Investment News

November 2009

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1. ECONOMIC INDICATORS

UK

- Gross Domestic Product (GDP) decreased by 0.4% in the third quarter of 2009, compared with a decrease of 0.6% in the second quarter.
- Consumer Price Index (CPI) annual inflation was 1.1% in September, down from 1.6% in August.
- Total production output fell by 0.2% in the latest three month on three month period and was down 10.4% against the same three month period a year ago.
- Manufacturing output was flat in the three months to August 2009 compared with the three months to May 2009 and was 10.9% lower against the same three month period a year ago.
- Output of the service sector decreased by 0.1% in the three months to August 2009 compared with the three months to May.
- Output price annual inflation for all manufactured products rose 0.4% in September 2009. Input price annual inflation fell 6.5% in September compared to a fall of 7.7% in August.
- The unemployment rate was 7.9% for the three months to August 2009, up 0.3% over the previous quarter and up 2.1% over the year. The number of unemployed people increased by 88,000 over the quarter and by 677,000 over the year, to reach

2.47 million. The employment rate for people of working age was 72.6% for the three months to August 2009, down 0.3% from the previous quarter and down 1.8% over the year. The number of people in employment for the three months to August 2009 was 28.95 million, down 45,000 over the quarter and down 467,000 over the year.

- Average earnings including bonuses rose by 1.6% in the year to August 2009, down from the July rate of 1.8%. Average earnings excluding bonuses, or regular pay, rose by 1.9% in the year to August 2009, down from the July rate of 2.2%.
- Retail sales volume in the three months July to September 2009 increased by 0.9% when compared to the previous three months.
- The public sector showed a deficit on current budget of £11.3 billion in September 2009, compared with a deficit of £7.6 billion in September 2008.
- During June to August 2009, the number of visits abroad by UK residents decreased by 3% to 14.6 million, while the associated spending decreased by 4% to £7.5 billion. Over the same period, the number of visits by overseas residents to the UK increased by 3% to 7.7 million when compared with the previous three months. Associated spending by overseas residents on visits to the UK increased by 1% to £4.1 billion.
- In the 12-month period to August 2009, the number of visits abroad by UK residents, decreased by 13% when compared with the 12 months to August 2008, from 70.8 to 61.4 million. During the 12 months to August 2009, the number of visits by overseas residents to the UK, decreased by 10% when compared with the 12 months to August 2008, from 33.2 million to 29.9 million – a drop of 3.3 million.
- The UK's deficit on trade in goods and services was £2.3 billion in August 2009, compared with a revised deficit of £2.6 billion in July (originally published as a deficit of £2.4 billion).

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

LONDON

- In the most recent 28-day period (from July 26, 2009 to August 22, 2009), London's Underground and buses had 245.3 million passenger journeys; 168.2 million by bus and 77.1 million by Underground.
- The moving average annual rate of growth in passenger journeys decreased to 0.6% from 1.1% in the previous period.
- The percentage of the resident working age population who are unemployed and claiming Jobseeker’s Allowance in London

was 4.5% in September 2009. There were 227,300 unemployment claimants in London in September 2009 compared with 223,500 in August 2009.

- London's annual growth in output decreased to –3.6% in Q1 2009 from an upwardly revised -0.9% in Q4 2008.
- London's annual employment growth decreased to -0.6% in Q1 2009 from -0.2% in Q4 2008.
- Annual house price inflation in London was –1.9% in Q3 2009, up from –10.2 in Q2.
- The Synovate Retail Traffic Index of shoppers in London was 84.2 in the first full week of October compared to 84.9 in the previous week.
- The Purchasing Managers' Index (PMI) of business activity recorded 55.1 in September 2009, compared to 54.2 in August.
- The PMI Index of new orders for London firms recorded 53.5 in September compared to 50.7 in August
- The PMI for level of employment in London firms was 41.9 in September compared to 42.0 in August
- The RICS survey shows a positive net balance of 79 for London house prices over the past three months to September 2009. This net balance is up from 43 in August 2009.

