

The novelization of the Act on Collective Investment of May 2006 enabled the creation of real estate funds in the Czech Republic. These may take two forms: (1) special real estate fund which is designated for the general investment community and (2) qualified investor fund meant only for institutional and “experienced” investors. This study uses in-depth analysis of the legislation in order to examine the aspects of the functioning of the real estate fund sector while concentrating particularly on fundamental characteristics of indirect real estate investment. The study takes a global view on the property market evolution since 1990 while examining risks faced by the real estate funds and their growth potential. The questions that yet remain to be answered are if it is appropriate to introduce REIT in the Czech legislation as another real estate investment instrument and what possibilities are open to real estate funds in the context of the anticipated pension reform.