



ERES Industry Seminar Athens 2019

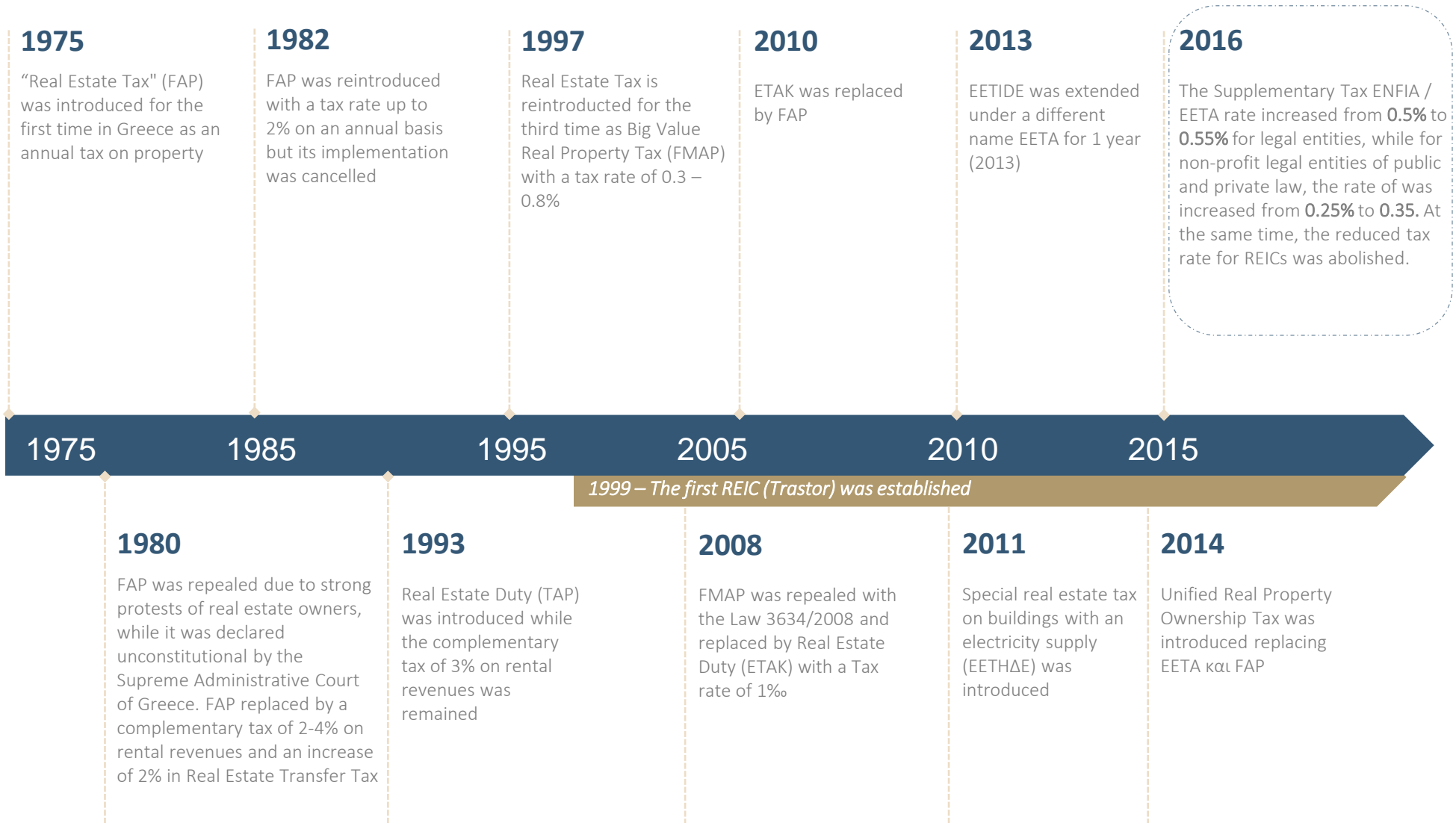
Taxes and Real Estate
Trastor Case Study

