

Investment News



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January 2012

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1. ECONOMIC INDICATORS

UK

- UK Gross domestic product in volume terms increased by 0.6%, revised up from 0.5% for the Second Estimate of GDP.
- CPI annual inflation stands at 4.8% in November 2011, down from 5.0% in October. RPI annual inflation stands at 5.2% in November 2011, down from 5.4% in October.
- Production output decreased by 1.7% in October 2011, compared with October 2010. Manufacturing output increased by 0.3% in October 2011, compared with October 2010.
- In the year to November 2011 the output price index for home sales of manufactured products rose 5.4%. In the same period the total input price index rose by 13.4%.
- Service sector output increased 1.1% in October 2011 compared to October 2010.
- The employment rate for those aged from 16 to 64 was 70.3%, down 0.2 on the quarter. There were 29.11 million people in employment aged 16 and over, down 63,000 on the quarter. The unemployment rate was 8.3% of the economically active population, up 0.4 on the quarter. There were 2.64 million unemployed people, up 128,000 on the quarter.
- Total pay (including bonuses) rose by 2.0% on a year earlier, down 0.3 on the three months to September 2011. Regular pay (excluding

bonuses) rose by 1.8% on a year earlier, up 0.1 on the three months to September 2011.

- In November 2011, all retail sales volumes increased by 0.7% and the value increased by 4.6% compared to November 2010. Compared to October 2011 sales volumes decreased by 0.4% and the value decreased by 0.1%.
- The values of inward, outward and domestic acquisitions all decreased in quarter three 2011 compared with the previous quarter.
- Expenditure on acquisitions in the UK by foreign companies decreased to £3.7 billion in quarter three 2011 from £9.2 billion in quarter two. The value of acquisitions abroad by UK companies fell to £5.8 billion in quarter three 2011 from £10.7 billion in the previous quarter.
- Expenditure on acquisitions in the UK by UK companies decreased to £1.1 billion in quarter three 2011 from £3.2 billion in quarter two.
- The UK's deficit on seasonally adjusted trade in goods and services was £1.6 billion in October. The deficit on trade in goods was £7.6 billion. The surplus on trade in services was estimated at £6.0 billion.
- The UK current account recorded a deficit of £15.2 billion in the third quarter of 2011, the highest on record, up from a revised deficit of £7.4 billion (originally published as a deficit of £2.0 billion) in the previous quarter. The third quarter deficit is equivalent to 4.0% of GDP.
- In the three months to October 2011, visits to the UK decreased by 2% while visits abroad by UK residents fell 3%. Earnings from visits to the UK fell 3% while expenditure on visits abroad also fell by 3%. Overseas visits to the UK have risen by 2% in the past 12 months and visits abroad by UK residents have fallen by 1% in the past 12 months.
- Business investment in seasonally adjusted terms increased by 0.3% when compared with the previous quarter to £30.1 billion.

For previously released UK economic indicators visit National Statistics <http://www.statistics.gov.uk/default.asp>

LONDON

- London's annual growth in output decreased to 1.5% in Q2 2011 from 2.5% in Q1 2011.
- London's annual employment growth increased to 1.0% in Q2 2011 from -0.6% in Q1 2011.
- Annual house price inflation in London increased to 2.3% in Q3 2011 from 2.2% in Q2 2011.
- The percentage of the resident working age population who are unemployed and claiming Jobseeker's Allowance in London was 4.4% in November 2011. There were 237,700 unemployment claimants in London in November 2011 compared with a downwardly revised 236,600 in October 2011.

- The Purchasing Managers' Index (PMI) of business activity recorded 49.3 in November 2011 compared to 50.4 in October 2011.
- The PMI for new orders for London firms recorded 52.2 in November 2011 compared to 52.9 in October 2011.
- The PMI for level of employment in London firms was 45.9 in November 2011 compared to 50.3 in October 2011.
- The RICS survey shows a positive net balance of 43 for London house prices over the past three months to November 2011.
- The net house price expectations balance in London was 4 in November 2011.
- For Greater London the consumer confidence score decreased to -29 in December 2011 from -26 in November 2011.
- The moving average annual rate of growth in passenger journeys has remained constant at 2.0% from the previous period.

