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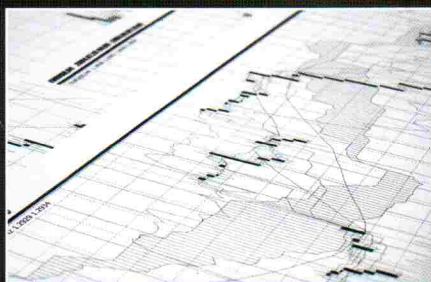
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ITALY



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The Italian banking system has reacted better than some to the pressures of the global credit crunch and as a result of careful mortgage management the real estate industry has also fared better in comparison to some countries. However, throughout 2008 and the first quarter of 2009 real estate transactions did suffer an average of 21% contraction compared to 2007. This contraction has been less severe in the residential real estate industry than the commercial and hotels division, with higher reductions in south and central Italy.

Milan and Rome remain the most attractive destinations for residential and commercial transactions while Liguria and Tuscany remain the most popular locations for the development of hotels and resorts.

From a technical point of view the Presidential Decree nr. 380 dated June 6th 2001 (known as Testo Unico dell'Edilizia) governs the Real Estate sector in Italy. From the fiscal point of view the regulation is laid by the Presidential Decree n. 917 dated December 22nd 1986. Both laws have been integrated over the years by modifications. The VAT Reverse Charge mechanism has recently been introduced to the Real Estate compartment for transactions concerning VAT subjects in order to prevent

and avoid VAT frauds.

Unfortunately, the introduction of Real Estate Equity Funds into Italian legislation did not achieve the level of success expected and due to our legislative structure the introduction of Real Estate Investment Trusts could suffer the same destiny.

Our real estate practice is one of the oldest in the firm and is committed to real estate business development projects, in both the commercial and leisure fields as well as in the private residential houses sector.

We advise both domestic and foreign investors in real estate deals, primarily corporations interested in shopping centre developments and estate plans with commercial and residential purposes. In particular, we have supported a corporate client in the acquisition of land for a luxury resort and leisure development plan in central Italy. The most frequent requests for these kinds of transactions come from the UK and the US.

In cross border and international real estate transactions we are often faced with numerous challenges, but the primary issues arise when assisting foreign investors with Italian administrative procedures and bureaucracy and accepting a different approach from those in use in Common Law countries. In these cases we try to prevent any difficulties by explaining thoroughly in advance all the issues involved and planning budgets as accurately as possible.

Last year we advised a private equity fund in a residential and leisure real estate development plan quoted for several millions Euros. We've also been engaged for some corporate restructuring including real estate assets protection, structure, design and accomplishment. Most of the deals are connected or included in wider industrial developments or acquisition plans.

With our experience and flexible structure we can advise companies of all sizes with the same high quality standards provided by bigger law firms, but with lower costs.

Cyprus land law is influenced by a combination of Ottoman Law, British Common Law and autochthon custom and usage. The current Cyprus land law has developed independently since 1946. The foundation of modern Cyprus real estate law is the Immovable Property (Tenure, Registration and Valuation) Law Cap. 224, which was enacted on 1st September 1946. There are also a number of statutes dealing with specific aspects of the law such as the Acquisition of Immovable Property (Aliens) Law Cap. 109 as amended by Law 54 (II)/2003. There are currently certain restrictions in relation to ownership by particular classes of persons. One significant proposal for the future reform of real estate law is the introduction of VAT at the current rate of 15% on the sale of building plots, although the legal framework is still under development.

The current economic conditions have made it difficult for some players to acquire funds to complete real estate transactions. However, there are real estate opportunities abound for some in Cyprus, especially cash-purchasers and buyers of property that do not require loan financing. Another positive effect of the economic crisis is the creation of new markets and growth in existing markets, for example, the resale market, which is showing a lot of potential opportunities for real estate investors.

Fractional ownership is a relatively new concept based on asset sharing, and this part of the real estate market is growing at a steady pace in Cyprus, as it offers new opportunities and opens up the market to more players and investors. Our firm is one of the leading law firms offering legal services in relation to fractional ownership transactions in Cyprus and Greece and we advise both individual and corporate clients in this area.

While the global economic crisis has affected real estate investments that require large amounts of loan financing, the Law Chambers Nicos Papacleovoulou can provide comprehensive advice in relation to banking and finance and the team is adept at finding ways to help clients acquire funding for their domestic, international and cross-border real estate transactions.

CYPRUS

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Established over 30 years ago the Law Chambers Nicos Papacleovoulou is one of Cyprus' leading law firms, providing a full range of legal services to a wide range of clients, including individual clients and both private and public companies. The firm specialises in all areas of real estate law and provides services throughout Cyprus and internationally.

The firm handles residential and commercial property related matters, including agreements for the purchase and sale of freehold real estate/property, agreements for real estate development, the acquisition of immovable property by aliens/non-residents, leases, tenancy agreements and property finance matters in relation to residential, commercial property or immovable property transactions.

We exercise a personal commitment to each client and aim to understand the client's objectives and issues rapidly and effectively, in order to provide tailor made solutions covering the range of their individual and business activities by providing clear and practical legal advice.