

# T&I GP Interview

## Don Lam, Co-Founder, VinaCapital

Don Lam was not the first private equity or venture capital professional in Vietnam, but given that the first generation alternative investors from the 1990's have all gone on to other fields (public equities) or other countries (Thailand, Singapore) one can make the case that Lam holds "Godfather" status in today's alternative investing community in Vietnam. Mention his name or the name of his firm, VinaCapital, among the investment community in Vietnam and a deep respect is evident. Lam and his co-founder, Horst Geicke, have managed the nearly impossible task of founding the largest, in terms of assets under management at over \$2 billion (somewhat less at press time due to the current economic condition) alternative investment firm in Vietnam and of remaining above the fray of ordinary competition in the relatively small market of private investment in Vietnam. Of the current generation of investment firms in Vietnam and given its three LSE listed funds, it's not unfair to say that as VinaCapital succeeds, so does the industry in Vietnam.



Lam was born in Vietnam, but like almost all of the principals in his country's alternative investment community, he grew up abroad, living in Canada after his family migrated in as part of a generation of "boat people," the refugees or asylum seekers that left Communist Vietnam after America abandoned the country in 1975.

Ethnically Chinese, Lam's family had spent three generations in Vietnam's central Nha Trang province where the industrious family had built businesses and wealth, all of which was surrendered to the government of Vietnam as the price of their freedom and their emigration visas. They set sail in 1979 from Nha Trang, jammed onto a small boat, along with 154 other asylum seekers, into the South China Sea and in hope of avoiding the dozens of armed pirates, reaching Hong Kong in 1979 after a perilous journey. Arriving alive, if worse for their effort, they were received by the none-too welcoming arms of Hong Kong immigration authorities, where they were summarily imprisoned in what was euphemistically called an "internment camp." Looking back, Lam says that he and his family were lucky, despite their harrowing boat trip, in having only to surrender all of their personal possessions and wealth, because they were legal emigrants from Vietnam; whereas ethnic Vietnamese people escaped by boat, in even less favorable and through even more dangerous circumstances.

Imprisoned at age 11 for three months, Lam says again that he felt lucky in having his immediate family around him and in having to live the relatively short time given the sometimes years-longs imprisonment of the other two plus million Vietnamese boat-people, who were imprisoned in their host countries in Hong Kong, Thailand the Philippines and elsewhere. The Lams relatively short emmigration time was due to his father electing to emigrate to Canada, which had a faster processing system and which was receiving a fraction of the émigrés of warmer climates in the United States, Australia

or even France. Still, looking back on the three months in the camp located in the old Kai Tak Airport in Kowloon and recalling the conditions at the over-crowded military style prison, he was glad to have had his five brothers and sisters around him. Lam has a vivid memory of leaving the 38° centigrade Hong Kong prison and arriving in the freedom of -38° centigrade Toronto, and knowing that his life had changed irrevocably.

Despite starting from their modest circumstances as recipients of a sponsorship from a Canadian church, the Lams, arriving in Edmonton, Alberta, Canada in the first snow-storm of the year, never regretted their decision despite moving from their status of upper class wealth-holders, to a family whose material wealth consisted of government given clothing (one set they wore, one set they could clean). Neither Lam, his parents or his siblings spoke a word of English, so their first three months were spent in a language immersion program with English as a Foreign Language (EOFL) program. After which their father went to work as a mechanic in a steel foundry and their mother went to work in a poultry processing plant.

Lam entered secondary school at twelve, in Edmonton, Canada where the family remained for seven years, and where he had a dawn-paper route delivery job every day before and after school, until 1986, when they moved to more metropolitan Toronto, Canada because of the recession in Western Canada, during which their father lost his job in Edmonton. And so, the Lam family began life once again and Don Lam began his higher education at the University of Toronto. With their improved language skills and based in the relatively booming Eastern-Canadian economy with their saving from 7 years of work in Edmonton – a fortune of \$40,000 – Lam's parents acquired a small convenience store or at least the contents of a convenience store, which they had to rent, in Toronto's business district. Asked why the family chose a convenience store, Lam says that one factor was the reality that with 7 family members, they wanted something in which they could all contribute and of the typical video store, laundry, food markets or other small businesses that they might have chosen, they opened a small food store in the centre of Toronto's investment banking district.

