



REAL ESTATE FINANCE IN PORTUGAL

2026 BANKING AND FINANCE

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I. INTRODUCTION

Portugal closed 2025 with €2.72 billion in real estate investment, the highest figure in over a decade and a 17% increase on 2024. International capital drove more than half of fourth-quarter volumes, confirming Portugal's standing as one of the more accessible entry points into Western European real estate.

2026 is shaping up as a year of normalisation rather than retreat. Yields are stable, offices and logistics are leading the rotation away from a retail- and hospitality-heavy market, and residential supply constraints continue to shape pricing.

Portugal's legal framework offers several competitive advantages, specifically the predictability of the property regime and the transfer of property. Property rights are codified in its Civil Code, transactions run through a formal sequence of contract, public deed and land registry filing, and security interests are enforceable through well-established procedures.

Acquisitions follow patterns familiar from other European jurisdictions: direct purchase by public deed, or indirect acquisition through a commercial company or a Real Estate AIU. Debt finance and financial leasing are both widely used. The typical security package combines mortgages over the property, pledges over shares and receivables, and where the parties qualify, the foreclosure mechanics under the financial-collateral regime. The briefing closes with the principal tax issues: the acquisition taxes (IMT and stamp duty), the holding taxes (IMI and AIMI), and the exemptions available to Real Estate AIUs.

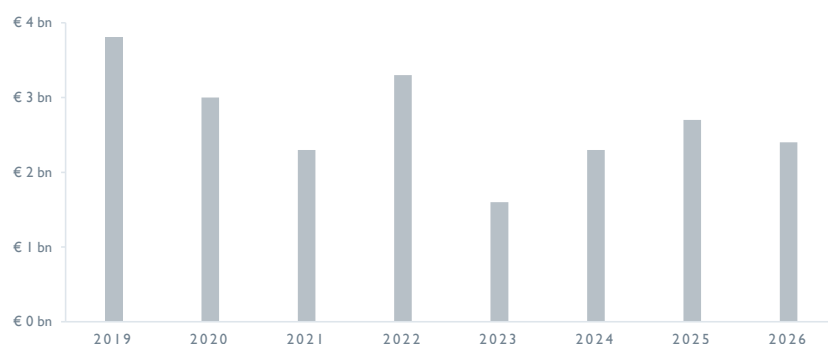
For foreign lenders and investors certain features may be relevant in their investment decisions: (i) mortgages can only be enforced through court-supervised sale, and interest secured by the mortgage is limited to the three years preceding enforcement; (ii) covenants restricting the sale or further encumbrance of mortgaged property are void, although not when collateral is given with a vehicle company owning the property; (iii) share-deal acquisitions can avoid IMT, but a 10% punitive rate applies where the buyer

is resident in a blacklisted jurisdiction; and (iv) Real Estate AIUs benefit from broad tax exemptions and have become the vehicle of choice for institutional investment.

2. MARKET OVERVIEW

The Portuguese real estate market recorded, in 2025, its highest investment volume in over a decade, reaching €2.72 billion, representing an increase of 17% compared to 2024, with international capital accounting for approximately 54% of the total in Q4.¹

For 2026, commercial real estate investment is expected to reach €2.4 billion, reflecting a market normalisation in a context of stable yields.



Real estate investment in Portugal.²

The distribution of capital across sectors shifted significantly in 2025. Offices emerged as the leading asset class in the last quarter, attracting around 39% of total investment, marking a clear reversal from the first half of 2024, when retail and hospitality accounted for nearly 75% of volumes.

¹ Portugal Investment Figures Q4 2025, CBRE.

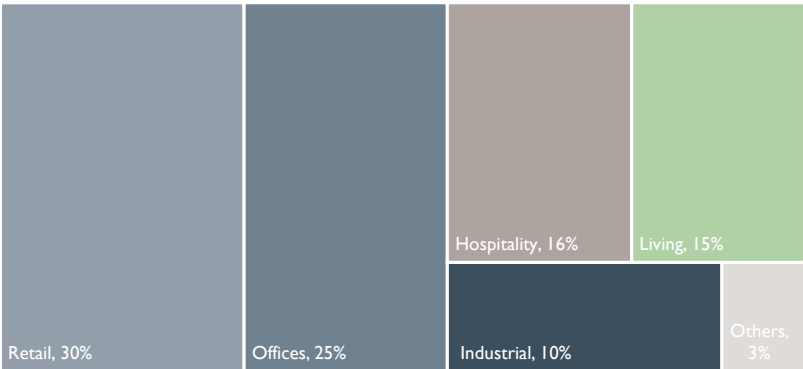
² Real Estate Market Outlook 2026 Portugal, CBRE.

