

Channelling Chinese investments



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TRADE TALK

TSE TO SHINING SEA: When Mainland China's stream of investment in B.C. property turns into a flood, Cecilia Tse plans to help channel it. As vice-president Asia Pacific at the Colliers International firm's \$1.8-billion-a-year city office, she looks to have the required moxie and background.

Although the 35-year-old had much of her education in Canada — Grades 9 to 12 in Victoria, Winnipeg and London, undergrad and MBA degrees at the University of Western Ontario — she made her business mark in hometown Hong Kong. That's where she headed the U.K.-based Savills realty firm's 20-broker commercial leasing department for nine years.

That entailed marketing some 10-million square feet of commercial space at lease rates in the \$120-per-foot range. Typical Fortune 500 clients — Amex, Manulife, Prudential, Shell — would require upwards of 100,000 square feet, Tse recalled, in projects like Henderson Land Development Co. and Sun Hung Kai Properties' 1.8-million-square-foot, 55-floor Two International Finance Centre. Before leaving Hong Kong in 2006, she had secured for Savills the leasing contract on an even bigger project. That was Sung Hai Kai and the MTR Corp.'s 2.5-million-square-foot, 118-floor International Commerce Centre, where a Ritz-Carlton hotel's lowest lobby floor will be 425 metres above street level.

Hong Kong is developers' Fat City, of course. Sun Hung Kai has \$36.48 billion US in assets, second-place Cheung Kong Holdings has \$35.47 billion US, with Henderson taking the bronze at \$21.11 billion US.

Why would Tse leave a job and market like that?

She stopped working completely to be with her terminally ill mother, who had moved to Vancouver to die and be buried beside her late husband. After their mother's death, Tse's pediatrician-brother **Luke** and homemaker-sister **Elisa** urged her to stay here.

Savills, which has no Vancouver office, offered her a position, as did other major realty firms with Hong Kong links. But, with Colliers handling \$6.1 billion US in Canada annually, "I saw a market leader [that could] really provide me with a market platform," Tse said. Undeterred by her then-minimal familiarity with Vancouver's commercial-property market — and unswayed by her killer-biz attire of Paul Smith silk dress and strappy Miu Miu pumps — Colliers local co-managing directors **Ron Bagan** and **Kirk Kuester** cut a deal. Tse signed on and soon steered Nelson Street's \$21-million Emerald Towers from Hong Kong to local ownership. Ditto the \$16-million 3333 Main, where Coastal Ford is located.

As for Mainland Chinese, "It's just like Hong Kong people before 1997," Tse said. "They go back to China, leave the family here, and want to buy something with income until the kids leave university, and then develop. It's something for the kids to do when they grow up."

Now including Beijing on quarterly



Asia-Pacific VP Cecilia Tse was Savills' corporate-leasing leader in Hong Kong. She now sees mainland Chinese investment rising here.

she'll repeat investment-facilitating visits to the Canadian Embassy's trade commissioner there, as well as the Chinese commerce ministry's investment promotion agency. With 10,000 mostly skilled workers, entrepreneurs and self-employed Chinese immigrating in 2002, Tse said: "If I get only one per cent looking for commercial property, that's 100 a year."

REPO: A longtime Howe Streeter — his motto could be: "I dice in stock" — had his Ferrari 355 Spyder towed away this week, while the hook-truck guys kept searching for its companion 430 model.

EXTRA CREDIT: With almost 400,000 members and assets approaching \$13 billion, Vancity is Canada's largest credit union. But it's still a relative lightweight in the venture-capital game, where its \$50 million portfolio stands deep in the shade of Ventures West's \$700 million, say.

But that's very much a watch-this-space situation, according to Vancity Capital president and CEO **Lee Davis**. With 20 years at TD Securities and one as a Canaccord biotech specialist behind him, the 54-year-old Perth, Ont., native believes his firm's fund could hit \$250 million by 2015.

"What B.C. needs for a stronger economy is to have a greater number of capital pools for our businesses," Davis said in his Hastings-off-Howe office. "Right now, companies have to travel to the U.S. and to Toronto to get a good chunk of their finances."

