



INVESTMENT CASE

Vietnam continues to enjoy vigorous growth on the back of sustained macro-political reform. Average GDP expansion of 7.7% during 2002-06 has recently accelerated and is now on track to reach 8.5% in 2007-08, trailing only China. Vietnam is at the very beginning of its Tiger trajectory so this boom has years to run. But, this economic miracle will require an intensive development program in one crucial area - property.

Vietnam's property market has established itself as among the most lucrative in Asia, characterized by soaring transaction prices, rising rental rates and levels of occupancy close to 100%. Recent legislation has now created a solid platform to conduct transactions, providing clarity and protection on key issues such as compensation, foreign holding structures, taxation and land use rights. However, local land owners and developers tend to lack sufficient technical and financial resources to satisfy ever challenging demand functions.

This leaves tremendous opportunity for international investors to take up the slack. Dragon Capital is thus launching the Vietnam Property Fund, a closed-end AIM-listed vehicle targeted at \$150-250m. The race is on to take advantage of this unique situation and get projects built..

MARKET OUTLOOK

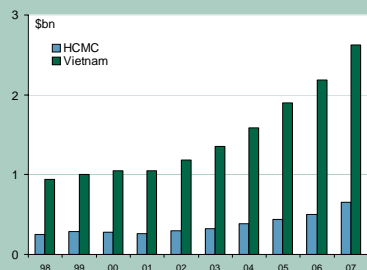
SURGING DEMAND

- The mass residential sector has exploded. Vietnam has one of the lowest urbanization rates in Asia and as GDP grows, cities will proliferate. The country's first high-rise apartment blocks are starting to appear and selling out almost immediately. Yet more than 90% of home owners are cash buyers, and as banks pick up the pace on supplying new mortgage and debt products demand is expected to mushroom.
- Manufacturing is expanding continually. Exports are growing by 20% pa and FDI has reached astounding levels: \$16bn or 25% of GDP in 2007 pledges. This has sparked huge demand for industrial accommodation, with occupiers requiring more effective and efficient manufacturing solutions to take full advantage of this unique global "comparative advantage".
- Multinationals are in urgent need of international grade space across all sectors, including offices, hotels and serviced apartments, but demand is outpacing supply.
- Vietnam now attracts mainstream tourists in record numbers, and together with year on year increases business travelers, rapid expansion of the MICE sector, introduction of more airline carriers, demand for hotel accommodation shall just keep on growing.
- Consumers are eager to absorb luxury brands and western lifestyles in world-class emporia. Vietnam is seen as one of the top five retail growth spots globally, thanks to its young population and thriving economy. This requires more department stores, malls and hyper-markets.
- On the peripheries of Saigon and Hanoi, new districts and townships are emerging. Provincial cities like Danang, Haiphong and Can Tho are making the transformation into true cities, desperate for a fresh injection of accommodation to satisfy ever challenging demand functions.

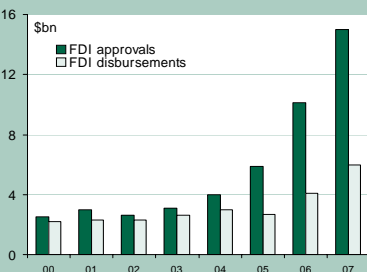
RESTRICTED SUPPLY

- Although new housing projects are being delivered to the market, much of the new supply is focused towards the medium to lower end sector, providing very little premium accommodation. Subsequently top end units are transacting for premium prices, and as the market becomes more educated, the gaps will only become wider.
- The Saigon office market is approximately one-eighth the size of Bangkok, with Hanoi and HCMC providing less than 500,000m² of graded accommodation respectively. Saigon's occupancy levels are maxed out with monthly rentals hitting close to \$50 / m² per month.
- More industrial parks are being created and a number of large-cap companies specializing in this sector have been listed. But with FDI accelerating, and some programs now requiring construction of multiple IPs, the system is struggling to cope.
- Higher-end hotels are enjoying occupancy rates close to 100% with room charges among the highest in Asia, at \$250 / night. Substantial gaps are appearing, especially within the medium grade / business hotel sectors that enjoy virtually zero representation.