The recovery in the office segment was driven by a strong fourth quarter, with approximately €380 million transacted across ten deals, nine of which took place in Lisbon. Key transactions included Exeo Lumnia (€120 million) and Torre Oriente (€80 million).

The logistics sector also recorded significant growth, with investment volumes tripling year-on-year, a momentum that is expected to continue into 2026.

In the retail sector, prime rents continue to reach record levels, driven by strong demand in prime high street locations and leading shopping centres. Notable transactions include the acquisition by Ceetrus of the remaining 50% stake in Alegro Setúbal, resulting in full ownership of the asset.

The hotel sector is expected to maintain a positive trajectory, supported by sustained tourism demand and the ongoing improvement and diversification of supply.



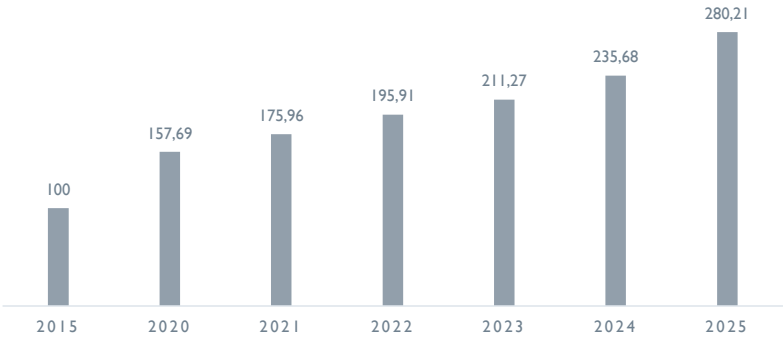
Total investment in 2025 by sector.³

The residential market in 2025 remained constrained by limited supply, with only one home completed for every six sold.

³ Portugal Investment Figures Q4 2025, CBRE. Percentages may not add up to 100% due to rounding.

Prices increased significantly, with the Housing Price Index rising 4.1% quarter-on-quarter and 17.7% year-on-year. Demand remained strong, largely driven by national buyers, who accounted for 86% of transactions, while international buyers represented 5.1%.

Activity grew in value, although the number of transactions continued to be limited by supply shortages, with increasing demand shifting towards more affordable and peripheral areas.



House Price Index.⁴

⁴ Portugal Residential House Price Index, Trading Economics.

3. PROPERTY RIGHTS

3.1. GENERAL ASPECTS

Like in other civil law countries, there are two types of property rights under Portuguese law:

- rights *in rem* (*direitos reais*) which can be enforced against any third party or entity; and
- rights *in personam* (*direitos pessoais*) which can only be enforced against the person (individual or legal entity) with whom a contract obligation exists.

Rights *in rem*, as defined in the Portuguese Civil Code and other relevant legislation, are limited to those explicitly recognised by law and include property and property-like interests. Rights *in rem* must be created, mortgaged, or transferred through a deed executed before a Portuguese notary or attorney and must be registered with the land register.

In contrast, rights *in personam*, such as lease agreements and other usage rights, generally do not require registration with the land register, although certain leases can be registered, e.g. leases exceeding a duration of six years. As a rule, these rights can be created or transferred via contract.

Public records of properties, including registrations of acquisitions, mortgages, and other liens or encumbrances on immovable assets, including registered leases, are accessible online, and such registrations can be filed digitally.

3.2. RIGHTS *IN REM*

The most important forms of property interests in Portugal are:

- **Freehold** (*direito de propriedade*). Freehold gives the owner the right to use, exploit and dispose of a certain immovable asset. These rights include the right to build on a property subject to the applicable licensing requirements and planning restrictions.

