

François-Régis Fabre-Falret



Here we take a moment to speak to François-Régis Fabre-Falret about his journey into real estate law. He shares some tips on how to ensure purchase agreements follow through commercial real estate transactions, and how competitive Paris is currently in the real estate market.

About LPA-CGR avocats

The Real Estate department of LPA-CGR avocats represents 15 partners, more than 40 associates and covers all real estate aspects of law. As a firm, we provide a broad range of advisory services to Asset Managers, major Real Estate companies, pension funds, insurance companies etc... (both domestic and International based clients) for their investments in France (asset deals, shares deals, partnerships) but also in the context of cross border transactions, and for their construction/development/refurbishment operations such as the redevelopment of office blocks in La Défense Paris. We also provide legal services to major US sports companies within the context of heavy refurbishments of retail areas in Paris.

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LPA-CGR avocats

What steps must you take to ensure that the purchase agreement in commercial real estate transactions is ideal for both parties?

There are no standards and it is always a question of our ability to adapt rapidly to the constraints of each transaction which are all different and have their own legal specificities. We are organised as if we were legal project managers with a clear goal: assessing rapidly the legal risks and working with agility to facilitate the deal to the maximum extent possible, in line with best practices and in the best interests of all the parties. And when this is not possible, our responsibility is to advise accordingly our client.

What encumbrances can affect the buyer's ability to take ownership of the property with a clear title?

A property can be affected by many encumbrances but there are actually two main types of encumbrances:

- Public encumbrances relating to public land regulations;
- Private encumbrances either dealing with rights in relation to neighbouring private properties or affecting the property itself, such as mortgages.

It is very rare that such encumbrances will actually affect the buyer's ability to take ownership of the property with a clear title. But when it is the case, this will usually be a deal-breaker.

How can you overcome such encumbrances?

It really depends on the type of encumbrance. The release of a mortgage is usually easy to obtain as long as the vendor's bank can be reimbursed in full with the sale price.

Other types of encumbrances affecting the operating of the property are usually more difficult to overcome. This requires a case by case analysis and sometimes, these issues cannot even be solved.

Further, what challenges do foreign investors have? Do they need additional authorisations to complete their real estate transactions?

It is very easy for foreign investors to carry out investments in France. They do not need any further authorisations to complete except specific taxation to be taken into account (in particular when reselling the asset i.e. taxation on capital gains), depending on the country from which the investment is carried out. It is therefore important to examine the tax treaty applicable when structuring the acquisitions of the real estate interest. Anti-laundering rules will need to be cleared.

How long does a typical transaction take to complete in France, in this area?

A typical real estate transaction in France will take approximately three to six months (excluding the duration of the marketing of the building itself).

Such timing starts usually when the parties agree on the letter of intent with an exclusivity period of around three to six weeks granted to the purchaser to carry out the technical, legal and tax due-diligence process. At the end of this initial period, the purchaser is supposed to confirm the price. An extension of the exclusivity period can then be granted to negotiate the contractual documentation before signing (execution of a call option agreement or a sale and purchase agreement). Closing usually occurs between two to three months following the signing.

How competitive is Paris at the moment, in regards to real estate?

The real estate market in Paris and its



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region has been extremely buoyant in 2019 and is projected to remain extremely attractive in 2020. Paris is the leading investment market in Europe and is highly competitive, driven by the strength of domestic equity buyers such as SCPI and OPCI funds to secure income, as well as South Korean capital.

German funds are also returning to this market.

Investments mainly focus on office buildings but there is also a true appetite for hotels and alternative assets such as residential (in particular co-living) or healthcare properties/nursing homes.

François-Régis Fabre-Falret's Journey Into Law

I started at Clifford Chance Paris in November 1999. I then joined Jones Day Paris in September 2004.

I have been a partner in the Real Estate department of LPA-CGR avocats in Paris since July 2015. At that time, it was not yet LPA-CGR avocats but Lefevre Pelletier & Associés and I was very proud to be a part of the great adventure of the 2016 merger with CGR Legal (my previous law firm). This merger provided many great challenges for everyone in the firm.

I became a member of LPA-CGR avocats Executive Committee on January 1st 2019, where my focus is essentially on the firm's digital transformation, which I believe will be one of the greatest challenges facing French law firms over the next 10 years.

I now have more than 20 years experience in the Real Estate sector, with particular emphasis on investment and construction.

How has the legal sphere changed from when you first qualified?

Since 1995, the number of lawyers in France has increased from 30,000 to 69,000. So the biggest change has clearly been competition, with a direct consequence on the level of the fees and the absolute necessity to provide the best and most innovative legal services.

This is why LPA-CGR avocats has decided to get involved in legal techs. Our firm was the first French law firm to appoint, in 2018 a non-lawyer as Chief Digital Officer to lead the firm into strong and sustainable digital transformation.

We have already implemented several digital solutions such as, for instance, Cload which provides our clients with the opportunity to have access to a platform helping all parties to monitor transactions with a solution of a valid and certified digital signature.

Thanks to our partnership with Cload, this digital solution is becoming more and more popular on the French real estate market.

What has been your biggest achievement to date?

I would say my two main achievements to date are:

- Building over the last ten years a strong and loyal relationship with an extensive portfolio of clients enabling our involvement in many extremely large and complex real estate transactions. Our challenge will be to continue providing the highest level of legal services to these clients over the next ten years;
- Having initiated the merger between Lefevre Pelletier & Associés and CGR Legal which led to the creation of LPA-CGR avocats. LPA-CGR avocats is now one of the 10 leading independent French law firms in France.