Lam chose political science as his field of study at the University of Toronto, but after three years and seeing all of his older friends graduating before him who were unable to find work in 1989, Lam, in his final year, added a second major and graduated in 1990 with a dual degree in political science and in accounting. He was hired immediately upon graduation by Coopers & Lybrand. If that sounds like a tough academic regime, add in the fact that Lam, as the eldest son of the family, was running the family business, the convenience store; a business that Lam describes as cut-throat at the time, with every major supermarket chain opening larger stores in the vicinity and dropping prices to artificially low levels to attract customers. It was Lam's first, life-changing exposure to business and where he learned the rules of price strategy, customer service and just plain out-working the competition. Apart from working longer hours than anyone else – always being open – Lam worked hard at building customer relationships and finally, by varying his price mix so that he could attract more customers into his store and away from the larger nearby stores. Given that the little store was in the midst of the financial district,

Lam says he knew many of young career people in the City's legal, banking and government community that worked the night owl hours.

In six months his work led to a tripling of revenues and profits and “that one store, put five kids through University,” says Lam, and “after that my parent sold the business.” Lam's peers, his brothers and sisters went to the University of Toronto, Ryerson and to other schools. Meanwhile, Lam was working his way up at Coopers and in 1994, when the firm wanted a CPA (Lam had earned his CPA in an unheard of two years) to open its business in Vietnam, Lam was chosen to return to his home country and found the Coopers operations. At the age of 26, fourteen years after he left Vietnam with the shirt on his back, for a week long boat trip to an internment camp, Lam returned as both a Resident Manager and Country Manager for a global firm.

**T&I:** What was it like to be among the first wave of returning professionals to Vietnam?

**DL:** I was so excited to return home, the top person in Vietnam for Coopers, at 26 years of age, in 1994. But it was supposed to be a temporary thing. I came because no one else wanted to. Ernst & Young was already here. Then Coopers, then the rest followed. It was early days for Vietnam. I arrived in April of 1994, just before President Clinton lifted the trade embargo with Vietnam. It was just luck. In fact, I was dating a woman for seven or eight years, a Vietnamese woman and her parents told me that if I wanted to take their daughter back to Vietnam, then I had better marry her. So we got married six months before I returned.

**T&I:** Someone leading a country practice is in their mid-40's in my experience.

**DL:** [I was] 26 years old, had four years of experience. I still don't know why that gave me that post.

**T&I:** Head of country means car and driver, free living quarters, cost of living allowance?

**DL:** Everything. The whole works. And the dollar in 1994 went a long way. It was a one year contract, I promised my wife we'd go back to the US. And it was a tough year, that year in Vietnam, but tomorrow (the day after this interview) we're celebrating our fifteenth wedding anniversary in Vietnam. We have two kids.

**T&I:** And you wife does what?

**DL:** She is the head of Deutsche Bank in Vietnam. She came back with me and found a job with Deutsche Bank. She's also an accountant, but it's funny, she also did not want to be an accountant. She is a classical pianist, but I convinced her to train as an accountant so that she wouldn't be a starving artist all her life.

**T&I:** Back to 1995, end of the year in Vietnam. What happened?

**DL:** They couldn't find anyone to replace me. So they renewed the contract for another year, then another year and I ended up setting up the office for Coopers here and staying until 1996. I set up the office in Cambodia as well, after that.

**T&I:** What was it like to build a business in Ho Chi Minh City in Vietnam in that period?

**DL:** I remember that the first person I hired was a receptionist in my hotel. She spoke good English and she knew everything about the city. When I needed a fax machine she made a call. At the time just getting a fax machine took three weeks. She was working in a little 20 room government owned hotel, the only thing there was in HCMC then. She became my first staff member and office manager. Then she found an office, a phone line and a fax line.

**T&I:** What was your work for Coopers in that time frame?

**DL:** I was mostly doing market entry work for Coopers' clients coming to Vietnam for the first time. My first client was Mark Mobius of Templeton. He was here in 1994 in his private jet; which was so damned difficult, because at the time there were no private jets coming into Vietnam. The air space was all controlled by the Military and we had to get permission by running back and forth between four or five different offices. We helped Templeton to set up their rep office here. Then Mark came to my office to interview staff members for Vietnam. Templeton was an international client of Coopers & Lybrand for whom we did auditing and tax advisory work and Coopers provides a lot of services to its clients in foreign markets. He set up the first listed fund for Vietnam, a \$100 million fund for public equities in New York. We did that license work in Vietnam, through the representative office that we helped set up here.