- **Joint ownership** (*compropriedade*). It is possible for more than one person to own a property, where each owns an intangible share of the property. Each co-owner can dispose of her/his share of the property without the consent of the other co-owner(s), who have a right of preferred acquisition.
- **Commonhold ownership** (*propriedade horizontal*). Portuguese law allows buildings or building developments to be divided into units (*frações*) where each unit, which may be a store, an apartment or an office, is owned by a single owner and the common areas of the building, including the staircases, outside area, roof, etc., are co-owned by the owners of the building's units. The owners together constitute the community of owners of the commonly owned property. Each owner may freely dispose of or encumber her/his unit of the building, including her/his share in the common areas, but the latter cannot be disposed of or encumbered separately.
- **Building rights** (*direito de superfície*). Building rights give their holders the right to construct and maintain a building or plantation on a property. The building right may be temporary or permanent.
- **Usufruct** (*direito de usufruto*). Usufruct rights give their holder the right to use and collect the fruits (*frutos*) of the property, which include rents, crops and other periodic revenues that may be generated by the property.

Portuguese law follows the *numerus clausus* principle: parties cannot create new categories of right *in rem* by contract, only the forms recognised by statute are available.

3.3. RIGHTS IN PERSONAM (LEASE RIGHTS)

The following are the most commonly used rights *in personam* in Portugal in modern legal practice:

- **Lease rights.** Under a lease agreement, the lessor grants the tenant the temporary right to use the leased asset. The tenant is obligated to return the asset upon the expiration of the lease term.
- **Financial lease rights.** Under a financial lease agreement, a bank or leasing company purchases the property selected by the tenant. The tenant is granted the right to use the property or building in exchange for rent payments, with the additional option to acquire the leased asset at the end of the agreement term.

Parties may freely agree the main commercial terms of a lease: rent, review mechanism, cost allocation, duration, renewal and termination, subject to mandatory rules designed mostly to favour residential lessees.

The statutory maximum term is 30 years; the default term in the absence of agreement is five years. Office and retail leases typically run for five to ten years.

The rent is usually payable monthly, but different payment terms may be agreed upon. Rent-free periods are common in store, office and factory leases. In most contracts, rents are updated annually in accordance with the consumer price index (excluding housing) published by the National Statistics Institute (*Instituto Nacional de Estatística*, "INE"), but the parties may agree on other criteria for reviewing rents.

Only property licensed by the relevant municipality may be leased. The purpose of the lease must be in accordance with the relevant use permit.

The transfer of the lessee's position as part of the transfer of a business establishment (*traspasse*) does not require the property owner's consent.

The statutory provisions regarding the termination of lease agreements due to default of the parties are mandatory.

As a rule, the tenant has a statutory pre-emption right on a sale of the leased urban property where the lease has been in force for more than two years. Therefore, when the property is leased buyers should carefully review the rights of the tenant.

Eviction of defaulting tenants is enforced through a special eviction procedure (*procedimento especial de despejo*), which is carried out through the National Lease Office (*Balcão Nacional do Arrendamento*).

Store leases in shopping centres, retail parks and similar managed developments fall outside the statutory lease regime, so the parties have full freedom of contract subject only to general principles.

Typically, the main rules on the operation of the development are set out in a regulation approved by the development owner or manager. Rent-free periods, stepped rents and turnover-based variable rents are standard.

The costs of utilities, services, maintenance and improvement works are normally borne by the lessee in the form of common service charges, which include management fees, other common areas-related services and, sometimes, marketing costs.

From a financing perspective, long-term leases are often critical in project finance structures, as they provide the predictable revenue streams that support the repayment of bank loans or bonds issued by the project vehicle.

Service charges are based on the area of the shops leased to each of the tenants in proportion to the overall area of the development.

Although parties are free to agree to the terms and conditions of the lease, it is common for agreements to be set out in standard contracts that are not subject to negotiation.

4. STRUCTURING THE ACQUISITION

4.1. OVERVIEW

Investments in property in Portugal may be carried under any of the following structures:

- direct ownership by the investors; and
- indirect ownership by way of the incorporation of a Portuguese or foreign special purpose vehicle ("SPV").

Portuguese SPVs may take one of the following forms:

- a commercial company; and
- a real estate investment undertaking.

4.2. DIRECT ACQUISITION

4.2.1. PROMISSORY AGREEMENT OF SALE AND PURCHASE

The process typically begins with a promissory sale and purchase agreement. While not mandatory, the promissory agreement is the standard mechanism for locking in the deal where completion has to be deferred; for example, while the building is under construction or refurbishment, while ownership or licences remain to be registered, while the property is occupied by the seller or a tenant, or pending financing.