US

- Real gross domestic product (GDP) increased at an annual rate of 3.5% in the third quarter of 2009. This follows a decrease of 0.7% in the second quarter.
- Personal income increased $3.8 billion, or less than 0.1%, and disposable personal income (DPI) decreased $4.6 billion, or less than 0.1% percent, in July.
- The U.S. international trade deficit in goods and services in August 2009 declined 3.6% to $30.7 billion. Exports increased 0.2% to $128.2 billion while imports declined 0.6% to $158.9 billion.
- The U.S. current account deficit decreased to $98.8 billion (2.8% of GDP) in the second quarter of 2009, down from $104.5 billion in the first 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 5,100 in August, after an increase of 17,900 jobs in July (Source: New York State Dept. of Labor).
- The unemployment rate rose to 10.3% in August from 9.5% in July (Source: New York State Dept. of Labor).

- The Manhattan hotel occupancy rate in August 2009 was 88.2 % down from 92.8% in August 2008 (Source: New York State Dept. of Labor).
- Passengers in NYC area airports totaled 10.0 million in July 2009, down 3.7% from July 2008 (Source: New York State Dept. of Labor).
- In September 2009, the Manhattan Class A direct vacancy rate rose to 8.4% and the average asking rate fell $1 PSF to $68 PSF (Source: Cushman and Wakefield)
- In September 2009, the Midtown South Class A direct vacancy rate and rental rate remained stable at 4.9% and $51 PSF respectively (Source: Cushman and Wakefield).
- The Manhattan Class A sublease vacancy remained stable at 3.7% between August and September (Source: Cushman and Wakefield).
- For the four months ending August 2009: Building projects (including new, additions and alterations) that started construction in NYC declined by 28.5% and, infrastructure (non-building) project starts increased by 49.1% from the four months ending August 2008 (Source: McGraw Hill Construction).
- Planned space for building project starts decreased 60.0% from the same period in 2008 (Source: McGraw Hill Construction).
- 678 residential buildings with 3,371 units of housing started construction, decreases of 53.2% and 77.5% respectively from the previous year (Source: McGraw Hill Construction).
- Total Broadway attendance was approximately 930,500 during the five weeks ending September 27, 2009, a 4.6% decrease from the same period last year. Broadway revenue during this period was roughly $82.5 million, a 9.7% increase from last year (Source: The Broadway League).
- In July 2009, 10.0 million passengers flew into and out of the region's airports, a decrease of 3.7% from July 2008 (Source: Port Authority of New York and New Jersey).
- 3.4 million passengers traveled with international air carriers in July 2009, a 3.9% drop from July 2008 (Source: Port Authority of New York and New Jersey).
- In August 2009, the average daily hotel room rate was $200 a 29.1% decrease from August 2008 (Source: PKF Consulting).
- Hotel occupancy was 88.2% in August 2009, down from 92.8 % in August 2008 (Source: PKF Consulting).
- The average daily hotel room rate declined the most in lower-priced hotels (charging between $140 and $170 per night) (Source: PKF Consulting).
- Total ridership on MTA subways, trains and buses in August 2009 was 196.6 million, a decrease of 5.0% from August 2008. In August 2009, subway ridership was 124.3 million, a decrease

of 5.0 % from August 2008 (Source: Metropolitan Transportation Authority).

2. INVESTMENT INDICATORS

UK / US/ Global

UK Investment Position: Second Quarter 2009

The UK surplus on direct investment income was £7.0 billion in Q2 2009; £7.1 billion lower than in the previous quarter. UK earnings on direct investment abroad were £12.7 billion in the latest period, down from £15.8 billion in Q1. In Q2 2009, there were earnings of £5.7 billion on direct investment in the UK, up from £1.7 billion in Q1.

Portfolio investment income recorded a deficit of near zero in Q2 2009, following a deficit of £1.9 billion in the previous quarter. UK earnings on holdings of foreign securities fell by £0.7 billion in Q2 2009, to £15.0 billion and foreign earnings on portfolio investment in the UK fell by £2.5 billion in the latest quarter, to £15.0 billion.

The deficit on earnings from other investments increased by £0.2 billion to £5.5 billion in the latest period. UK earnings on other investments abroad were £10.3 billion, a decrease of £5.3 billion on the previous quarter. Foreign earnings on other investments in the UK fell by £5.1 billion, to £15.8 billion.

