

Investing in Swiss real estate through funds and listed companies

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

For many foreign investors, the simplest route into Swiss residential property is indirect. Shares in listed real estate companies and units of regularly traded real estate funds are exempt from the Lex Koller permit requirement. These instruments also offer liquidity and diversification that a single building cannot provide.

1 The Lex Koller exemptions

The Lex Koller generally treats the acquisition of shares in real estate companies as an acquisition of real estate. Two exceptions are important for investors. The acquisition of shares in real estate companies listed on a Swiss stock exchange does not require a permit, and the same applies to units of real estate funds whose units are regularly traded on the market. Foreign investors can therefore gain exposure to Swiss residential property through these instruments without any permit procedure.

2 Swiss real estate funds

Swiss real estate funds are collective investment schemes governed by the Collective Investment Schemes Act and supervised by the Swiss Financial Market Supervisory Authority. They are usually contractual funds managed by a fund management company, and many are listed on the SIX Swiss Exchange or traded regularly through a bank. Funds frequently hold large residential portfolios, but commercial and mixed portfolios are also common. Because units trade on the market, their price can be above or below the net asset value, and the resulting premium or discount is a feature that investors should understand.

Funds that hold property directly are themselves taxed on the income and wealth attributable to those properties, so that distributions from the

corresponding portion are generally not subject to further income tax or withholding tax at investor level. The details depend on the fund's structure and should be checked in its documentation.

3 Listed real estate companies

Several real estate companies are listed on the SIX Swiss Exchange. They own and develop office, retail and residential properties, and some also provide real estate services. As ordinary companies, they pay profit and capital tax, and dividends are in principle subject to Swiss withholding tax, which foreign investors may be able to reclaim in part under a double taxation agreement. Distributions from capital contribution reserves can be paid free of withholding tax.

4 Comparing direct and indirect investment

Indirect investment avoids notarial formalities, land register fees and transfer taxes on the purchase, and it allows positions to be adjusted quickly. On the other hand, investors accept market volatility and have no control over individual properties. For families who wish to use a property themselves, a fund or listed share is no substitute, although it can complement a direct holding in a broader portfolio.

5 What pays off in practice

- **Confirm that the instrument is listed or regularly traded**, because unlisted vehicles may fall under the permit requirement.
- **Look at premiums and discounts** to net asset value before buying fund units.
- **Review withholding tax and treaty relief** for distributions to investors resident abroad.

6 How Ressos Legal helps

I advise foreign investors on the legal and tax framework for indirect investment in Swiss real estate and on how such investments fit into a wider holding structure. [Contact me](#) for a first conversation.

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