**T&I:** And that fund invested in what?

**DL:** Private Equities, as there was nothing else at the time to invest in. But because it was really too early for private equity in Vietnam, they expanded it to private equity in other countries in the region. It was a very difficult time in Vietnam. All the deals were Greenfield and that is why the first group of funds in Vietnam were not successful. But our jobs ended with setting up that fund.

**T&I:** Your first job as a new country head is dealing with Mark Mobius?

**DL:** Yes, it was really quite interesting, working with our guys in New York on that deal. And after that we had Procter & Gamble, Johnson & Johnson and a group of multinationals and that is how our business expanded, because each of them came in needing to set up a rep office, needing tax advice, market entrance advice, help in setting up and of course audit work. That is where I developed my knowledge of government relations in Vietnam, beginning 14 years ago.

**T&I:** What took you away from accountancy?

**DL:** I was having a lot of fun at Coopers and then at Deutsche Bank Christmas dinner in 1996 which I was attending with my wife, I was sitting at the same table as the CEO of Deutsche Bank Vietnam at the time, Klaus Netherer. He leaned across the table and said, "you know, we need someone like you," to look after our project financing and our corporate financing business with the government and businesses, "would you be interested," and I said "okay, give me an offer," and he did. He made me an offer I couldn't refuse. It was amazing. So I left my job at Coopers to do project finance for Deutsche Bank, which was quite interesting.

**T&I:** What were you doing?

**DL:** The first project I did was working on the Food for Oil project, with Iraq. Vietnam was one of the largest exporters to Iraq during the trade embargo. Iraq would sell oil and the proceeds went to a BNP bank account in New York and those escrow funds could be used for a proscribed list of goods: food, medicine, detergents and other necessities. At the time Vietnam was a major exporter of rice and coffee, detergent and other basic commodities that Iraq could not get anywhere else. Deutsche Bank was a major financier of the exports from Vietnamese entities that were exporting to Iraq. I oversaw that business for Deutsche Bank for about 18 months until about, mid-1998, when Coopers & Lybrand merged with Price Waterhouse, becoming PWC. And my senior partner (from my time at Coopers) who was based out of Singapore, became the Senior Partner of the merged firm. He asked me to come back to the merged firm to head up a new corporate finance business in Vietnam. When the two firms merged that became large enough to have a corporate finance advisory business. So I went back to PWC to start up the corporate finance business in Vietnam.

**T&I:** What were you doing in that work?

**DL:** Mergers and acquisitions, and market entry advice, mainly through acquisitions. A multinational would want to come into Vietnam would want a local partner. We'd provide an introduction, we'd do the negotiations, we'd buy the local company out.

**T&I:** Recall some of those deals for us. Who did you work for?

**DL:** At the time, we helped to raise money for a sugar company, Nargarjuna, an Indian sugar company, who wanted financing. We also did a lot of feasibility studies for companies. One of the landmark deals we did at that time, was the divestment of Wall's Ice Cream by Unilever. Unilever wasn't making money on Walls Ice Cream in Vietnam so we advised a local entity, Kinh Do, to acquire Walls. It became Kido Ice Cream. That was a landmark transaction because it was the first time that a local company bought out a unit of an international entity in Vietnam. Following that I advised a German Citizen, Horst Geicke on behalf of his German company, on a deal involving a bankrupt German company that owned a piece of prime real estate in Ho Chi Minh City, opposite the Renaissance Hotel in HCMC on the river which will become the Vietcom Bank Tower.

**T&I:** That's how you met Horst?

**DL:** Yes. I advised Horst in buying the company and re-structuring it. That was in 2003.

**T&I:** That was after how long with the merged PWC?

**DL:** I built up the corporate finance and M&A practice for PWC for five years in Vietnam, before meeting Horst. I had built the head count to about fifty. It was the largest practice of the sort in Indochina. When I advised Horst on that deal which made good money, Horst said why don't we start a new investment company for Vietnam.

**T&I:** But at that point, you were a career man at PWC, you had over ten years...

**DL:** At that point I was a Senior Partner at PWC, an International Partner at PWC, it was quite lucrative. Fantastic salary. Quite secure. Something I did not want to leave. My wife tried to convince me not to leave. She didn't want me to join a startup, a new company.

**T&I:** So in fact you left for what?

**DL:** Nothing. I left to set up VinaCapital. At the time Horst and his partner in Hong Kong Chris Gradel, business colleagues of theirs and Sun Wah put up \$10 million to start the firm and the three of us formed VinaCapital. So there were four original founders.