Once the promissory agreement is executed, typically the buyer makes a down payment to the seller of 10 to 20% of the sale price.

Promissory agreements may also give priority over third parties' rights when registered with the Land Registry Office. This ensures that the property cannot be sold to another person. The registration is valid for six months and can be renewed for equal periods, or until one year after the date set by the parties for the execution of the deed of sale and purchase.

In project finance transactions, promissory agreements are frequently used not only to secure acquisition rights, but also as part of the collateral package required by lenders prior to financial close.

4.2.2. DEED OF SALE AND PURCHASE

The purchase of property must be made through a deed of sale and purchase executed before a notary (*escritura pública*) or an attorney.

The acquisition of property is subject to municipal property transfer tax and stamp duty, which must be paid in advance of the execution of the public deed of purchase, and, when applicable, notary's fees.

Once the sale and purchase deed has been registered, the provisional registration with the Land Registry Office, in case it was made after the execution of the promissory agreement, will become definitive. When the promissory sale and purchase agreement has not been registered, the purchaser should register the deed of sale and purchase as soon as possible after execution.

Registrations with the Land Registry Office can be carried out online through the website <https://www.predialonline.pt/PredialOnline/>.

4.3. INDIRECT ACQUISITION

4.3.1. ACQUISITION THROUGH COMMERCIAL COMPANIES

Commercial companies, such as limited liability companies (*sociedade por quotas*, commonly referred to as "Lda") and limited liability company by shares (*sociedade anónima*, abbreviated as "SA"), are generally suitable for real estate investment.

Historically, limited liability company by shares was the preferred vehicle for tax reasons: transfers of its shares did not trigger municipal property transfer tax (IMT). Since 2020 limited liability companies and limited liability company by shares are taxed in the same manner.

For multi-investor structures, however, the SA remains attractive on corporate grounds: shares can be transferred privately and without registration at the Commercial Registry Office, although subject to the disclosure of the ultimate beneficial owner.

4.3.2. ACQUISITION USING REAL ESTATE INVESTMENT UNDERTAKINGS

The incorporation of collective investment undertakings is increasingly common in Portugal, driven by recent legislative changes. These entities are governed by the provisions of Decree-Law No. 27/2023, of 28 April 2023.

Collective investment undertakings are classified into two categories:

- Undertakings for Collective Investment in Transferable Securities ("UCITS"); and
- Alternative Investment Undertakings (*organismos de investimento alternativo*, "AIU"), which include real estate AIUs ("Real Estate AIUs").

Real Estate AIUs can take the form of either:

- an Alternative Investment Fund ("AIF"); or
- an Alternative Investment Company ("AIC").

These entities may be structured as open-ended, closed-ended, or mixed, depending on whether the participation units or shares issued are variable or fixed in number.

Real Estate AIUs are permitted to acquire property rights over immovable assets for purposes such as leasing, resale, or other economic activities. They may also hold shares in real estate companies, subject to specific legal restrictions.

Incorporating a public-subscription Real Estate AIU requires authorisation from the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, "CMVM"). Private-subscription Real Estate AIUs (whether AIF or AIC) follow a prior

notification regime, under which the managing entity files the relevant constitutive documents with the CMVM before the vehicle commences activity.

In recent years, there has been a significant increase in the number of AICs investing in real estate in Portugal.

AICs are subject to the following rules:

- **Legal Form.** AICs must be incorporated as a limited liability company by shares.
- **Management.** AICs may be either self-managed or managed by an authorised management company.
- **Minimum Capitalisation Requirements.** If management is not delegated to a management company, the AIC must comply with specific managing and minimum capitalisation requirements. AICs must be established with a minimum share capital of €50,000 if managed by a management company, or €300,000 if self-managed. The share capital must be represented by nominative shares.
- **Main Centre of Business.** AICs registered in Portugal must have their head office located in Portugal and be managed from within the country.

Open-ended Real Estate AIUs are generally subject to corporate income tax, but some specific income streams, such as rental income, real estate capital gains, capital income, and dividends, are exempt from taxation.

Additionally, open-ended Real Estate AIUs may benefit from a reduction or exemption from municipal property transfer tax under the regime in Article 49 of the Tax Incentives Statute (Estatuto dos Benefícios Fiscais), subject to the conditions set out therein.

