

## Turkey Updates Arrangements for Real Estate Certificates, Introduces Two Year Fee Waiver for Publicly Owned Share Issuers

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Turkey's Capital Market Board ("**Board**") has continued amendments for real estate matters (more), now focusing on real estate certificates. Changes apply to rights and obligations for both issuers and holders of such certificates. A two-year fee waiver is introduced for majority publicly owned capital share issuers. Notably, independent sections of buildings which are not subject to real estate certification can now be provided as collateral for financing real estate projects.

The Communiqué Amending the Real Estate Certificates Communiqué ("**Amendment Communiqué**") was published in Official Gazette number 30000 on 7 March 2017, entering into force on the same date.

Notable amendments under the Amendment Communiqué include:

- A two-year waiver for Board fees is introduced for capital share issuers with at least 51% public ownership (directly or indirectly).
- Independent sections of buildings which are not subject to real estate certification can now be provided as collateral for financing real estate projects. However, independent sections which are subject to real estate certification now cannot be:
  - Disposed of.
  - Pledged.
  - Provided as collateral.
  - Levied (including for collection of public debts).
  - Listed for bankruptcy estate.
  - Subject to provisional injunctions.
- If a building cannot be used before all independent sections are completed, all sections must now receive real estate certification. An exception applies to:
  - Real estate certificates issued for immovables owned wholly or partially by:
    - TOK? (Housing Development Administration of Turkey), or its subsidiaries and affiliates.
    - ?ller Bankas? A.?. (state-owned development and investment bank), or its subsidiaries and affiliates.
  - Real estate certificates issued by the entities above.
- If a certificate issuer fails to fulfill its obligations, real estate certificate holders can convene a meeting within the framework of general assembly meetings for joint stock companies under the Turkish Commercial Code. Meeting attendees can decide by majority to:
  - Complete the project using third parties.

- Sell uncompleted sections subject to real estate certification and reimburse the sale price to the certificate holder (plus blocked funds accrued against the issuance of the real estate certificates) pro rata to the real estate certificates held.
- Exemptions for TOK?, ?ller Bankas? A.?. and their affiliates are now extended to subsidiaries as well.
- Capital share issuers with at least 51% public ownership (directly or indirectly) can now request an exemption from the Board's conditions for issuing real estate shares.
- If an issuer cannot sell independent sections within the fixed period, investor payments will not be based on the valuation report. Rather, payable amounts will now be calculated as the average of the weighted average prices for real estate certificates in the stock market, for three months before their due date.
- Feasibility reports and construction progress reports will now be prepared by building inspection authorities, rather than valuation authorities.
- The scope of issuers authorized to issue real estate certificates within urban transformation projects is now extended to include:
  - Legal entities determined by ?ller Bankas? A.?. and TOK? upon agreement
  - Legal entities determined by municipalities and for which ?ller Bankas? A.?. acts as guarantor
  - Legal entities determined by the Ministry of Environment and Urbanization upon agreement, as per Article 6/5(ç) of the Law of Transformation of Areas under the Disaster Risks numbered 6306.

Please see this [link](#) for the full text of the Amendment Communiqué (only available in Turkish).

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