**T&I:** Who is Sun Wah?

**DL:** They're a Hong Kong based high net-worth family, the Chairman of Sun Wah is a close friend of Horst in Hong Kong.

**T&I:** All the original money for VinaCapital came from private investors?

**DL:** No institutions. Sun Wah is a property developer but their core business is seafood exports. It's not a big or well known family compared to a Li Ka Shing or Stanley Ho but they're well known managers of property.

**T&I:** Back to VinaCapital.

**DL:** Four partners put in the cash, I put in the sweat equity. We raised \$10 million from family and friends, and started the Vietnam Opportunity Fund on November 11<sup>th</sup>, 2003.

**T&I:** What was the idea? The premise of the fund?

**DL:** The idea was to do something similar to what we had done with the Vietcom Bank Tower.

**T&I:** Real estate investing?

**DL:** No, distressed assets. Opportunity assets. It was opportunistic. Anything that would make money. We were one of the first funds to launch after the first wave of funds in '94..

**T&I:** That included Martin Adams and the Vietnam Fund?

**DL:** Meda Funds, Templeton Funds, Keppel Funds. All these guys who came in around 1994 who had pretty much closed down by 2004.

**T&I:** With the exception of Dominic Scriven's Dragon fund?

**DL:** With the exception of Dragon. That was it.

**T&I:** And that first fund was domiciled where?

**DL:** It was a Cayman's Island fund, listed in London, with \$10 million, on the AIM.

**T&I:** You accomplished a combined private fund raising with a float in one instance?

**DL:** Yes. The AIM market gave us the opportunity and we gave them good advertising, in that we were the first Asian fund to list there, maybe that's why they allowed us to list there, despite being quite small, at \$10 million. At the time our goal was to invest that \$10 million in three years time, but we ended up investing the money in three months.

**T&I:** And when you did that it was as a closed end, fixed-life five year fund?

**DL:** That's right, a fund with a five year life. Today, the VinaCapital Opportunity Fund is a \$788 million dollar NAV fund. That was our flagship fund, our first fund. [In a



shareholder vote subsequent to our interview 99.9% of VOF's investors agreed to leave all their money in Vina's hands...a rather remarkable achievement...and the fund's life was extended for another five year, renewable period. Ed.]

**T&I:** How has \$10 million become almost \$800 million? An 80X increase in NAV?

**DL:** Well, we did have 7 rounds of capital increase.

**T&I:** What does that mean?

**DL:** We've used a concept of "just in time money" for the fund, that is, every time we fully invest our available capital we raise some more money. We've raised one after another round until our most recent round in November 2007. New investors come in at a higher NAV, or market value, but normally we issue shares at market value, while giving existing investors pre-emptive rights so that they don't feel diluted.

**T&I:** So the increase to nearly \$800 million is new money or NAV increases or?

**DL:** It's a mixture of both. Even in the markets in which VOF invests, which is mostly listed equities, and even with Vietnam's stock market having lost 60% of its value — not us, but the overall index having declined that much — investors who put in \$1 million in 2003 would still have \$2.3 million worth of VinaCapital shares today. And that value would have been over four times their original investment before the market correction. We're still beating most of the public funds in Vietnam; it's still one of the best performers over the last four and one half-years, so most of the increase in value has come from the improvement in net asset value.

**T&I:** What investments have done best for the fund?

**DL:** Kinh Do has been a block buster. It was a family owned business valued at about \$50 million at the time of our investment and we took them into being an incorporated business, took them public in the OTC market and then listed them on the Vietnam Stock Exchange and today their market cap is about \$450 million; an 8x increase in about four years. Then there is VinaMilk, when we invested in them, privatizing them from their former status as a state owned enterprise they had a valuation of about \$110 million. Today, after the market correction, they're still valued at about \$900 million or more. So our core investments for the VinaCapital Opportunity Fund have been in the food and beverage sector, because we've always believed in the story and value of growth in domestic opportunities. People always have to eat and drink.

**T&I:** It seems like now is the time to be buying bargain priced companies in Vietnam?

**DL:** That was what I told Bloomberg this morning. That it's time to look at the opportunities in Vietnam, for the medium and long term and that investors should be looking at blue chip companies, trading below ten times their P/E ratio. If you think that they're earnings growth is going to be the same next year, that is 12 to 15%, then just close your eyes to all of the current currency devaluation, all the trade deficit talk, which we think is short term. People are still eating, these companies are still growing.