The financial account showed a net inflow (inward investment) of £11.2 billion in Q2 2009, compared with a net outflow (outward investment) of £2.1 billion in the previous period. There was net disinvestment abroad of £19.2 billion in the latest quarter, following net disinvestment of £89.0 billion in Q1. There was net disinvestment in the UK of £7.9 billion in Q2 2009, following net disinvestment of £91.0 billion in the previous quarter.

Direct investment abroad showed net investment of £5.4 billion in Q2 2009, compared to net investment of £13.3 billion in the previous quarter. Direct investment into the UK showed net investment of £1.2 billion in Q2 2009, compared with net investment of £6.8 billion in Q1.

Portfolio investment abroad showed net investment of £34.3 billion in Q2 2009, following net investment of £47.0 billion in Q1 and Portfolio investment in the UK showed net investment of £47.3 billion in Q2 2009, compared with net investment of £111.0 billion in Q1.

Other investment abroad showed net disinvestment of £51.5 billion in Q2 2009, following net disinvestment of £145.7 billion in Q1. Other investment in the UK showed net disinvestment of £56.4 billion in Q2 2009, compared with net disinvestment of £208.8 billion in Q1.

The UK international investment position showed net external assets of £75.6 billion at the end of Q2 2009 compared with net external assets of £168.1 billion at the end of the previous quarter. UK assets abroad decreased by £450.0 billion from the end of the first quarter to a level of £6403.6 billion at the end of Q2 2009. UK liabilities decreased by £357.5 billion over the same period to a level of £6328.0 billion.

US Investment Position: Second Quarter 2009

In Q2 2009, income receipts on US owned assets abroad decreased to

$132.3 billion from $134.6 billion. Income payments on foreign owned assets in the United States decreased to $114.1 billion from $114.5 billion.

Net financial inflows were $58.3 billion in Q2 2009, up from $35.4 billion in Q1.

US owned assets abroad decreased $41.9 billion in Q2 2009, following a decrease of $94.7 billion in Q1. Foreign owned assets in the United States increased $16.4 billion in Q2 2009, following a decrease of $67.8 billion in Q1.

US direct investment abroad increased $44.9 billion in Q2 2009, following an increase of $40.3 billion in Q1. Foreign direct investment in the United States increased $26.1 billion in Q2 2009, following an increase of $23.9 billion in Q1.

World Investment Report 2009

FDI inflows will fall from about US $1.7 trillion in 2008 to below $1.2 trillion in 2009, according to the World Investment Report 2009, published by UNCTAD.

The report predicts that recovery is expected to be slow in 2010, reaching no more than $1.4 trillion, but gathering momentum in 2011 to approach $1.8 trillion.

The global economic crisis has changed the FDI landscape, with a surge in the developing and transition economies´ share in global FDI flows to 43% in 2008. This change in the pattern of inflows is partly due to the large decline in FDI inflows to developed countries, which in 2008 shrank by 29%, to $962 billion, compared with their level of the previous year. Even so, the United States remained the world´s largest recipient country, followed by France, China, the United Kingdom, and the Russian Federation. The appearance of China and the Russian Federation among the top five recipients is indicative of the changing FDI landscape.

FDI inflows to developing economies rose by 17%, to US $621 billion, with South, East, South-East Asia and Oceania accounting for roughly half of those flows. Africa recorded the largest percentage increase (27%). Inflows to Latin America and the Caribbean continued to grow (up 13%) as did those to West Asia (up 16%). The least developed countries (LDCs) attracted a record US $33 billion worth of inward FDI in 2008. The transition economies of South-East Europe and the CIS also posted a new record high, with inflows reaching $114 billion. But in 2009 FDI flows to all regions will suffer a decline.

FDI outflows from developed countries in 2008 fell less sharply (-17%) than inflows. The United States maintained its position as the largest single source country of FDI, followed by France, while Japan, with a 74% increase in outward FDI, entered the list of top five investing countries. In general, outflows from developing regions continued to grow, reaching US$293 billion in 2008, though the performances of individual regions varied. West Asia, on the other hand, reported a substantial decline in outward FDI. Among developing and transition economies, the three largest sources of FDI were Hong Kong (China), the Russian Federation, and China, which ranked among the top 20 investors in the world.