Real Estate AIUs are liable for stamp duty on their net asset value at a rate of 0.0125%.

Income distributed to investors is taxed as follows:

- Resident individuals are taxed at a rate of 28%.
- Resident companies are subject to corporate income tax at the applicable rates.
- Non-resident investors (both individuals and companies without a permanent establishment in Portugal) are generally subject to a withholding tax at a rate of 10%.

5. FINANCING THE TRANSACTION

5.1. GENERAL ASPECTS

The financing of real estate investments may take several forms. It is common to obtain financing from the following sources:

- equity or shareholder loans;
- bank debt/bonds; or
- financial lease.

Equity is provided by the management team (management equity) and by the institutional investors (institutional equity). In general, the management equity will comprise ordinary shares while the institutional equity will comprise both shares and quasi-equity debt instruments. Under Portuguese law equity may assume a variety of forms:

- **Ordinary and preferred shares.** Portuguese law allows the issuance of ordinary voting shares and non-voting preferred shares which carry the right to receive a preferred dividend. Preferred shares are a suitable form of funding to allow investors to recover their investment in the form of dividends. However, it must be noted that if the company cannot distribute profits in two successive years, the preferred shares will be converted into ordinary shares.
- **Quasi-equity debt instruments.** The acquisition vehicle may also be funded by participating loans made by its shareholders that may take the form of supplementary capital contributions (*prestações suplementares*), accessory contributions (*prestações acessórias*) or convertible bonds.

Large-scale developments are often financed through project finance structures, where debt is provided on a limited recourse basis and lenders rely primarily on the project's future revenues. These structures usually involve the incorporation of an SPV that

enters into the financing and security arrangements, thereby isolating the project from the sponsors' balance sheets.

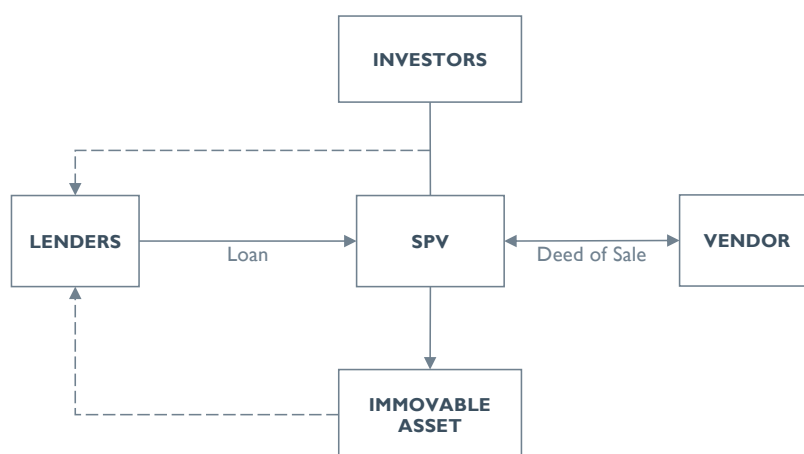
5.2. SECURED LOANS

5.2.1. SECURITY ISSUES

Under Portuguese law, security may be provided by way of mortgage over land, buildings and other registered moveable property, pledge of moveable assets or assignment of proceeds. While the share pledge is provided by the investors, the mortgage is usually granted by the SPV. Mortgages must be executed by public deed, whereas the pledge would only need to be executed in writing in order to be valid and enforceable.

In acquisition finance, typically the most effective type of security is the pledge of shares. In project finance transactions, the security package is broader and typically includes not only mortgages over the property, but also pledges of SPV shares, assignments of receivables (particularly rental income), and step-in-rights in favour of lenders, ensuring effective control of the project cash flows.

The following diagram describes a typical private buy-out Portuguese security structure:



5.2.2. THE PLEDGE

Pledges are fixed charges created over the shares of the target or its subsidiaries, moveable assets or the business establishment of the target that give the lenders the ability to sell the assets or priority in the event of insolvency of the guarantor.

Pledges may be enforced by:

- court sale (*venda executiva*);
- private sale (*venda privada*); or
- foreclosure of financial pledges (*apropriação*).

Court sale is the default. Private sale is available only if the deed of pledge expressly so provides and the sale is for fair consideration. To reduce the risk of challenge by other creditors or the pledgor, the deed should specify the sale procedure, valuation method and bidder-selection process.

