

mandate, has climbed from seventh to fifth place with assets of £7.2bn.

Mandate wins also boosted smaller players such as Rockspring Property Investment Management, which more than doubled its managed assets to £2.6bn after being appointed by the National Pension Service of Korea to invest up to \$1bn.

DIT Investment Management grew its managed assets by a massive 131% over the period, which included winning a property investment mandate from Stathclyde council to run its £750m property portfolio.

According to PFR, companies that have slipped down the ranks of the top-20 include F&C REIT Property Asset Management and Invista Real Estate Investment Management.

Both firms dropped six places because their AUM remained relatively stable, growing 3.6% and 2.9% respectively, allowing other companies to leapfrog them.

Invesco Real Estate experienced the most dramatic ratings fall. It dropped from 29th to 45th position as its AUM plummeted by 70%, partly due to the loss of a £700m advisory mandate which was taken in house by a client.

Although fund managers now have some positive results to report to investors, there is still a considerable degree of caution in the market.

Investors, concerned about the effects that government cuts could have on the economy, and still wary of a double dip recession, are putting their money where their mouths are.

"The recovery story is no longer attractive given the economic uncertainty," says Jason Rodrigues, investment analyst at Henderson Global Investors.

"The funds being promoted are more defensive. Those that invest in assets with long leases and secure income, and which undertake little or no development, are appealing."

According to PFR, 20 funds were launched in the past

nine months. These include Legal & General's £500m Limited Price Inflation Income Property Fund, which targets property with long leases and aims to meet the need among defined benefit pension schemes for stable long-term income.

The lack of bank financing has also encouraged the emergence this year of funds targeting structured debt, such as LaSalle Investment Management's Special Situations vehicle.

The period also consolidated. In 2009, US investor bought Protego Real Investors for £250m. In May 2010, ING UK successfully acquired Rugby REIT.

More activity is expected across the board. ING is in the process of finding a buyer for its property management arm. Estate Fund Management Investment, with 100% of its holdings tying for

ESTATES GAZETTE

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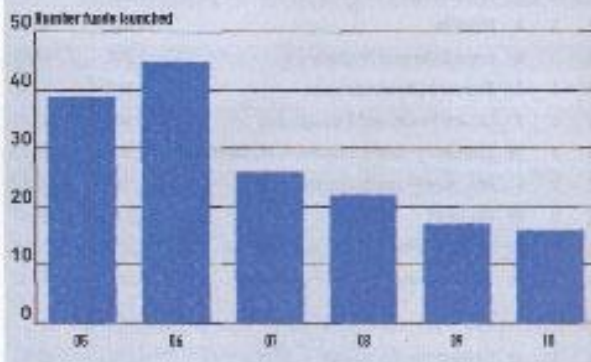
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NUMBER OF UK PROPERTY FUNDS LAUNCHED SINCE 2005

The number of property funds launched in the UK has fallen significantly since the boom years of 2005 and 2006. In 2006, managers launched a total of 45 funds in a bid to take advantage of growing investor appetite. Since the recession, this number has fallen, and in 2010 PFR recorded just 16 launches.



However, Alex Price, chief executive of Palmer Capital Partners, says that most movement could be seen in the middle ground. "Investors still want to see some smaller, nimble companies, as well as the longstanding leviathans of the industry," he says.

"There is room for a number of big insurance players in the market, such as AXA and PRUPIM, and for smaller niche fund management businesses."

And in this new world, fund managers will have to work harder for their money according to Legal & General's managing director of property, Bill Hughes.

"We are in the sort of market

BIGGEST VEHICLES LAUNCHED OVER THE 9 MONTHS TO JUNE

Name	Manager	Type	Target sector	Launch	Target AUM (£m)
Allyan Fund	Allyan	LP	Commercial	Sep-09	1,000
Investment Property Partnership Fund	PSG Fund Management	Investment Co	Residential	Oct-09	1,000
Rockspring UK Value Fund	Rockspring Property IM	LP	Diversified	Nov-09	600
Sustainable Property Fund	Brinings Ventures	LP	Diversified	Nov-09	85
Cordea Savills UK Income & Growth Fund	Cordea Savills	PUT	Commercial	Dec-09	500
Aviva Investors UK RE Recovery Fund	Aviva Investors	PUT	Diversified	Jan-10	250
CR Property Fund	British Land Fund Management	LLC	Residential	Jan-10	380*
Aegon Target Healthcare PUT	AEGON Asset Management	PUT	Health/Education	Feb-10	300
Columbus UK Real Estate Fund	Schroder Property Invest Mgr	LP	Diversified	Feb-10	500
UK Pension Property Portfolio	First Property Asset Management	LP	Commercial	Feb-10	106
Limited Price Inflation Income Prop Fd	Legal & General Property	Managed fund	Diversified	Feb-10	500
Aegon Active Value Property Fund	AEGON Asset Management	Managed fund	Diversified	Mar-10	300-500
evolve All Saints Property	evolve Fund Services	LP	Diversified	Mar-10	100
UK Property Income Fund	Legal & General Property	LP	Diversified	Mar-10	1,000
Henderson Central London Office Fund II	Henderson Global Investors	LP	Office	Jun-10	500

* Target equity

LP = limited partnership, PUT = property unit trust, LLC = limited liability company