Tax Treatment of REICs vs Société Anonyme

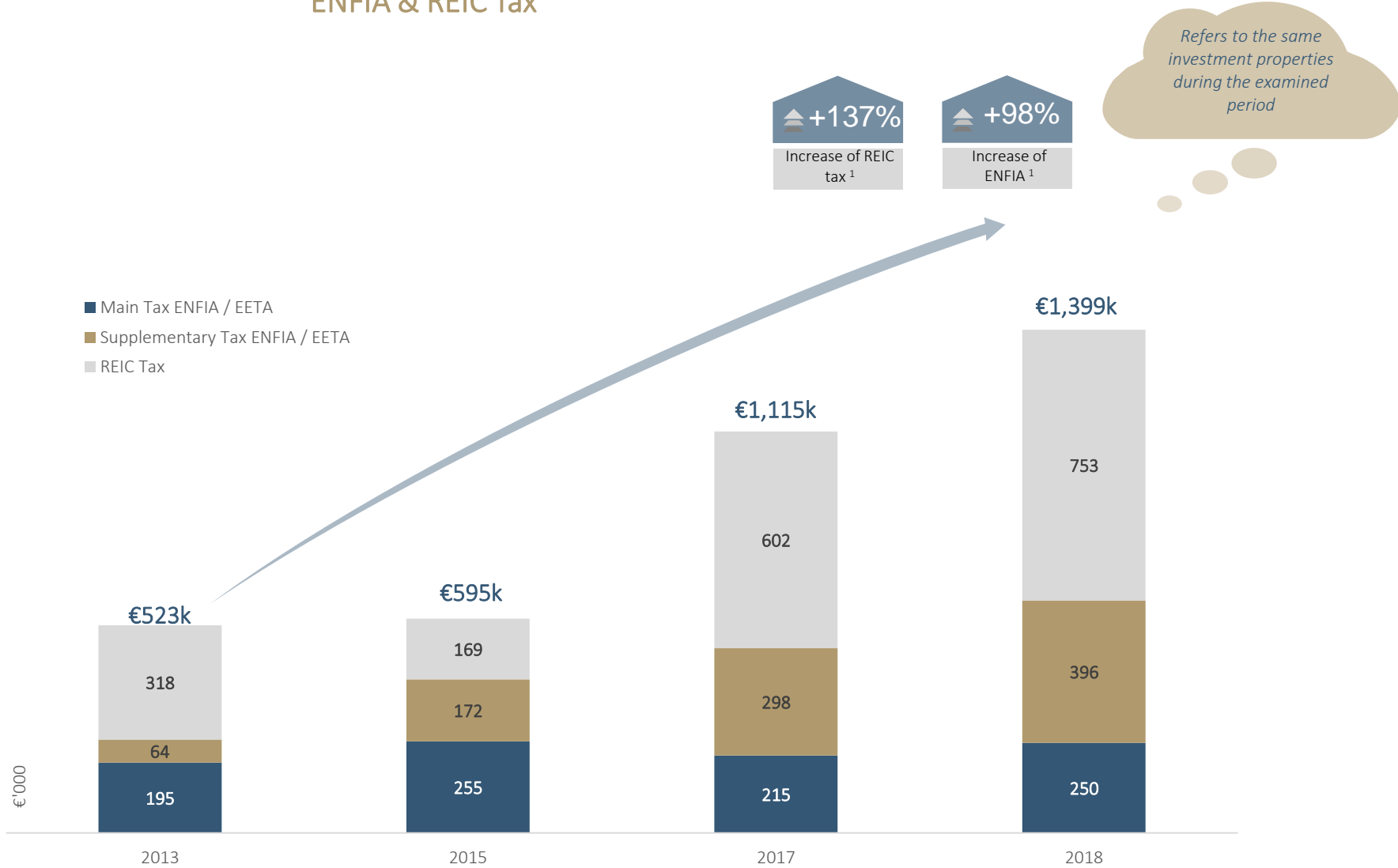


	REIC	Société Anonyme	
Company Level	Corporate Income Tax	Investments and liquid assets taxed at 10% * (ECB rate + 1%) Since 2016, tax floor 0.375% semiannually	29% on taxable profit
	Unified Real Estate Ownership Tax (ENFIA)	Main Tax: Scale Based Complementary: 0.55%	Main Tax: Scale Based Complementary: 0.55%
	Real Estate Transfer Tax	Exempt	3% on taxable value
	Land Registry Duties	Reduced	Full
	Capital Gains Tax	Exempt	Subject to CIT (29% on taxable profits)
Shareholder Level	Dividend WHT	Exempt	10% (2019) 15% (2018)