As a rule, the foreclosure of collateral is not allowed by Portuguese law. However, Decree-Law No. 105/2004, of 8 May 2004, which approved the legal framework applicable to the financial collateral arrangements, has allowed the foreclosure of financial pledges. Financial collateral arrangements are security agreements that meet the following requirements:

- at least one of the parties is a bank;
- the collateral consists of cash or a financial instrument (shares, bonds or other securities);
- the secured obligations include payment obligations or the obligation to deliver a financial instrument; and
- the collateral is actually provided to the collateral taker and the collateral arrangement is documented by way of a contract or deed.

Under Decree-Law No. 105/2004, foreclosure of the collateral without a court proceeding is available as an alternative enforcement method provided that the parties agree on:

- the use of this method; and

- the valuation of the collateral.

5.2.3. THE MORTGAGE

The mortgage enables the lender to be paid with respect to the secured liabilities by the value of certain real estate assets, or other assets treated as such, with preference in relation to the remaining common creditors.

Mortgages must be created by way of a public deed and registered before the relevant land or property registry office.

The main features of mortgages' legal framework are as follows:

- mortgages are charges over whole properties, including any fixed parts thereof, but not over the proceeds generated by such properties;
- mortgages secure the borrower's payment obligations and any accessory obligations identified in the deed. The security extends only to interest accrued in the three years preceding enforcement, older interest ranks as an unsecured claim; and
- mortgages continue to encumber the mortgaged property until all secured liabilities are discharged in full.

In the event the mortgagor sells the mortgaged property to a third party, the purchaser of the mortgaged property, who is not personally liable for the secured liabilities, has the right to redeem the mortgage provided that it either discharges the secured liabilities directly or undertakes to deliver to the creditors the proceeds of the sale up to the amount of the secured obligations, otherwise the lien shall survive the sale.

Non-disposal covenants are void: any contractual restriction on the borrower's ability to sell or further encumber the mortgaged property is unenforceable. Lenders therefore rely on the *in rem* effect of the mortgage rather than on undertakings.

The mortgagee may demand the replacement or the reinforcement of the mortgage if the mortgaged property is destroyed or its value is no longer sufficient to cover the secured liabilities.

Self-help is not available: a mortgagee may only enforce against the mortgaged property through court-supervised sale. This is the principal divergence from common-law security practice and should be factored into enforcement timetables.

In Portugal, mortgage loans generally follow three interest-rate regimes:

- fixed-rate mortgages, where instalments remain unchanged throughout the agreed fixed term;
- variable-rate mortgages, typically indexed to Euribor plus a spread, with periodic adjustments; and
- mixed-rate (hybrid) mortgages, which combine an initial fixed-rate period with a subsequent variable-rate regime.

Each option presents different levels of stability, predictability and exposure to interest-rate fluctuations.

5.2.4. FINANCIAL AND OPERATIONAL LEASE

Under a financial lease, a leasing company acquires the asset selected by the lessee and grants the lessee the right to use it against periodic rentals, with an option for the lessee to buy the asset at the end of the term for a residual price. The rentals are calibrated to amortise the asset price plus interest.

Property financial lease agreements must be executed by way of a private deed, provided the signatures are authenticated by a notary and the notary confirms the existence of a utilisation or building permit, and must be registered with the land register.

Under financial leases, the lessee will run all the risks and advantages inherent to the utilisation of the asset. This means that the lessee instead of the lessor will depreciate the asset at the applicable rates.

Unlike in financial leases, under operational leases the lessee will not have an option to buy the asset and, therefore, it will not run the risk of destruction of the asset. In addition, the lessee will not be allowed to depreciate the asset, but it will be allowed to deduct the full amount of the rentals.

An alternative form of financing the acquisition of the asset is to execute a sale and lease back agreement, whereby the investor sells the asset to another investor which leases it back to the investor under an operational lease agreement with the option to acquire the asset at the term of the agreement.

While in operational leases the rents are tax deductible, in financial leases only the interest component is tax deductible. The lessee recognises a right-of-use asset on its balance sheet and depreciates it over the lease term, subject to the applicable accounting regime (typically IFRS 16 or NCRF 9).

Commented [MV1]: IFRS 16

31 A lessee shall apply the depreciation requirement in *Equipment* in depreciating the right-of-use asset in paragraph 32.

