



Platis - Anastassiadis & Associates

The associate law firm of EY Greece



Restructuring of the regulatory framework for real estate investment companies



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I. Introduction

The Real Estate Investment Company (hereinafter referred to as “REICs”) is a closed type Greek limited company which sole purpose is acquiring and managing real estate properties and in general conducting in direct or indirect investments in real estate, in deposits and in the financial market, under the supervision of the Hellenic Capital Market Commission (hereinafter referred to as “H.C.M.C.”). Legally, its operational framework was governed by the provisions of Articles 21-31 of Law 2778/1999, which are now repealed with the provisions of articles 41-65 of the new law 5193/2025.

The new regulations aim to ensure the proper incorporation of Directive (EU) 2019/878 of the European Parliament and of the Council, of May 20, 2019, amending Directive 2013/36/EU regarding exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (L 150), to avoid any misinterpretation of the national measures for its incorporation, and to promote legal certainty.

II. New Key Provisions

The new provisions of Articles 41-65 of law 5193/2025 restructures the previous legislative framework, maintaining the basic structure of REICs while introducing substantial changes that allow for greater investment flexibility, increase transparency, and enhance supervisory control. REICs will no longer be limited to leasing properties almost exclusively; under the new framework, they will be able to invest in properties intended for tourism activities (e.g., tourist units, hotel complexes, marinas), as well as commercial parks and data centers. Additionally, they have the right to purchase, construct, and operate electricity generation and storage stations from renewable energy sources, such as photovoltaics. However, their use is restricted exclusively to self-consumption, aimed at meeting the energy needs of the real estate of the REICs, the companies of the group, and their tenants, as well as reducing energy costs.

The new key provisions are as follows:

1. Article 42 - Application and Conditions for Granting an Operating License

The conditions for granting an operating license do not substantially change compared to the existing regime; however, they are codified in this article. The H.C.M.C., as the supervisory authority, monitors the organization, the technical and financial resources of the company, the reliability and experience of the individuals who are to manage it, particularly in the field of real estate investments, and the suitability of individuals who hold a special interest directly or indirectly. The operating license is granted if the conditions of paragraph 3 of the relevant article are met.

2. Article 43 - Share Capital - Equity

For the establishment of the REICs, the minimum amount of paid-up share capital must be forty million (40,000,000) euros, in contrast to the previous regime, which required a minimum share capital of twenty-five million euros (25,000,000). The same amount is required when converting a public limited company into a REIC. Additionally, the equity of the REICs must always be maintained at the aforementioned amount, and the H.C.M.C. may, by its decision, set a deadline for the A.E.E.A.P. to adjust its equity if necessary.

3. Article 46 - Investments of Real Estate Investment Companies

With this new provision, the investment framework of REICs is simplified and modernized; it introduces the right to purchase, construct, and operate electricity generation and storage stations from renewable energy sources, as well as the ability to invest in shares of companies that provide services related to the real estate of REICs. At the same time, the previous restrictions/limits regarding the acquisition of residential and commercial properties are lifted.

Therefore, REICs can invest in:

- Real estate located in Greece or in another member state of the European Union and the European Economic Area, or in a third country. However, real estate located in third countries outside the European Union and the European Economic Area cannot exceed 20% of the total investments of REICs group.
- Additionally, the REICs may directly or indirectly proceed with the purchase, construction, and exploitation of power generation and storage stations from RES (Renewable Energy Sources), including the construction and exploitation of photovoltaic systems, exclusively for self-consumption purposes, jointly or not, in combination with a storage system (battery).
- Directly or indirectly through its subsidiaries and Collective Investment Schemes (UCITS - Collective Investment in Transferable Securities or AIFs - Alternative Investment Funds) that invest at least 70% in real estate.
- Through participation in PPPs (Public-Private Partnerships) in Special Purpose Vehicles (SPVs).
- Through participation in Service Provision Companies:
 - i. Major participation, meaning at least ten percent (10%), with the simultaneous condition of participation in the Board of Directors with at least one (1) voting member.
 - ii. Minor participation, meaning up to ten percent (10%), but limited to five percent (5%) of the total investments of REIC group.
- With participation of at least twenty percent (20%) in service provision companies that serve the properties of REIC or its subsidiaries.
- It is noted that at least 70% of the total portfolio must be invested in eligible investments under the control of the REIC, while no single investment can exceed 1/3 of the portfolio.