3. NEW INVESTMENTS

US Investments into the UK

CR Laurence Establishes UK Operations

California-based company CR Laurence has announced it is set to expand its Europe operation with new premises in Rochdale, UK. The company, which is a supplier to the glazing, stone and architectural industries, has signed contracts for a new office and warehousing unit totaling 71,000 square feet. Earlier in 2009 CR Laurence acquired Rochdale-based Ebor, with the aim of establishing a European headquarters. Former Ebor partner Simon Boocock is now Managing Director of CR Laurence's Europe operation, which also includes a major base in Stuttgart, Germany. Around 12 new jobs will be created in the first year, ranging from warehousing to technical sales with the capacity to recruit additional staff as the business expands within the European market.

CR Laurence Co Inc, Corporate Headquarters, 2503 E. Vernon Avenue, Los Angeles, CA 90058-1897 Tel: 323-588 1281, Fax; 323-581 6522, Donald E. Friese, CEO, Website: www.crlaurence.com

CR Laurence of Europe Ltd, Gorrels Way, Trans-Pennine Trading Estate, Rochdale OL11 2PX. Tel + 44 (0) 1706 863 600 Fax + 44 (0) 1706 869 860, Simon Boocock, Managing Director

Cyntellect, Inc Opens UK Office

Cyntellect, Inc. a privately-held life science company commercializing products to advance life science and stem cell research, biopharmaceutical production and drug discovery, announced the opening of the Company's European operations with a U.K.-based office headed by Director of European Sales and Operations, Gareth Jones. Cyntellect's new European operation in Magor, UK includes an experienced commercial team of sales, scientific and service support staff located across the U.K., France, Germany and the Netherlands to cover all of the European Union. Cyntellect Inc. 6620 Mesa Ridge Road, San Diego, CA 92121-2906 Tel: 858- 875 1600 Fax: 858- 875 1610 Email: info@cyntellect.com Website: www.cyntellect.com

Cyntellect Europe, Ltd. Wales 1 Business Park, Building 104, Ground Floor, Newport Road, Magor NP26 3DG. Tel: +44(0)1633 466725 Fax: +44(0)1633 466701

WhipTail Technologies Goes Global With Opening of UK Office

WhipTail Technologies Inc., a provider of solid-state drive (SSD) Tier 0 storage appliances, announced that the company has opened a U.K.

office in Surrey. The new office will allow WhipTail Technologies to more immediately address the area's increasing demand for cost-effective enterprise storage solutions that provide quality performance with low power consumption. WhipTail has hired Douglas Williams, based in Surrey, to manage the new office. He is the Director of Business Development / EMEA for WhipTail.

WhipTail Technologies, 60 Morris Turnpike, Summit NJ 07901 Tel: 908-743 1280 Website: www.whiptailtech.com

Vulcanium Metals Establishes UK Warehouse

Illinois-based Vulcanium Metals International has announced that a new titanium warehousing and processing facility will be fully operational in the United Kingdom by October 2009. The facility, which is located near Belfast in Northern Ireland, will be equipped and staffed to be a titanium stocking centre. It will offer the company's FirstCut+ services, which are a variety of first-stage processing services and supply chain solutions for reducing costs and improving efficiencies for both customers as well as suppliers. The Northern Ireland facility will support Vulcanium's UK-based business development managers in serving aerospace, medical device and other industrial markets across Europe.

Vulcanium Corporation, 3045 Commercial Avenue, Northbrook, Illinois 60062-1997 Tel: 847-498 3111 Fax: 847-498 2810 Website: www.vulcanium.com

NYSE to Create 400 Jobs in Northern Ireland

New York-based financial services firm NYSE Euronext has announced the creation of 400 jobs in Belfast, Northern Ireland. Development organization Invest Northern Ireland is providing up to £9.6 million to support the move of NYSE Technologies' business operations into a new development facility in 2010. Jobs created will include new technology, operational and corporate posts.

NYSE Euronext, 11 Wall Street, New York, NY 10005. Tel: 212- 656 3000 Website: www.nyse.com

UK Investments into the US

Threadneedle To Open First Office in New York

UK fund manager Threadneedle plans to open its first US office in New York later this year. and has appointed Kris Haber as head of North America. The U.S. business was set up in 2007. Threadneedle manages over $82.5 billion in assets and has over $2 billion across a range of absolute return strategies.