**T&I:** What has happened with Vietnam's stock market?

**DL:** Essentially last year, there was a lot of capital inflow into Vietnam. We didn't sterilize that inflow. The economy continued to grow too quickly, it overheated and we were slow to react in slowing down the economy. It's the same thing that happened in China in 1992 and 1993, when there was economic overheating and by the time we realized that inflation was getting out of control, it was late.

**T&I:** When you say we, you mean the government?

**DL:** Yes. The government realized what was happening too late. Still, you have to give them some credit. This was really the first time that the economy was overheating. The Vietnamese government has always been doing what the investment community wanted them to do. For years Vietnamese businessmen have been telling the government to open up the economy to the world's economy and now, suddenly, the business community in Vietnam is telling the government, take care, slow down, don't open the economy so quickly, so it's a bit unfair to blame the government which listened to the business and investor community and which opened the economy to investment, to now blame them for having done what they were asked.

**T&I:** You told me earlier that you're taking three calls a day from overseas investors.

**T&I:** Who want to know what is going on in Vietnam. What is happening to their investments here. And wanting to know why the government opened the economy to so much investment so quickly; the exact opposite of what investors said 18 months ago.

**T&I:** The outcome is going to be what?

**DL:** The next three months are critical. We'll see whether the policies that the government implemented three months ago will actually work. Tightening monetary policy, reducing the rate of credit growth, increase interest rates, fighting inflation. All those policy changes that were implemented three months ago are already beginning to take effect. Inflation for last month, June, has already slowed by half. In May it was 3.9%, in June it was 2.2%. The trade deficit was \$14 billion dollars in the negative in the first five months of the year, and it is slowing down now. [Subsequent to our interview the government's policies have been remarkably effective in lowering inflation and the trade deficit. Ed.]

**T&I:** I see the construction cranes are still running; high-rises are still going up.

**DL:** They're still running, they're still working. On the real estate side, I think that people misconceived what is happening in Vietnam. On the high end, in luxury units, where speculation takes place, the market is going down. The price of new or uncompleted luxury units is down by as much as 50%. But the mid-level where the majority of people want to buy a residence, continues to be in short supply. Apartment's that used to cost \$5,000 to \$6,000 per square meter, in Ho Chi Minh City are down to about \$3,000 to \$4,000 per square meter. Apartments in the \$1,000 to \$1,500 per square meter range are still in short supply.

**T&I:** And I as a foreign buyer still cannot buy a condo in Vietnam?



**DL:** Not yet, but the government has put through a new law, that if its passes the National Assembly, will allow foreigners to buy apartments in Vietnam. Not a house, not land, just one apartment per foreigner.

**T&I:** Are there restrictions on the number of foreign owners in a building?

**DL:** No. You can buy out-right, but you can only buy an apartment, in a fifty year lease, but when you sell it to a Vietnamese citizen, it converts to a freehold so the property value holds up.

**T&I:** Returning to VinaCapital, what encouraged the launch of additional funds?

**DL:** After we raised the VinaCapital Opportunity Fund, we saw that there was so much real estate opportunity that in March of 2006 we launched VinaLand Limited, a real estate fund, that we listed two years later on the AIM, in a \$200 million IPO.

**T&I:** A big change. The first fund was \$10 million the next was 20 times more?

**DL:** We raised \$200 million in March of 2006 and we raised a second round in March of 2007, a year later. We raised a total of \$400 million and the NAV for that fund today, is about \$800 million, bringing the total value of the assets which VinaCapital manages after the market correction to \$1.92 billion.

**T&I:** After VinaLand?

**DL:** We launched the Vietnam Infrastructure Limited in July of 2007, with capital coming in about September, so we've only been investing from that fund for a year. We raised \$400 million on the AIM. We've invested about one-third of the cash already, with the other two-thirds being close to committed. It focuses mainly on energy, mainly power plants. We're looking at the possibility of another side fund, an energy fund.

**T&I:** Publicly listed or...

**DL:** A private equity fund. The reason being that after we launched the public fund and started due diligence we found that there was a lot of power plants up for sale, so we thought we could raise a side fund to buy plants.

**T&I:** Which reminds me that you began expanding your firm with hires in Infrastructure?

**DL:** That's right. We hired William Lean, an experienced infrastructure investor in 2007, formerly the head of the Asian Infrastructure Fund, that was based in Bangkok. Then he worked for Hong Leong Capital in Malaysia. And then last year we brought him into Vietnam to run our infrastructure fund.

