



property funds research

PFR UK Real Estate Fund Manager Report

2013

Note to the survey: All data is at 30th June 2013 unless otherwise stated

UK Real Estate Fund Manager Survey 2013

This is the tenth annual UK property fund manager survey conducted by Property Funds Research. There was a drop in the number of companies taking part this year, from 51 in 2012 to 45, despite this, there was a marginal 1% increase in the total Assets under Management (AuM) recorded, from £157.7bn to £159.6bn.

Table 1: Total real estate assets by manager (£m)

		RE AUM £m 2013
1	Aviva Investors Global Services Ltd	19,182.00
2	M&G Real Estate	15,940.00
3	Legal & General Property	10,897.00
4	LaSalle Investment Management	9,000.00
5	Standard Life Investments	8,700.00
6	Scottish Widows Investment Partnership	7,736.20
7	CBRE Global Investors	7,600.00
8	Schroder Property Investment Management	6,919.48
9	Henderson Global Investors	6,539.00
10	Threadneedle Property Investments	6,165.00
11	Axa Real Estate	5,801.00
12	F&C REIT	5,117.00
13	Hermes Real Estate Investment Management	4,977.06
14	Aberdeen Asset Management	4,244.00
15	DTZ Investment Management	3,950.00
16	Patron Capital Advisors	3,540.00
17	Orchard Street Investment Management	3,288.00
18	Deutsche Asset & Wealth Management	3,212.00
19	Royal London Asset Management	2,989.40
20	BlackRock	2,586.00
21	Lend Lease	2,218.80
22	Rockspring Property Investment Managers	2,057.40
23	UNITE Integrated Solutions	1,940.00
24	Cordea Savills	1,486.00
25	Pramerica Real Estate Investors	1,462.00
26	UBS Global Asset Management	1,441.00
27	Hines	1,312.00
28	Grosvenor Fund Management	1,135.00
29	Kames Capital	1,060.00
30	Lothbury Investment Management	1,011.43
31	Invesco Real Estate	799.00
32	Valad Europe	655.00

33	Cornerstone Real Estate Advisors	622.70
34	AEW UK / AEW Europe	585.00
35	Colliers Capital	546.00
36	Morgan Stanley Real Estate Investing	452.99
37	InfraRed Capital Partners	434.00
38	MGPA	371.50
39	Cluttons	357.00
40	Mayfair Capital Investment Management	356.00
41	BNP Paribas Real Estate Investment Management	287.00
42	Palmer Capital	279.00
43	evolve Fund Solutions	132.00
44	InProp Capital	130.00
45	First Property Asset Management	97.40
	Total	159,611.36

Data as at 31st June 2013

¹ Significant UK asset sales and the wind down of funds have had an impact on the AuM

² Real estate funds have investments in real estate securities including REITS but these are managed by SWIP's in-house equity team, and for consistency and to prevent double counting, SWIP does not include them in its Real Estate AUM in external communications

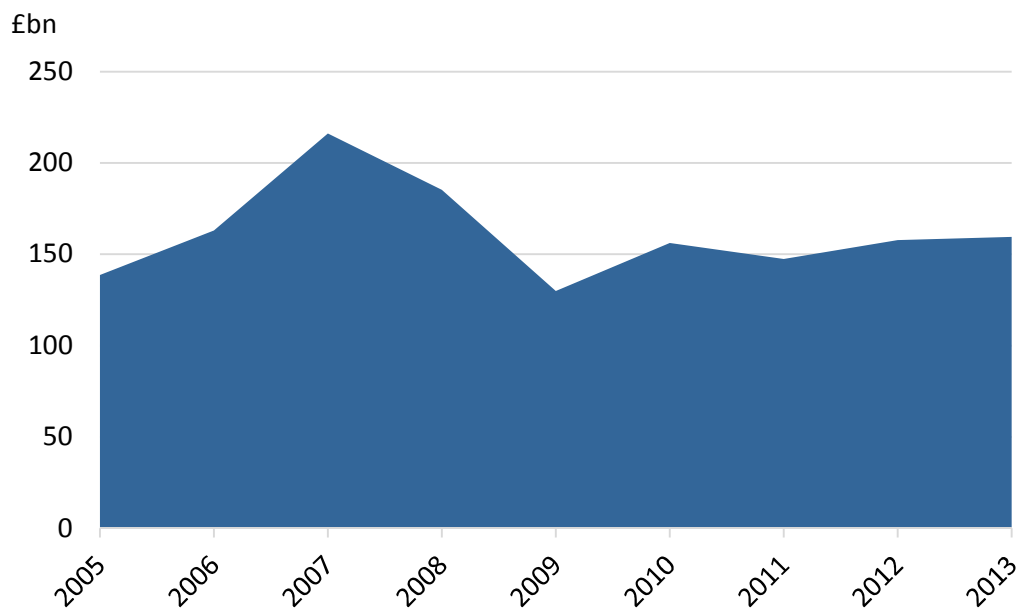
³ Excludes real estate related public equity securities and mutual funds