6. TAX ISSUES

6.1. TRANSFER TAX

The transfer of immovable property is taxable under the Municipal Property Transfer Tax (*Imposto Municipal sobre as Transmissões Onerosas de Imóveis*, "IMT"), assessed on the higher of the declared price and the property's taxable value. Rates are progressive: marginal rates of 7% and 8% apply up to €660,982, with a single 6% rate between €660,982 and €1,150,853 and a single 7.5% rate above €1,150,853 (2026 brackets). The same scale applies to acquisitions of second homes.

Two rules dominate the structuring analysis. A flat 10% IMT applies regardless of value where the buyer is a legal entity resident, directly or indirectly, in a jurisdiction on Portugal's blacklist of "clearly more favourable tax regimes". Non-EU sponsors normally interpose a transparent holding jurisdiction. Share deals are not automatically exempt from IMT. Under article 2(2)(d) of the IMT Code (as amended by Lei 75-B/2020), the acquisition of shares or quotas in any commercial company holding Portuguese real estate is treated as a taxable transmission where cumulatively:

- more than 50% of the company's assets consist of Portuguese real estate (book value or, if higher, taxable value);
- those properties are not directly allocated to an agricultural, industrial or commercial activity (other than buy-and-resell); and
- as a result of the acquisition, amortisation or any other event, a single shareholder holds at least 75% of the share capital, or the company is owned by two persons married or living in a *de facto* union.

Where these conditions are not met, share deals remain the standard route for transferring single-asset SPVs.

Most real estate transactions are exempt from VAT, although the seller or lessor may, in specified circumstances, waive the exemption to recover input VAT.

6.2. OWNERSHIP TAXES

Ownership of immovable property is subject to Municipal Property Tax (*Imposto Municipal sobre Imóveis*, "IMI"), payable annually in up to three instalments by the freehold owner, the usufructuary or the holder of the building right. The applicable rates are:

- 0.8% on land and attached facilities (*prédios rústicos*);
- between 0.3% and 0.45% on urban properties (*prédios urbanos*); and
- 7.5% on properties owned or controlled, directly or indirectly, by entities resident in a state, territory or region with a clearly more favourable tax regime.

The applicable rate within these ranges will be determined by the municipalities on a yearly basis and increase threefold in the case of urban property left vacant for more than a year or of buildings in a state of ruin.

The urban buildings and apartments will be deemed not to be in use if the owner has no contracts with utilities or there has been no consumption of water, electricity, gas, and telecommunications for a period of one year.

Real estate assets (excluding assets allocated to commercial, industrial and service activities) may also be subject to Additional IMI (*Adicional ao IMI*, "AIMI").

For individuals, the taxable value up to €600,000 will be AIMI exempt. Above this amount, the following rates will apply:

- 0.7% on the taxable value from €600,000 to €1 million;
- 1% on the taxable value up from €1 million to €2 million; and
- 1.5% on the taxable value above €2 million.
- For companies, AIMI applies at a flat 0.4%, with no exemption.

AIMI applies at a flat 7.5% to entities resident in a blacklisted jurisdiction mirroring the IMT regime above.

IMPORTANT NOTICE

The opinions expressed in this briefing are of general nature and should not be considered as professional advice. Should you need legal advice on these matters you should contact a lawyer. If you are a client of MACEDO VITORINO, you may contact us by email addressed to mv@macedovitorino.com.

ABOUT PORTUGAL

TERRITORY, POPULATION AND LANGUAGE

Portugal is situated on the southwest coast of Europe, bordering only with Spain. With a territory of 92,152 Km², Portugal has the largest maritime zone in Europe. Its continental platform borders the American platform.

Portuguese is the sixth most spoken language in the world, spoken by 270 million people in Portugal, Brazil, Angola, Cape Verde, Mozambique, Guinea Bissau, São Tomé and Príncipe and Timor.

POLITICAL SYSTEM

Portugal is a parliamentary republic. The legislative power lies with a national parliament (*Assembleia da República*), with 230 seats. The members of parliament are elected by universal vote for four-year terms. The Government depends on the parliament's support. The Government is led by a Prime Minister.

