certainly merits a closer look. CMS did so Tuesday night at its event “Inside M&A”, focusing on the European transaction market. On top of regional particularities, this year’s event also focused on industry-specific developments.

One industry in particular received a lot of attention, as the question whether the real estate M&A market will produce sustainable growth or is simply a bubble was one of the key issues addressed. It is a fact that when it comes to M&A activities in Europe, the real estate industry currently ranks ahead of the, also quite strong, fields of telecoms and financial services. Against this backdrop, CMS invited the following experts to form a panel: Michael Wurzinger, executive board member at UBM Realitätenentwicklung AG, Andreas Ridder, Chairman CEE at CBRE, and Ralf Zeitlberger, Head of Group Corporate Workout at Erste Group Bank AG.

This combination of experts enabled a comprehensive approach to the topic of M&A on the real estate market, covering the perspectives of real estate development, real estate services and financing. There was consensus regarding the main question of the evening. Peter Huber, Managing Partner at CMS, commented, “We have not advised on as many and as large transactions on the real estate M&A market since the start of the financial crisis. And all signs suggest that this development will continue.”

Seller-friendly M&A market

A joint keynote by Gregor Famira and Johannes Trenkwalder, both partners at CMS Reich-Rohrwig Hainz, kicked off yesterday’s event. It was, once again, confirmed that in Europe, sellers currently occupy a stronger position than buyers in negotiations. This is not only reflected in lower liability caps and the use of so-called de minimis and basket clauses in M&A contracts, but can also be seen in the rise in warranty and indemnity insurances and locked-box clauses to determine the purchase price based on the latest available financial statements. The spare use of both MAC clauses with a right of

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withdrawal for the buyer and non-compete clauses restricting sellers is a further indication that we are currently in a seller's market.

A particularly interesting aspect of designing M&A transactions was explored by Thomas Meyding of CMS Stuttgart in his presentation on the topic of "Carve-out transactions: practical experiences and problems in spin-offs and the sale of business units." Peter Huber provided an update on takeover law based on current cases and recent decisions of the Austrian Takeover Commission.

About the CMS European M&A Study 2015

On Tuesday night, the most recent study was presented to some 70 guests at the CMS office. It is the seventh edition of the annually updated CMS European M&A Study that deals with contract design in mergers and acquisitions. The results presented are based on an analysis of overall 2,414 transactions involving non-listed companies that took place between 2007 and 2014. It includes a total of 346 transactions that were carried out in the year 2014 alone. The contract data used for the study are not publicly available and are based on transactions in which CMS acted as an advisor to either the buyer or the seller.

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