⁴ AuM includes assets which are not held in a fund

⁵ Some of the financial data provided as at Sept 2013

Of the 39 managers who took part in both the 2012 and 2013 surveys, 35% have seen a decrease in their AuM. Five managers saw their AuM increase by over 20% during the same period.

Figure 1: Movement in assets under management (£bn)



Advisory separate account mandates:

M&G Real Estate has maintained its lead over Aviva Investors as the manager with the highest total value of discretionary separate account mandates under management in 2013. Both M&G Real Estate and Aviva have increased their mandates by over 10% in the last 12 months.

Table 2: Discretionary assets under management (£m)

Rank	Manager	Number	Value of discretionary mandates 2013 (£m)	Value of discretionary mandates 2012 (£m)	% change
1	M&G Real Estate	9	11,269	9,655	17
2	Aviva Investors Global Services Ltd	37	9,859	8,946	10
3	LaSalle Investment Management	28	7,540	7,300	3
4	CBRE Global Investors	34	5,300	5,095	4
5	Hermes Real Estate Investment Management	1	4,181	5,068	-18
6	Axa Real Estate	6	3,826	3,091	24
7	Orchard Street Investment Management	4	3,075	2,758	11
8	DTZ Investment Management	11	3,070	3,320	-8
9	Royal London Asset Management	5	2,747	2,529	9
10	Threadneedle Property Investments	7	2,717	2,992	-9
11	Schroder Property Investment Management	31	1,995	2,188	-9
12	Aberdeen Asset Management	9	1,902	2,155	-12
13	Standard Life Investments	3	1,622	2,912	-44
14	Legal & General Property	2	1,524	3,161	-52
15	F&C REIT	4	1,049	1,088	-4
16	Henderson Global Investors	12	792	2,056	-61
17	Scottish Widows Investment Partnership	1	685	870	-21
18	Rockspring Property Investment Managers	3	513	449	14
19	Cordea Savills	2	333	317	5
20	Colliers Capital	2	260	266	-2
21	Pramerica Real Estate Investors	3	238	38	530
22	Valad Europe	1	230		
23	UBS Global Asset Management	5	134	139	-4
24	Lothbury Investment Management	1	106		
25	First Property Asset Management	1	93	98	-5
26	Kames Capital	1	76		
27	Cornerstone Real Estate Advisors	1	70	70	0
28	Invesco Real Estate	1	57	57	0

Rank	Manager	Number	Value of discretionary mandates 2013 (£m)	Value of discretionary mandates 2012 (£m)	% change
29	Morgan Stanley Real Estate Investing	1	30		
30	Mayfair Capital Investment Management	2	29		
31	Cluttons	1	24	24	0
	Total	229	65,347	66,641	-2

Source: data as at 31st June 2013

Advisory separate account mandates

Advisory mandates account for a large proportion of the separate accounts under management, but as full discretion is not awarded to the manager we have attempted to separate these mandates from those where full discretion is given.

