



VIEIRA DE ALMEIDA

SIGI

**PORTUGUESE
REITs**



This document does not replace consultation of the legal statutes published in the Official Gazette.

THE PORTUGUESE REITS REGIME

On January 2019, the Decree-Law no. 19/2019 was enacted, approving the Portuguese REITs regime, which comprised some inconsistencies that were then identified by the market. Law no. 97/2019, enacted on September 4, 2019, introduced a set of significant changes to Decree-Law no. 19/2019, and Portugal has now a more transparent and competitive REITs regime, which will help to attract local and foreign Investment to be applied in real estate assets and projects for leasing purposes



SIGI

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1. INCORPORATION / CONVERSION

1.1

INCORPORATION

- Public limited liability company
- With or without public subscription offering of shares
- No deferment of payment of the share capital is allowed
- Shares subscribed by promoters are immediately alienable and are in the same category of all other shares

1.2

CONVERSION OF LIMITED LIABILITY COMPANIES INTO SIGIs

- Resolution of a General Meeting of Shareholders, approved with the same majority required to amend the articles of association
- The conversion becomes effective on the first day of the tax period after the registration of the changes to the articles of association



1.3

CONVERSION OF COLLECTIVE INVESTMENT UNDERTAKINGS INTO SIGIs

- Resolution of a General Meeting of Shareholders, approved with more than 90% of votes
- Filing the resolution of conversion with the CMVM
- The conversion becomes effective on the date of the resolution and shall imply that the authorization of the Collective Investment Undertaking lapses

2. CORPORATE PURPOSE

2.1

REAL ESTATE ASSETS

The acquisition of property rights, surface rights or other similar rights over real estate assets for leasing purposes, including non-typical contracts comprising additional services related to the use of the real estate assets, notably:

- a) the development of construction and rehabilitation projects and
- b) the contracts for the use of a store or a space in a shopping center or the use of space in offices

2.2

SHARES AND UNITS

The acquisition of shares in:

- a) other SIGIs or
- b) companies with registered offices in the European Union or in the European Economic Area, complying with the following requirements applicable for SIGIs: corporate purpose, portfolio composition limits, capital stock and shares and profit distribution regime

Acquisition of shares or units in:

- a) Real Estate Collective Undertaking Investments or
- b) Real Estate Funds or Companies for Residential Leases (FIIAH or SIIAH)



3. ASSET COMPOSITION AND INDEBTEDNESS CAPS

3.1

ASSET COMPOSITION

- The value of property rights over real estate assets and equity holdings must be at least 80% of the total value of its assets
- The value of rights over real estate assets subject to leasing, including non-typical contracts comprising additional services related to the use of the real estate assets must correspond to at least 75% of the total value of its assets

These requirements must be met as of the second year after constitution or conversion.

The property rights and equity holdings must be held for a period of at least 3 years.

3.2

INDEBTEDNESS CAP

The indebtedness of a SIGI may not exceed 60% of total value of its assets.



4. TRADING AND DISPERSION

4.1

TRADING ON A REGULATED MARKET OR SELECTED FOR TRADING IN A MULTILATERAL TRADING FACILITY

Within 1 year of being incorporated or converted, as applicable, shares of SIGIs must be admitted to trading on a regulated market or selected for trading in a multilateral trading facility.

Shares of SIGIs must comply with the public capital dispersion requirements applicable to their respective trading facility and also the following minimum limits of dispersion for investors that own participations corresponding to less than 2% of voting rights:

- at least 20% of shares must be dispersed as of the third full year after the admission or selection for trading
- at least 25% of shares must be dispersed by the end of the fifth full year after the admission or selection for trading



5. TAX REGIME

5.1

COMPUTATION OF THE TAXABLE INCOME

The following items are disregarded for computation of the taxable income:

- investment income, property income and capital gains (in this case, the tax exemption will only be applicable when the real estate assets have been held for leasing, including other non-typical contracts comprising additional services related to the use of the real estate assets, for at least three years)
- costs related with the non-taxable income



5.2

TAXATION

The taxation of income received from distributions to the shareholders operates in this way:

- for resident investors, individuals and companies, taxation by means of withholding tax, at a rate of 28% for Personal Income Tax (IRS) and of 25% for Corporate Income Tax (IRC), respectively, as well as the taxation for capital gains resulting from selling participations, at a rate of 28% for IRS and in the general terms for IRC
- for non-resident investors without permanent establishment in Portugal, taxation is, as a rule, by means of withholding tax at a rate of 10%

Stamp Duty – Stamp duty applies on a quarterly basis on the global net value of the SIGI, at a rate of 0.0125%

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