History of Real Estate Tax



ENFIA & REIC Tax



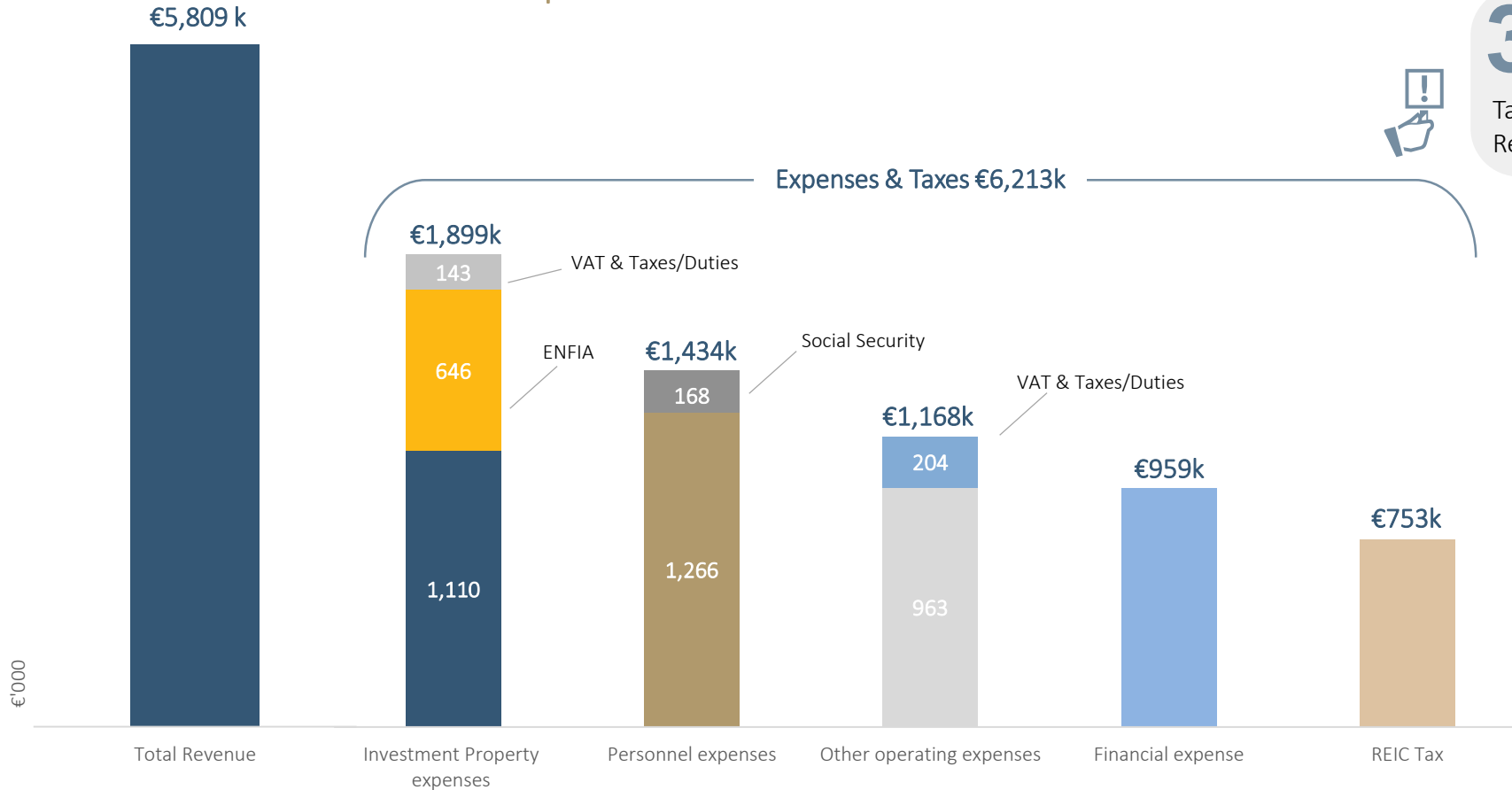
¹ 2013 year of reference

Taxes and Real Estate

Expenses and Taxes Breakdown 2018

33%

Taxation on Total Revenue



<p>H1 2018</p> <p>€92,415 k × 0.375%</p> <p>Investment Properties Value plus Cash</p>	+	<p>H2 2018</p> <p>€108,256 k × 0.375%</p> <p>Investment Properties Value plus Cash</p>	=	€753k	+	€1,161k	=	€1,914k
				REIC Tax		Taxes and duties		Total Taxation