US

- Real gross domestic product (GDP) grew at an annual rate of 1.8% in the third quarter of 2011. This follows a growth rate of 1.3% in the second quarter of 2011.
- Personal income increased \$8.5 billion, or 0.1%, and disposable personal income (DPI) decreased \$5.0 billion, or less than 0.1%, in November 2011. Personal consumption expenditures (PCE) increased \$13.1 billion, or 0.1% in November 2011.
- The October 2011 international trade deficit fell 1.6%, to \$43.5 billion. Exports declined 0.8%, to \$179.2 billion, and imports decreased 1.0%, to \$222.6 billion.
- The U.S. current account deficit decreased to \$110.3 billion or 2.9% of gross domestic product (GDP) in the third quarter of 2011 – down from \$124.7 billion or 3.3% of GDP in the second quarter.

For previously released US economic indicators visit US Bureau of Economic Analysis (BEA) <http://www.bea.gov/index.htm>

NY

- Private employment fell by 5,500 in October 2011 after a decrease of 14,500 jobs in September. (Source: New York State Dept. of Labor)
- The unemployment rate rose to 8.8% in October from 8.7% in September. (Source: New York State Dept. of Labor)
- The Manhattan hotel occupancy rate in September 2011 was 90.2%, up from 88.7% in September 2010. (Source: New York State Dept. of Labor)
- Passengers in NYC area airports totalled 9.9 million in August 2011, down 3.6% from August 2010. (Source: New York State Dept. of Labor)
- In November 2011, the Manhattan Class A direct vacancy rate fell to 7.8% from 8.0% in October while the average rental rate rose \$1 PSF to \$67 PSF. (Source: Cushman and Wakefield)

- In the same month, the Midtown Class A direct vacancy rate fell to 8.3% and the rental rate rose to \$73 PSF. (Source: Cushman and Wakefield)
- The Manhattan Class A sublease vacancy rate in November fell to 1.8% from 1.9% in October. (Source: Cushman and Wakefield)
- For the twelve months ending October 2011: Building projects (including new, additions and alterations) that started construction in NYC increased by 30.8% and infrastructure (non-building) project starts fell by 3.8% from the twelve months ending October 2010. (Source: McGraw Hill Construction)
- Planned space for building project starts rose by 14.1% from the same period in 2010. (Source: McGraw Hill Construction)
- 2,582 residential building projects with 11,010 units of housing started construction, increases of 20.8% and 27.5 % respectively over the period. (McGraw Hill Construction)
- Total Broadway attendance was approximately 898,000 during the four weeks ending October 30, 2011, down 8.6% from the same period last year. (Source: The Broadway League)
- Broadway revenue during this period was about \$83.7 million, up 3.6% from last year. (Source: The Broadway League)
- In September 2011, 8.8 million passengers flew into and out of the region's airports, an increase of 2.1% from September 2010. (Source: Port Authority of New York and New Jersey)
- In October 2011, the average daily hotel room rate was \$323, a 4.2% increase from October 2010. (Source: PKF Consulting)
- Hotel occupancy was 90.7% in October 2011, up from 87.8% in October 2010. (Source: PKF Consulting)
- The average daily hotel room rate increased the most in lowest-priced hotels (charging between \$200 and \$275 per night). (Source: PKF Consulting)
- Total ridership on MTA subways, trains and buses in October 2011 was 230.8 million, a decrease of 0.4% from October 2010. (Source: Metropolitan Transportation Authority)
- Subway ridership in October 2011 was 144.1 million, an increase of 1.5% from October 2010. (Source: Metropolitan Transportation Authority)

2. INVESTMENT INDICATORS

Foreign Direct Investment involving UK companies 2010

The surplus on direct investment income was £17.1 billion in the second quarter of 2010. The net flow of direct investment abroad by UK companies (outward investment) fell slightly to £23.4 billion in 2010, a decrease of £1.7 billion on the amount invested in 2009. Flows of direct investment into the UK by foreign companies (inward investment) also fell, to their lowest since 2004, with net inflows of £32.8 billion in 2010, a decrease of £16.1 billion on the amount invested during the previous year.

