



[HOME](#) [ABOUT](#) [OUR SERVICES](#) [CONTACT](#)

Belgian Real Estate Company: A New Vehicle For The REIT Sector In Europe

By [Orestis Omran](#), [Nora Wouters](#) on September 3, 2014

On May 12, 2014, the Belgian legislature adopted the Act on the Regulated Real Estate Company (the "Act"), which was followed by the implementing Royal Decree of July 13, 2014 (the "Royal Decree"), introducing to the Belgian legal order a new real estate vehicle: the Regulated Real Estate Company or Société Immobilière Réglementée /Geregulementeerd Vastgoed Vennootschap ("SIR/GVV").

The new legislation gives leeway to the traditional equivalent of a Real Estate Investment Trust ("REIT") in Belgium, the "SICAFI" (or "VASTGOEDBEVAK"), to avoid the additional administrative and financial burdens that the application of the Alternative Investment Fund Manager Directive ("AIFMD") as of July 22, 2014 would impose on it, increasing thus the competitiveness of the new scheme vis-à-vis similar structures of neighboring countries.

An SIR/GVV is essentially distinguished from a SICAFI, *i.e.* a traditional collective investment fund with a pooled return, in the sense that it relates exclusively to the exercise of a commercial and operational activity, eventually bringing the scheme closer to the economic reality and to what an ordinary REIT should be naturally concerned with. In addition, the introduction of the SIR /GVV removes the centre of interest from the mere benefit of a SICAFI's shareholders to a broader "corporate interest" of a more diversified range of stakeholders, as the company's main objective becomes the long term holding of real estate to make it available to users. The property management therefore cannot be totally subcontracted to a third party. Moreover, the SIR/GVV will retain the advantageous tax treatment of a SICAFI, which includes alternative corporate income taxation.

The benefits of the new corporate scheme come as always together with increased regulatory scrutiny, which resembles the one to which SICAFIs were subject before the transposition of the AIFMD in the Belgian legal order. The Financial Services and Markets Authority ("FSMA") is the competent regulatory body that has to approve all new SIRs/GVVs. Certain restrictions continue to apply as there are portfolio diversification, distribution obligation of minimum 80 % and a leverage ratio of maximum 65 %. Current SICAFIs, that would like to enjoy the benefits of the new legislation and avoid the implications of the application of the AIFMD, need to transform into SIRs/GVVs by applying for an authorization to the FSMA before November 16, 2014. The fund's statutory instruments need to be modified accordingly within 3 months from the date of the FSMA's decision awarding authorization (an extra ordinary meeting of the shareholders with a quorum of 50 % and a voting majority of 80 % are required). The Act provides, under certain conditions, an exit mechanism for dissenting shareholders holding up to EUR 100,000 of share value; these shareholders may demand that their shares be bought out at a price fixed pursuant to the rules defined in the Act.

All in all, the fast and efficient reaction of the Belgian legislature to increase the attractiveness of the country in the international real estate market needs to be praised. US investors active in the real estate markets in Europe shall seriously consider Belgium as an adequate jurisdiction to launch their activities as the new legislation secures flexibility, adaptability and competitive tax and regulatory requirements in comparison to other jurisdictions in the EU.



Topics: [Cross-Border Transactions](#), [Real Estate](#)

Post a comment:

Search

STAY CONNECTED

[Subscribe via RSS](#)

Subscribe by Email

Your email address

GO

TOPICS

[Combination](#)

[Affordable Care Act](#)

[Tax Policy](#)

[Belgium](#)

[Real Estate](#)

[Chambers](#)

[Legal 500](#)

[Kickstarter](#)

[Information Technology](#)

[Crowdfunding](#)

[Pay Ratio](#)

[Commercial Lending](#)

[Accounting](#)

[IPO](#)

[Capital Raising](#)

[Going dark](#)

[Financing & Lending](#)

[Credit Ratings](#)

[European Union](#)

[Investment Funds](#)

[Venture Capital](#)

[China](#)

[Cross-Border Transactions](#)

[Say-on-pay](#)

[Executive Compensation](#)

[Proxy Statement](#)

[European Commission](#)

[SEC Disclosure Guidance](#)

Name*

Email* (will not be published)

Comment*

SUBMIT COMMENT

*All fields are required.

[Cybersecurity](#)

[Disclosure](#)

[Risk Factors](#)

[Independent Registered Public Accounting Firm](#)

[PCAOB](#)

[Rules & Regulations](#)

[Accounting Standards Codification](#)

[FASB](#)

[Hedge Funds](#)

[Credit Institutions](#)

[Corporate Governance](#)

[Compliance](#)

[FINRA](#)

[Insider Trading](#)

[Private Equity](#)

[Private Funds](#)

[Commodity Interests](#)

[Commodity Pool Operator](#)

[Commodity Trading Advisor](#)

[Facebook](#)

[Nasdaq](#)

[SIFMA](#)

[Resource Extraction Disclosure](#)

[Emerging Growth Company](#)

[SPAC](#)

[SEC News](#)

[Conflict Minerals](#)

[Sarbanes-Oxley Act](#)

[Exchange Act Registration](#)

[Capital Markets](#)

[Federal Securities](#)

[General Solicitation](#)

[Private Placements](#)

[Dodd-Frank Act](#)

[SEC Rulemaking](#)

[JOBS Act](#)

BLOG CONTRIBUTORS

[Michael J. Cochran](#)

[William L. Floyd](#)

[Orestis Omran](#)

[Nora Wouters](#)

ARCHIVES

2015

- [May](#)
 - [April](#)
 - [February](#)
 - [January](#)
-

2014

- [November](#)
 - [September](#)
 - [July](#)
 - [May](#)
 - [April](#)
 - [February](#)
 - [January](#)
-

2013

- [October](#)
 - [September](#)
 - [August](#)
 - [July](#)
 - [June](#)
 - [May](#)
 - [April](#)
 - [March](#)
 - [February](#)
 - [January](#)
-

2012

- [December](#)
 - [November](#)
 - [October](#)
 - [September](#)
 - [August](#)
-

MLA BLOGS

[Climate Change Insights](#)

[Government Contracts Advisor](#)

[Pay to Play Law](#)

[Politics, Law & Policy](#)

BLOG ROLL

[Corporate Counsel Blog](#)

[Harvard Law School Corporate Governance Blog](#)

[ISS' Corporate Governance Blog](#)

[Managed Funds Association Blog](#)

LINKS

[Alternative Investment Management Association](#)

[Financial Industry Regulatory Authority](#)

[LexisNexis Corporate & Securities Law Community](#)

[McKenna Long & Aldridge LLP](#)

[National Futures Association](#)

[SEC News Digest](#)

[U.S. Commodity Futures
Trading Commission](#)

[U.S. Securities and Exchange
Commission](#)

[Privacy Policy](#) [Disclaimer](#) © 2015 McKenna Long & Aldridge LLP Site by Firmseek