Taxes and Real Estate

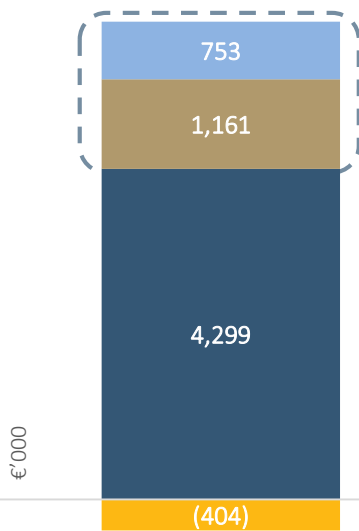
REIC vs S.A.

REIC

30mn property acquisitions in 2018

€1,914k

Total Taxation



REIC

REIC Tax

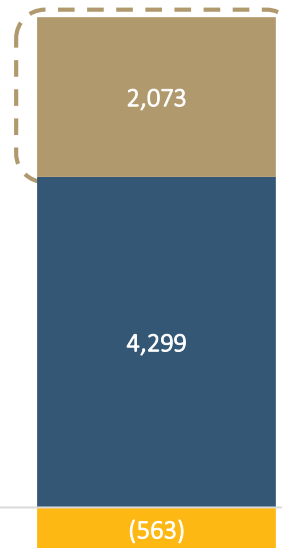
€753k

S.A.

€30mn property acquisitions in 2018

€2,073k

Total Taxation



S.A.

Income Tax

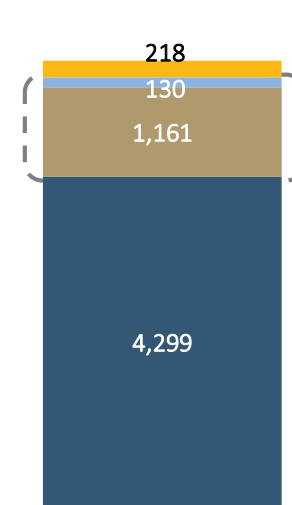
€0k

S.A.

No property acquisition in 2018

€1,291k

Total Taxation



S.A.

Income Tax

€130 k

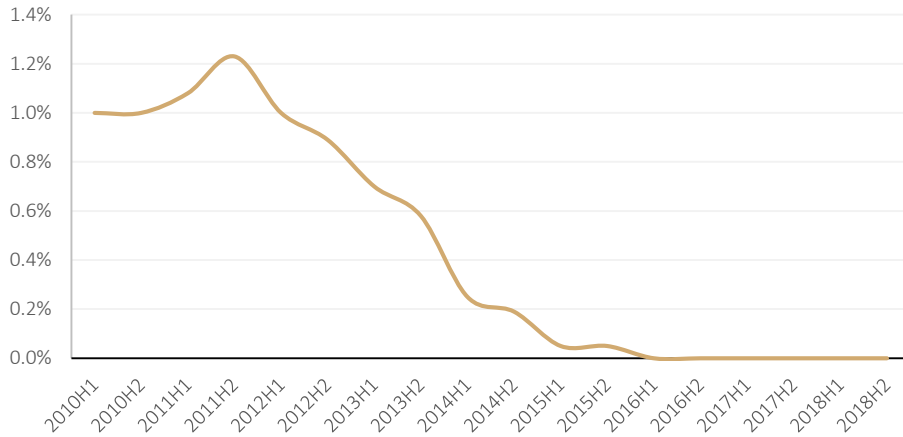
- Expenses
- Other Taxes & Duties
- Income Tax
- Net Result

€'000

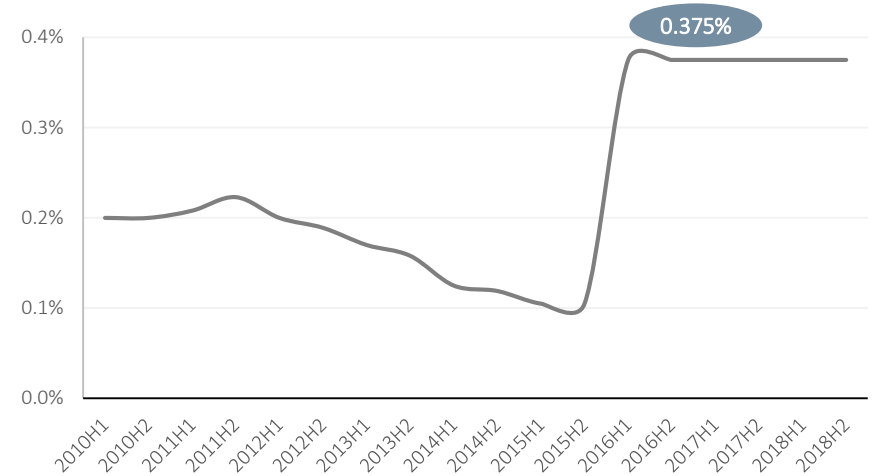
Note: Gain from Fair Value adjustments of investment properties and impairment of receivables are not included in the calculations presented above.