The outward investment position – that is the level of direct investment abroad - of UK companies stood at £1048.7 billion (£1.05 trillion) at the end of 2010, an increase of £67.2 billion on the 2009 position. The total level of direct investment in the UK by overseas companies (inward investment position) at the end of 2010 was £731.6 billion, an increase from the 2009 position of £681.3 billion.

Earnings from direct investment by UK companies abroad (outward earnings) amounted to 79.1 billion in 2010, an increase of £11.2 billion on the amount earned 2009. Earnings by foreign companies from direct investment in the UK (inward earnings) also rose in 2010, up to £37.5 billion, an increase of £10.9 billion on the amount reported in 2009.

UK Investment Position: Third Quarter 2011

The surplus on direct investment income was £8.3 billion in the third quarter of 2011. Earnings on direct investment abroad (receipts) were £19.5 billion in the latest period, down from £22.3 billion in the second quarter of 2011.

Portfolio investment income recorded a deficit of £4.6 billion in the third quarter of 2011, following a deficit of £3.1 billion in the previous quarter. UK earnings on portfolio investment abroad decreased by £0.8 billion. Foreign earnings on portfolio investment in the UK increased by £0.7 billion.

The deficit on earnings from other investment decreased by £1.2 billion to £3.5 billion in the latest quarter. The decrease was driven by earnings on other investment in the UK falling by £0.9 billion combined with earnings on other investment abroad increasing by £0.3 billion.

The financial account showed a net inflow (i.e. inward investment) of £22.0 billion in the third quarter of 2011, the highest on record, compared with a net outflow of £4.3 billion in the previous quarter. There was increased investment abroad (outflow) of £72.4 billion in the latest quarter, following a £47.6 billion outflow in the second quarter of 2011. Investment in the UK (inflow) was £94.4 billion in the third quarter of 2011, following an inflow of £43.3 billion in the previous quarter.

Direct investment recorded a net outflow (i.e. outward investment) of £7.5 billion in the third quarter compared with a net outflow of £20.1 billion in the previous quarter. Direct investment abroad fell by £7.9 billion in the latest quarter to £18.9 billion. Direct investment in the UK was £11.4 billion in the third quarter of 2011, a rise of £4.7 billion from the previous quarter.

Portfolio investment recorded a net inflow of £52.1 billion in the third

quarter of 2011, a switch from a net outflow of £33.4 billion in the previous quarter.

Portfolio investment abroad switched to net realisation of £69.9 billion in the third quarter of 2011, from net investment of £42.2 billion in the previous quarter. Portfolio investment in the UK switched to net realisation of £17.8 billion in the third quarter of 2011, following net investment of £8.8 billion in the previous quarter.

Financial derivatives showed net settlement receipts of £18.6 billion in the third quarter following net settlement payments of £9.2 billion in the previous quarter.

Other investment in the latest quarter recorded net outflows of £4.9 billion compared with net inflows of £42.5 billion in the previous quarter.

Other investment abroad recorded net investment of £105.7 billion in the third quarter of 2011, following net inflows (disinvestment) of £14.7 billion in the previous quarter. Other investment in the UK showed a net investment of £100.8 billion in the third quarter of 2011, compared with net investment of £27.8 billion in the previous quarter.

Reserve assets showed net realisation of £1.0 billion in the third quarter of 2011, compared with net investment of £2.5 billion in the previous quarter.

The international investment position showed net external liabilities (i.e. liabilities exceed assets) of £245.5 billion at the end of the third quarter of 2011, compared with net external liabilities of £275.1 billion at the end of the previous quarter. UK assets abroad increased by £1,384.3 billion from the end of the second quarter of 2011 to a level of £11,309.1 billion at the end of the third quarter of 2011. UK liabilities increased by £1,354.6 billion in the third quarter of 2011 to a level of £11,554.6 billion.

