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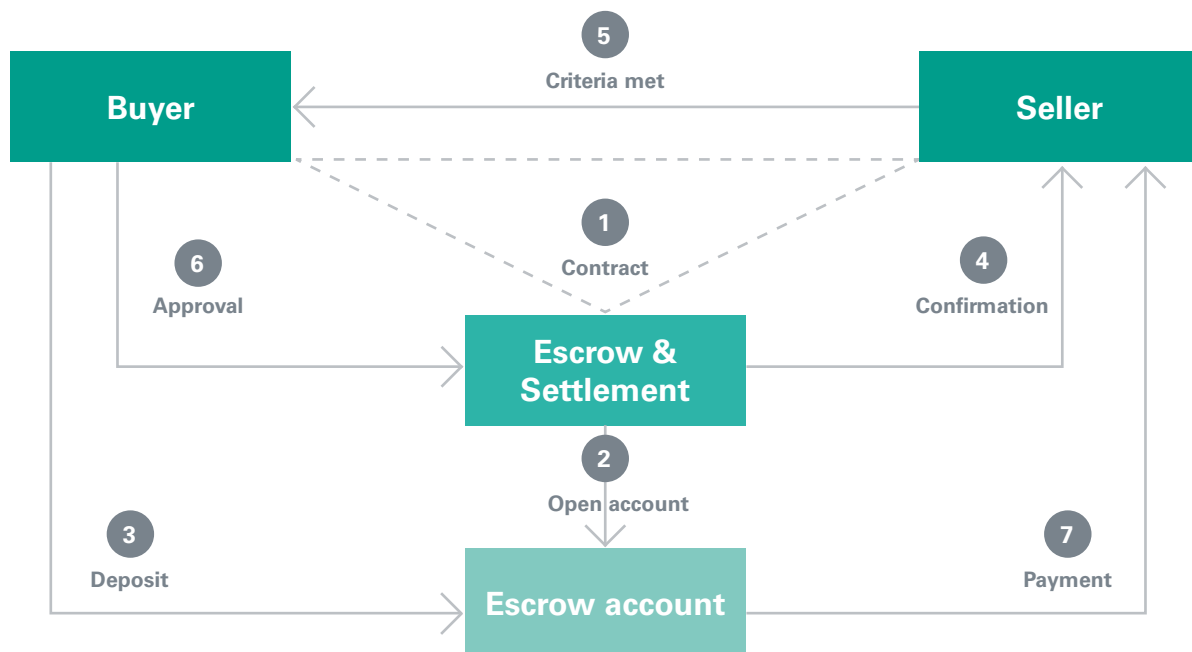
# Escrow & Settlement

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# Escrow & Settlement

## How does it work?

- ▶ An escrow account is a blocked account in the name of ABN AMRO. A neutral third party acts as escrow agent.
- ▶ The escrow agent transfers the money as and when the pre-agreed conditions between buyer and seller are met.
- ▶ The escrow arrangement is governed by an agreement with the escrow agent.



## What are the benefits of an escrow account?

- ▶ Implementation of the payment agreements is handed over to a neutral party: the escrow agent.
- ▶ The buyer and seller have no counterparty risk, thus optimising security of payment .
- ▶ Convenience. The escrow agent takes over the entire escrow process and all relevant disciplines (cash management, legal knowledge, operational capabilities) are concentrated in one department.
- ▶ Flexibility. The parties largely determine themselves what they have agreed regarding the funds in escrow.
- ▶ Short turnaround time. It is usually possible to set up the whole arrangement within 5-7 working days.
- ▶ Streamlined payment processes and settlement.

# When is an escrow account worth considering?

## For Mergers & Acquisitions

- ▶ Deferred payment based on the earnings capacity of the purchased company.
- ▶ Guarantee against future claims related to disappointing revenues due to higher taxes, disappointing turnover, environmental issues or negligence.
- ▶ Guarantee for the exclusive right to negotiate or to cover the cost of risk of damage.
- ▶ Certainty in the event of a dispute, arbitration procedure or insurance claims.

## For (construction) projects

- ▶ The distribution of funds is secured.
- ▶ The guarantees for the client are safeguarded.
- ▶ Security of payment for the project's contractor.
- ▶ Protection against the costs incurred by the client withdrawing from a project.

## For the purchase or sale of capital goods

- ▶ Purchase price of the buyer is protected if the supplier defaults.
- ▶ Security of payment for the supplier.
- ▶ Mutual security for the fulfillment of financial obligations in the settlement of disputes.  
The banking and country risk become a risk for ABN AMRO.

