

Turkey Updates Rules for Real Estate Investment Companies

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Turkey's Capital Markets Board ("**Board**") has amended provisions governing the investments and activities of real estate investment companies ("**Companies**"). Notably, real estate investment companies can now pledge, lien or otherwise encumber their own assets, as well as provide securities, guarantees and indemnities, in favour of affiliates in order to finance real estate investments within the portfolios of 100% owned affiliates.

The Communiqué Amending the Communiqué on the Principals of Real Estate Investment Companies ("**Amendment Communiqué**") was published in Official Gazette number 29951 on 17 January 2017, entering into effect on the same date.

Significant amendments under the Amendment Communiqué include:

- Companies can now pledge, lien or otherwise encumber their own assets, as well as provide securities, guarantees and indemnities, in favour of affiliates in order to finance real estate investments within the portfolios of 100% owned affiliates.
- Companies which exclusively manage funds for infrastructure investments and services will now be subject to the security, guarantee, pledge and indemnity provisions of the Corporate Governance Communiqué.
- The exemption from auditing interim financial reports and sending these to the Board has now been repealed for share sales to qualified investors.
- Real person representatives for legal entity board members must have obtained a four year higher education degree.
- For Companies exclusively managing portfolios of infrastructure investments and services, restrictions on distribution of cash dividends prior to public offering or sale to qualified investors will not apply until 31 December 2017.

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

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Related Attorneys

- [BURCU TUZCU ERS?N, LL.M.](#)
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