

Amendments in Communiqué on Principles Regarding Real Estate Investment Companies

27 Oct 2020

Capital Markets Board of Turkey ("**CMB**") has published the Communiqué Amending the Principles Regarding Real Estate Investment Companies ("**Amendment Communiqué**") the Official Gazette dated 9 October 2020 and entered into force on the same date. Changes introduced by the Amendment Communiqué can be summarized as follows:

- Article on portfolio restrictions of real estate investment companies ("**REICs**") has been changed to involve the following within the scope of the investment obligation of REICs; companies located abroad operating in only real estate sector or special-purpose entities, for inclusion of particular real estates or real estate-based rights in the portfolio; that are fully owned (%100) by the REICs.
- Certain transactions of publicly traded REICs were determined as significant decisions under the Communiqué on Principles Regarding Real Estate Investment Companies, which are subject to further procedural requirements (such as; public disclosure, general assembly approval). With the Amendment Communiqué, all specific regulations on significant decisions have been abolished.
- REICs operating a portfolio consisting solely of infrastructural investments and services, now can conduct sales and lease transaction merely for the real estate subject to infrastructural investments and services.
- Amendment Communiqué introduced an exception in terms of the prohibition of lending to the related party by allowing REICs to give loans their full-fledged subsidiaries.
- It has been regulated that REICs can establish mortgages, pledges and other limited real rights over the assets in the portfolio for the financing to be provided in favor of their own legal entities or their affiliates that they own 100% of their capitals.
- Depending on certain conditions, the construction products used in the projects conducted by REICs can be directly purchased by the REICs and provided to the contractor for use.
- Detailed provisions have been introduced with the Amendment Communiqué on the determination of the expertise value in lease agreements and the public disclosure process thereof.
- Disclosure requirements for certain transactions of REICs have been removed.
- Effective date of the provision on the prohibition of the dividends in cash, before the public offering or sale of their shares to qualified investors is postponed to 31 December 2023, solely for the REICs operating a portfolio consisting exclusively of infrastructure investments and services.

You can see the full text of the Amendment Communiqué through [this link](#). (Only available in Turkish)

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