Table 3: Advisory separate accounts under management (£m)

Rank	Manager	Total number 2013	Total value (£m) 2013	Total value (£m) 2012	% change
1	F&C REIT	25	2,871	2,755	4
2	Aberdeen Asset Management	11	1,889	2,076	-9
3	CBRE Global Investors	5	1,500	1,037	45
4	Henderson Global Investors	5	1,284		
5	Deutsche Asset & Wealth Management	4	1,078	1,153	-7
6	DTZ Investment Management	2	880	904	-3
7	Hines	3	714		
8	LaSalle Investment Management	7	580		
9	Cornerstone Real Estate Advisors	3	553	268	107
10	Axa Real Estate	2	348		
11	Cluttons	3	333	326	2
12	Standard Life Investments	1	269	337	-20
13	BNP Paribas Real Estate Investment Management	3	266	249	7
14	Colliers Capital	1	242	232	4
15	Invesco Real Estate	1	242	227	7
16	Rockspring Property Investment Managers	1	215	307	-30
17	AEW UK/AEW Europe	2	156		
18	Lothbury Investment Management	2	120	119	1
19	Mayfair Capital Investment Management	1	115	23	407
20	Grosvenor Fund Management	1	53	52	2

Rank	Manager	Total number 2013	Total value (£m) 2013	Total value (£m) 2012	% change
21	Royal London Asset Management	2	24	26	-8
22	evolve Fund Solutions	3	8	27	-70
23	First Property Asset Management	1	5	5	0
	Total	89	13,744	10,121	36

Source: data as at 31st June 2013

Vehicles under management

For the first time since start of the PFR UK fund manager survey ten years ago, Legal & General Property have taken the number one spot from Aviva Investors, with a 29% increase in the GAV of their UK vehicles.

Vehicle managers are ranked on their UK assets under management held in UK, European and/or global funds. If assets in non-UK vehicles were not taken into account, the table below would reveal a drop in the rankings for companies like Patron Capital Advisors, Deutsche Asset & Wealth Management, Pramerica Real Estate Investors, Axa Real Estate and Hines who have all recorded significant assets in non - UK vehicles. Patron drops from 8th position to 37th position, Deutsche Asset and Wealth Management from 11th to 34th, Axa from 13th to 15th, Pramerica from 16th to 27th and Hines from 26th to 39th.

Table 4: Vehicles under management (£m)

Rank	Manager	Number	Total GAV of UK vehicles (£m)	UK assets held in a non-UK fund (£m)	Total combined value (£m) 2013	Total combined value (£m) 2012	% Change
1	Legal & General Property	15	9,373		9,373	7,261	29
2	Aviva Investors Global Services Ltd	33	9,323		9,323	8,760	6
3	Standard Life Investments	11	6,654	103	6,757	5,827	16
4	Scottish Widows Investment Partnership	13	6,536		6,536	6,462	1
5	Schroder Property Investment Management	11	4,834	90	4,924	4,812	2
6	M&G Real Estate	4	4,492		4,492	3,607	25
7	Henderson Global Investors	9	4,113	350	4,463	4,510	-1
8	Patron Capital Advisors	0		3,540	3,540	4,651	-24
9	Threadneedle Property Investments	10	3,450		3,450	3,082	12
10	BlackRock	2	2,586		2,586	2,108	23

