

and Migration Department or at the District Aliens and Immigration Branches of the police regarding the grant of an immigration permit. Applicants who are abroad may submit their application either based on the above ways or via the local Consular Authorities of the Republic of Cyprus.

Furthermore, an application concerning Type F must be accompanied by the original documents regarding the applicants' income, the title deed (if

available) and the contract for the sale of the property and the receipts of payment.

The applications are examined by the Immigration Control Board which provides its suggestions to the Minister of Interiors in order to come to a decision.

Finally, and in order for the procedure to be completed regarding the obtaining of the Cypriot Immigration Permit, a fee of €119.60 must be paid against a receipt which follows the approval of the concerning application.

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## Real estate investment in France: asset deal or share deal?

### FRANCE

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**T**he choice between 'asset deal' and 'share deal' is a matter which is interesting the foreign investors and financial institutions in the new context of the property crisis. Indeed, in France, various criteria govern the decision to purchase/sell a real estate asset either directly or indirectly through a legal structure.

In an 'asset deal', a notary participates, the co-signatory of the deed of acquisition, who asserts the real estate situation such as the ownership, the construction, the respect of the town planning rules and the potential existence of an urban pre-emptive right, the mortgage registration, the sanitary state of the property and the questions bonded to the pollution and more generally with respect to the environment.

In a 'share deal', an attorney participates because the purely real estate verifications must be completed with verifications concerning the ownership.

In an 'asset deal', the notary prepares a notarised deed, including some guarantees and legal requirements. Contrary to an 'asset deal', in a 'share deal', except for the property of the titles composing the share capital of the ownership structure, there is no legal requirement and accordingly it is necessary to plan a similar process to any company acquisition.

In an 'asset deal', it could be directly bounded on the property as well as on the renting incomes, whereas the acquisition of an ownership structure will cause a more complex financing problem, either by refinancing the ownership structure's pre-existing debt, or by the implementation of a 'corporate' debt.

Concerning the transfer duties, in the case of an 'asset deal', either the VAT shall be paid if the acquisition is reached in the next five years of the completion of the immovable, or the transfer taxes shall be paid at a rate of 5.09 per cent in the other cases.

The acquisition of membership shares in real estate investment companies is subject to a five per cent registration duty, and thus transferred taxes are reduced from the company debts.

So the difference of cost is more or less important depending on the level of leverage of the acquired company, notably through bank credits or through a partner's current account.

From the point of view of the investor, in order to anticipate the future disposal of the property, it seems preferable to fund the acquisition by debts rather than equity. Indeed, debt financing will offer to the future transferee a capacity of mortgage refinancing, rather than 'corporate', and a significant reduction of the applicable transfer taxes at the same time.