US Investment Position: Third Quarter 2011

In the third quarter of 2011, Income receipts on U.S.-owned assets abroad decreased to \$187.0 billion from \$189.9 billion. Income payments on foreign-owned assets in the United States decreased to \$126.5 billion from \$130.7 billion.

Net financial inflows were \$183.9 billion in the third quarter of 2011, up from \$35.4 billion in the second.

US owned assets abroad increased \$70.8 billion in the third quarter, following a decrease of

\$25.1 billion in the second. Foreign-owned assets in the United States increased \$254.7 billion in the third quarter, following an increase of \$2.8

billion in the second.

US direct investment abroad was \$70.8 billion in the third quarter, down from \$138.5 billion in the second. Foreign direct investment in the United States was \$75.3 billion in the third quarter, following investment of \$52.1 billion in the second.

Global Investment Trends

FDI recovery continued in the first half of 2011, but second-half prospects are bleaker, according to the latest edition of UNCTAD's (United Nations Conference on Trade and Development) Global Investment Trends Monitor.

The UNCTAD Global Investment Trends Monitor No. 7 reports a 2% increase in global FDI inflows in the first half of 2011 compared with the previous half, continuing the 5% moderate recovery observed in 2010.

Developing and transition economies continued to account for more than half of global FDI inflows in the first half of 2011. Almost all developing regions saw their FDI rise, driven by increasing flows to large emerging markets (China, India, Brazil, South Africa and the Russian Federation). In contrast, developed economies, as a group, experienced a slight decline in their inflows, with some major host countries - the United States of America, France and Germany - posting declines in the first half of 2011.

UNCTAD's full-year forecast remains cautiously optimistic, projecting FDI flows close to the pre-crisis average, though still remaining some 25 % below the 2007 peak.

3. NEW INVESTMENTS

US Investments into the UK

Virtustream Opens New UK Headquarters

IT infrastructure services provider Virtustream announced it has opened its new office in London, which will serve as the headquarters for the company's UK operations. The move comes after Virtustream named Jeff Miller its new chief sales officer. Along with the new office, Virtustream has also expanded its team to support the growth arising from the increasing interest in cloud solutions and services.

Virtustream, Headquarters, 4800 Montgomery Lane, Suite 1100,
Bethesda, MD 20814

Tel: 240 252 1007 Fax: 301 718 7880 Website: www.virtustream.com

Virtustream, 3rd Floor, 78-79 Leadenhall Street, London, EC3A 3DH Tel:

+44 (0) 870 345 3525 Fax: +44 (0) 870 738 6345

Virtustream, 227 Berwick Avenue, slough, Berkshire, SL1 4QT Tel: +44 (0) 870 345 3525
Fax: +44 (0) 870 738 6345

Roku Announces International Expansion

Roku, the leading streaming platform in the U.S. announced plans for international expansion. Roku expects that consumers in the United Kingdom and Canada will be able to purchase Roku streaming players beginning in early 2012. Roku is expanding its open platform to support region-specific channels. Publishers of video, music, games and other Internet-delivered content can now reach their customers' TVs directly through Roku.

Roku, 12980 Saratoga Ave., Saratoga, CA 95070 Website:
www.roku.com

CommVault Opens New Customer Support Center in UK

New Jersey-headquartered software company CommVault is expanding its international customer service operations with the opening of a new customer support center in Reading, U.K. and adding approximately 30 new staff members. Co-located in CommVault's EMEA headquarters at 3 Apex Plaza in Reading, U.K., CommVault's new customer support center provides additional geographic coverage designed to further strengthen CommVault's support model. Adding this new location to CommVault's customer service operations ensures greater flexibility, efficiency and improved global account management.