4. Article 45 - Financial Statements

The new provision stipulates the obligation to prepare semi-annual and annual (individual and consolidated) financial statements based on the International Financial Reporting Standards, with revaluation of investments by an independent appraiser. They are audited by a certified auditor-accountant and submitted to the Capital Market Commission within the deadlines of articles 4 and 5 of Law 3556/2007 respectively.

5. Article 48 - Transactions with Related Parties

The new law emphasizes on transparency in transactions with related parties. Transactions that exceed 5% of the assets of the REIC require valuation by

an independent appraiser, ied decision by the Board of Directors (regarding the transaction being conducted on market terms and being beneficial), notification to the Capital Market Commission before the transaction is concluded, and publication on the REIC's website along with the valuation report.

6. Article 52 - Investor Information

In the context of enhancing transparency and protecting investors, the REIC is required to publish on its website its remuneration policy, investment policy, and a summary of its operating regulation.

7. Article 58 - Taxation of Real Estate Investment Companies

The new provision aims to rationalize the taxation system of REICs. Specifically, the new article stipulates the following:

- The issuance of shares by the REIC and the transfer of real estate to it are exempt from all taxes and fees, except for income tax on the capital gain arising from the contribution of any kind of asset by a third party to the REIC.
- REICs are exempt from income tax on income derived from dividends, royalties, and interest, both domestic and foreign, except for domestic dividends, which are acquired without being subject to withholding tax.
- REICs pay tax on the average value of their investments, plus their cash holdings, at a rate of ten percent (10%) of the prevailing intervention rate of the European Central Bank (Reference Rate) increased by one (1) percentage point.
- The capital gain from the transfer of shares of REICs, not listed on the Athens Stock Exchange, is exempt from income tax.
- The favorable tax regime is also extended to cases of mergers or transformations.

8. Article 51 - Revocation of License

This article codifies the reasons for the revocation of the operating license, specifically if the REIC:

- i. does not engage in the activities for which it has been licensed within twelve (12) months from its establishment or has suspended these activities for a period exceeding six (6) months,
- ii. it obtained an operating license through false statements or by any other illegal means,

- iii. no longer meets the conditions under which its operating license was granted, has committed serious or repeated violations of this article, or generally systematically violates provisions of the legislation, thereby endangering the protection of investors or the smooth operation of the capital market,
- iv. has not achieved the listing of its shares on a regulated market within the deadlines set in Article 50, or
- v. no longer has shares listed on a regulated market due to their delisting.

In the event of the revocation of the operating license of the REICs, in the case where it has listed its shares on a regulated market, the tax benefits provided for it shall cease henceforth. In the case where the revocation of the operating license of the REICs occurs before the listing of its shares on a regulated market, the tax benefits shall be revoked retroactively from the date of issuance of the operating license of the REIC.

9. Article 60 - Sanctions

The new framework provides for more and stricter sanctions for REICs that do not comply with their obligations. The Capital Market Commission may impose sanctions or monetary fines ranging from one thousand (1,000) to three million (3,000,000) euros, and for very serious violations, it may also revoke the operating license (Article 51).

III. Commencement

The validity of the new law 5193/2025 on the restructuring of the legislative framework for Real Estate Investment Companies (REICs) begins from its publication in the Government Gazette, unless otherwise specified in the individual provisions.

IV. Concluding

We understand that the new provisions regarding REICs aim to increase investments by providing greater flexibility, through the abolition of restrictive measures that are inconsistent with the current market needs regarding investments.

About Platis -Anastassiadis & Associates

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Especially in our geographical area, we have established an ongoing cooperation with the respective law firms which are associated with EY, in order to offer seamless and consistent regional services to our clients that have cross country operations.

Our experience allows us to better understand our clients' needs and offer them integrated multidisciplinary solutions in the fields of accounting, tax and financial advisory services. Platis - Anastassiadis& Associates law office is solution focused. We work closely with our clients to seek innovative and practical ways of dealing with their issues. Our priority is to help our clients meet their business objectives. Our expertise, commitment and enthusiasm has resulted in the build up of a client base which includes local and international listed, state and private sector companies and financial institutions.

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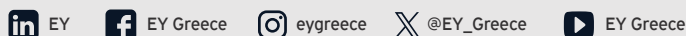
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