

Law 5193/2025: Evolution, not Revolution, for Greece's REIC Sector

After more than two decades under Greek Law 2778/1999 (the “**Old Law**”), the legal framework governing Real Estate Investment Companies (**REICs**) in Greece was finally overhauled with the issuance of Law 5193/2025 (the “**New Law**”).

Market participants, legal experts, and institutional investors had high expectations for a comprehensive and contemporary reform that would recognize the REIC sector's maturity and encourage its ongoing advancement. Although the New Law provides several welcome enhancements, it does not fulfill the ambitious expectations that previously surrounded it.

The following sections of this article provide an overview of the most

significant changes introduced by the New Law.

Investment Framework

One of the most noteworthy areas of revision under the New Law concerns the permitted investment framework governing REICs. In contrast to the detailed structure of the Old Law, the New Law adopts a more simplified approach to the types of investments REICs may undertake. The exhaustive enumeration of eligible assets has been replaced with a more general framework, allowing for a broader interpretation of permissible investment categories, while still maintaining certain fundamental safeguards regarding alignment with the company's core real estate activity.

A significant new measure explicitly permits REICs to engage in operational pursuits related to real estate, such as hotel and tourism-related activities, parking facilities,



marinas, shopping centers and data centers, which are explicitly mentioned in the New Law. In addition, the New Law allows REICs to construct and operate renewable energy production units, provided that such energy facilities are used strictly for self-consumption purposes. This broader scope may attract collaborative ventures and strategic partnerships of REICs with industry stakeholders and thus ensure new income streams. Moreover, the capacity to develop and operate renewable energy facilities for self-consumption could promote sustainable practices and reduce operating costs, potentially improving the long-term returns and resilience of REICs' portfolios. However, it is to be noted that any operational activities that are not directly tied to exploitation of real estate remain prohibited for REICs.

Lastly, the New Law facilitates the conclusion of preliminary purchase and sale agreements (in Greek "προσύμφωνα") by abolishing certain burdensome provisions of

the Old Law, such as the mandatory inclusion of a penalty clause for the seller.

Related Party Transactions

Under the previous regime, following the listing of a REIC, the execution of related party transactions was largely prohibited, subject only to narrowly defined exceptions that required prior approval by the General Meeting of the company. Even in such cases, a strict annual cap of 10% of the REIC's assets was imposed, significantly limiting the flexibility of REICs to engage in legitimate transactions with affiliated parties, as is the case for any other société anonyme company in Greece.

The New Law abandons this restrictive approach in favor of alignment with the general framework applicable to sociétés anonymes. In particular, the provisions of Articles 100-101 of Greek Law 4548/2018 now apply to REICs, enabling related party transactions to be approved through



a decision of the company's Board of Directors, irrespective of whether the company's shares are listed or not.

This change introduces a more standardized, corporate-governance-based approach to related party transactions, while allowing REICs greater operational freedom — especially in complex group structures where intragroup transactions are often commercially necessary. However, the heightened flexibility also underscores the importance of strong corporate governance to mitigate any potential conflicts of interest.

Enhanced supervision by the Hellenic Capital Market Commission

The New Law introduces a more robust supervisory framework for REICs, strengthening the role and powers of the Hellenic Capital Market Commission (HCMC). A key feature of this enhanced oversight is the requirement for mandatory notification to the HCMC of the

individuals appointed by REICs for the conduct of their business. This obligation extends to any subsequent changes or replacements in such appointments, while the HCMC is explicitly empowered to assess the suitability of these individuals and if it determines that a person lacks the requisite credibility or professional experience, it may formally request their removal.

In parallel, the New Law increases the maximum administrative fines that may be imposed by the HCMC for breaches of REIC regulations, reinforcing the shift toward stricter enforcement. Specifically, the maximum fine limit:

- imposed on the company, is increased to EUR 3 million from EUR 1 million under the Old Law; and
- imposed on the Board of Directors and executives of the company, is increased to

EUR 3 million from EUR 600,000 under the Old Law.

Other key changes

In addition to the headline reforms, the New Law also introduces a number of additional amendments that, although not game-changing on their own, collectively modernize the REIC framework. Some key points include:

- The minimum share capital of REICs is increased from EUR 25 million¹ to EUR 40 million;
- A provision of the Old Law which did not allow the transfer of shares in a subsidiary company or real estate held by REICs prior to 12 months after their acquisition, is repealed. In particular, the New Law does not impose any such restriction.

- Chairmen, managing directors, executive members of the BoD and general managers of REICs are required to submit a wealth declaration (in Greek “νόθεν έσχες”).

Conclusion

While Law 5193/2025 does attempt to modernize aspects of the REIC legal framework, it ultimately leaves many core issues unresolved. Key stakeholders were hoping for a bolder vision – one that would solidify certainty, bring well anticipated tax benefits, improve competitiveness and provide REICs with the operational freedom needed to thrive in the real estate landscape.

Unless further clarifications or regulatory guidelines follow, the New Law risks becoming a well-intentioned, yet underwhelming, halfway measure. Beyond its limited

¹ This threshold was further increased to EUR 29,3 million by virtue of Decision 7/249/2022 of the Board of Directors of HCMC.

impact, there is also a real risk that the lack of precision in certain provisions may lead to legal uncertainty regarding what is permitted and what is not, potentially hindering the day-to-day operations of REICs. Moreover, the absence of meaningful improvements in the tax treatment of REICs leaves the sector without one of the key incentives it had long been seeking – and which would be critical for enhancing its competitiveness in both the domestic and international investment landscape.

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