"If you wanted to finance a billion-dollar wind farm," Davis said, extrapolating from the hydrogen-fuel, biomass and run-of-river power developments Vancity Capital has aided, "you'd probably go to G.E. Capital in the U.S. And I think that's a shame."

First steps include doubling VC's fund, which began as \$25 million a decade ago. A chunk of that now \$50

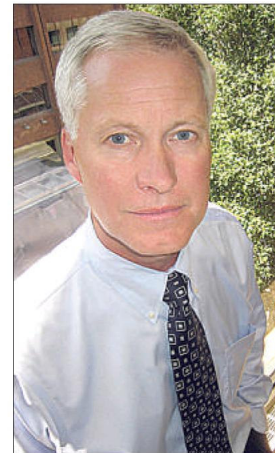
Vancity source — the market — in 2009, said Davis, whose personal specialties are corporate financing, including mergers and acquisitions, and equity and debt underwritings with public companies. Indeed, he sees his eight-employee firm's role as "providing the more sophisticated services to private companies that public companies have."

His rationale: "Private companies and social enterprises now provide 35 per cent of GDP and 50 per cent of employment. Our role is to provide the growth capacity to the next generation of private companies to be leaders in the future."

Vancity Capital clients meeting Davis's aim include **Brian Scudamore's** now-international 1-800-GOT JUNK outfit, which he credits for locating a call centre in Vancouver, rather than in New Brunswick or overseas. Then there's the Caffe Artigiano chain, which the **Piccolo** brothers founded and that former Earls exec **Willi Mounser** acquired and expanded with VC's help. Ditto a second round of financing for Canadian Springs co-creator **Glenn Bailey's** WA2 firm. And **Roger Hardy's** Internet-based Coastal Contacts company, that has increased its million-dollar 2001 sales to \$125 million.

Strategic planning for the \$100-million era is before Vancity brass now, Davis said. It should see VC involved in straight equity financings, as well as the mezzanine, subordinate-debt and structured-term-debt financings it makes today. "Like investment bankers, we want to have long-term relationships," Davis said. "I was trained in that model, where you stay with clients until they die — or you die."

Example: "We were there when Coastal Contacts did a million dollars. I'd like to see them as a billion-dollar company, and I'd love to be involved."



President-CEO Lee Davis plans to increase Vancity Capital's fund to \$100 million in 2009, and \$250 million by 2015.



Repomen seek such a scarlet Ferrari 430 Spyder here, they seek it there, they seek it everywhere.

the North Vancouver-based Harmony Mountain Singers choir. As for 1748 ancestor **Eli Welles** building a still-standing Kingsford, Ont., home: "I suspect my family were a bunch of grinders. And that's what I am. Never quit. Never give up. Keep looking for different roads to travel. Keep your head up, and have some fun. I'm not saying I'm brilliant. I just try to outlast the other people."

When he can't last longer, even the men's washroom will remind him of Vancity Capital's Aim Higher mantra. Its urinals are mounted close to a metre from the floor.

LIKE FATHER: Red Flag Design firm principal **Barnaby Killam** — he was profiled in this newspaper's *Small Business* section Wednesday — comes by his recycling habits naturally. Today, his and partner **Stuart Sproule's** six-person company rescues worn-down yacht sails and gives them new life as stylish bags.

A generation ago, Killam's father **Larry** began doing the same sort of thing for careworn buildings. As a principal of the Town Group realty firm, Killam Sr. acquired the Alhambra Hotel in 1968 and, by renovating that, the Byrnes Block and other buildings, sparked Gastown's identity as a distinct district. Not always to Killam's satisfaction, though, as his idea was for the emerging entertainment-tourism-business-residential zone to resemble Manhattan's Greenwich Village rather than San Francisco's Ghirardelli Square.

Clan Killam's own home is a masterpiece of recycling. Built around a transplanted 17th-century British barn, it has a high, open framework of peeled tree trunks and boughs.

The young Barnaby clambered through these like a crew member climbing the mast of the late **Lol Killam's** ocean-racing 73-foot yacht *Greybeard* to retrieve a torn spinnaker — not necessarily for making into trendy tote.