Rank	Manager	Number	Total GAV of UK vehicles (£m)	UK assets held in a non-UK fund (£m)	Total combined value (£m) 2013	Total combined value (£m) 2012	% Change
11	Deutsche Asset & Wealth Management	1	110	2,024	2,134	2,629	-19
12	UNITE Integrated Solutions	1	1,940		1,940	1,845	5
13	Axa Real Estate	5	1,008	620	1,628	1,175	39
14	Rockspring Property Investment Managers	4	1,242	87	1,329	1,670	-20
15	UBS Global Asset Management	3	1,046	261	1,307	1,225	7
16	Pramerica Real Estate Investors	1	276	948	1,224	1,211	1
17	F&C REIT	3	1,197		1,197	1,225	-2
18	Cordea Savills	7	925	228	1,153	918	26
19	Grosvenor Fund Management	2	1,082		1,082	1,909	-43
20	Kames Capital	3	984		984		
21	LaSalle Investment Management	3	880		880	1,000	-12
22	Hermes Real Estate Investment Management	1	821		821	787	4
23	Lothbury Investment Management	1	793		793	850	-7
24	CBRE Global Investors	6	783		783	1,481	-47
25	Lend Lease	1	724		724		
26	Hines	0		598	598		
27	Invesco Real Estate	1	104	397	501	409	22
28	AEW UK/AEW Europe	1	497		497		
29	InfraRed Capital Partners	3	120	314	434	415	5
30	Valad Europe	7	424		424	671	-37
31	Morgan Stanley Real Estate Investing	0		423	423		
32	MGPA	0		372	372	496	-25
33	Aberdeen Asset Management	4	362		362	435	-17
34	Palmer Capital	5	283		283	408	-31
35	Royal London Asset Management	1	218		218	215	2

Rank	Manager	Number	Total GAV of UK vehicles (£m)	UK assets held in a non-UK fund (£m)	Total combined value (£m) 2013	Total combined value (£m) 2012	% Change
36	Orchard Street Investment Management	2	213		213	312	-32
37	Mayfair Capital Investment Management	4	212		212	327	-35
38	InProp Capital	1	130		130		
39	evolve Fund Solutions	6	124		124	122	1
40	Colliers Capital	2	44		44	42	5
	Total	187	67,903	10,353	78,257	72,858	7

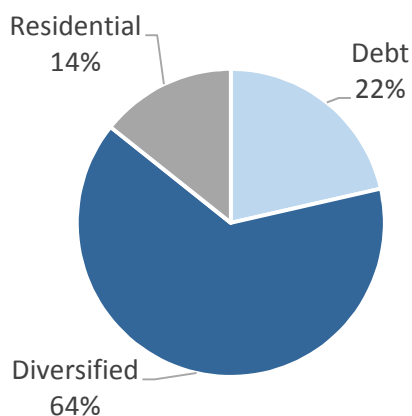
Source: data as at 31st June 2013

Of the 34 fund managers who submitted information for the 2012 and 2013 surveys, 19 increased the total value of UK assets held in vehicles, with Cordea Savills, Henderson Global Investors and Legal and General Property making increases of over 25%.

Fund launches June 2012-13

Fourteen funds were launched between June 2012 and June 2013, of these nine were diversified, three were debt funds and two had a residential focus. Of the managers which launched a fund, Aviva launched three funds and Palmer Capital launched two. The remaining managers; Axa Real Estate, Blackrock, InfraRed Capital Partners, Valad Europe, LaSalle Investment Management, Rockspring Property Investment Management, Mayfair Capital Investment Management and M&G Real Estate launched one fund each.

Figure 2: New funds target sector

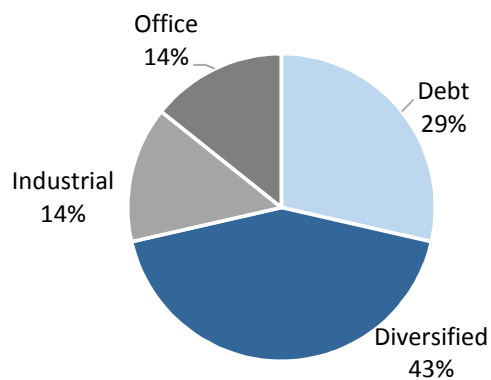


Source: data as at 31st June 2013

Future activity:

Only eight managers said they were planning to launch one UK-only fund in the year 2013/2014, this is four funds less than for the previous year. The eight managers were; Invesco Real Estate, AEW UK, Hermes Real Estate Investment Management, Schroder Property Investment Management, Patron Capital Advisors, evolve Fund Solutions, First Property Asset Management and UBS Global Asset Management. Four funds were targeting a diversified portfolio, three were targeting debt structures and an office and an industrial fund were also planned. Many fund managers choose not to share this information and so comparison with previous years is difficult.

Figure 3: Target sector of planned funds



Source: data as at 31st June 2013