**T&I:** Within power your interests are wind, thermal, nuclear, what?

**DL:** Mainly hydro power. The reason being that Vietnam is about 60% powered by hydro. The reason for that is all of the dams on the Mekong. We have a lot of clean energy. That fund will launch, this year.

**T&I:** And that brings us to the final fund, your technology fund?

**DL:** The DFJ VinaCapital Technology Fund. We staggered the launch of that fund to around the end of 2006 but it didn't close until near the end of 2007. It's a \$30 million

fund. We've invested in about 7 portfolio companies to date. The latest was an investment into Yeah1, a social networking site for teens. Remember, half of all Vietnamese are under 25, so this is a couple of million that we've invested into what we think is an important sector for Vietnam.

**T&I:** What's next?

**DL:** Our two new products. The energy fund, which is a continuation in some ways of the Vietnam Infrastructure Fund, but it will be our first LP/GP structured fund after the Technology fund. And we're going to launch an LP/GP real estate fund for Vietnam, mainly at the request of several institutional investors who are asking for such a fund with a PE structure, because they can't invest in a public fund.

**T&I:** Hasn't real estate slowed in Vietnam with the correction?

**DL:** We actually see the slow down as an opportune time to launch, because of the liquidity crunch, and because there are so many small to medium firms who are caught by the inability to raise capital that will collapse in the next six months.

**T&I:** It's a distressed fund?

**DL:** We call the investments deep discounts, not distressed, but we think that there are exciting opportunities in the real estate sector, because overall, Vietnam's real estate has not reached a bubble stage. There are really only a few cases where the

### Biography for Don Lam



**Hobbies:** I love movies, all types, and I share this with my staff by having a movie night bimonthly, where we rent out a cinema hall and have a great time.

**Last book read:** "Barbarians at the Gate", about the leveraged buy-out of RJR Nabisco.

**Favorite movie:** Any James Bond film.

**If I weren't in private equity I'd be:** Early in life I was interested in the foreign service. I studied Political Science at university, and might be a diplomat today if things had gone differently.

**Advice for LPs:** Don't follow the herd and pile into the same sector or country at the same time as everyone else. In 2007 every LP came to Vietnam at the same time. Now that valuations have fallen they all want to pull out. Logic says it should be the other way around – LPs should be looking at Vietnam today given the lower valuations available.

**Best and worst investment:** My best investment was the buy-out of Unilever's Wall's Ice Cream by Kinh Do, a local confectionary firm. The result, Kido's Ice Cream, was the first company in Vietnam that came from a buy-out of a multinational company's business line. This is obviously opposite to most buy-outs involving MNCs, and it showed people in Vietnam what local companies can do. Financially it was very rewarding, but the significance of it went beyond the investment result. My worst investment was in a real estate firm, A-Land. After we made the investment we waited 12 months before receiving proper financial statements from the business owner. The company was doing well, but the owner was trying to rip us off. It was a case where we analyzed the financials correctly, but we did not properly assess the management and their business ethics. We pulled out after 18 months, at a loss.

high prices of apartments have caused projects to be hit. The fundamental market for housing in Vietnam, shopping malls, hotels – not resorts but hotels – will still do well.

**T&I:** Speaking of resorts.

**DL:** We do have resorts in Central Vietnam, in Da Nang, at China Beach, because we believe that the infrastructure for a tourism center is building there. It's the first major tourism center for Vietnam [Subsequent to our interview Vina announced a property management relationship in Vietnam with Marriott. Ed]

**T&I:** Some are concerned that the Central Vietnam region is receiving a lot of attention.

**DL:** We're in the chicken and egg situation. You don't have the hotel rooms, you don't get the airline flights. So you have to build 5,000 rooms to create a destination.

**T&I:** So you'll continue with resorts as well?

**DL:** Only a quarter of our resources are going into resorts, three quarters will go into business hotels. The new fund for real estate that I mentioned however is going to do real estate, focused on Food and Beverage. That is being launched in parallel with the energy fund. It's a challenge, but we're moving ahead. Before all the bad press Vietnam is getting we had institutional investors lining up, but now they are not in such a hurry. I think when the bad press cools down, we'll close [our new fund] fund pretty quickly.

**T&I:** So in the near term?

**DL:** We'll have two new funds and we're expanding into Cambodia and Laos at present. Those latter two countries are Brownfield, not Greenfield, where we like to buy into existing plants or properties. We want to buy two power plants in Laos that are only half built, that are hit by the credit crunch. In Cambodia we're looking at real estate.

**Thank You**

**T&I**