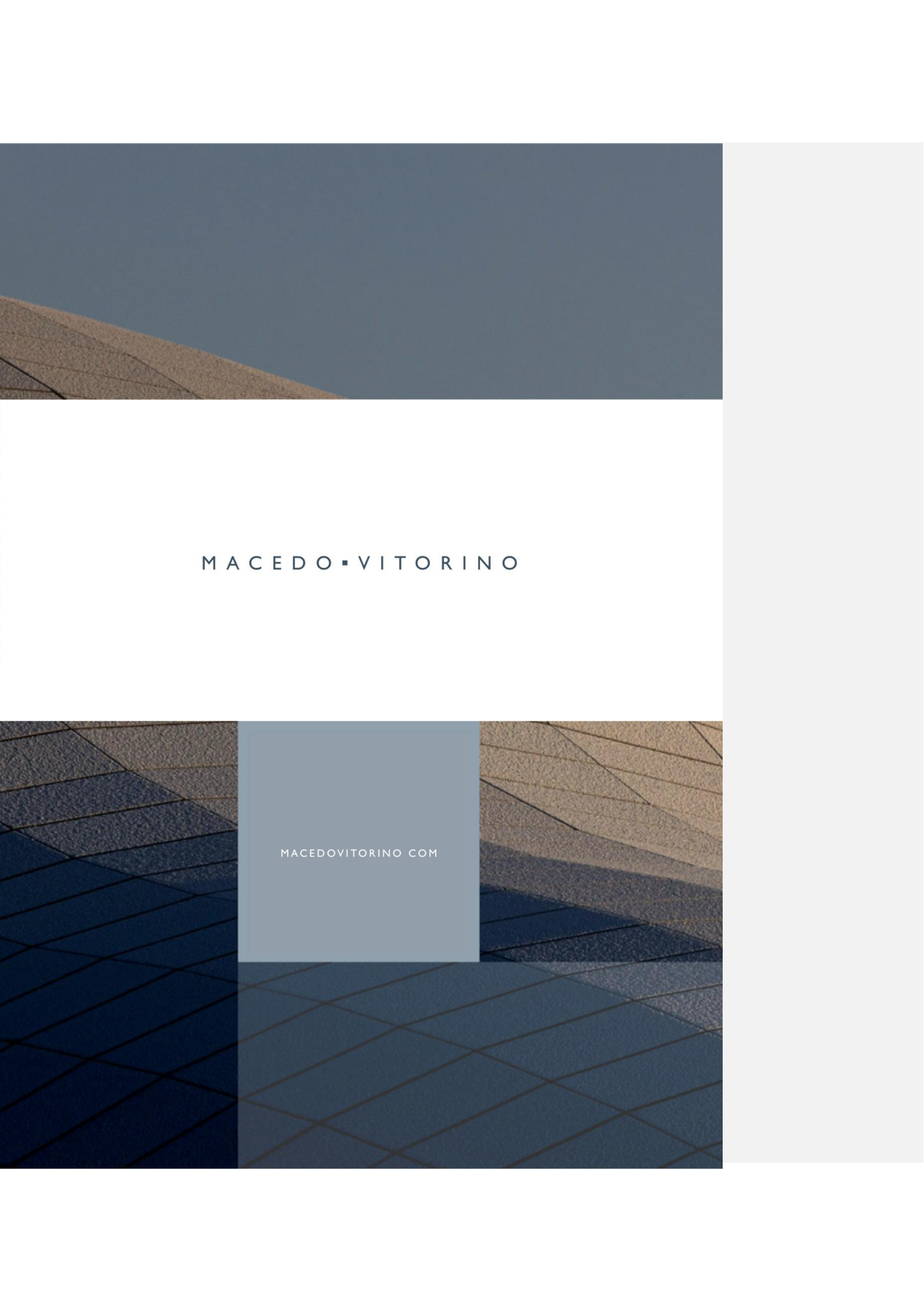
The President of the Republic has limited powers but has the power to influence the Parliament's and the Government's decisions and dissolve the Parliament in extraordinary circumstances.

INTERNATIONAL RELATIONS

Portugal has been a member of the EU since 1986, a founding member of the eurozone and the Portuguese-speaking Countries Community (*Comunidade dos Países de Língua Portuguesa*, "CPLP"), which brings together all Portuguese-speaking countries. Portugal is a member of the United Nations, NATO and the OECD.

CURRENCY AND BANKING SYSTEM

Portugal is one of the founding members of the «Euro», the currency of 20 European countries. The Euro is the second most traded currency in the world after the US Dollar.

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