CommVault, 2 Crescent Place, P.O. Box 900, Oceanport, NJ 07757
Tel: 732 870 4000 Fax: 732 870 4525 Website: www.commvault.com

CommVault Uk, Apex Plaza, Forbury Rd, Reading RG1 1AX
Tel: + 44 118 9516 500 Fax: +44 118 9599 689 Website:
www.commvault.co.uk

Twilio Launches new Office in London

California-based internet and telecom software services company Twilio has launched a new office in London, UK, its first in Europe. Twilio's service is used to build web and mobile applications that can make and receive telephone calls, allowing businesses to use their existing software engineering resources and skills. The company has opened its first European office to meet the widespread demand for its simple, powerful, pay-as-you-go developer tools.

Twilio, 501 Folsom Street, San Francisco, CA 94105 Tel: 877 889 4546
Website: <http://www.twilio.com/company>

Phone (UK): 0800 808 5100

Amazon to Establish Center in UK

Washington-state-based online retailer Amazon is to create "hundreds of jobs" at a new 450,000 square feet center in Hemel Hempstead, which will open in 2012. The Hemel Hempstead fulfilment center will become Amazon's eighth in the UK, alongside Marston Gate, Doncaster, Peterborough and Rugeley in England, Dunfermline and Gourrock in Scotland and Swansea Bay in Wales.

Amazon.com, Inc. 1200 12th Ave. South, Ste. 1200, Seattle, WA 98144-2734
Tel. 206 266 1000

Amazon.co.uk, Ridgmont, Bedford MK43 0XP Tel: 0800 279 6620 Fax: 0800 279 6630

NimbleCommerce Opens UK Office

NimbleCommerce Announces Ground-Breaking Entry to UK Market with platform chosen by more than a dozen leading publishers. The company has opened a London office to support client base in UK. Now powering over 100 major publishers globally, NimbleCommerce is the largest enterprise local commerce and marketing platform that connects media companies to local merchants and buyers.

NimbleCommerce, Inc. 4699 Old Ironsides Drive, Suite 450, Santa Clara, CA 95054

Tel: 408 641 1654 Email: support@nimblecommerce.com Website: www.nimblecommerce.com

UK Office, Forum 3, Solent Business Park, Fareham, Hampshire, PO15 7FH
Tel: + 44 1489 611678

Starbucks to Create 5000 Jobs in UK

Washington-based coffee retailer Starbucks plans to create up to 5,000 jobs over the next five years in the UK. The company, which has nearly 9,000 company-owned stores and just over 8,000 licensed outlets in more than 50 countries, wants to expand the number of drive-through branches in the UK from nine to 200.

Starbucks Coffee Company, 2401 Utah Ave. South Seattle, WA Tel: 206 447 1575
Fax: 206 447 0828

Deloitte to Create 100 Jobs in the UK

New York-based professional services firm Deloitte is establishing a new risk management center serving clients across the world in Cardiff, UK. The center will create 100 jobs by the end of 2012. Deloitte's new centre is located inside the Cardiff Business District, which has been given enterprise zone status – the only one of its kind for the financial and professional advisory sector in the UK. The recruitment process is already underway with 18 new staff expected to have joined the existing team of 24 when Risk Operations moves into its new office. Recruitment will continue throughout 2012.

Deloitte, Global Office, 1633 Broadway, New York, New York 10019-6754
Tel: 212 436 2000 Website: www.deloitte.com

Deloitte, 2 New Street Square, London EC4A 3BZ Tel: +44 20 7936 3000
Fax: +44 20 7583 1198

Deloitte, 5 Callaghan Square, Cardiff CF10 5BT Tel: +44 29 2046 0000
Fax: +44 29 2026 4444

UK Investments into the US

Cambridge Design Partnership Opens New Office in California

UK-based design and technology consultancy Cambridge Design Partnership has announced the opening of a U.S. sales office in the Silicon Valley area to support the expansion of its medical technology business in the US. The new office will be led by Dr. Dominique Freeman, and will be supported by a staff of Cambridge Design Partnership's leading medical technology engineer. Based in Palo Alto, CA, Cambridge Design Partnership's new office offers innovative research, design and development capabilities to medical device and healthcare companies, both in acting as additional resource and in taking on complete projects.