Threadneedle Investments, 60 St. Mary Axe, London EC3A 8JQ. Tel: +44 (0)20 7464 5000
Fax: +44 (0)20 7464 5050 Website: www.threadneedle.com

Calvis Expands Global Presence with Launch of US Office

Calvis, a leading information technology and management consultancy for the professional services sector, announced that it will be expanding its global footprint with the launch of its North American headquarters based in New York. The new office formalizes Calvis's commitment to the region and will enable it to build upon its existing client base. It also increases Calvis' advisory and implementation services in asset/property management throughout the US and EMEA. Sandy Jacolow has been appointed Head of US Operations and will be responsible for managing existing relationships, driving new business and providing the strategic direction for the North American arm of Calvis.

Calvis, Head office, Green View, Scorton, North Yorkshire DL10 6DP. Tel: +44 (0) 1748 813900 Fax: +44 (0) 1748 818357 Email: info@calvis.com Website: www.calvix.xom
Calvis London Office, 14-18 Heddon Street, London W1B 4DA

Epistem to Open US Office

Manchester-based biotech company Epistem Plc has announced that it is to open a US office in Boston to in a bid to boost its presence in the North American market. The firm said that it hopes the new office will help it to "maximize awareness" of its technology in the US as well as support to commercialization of its recently-launched GenetRxTM biomarker platform.

GenetRx is a technology which allows people to analyze plucked hairs, blood, tissue and other samples to determine genetic makeup. It is used by doctors and researchers to determine the pharmacological impact of a drug and individual patient responses to it.

The firm has already undergone a number of collaborations for its biomarker technology in the US but its new office will also offer laboratory services in a space which the firm said is based "at the heart of the Boston biotechnology community."

Epistem Ltd. 48 Grafton Street, Manchester M13 9XX. Tel: +44 (0)161 606 7258 Fax: +44 (0)161 606 7348 E-mail: info@epistem.co.uk Website: www.epistem.co.uk

Xchanging Expands its Global Presence

As part of its expansion into the U.S. market, Xchanging plc, the global business processor opened its new U.S. headquarters in Chicago. The office will serve as the Americas' hub for launching Xchanging's unique Enterprise Partnership model in the U.S. market. Founded in 1999, Xchanging is a fast growing global business processor with close to 9,000 employees in 9 countries. The company delivers complex, large scale processing and technology services to blue chip customers in 42 countries. Listed on the London Stock Exchange, Xchanging has almost doubled its revenues since 2004 by operating in high growth markets. The company ranks among the FTSE250 index. Xchanging employs 1,300 employees in the region, out of which 130 will be based in the Chicago headquarters.

Xchanging, 13 Hanover Square, London W1S 1HN. Tel: +44 (0)20 7780 6999

Fax: +44 (0)20 7499 0169 Website: www.xchanging.co.uk

Xchanging, 34 Leadenhall Street, London EC3A 1AX. Tel: +44 (0)20 7780 6999 Fax: +44 (0)20 7780 6998

Xchanging, 11th Floor, O'Hare Plaza, 8755, West Higgins Road, Chicago, IL 60631. Tel: 773-824 4400 Fax: 614-601 9400

4. TRADE SHOWS

UK

November 9-12, 2009 - World Travel Market - Excel, London

Website: www.wtmlondon.com

World Travel Market (WTM) is the largest annual travel trade show in the UK and is universally recognized as one of the major travel events in the world. WTM regularly attracts over 46,000 participants, including 25,000 attendees (mostly tour operators, other travel buyers and travel media), and over 5,500 exhibitors from more than 200 countries with 200 plus from the U.S.

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US

November 27 - December 3, 2009 - INTEROP New York 2009 - New York, NY

Website: www.interop.com
"Interop is the only place to see all the latest IT products and services at one time—and identify technologies that will give your organization an edge."

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December 8-10, 2009 - Power Gen 2009 - Las Vegas, NV

Website: http://www.power-gen.com/index.html

The world's largest power generation event. In just three days, you'll benefit from: expected attendance of more than 17,000 attendees from 76 countries; 1,100 exhibiting companies displaying the latest in products and technologies; expanded networking opportunities to connect you with key buyers and sellers and multi-track conference program covering the most important issues and trends impacting the industry.

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