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Subject: CIC
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Please try to come up with a structure....It is all happening now.
The window of opportunity is now to set up a finance platform that structures deals and invests alongside Chinese companies.
To get this big we need to move asap to secure a strong position in China and in parallel in Europe.

5 Nov

China Investment Corporation (CIC), the country's sovereign wealth fund, has begun talks on setting up its first international office in London, a leading investment agency has revealed.

The fund, which has \$200 billion at its disposal, is known to have been looking for a base outside China for some time, and has been recently very active in the UK capital.

CIC was recently part of a consortium which carried out the \$1.3-billion bail-out of Canary Wharf, the London office complex.

Michael Charlton, chief executive of Think London, the capital's inward investment agency, who is on a visit to China, said that he was in talks with CIC.

"Prior to the investment in Canary Wharf we have been talking to them about setting up an international operation in London with a view to acting as eyes and ears and gaining local intelligence and connections," he said.

CIC is known to be considering New York and Hong Kong as possible alternatives to London as an overseas base.

Charlton said London was the only obvious choice for CIC in Europe but he recognized there were other international rivals.

"It is probably the only choice in Europe, but it is whether or not they choose New York ahead of London. We remain hopeful that when the time is right for them they will choose us," he said.

Charlton said Think London, which has brought over 1,000 companies from 45 countries to London in the last 10 years, was not involved in the Canary Wharf negotiations.

"In that case, CIC made its own way in the world. They are a very well-connected organization and they found Canary Wharf who were looking to recapitalize themselves. We have a very good relationship with CIC and are hopeful of making the case for their first international investment being in London," he said.

Charlton, who was in Beijing before going to Shenzhen, Hong Kong and Taipei, says there was now a "window of opportunity" for CIC and for other Chinese investors and corporations to take advantage of the bargain basement prices for assets in the UK as a result of the economic downturn and the fall in value of the sterling.

He said the value of commercial property was down by up to 40 percent in the capital, pointing out that Nomura, the Japanese bank, which took over Lehman's European business last year, has managed to negotiate a 20-year

lease on an 11-story building for \$6 a sq m with a four year rent-free period thrown in, compared to \$9.85 a sq m it would have paid before the downturn.

This is before the currency effect, which can effectively make London assets up to 70 per cent cheaper.

He added the assets available in London were still high quality even if the prices were lower.

"The fact that you have asset price depreciation does not necessarily mean you have depressed assets. The two are not necessarily the same thing," he said.

He said there were many opportunities for Chinese companies to profit from the London 2012 Olympics, where \$15 billion worth of contracts are available.

Crystal Digital, which produced computer graphics for the 2008 Olympics opening and closing ceremonies, and Honav, a metal badge maker are the two Chinese companies which have already won contracts.

"Chinese companies have recent experience of being involved with the Olympics, but they also face competition from companies from Australia (hosts of the 2000 Games)," he said.

The Olympics is part of \$60-billion redevelopment of east London, including the Thames Gateway development, which will change the face of the city over the next 20 years.

Charlton believes these opportunities could only reinforce London as the largest destination in Europe for Chinese investment.

"This creates many opportunities for Chinese and other foreign firms," said Charlton.

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