Cambridge Design Partnership, Church Road, Toft, Cambridge CB23 2RF

Tel: + 44 (0) 1223 264428 Fax: + 44 (0) 1223 265749 Email: info@cambridge-design.co.uk Website: www.cambridge-design.co.uk

Cambridge Design Partnership, 228 Hamilton Avenue, 3rd Floor, Palo Alto, 94301
Tel: 650 798 5134

VLI to Expand Operations to North America

VLI announced plans to commence dedicated operations in North America from January 2012. This move is a part of the company's strategy to achieve significant growth over the next 5 years and represents a key step in the evolution of the business. The company will initially open offices in Melville, New York but also plan to establish a

West Coast operation later in 2012. VLI has also formed a new North America company incorporated in Delaware (a wholly owned subsidiary of VLI Limited in the UK). James Hodgkinson will assume the role of group CEO and will be based in New York from early next year.

VLI United Kingdom (HQ), VLI Limited, Europe House, Bancroft Road, Reigate, Surrey, RH2 7RP

Tel: +44 (0) 1737 225 130, Fax: +44 (0) 1737 225 131 Email:

info@vli.co.uk

Website: www.vli.co.uk

VLI North America, Inc. Suite 124 S, 105 Maxess Road, Melville, NY 11747

Medical Research Network Expands with US Office

Medical Research Network (MRN) has opened a US office in Raleigh, North Carolina to better service clients in North America while at its UK headquarters in Milton Keynes, the company has completed a management restructure to allow the leadership team more time to focus on its continued expansion. Since its inception five years ago, MRN has experienced sustained growth and the opening of the new North American office marks a significant step in expansion of the company's global offering. Already servicing more than 45 countries worldwide, the new office will allow quicker and more targeted nursing provision to be provided across North America. MRN provides home trial support, site nurse support and bespoke flexible solutions for clinical trial patient recruitment and retention across the globe. It works with many of the largest pharmaceutical, CRO and biotechnology organizations as well as with a large number of specialist and niche companies with complex and specialized therapies under research.

The Medical Research Network, Talon House, Presley Way, Milton Keynes, Buckinghamshire

MK8 0ES Tel: 01908 261 153 Email: enquiries@themrn.co.uk Website:

www.themrn.co.uk

Planet X moves North American HQ to Northeast Portland

Planet X, a company based in the UK that owns several bike brands, has moved its North American headquarters to Northeast Portland. Planet X bought Titus Bikes in late 2010 and they also own the On One and Guerciotti brands. According to Rick Kirton, the company's US sales and marketing manager, they plan to open up a showroom later this month at 57 NE Hancock. Titus is known for their high-end, U.S. made, titanium mountain bikes.

Planet X Ltd, Unit 6 Ignite Business Park, Magna Way, Templeborough,

Rotherham, S60 1FD

Tel: +44 (0)1709 38 66 66 Website: <http://www.planet-x-bikes.co.uk/>

Planet X USA, 57 NE Hancock, Portland, OR 97212 Tel: 650 284 5563

4. TRADE SHOWS

UK

February 12-14, 2012 – Pure London - Olympia, London

Website: <http://www.purelondon.com>

Pure London is a trade fashion event for the mid to high end womenswear, footwear, and accessories.

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February 24-25, 2012 - The Franchise Show - ExCeL London

Website: <http://www.thefranchiseshow.co.uk/>

Franchising, covering over 75 industries, is a tried and tested way of working for yourself, but not by yourself. Come see hundreds of exhibitors and attend dozens of free seminars designed for potential franchisees, those looking to franchise their business, as well as franchisors.

Contact: Marcella Marcheso, Commercial Specialist Tel: +44 (0)20 7894 0433
Email: Marcella.Marcheso@trade.gov

US

February 8-11, 2012- International Builders Show 2012– Orlando, FL

Website: <http://www.buildersshow.com>

The International Builders Show features over 1,000 suppliers and 175 education sessions related to the home building industry. The 2011 conference welcomed over 50,000 attendees.

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Email: Cheryl.Withers@trade.gov