ENFIA & REIC Tax

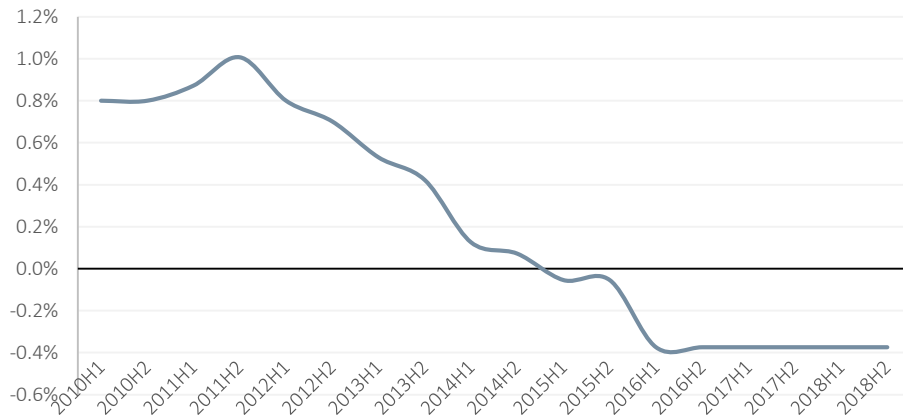
Semester's Intervention Rate ECB



Semester's REIC Tax rate



Spread

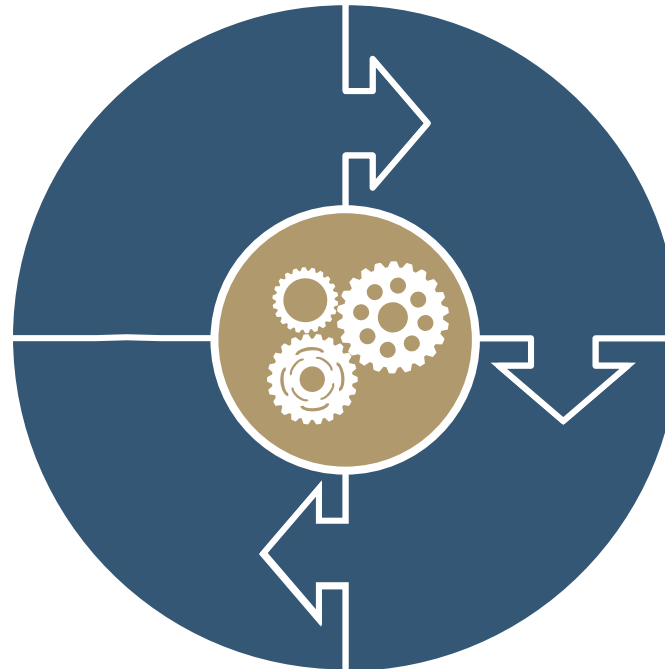


- The connection of REIC's Tax rate with the Intervention Rate of ECB didn't pose a significant problem on the taxation of cash and cash equivalents
- The taxation of the cash equivalents could be hedged with financial income from cash at banks and short-term deposits
- The establishment of a minimum six-month period tax rate of 0.375% in 2016 combined with the past declining and even negative interest rates causes adverse environment for REICs:
 - Hinders large equity raise (total taxation rate of 1.75% during the 1st year)
 - Increases the cost of issuing bond loans from the market for new investments as carrying both interest and REIC's tax expense

Conclusions

The possible **tax benefit** highly depends on the size, growth, capital structure and the investment activity of a REIC

The taxation of **cash and cash equivalents** discourages new investors



Unstable tax framework with **frequent amendments** during the crisis

Rethink of the tax framework based on international common practices

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Thank you!