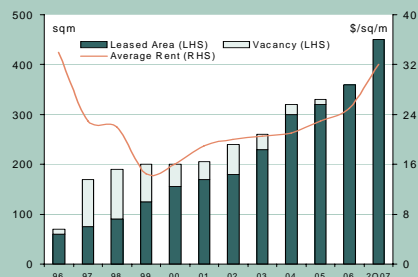
RETAIL SPENDING



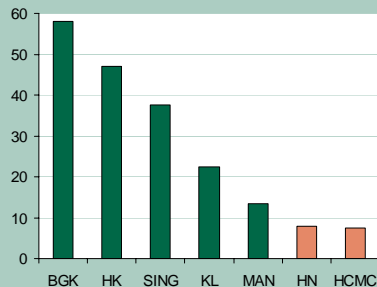
FOREIGN DIRECT INVESTMENT



HCMC OFFICE RENTAL/VACANCY



HOTEL ROOMS IN ASIA



INDICATIVE TERMS

Investment Manager

Dragon Capital Investment Management, Ltd.

The Company

Vietnam Property Fund, Ltd.

Launch Date

Q1 2008

Fund Size

\$ 200m

Management Fee

2% of NAV payable in arrears

Performance Fee

20% after 8% hurdle rate

Valuations

Monthly

Legal Structure

Closed-end listed vehicle

Geographical Focus

Indochina – minimum 80% of company assets to be deployed in Vietnam

Target Sectors

- Office for lease
- Residential for sale and lease
- Retail
- Hotel and leisure
- Industrial

Administrator

HSBC

Custodian

HSBC

Broker

Seymour Pierce

Legal Advisor

Freshfields

Share Class

Ordinary Shares

Listing Details

London Stock Exchange (AIM)

Minimum Investment

\$100,000

CONTACT

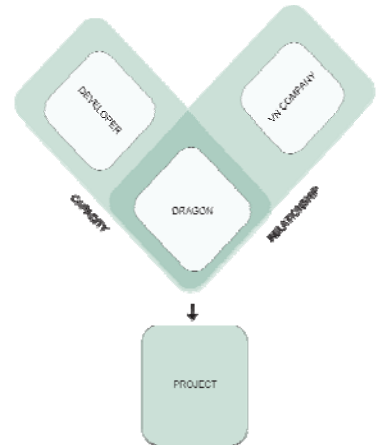
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VIETNAM PROPERTY FUND



INVESTMENT STRATEGY

- From the outset it will take advantage of Dragon's 12 years of Vietnam property related investment experience, together with strategic relationships established with top developers through its country funds. VPF will also have the option to invest in quoted companies, providing not only liquidity associated benefits, but generate a solid deal flow, essential in a non-transparent market.
- The Fund's principle strategy will be to provide effective solutions to land owners that do not benefit from sufficient financial or technical capacity to drive projects forward, and provide fast track market entry to reputable developers.
- Typically, VPF will participate in bespoke JV agreements, and with a wide variety of financial tools at its disposal provide nimble solutions at every stage of the investment process from securing land parcels right through to product delivery.
- As VPF will be integral in all deal structuring, it will ensure that inherent risk return profiles are optimized, governance is maintained and that shareholder returns are not compromised.
- VPF will focus mainly on HCMC and Hanoi and their ever-expanding environs, but also seek investment opportunities in emerging second-tier locations around the country. In addition it will target investment "hot spots" generated by new infrastructure projects such as sea ports, airports, economic zones, industrial parks and transportation networks.
- After a year of intensive work, VPF has now assembled a preliminary pipeline of \$500m, which includes opportunities in industrial parks, city-center hotels, luxury apartment complexes and prime-district office towers.



FUND MANAGER

Dragon Capital is the number-one foreign investor in Vietnam's stock market, operating since 1995 and featuring AUM of some US\$2bn. It employs over 70 professional staff at offices in Ho Chi Minh, Hanoi and the UK. It runs the following four closed-end funds:

- Vietnam Enterprises Investments Ltd (VEIL), a \$920m Dublin-listed fund launched in 1996. NAV was +156% in 2006 and is +34% ytd, outperforming the Index.
- Vietnam Growth Fund (VGF), a \$490m Dublin-listed fund launched in 2003. VGF's net asset value was +121% in 2006 and is +37% ytd.
- Vietnam Dragon Fund (VDF), a \$340m Dublin-listed fund launched in 2005 and traded primarily by Japanese retail investors.
- Vietnam Resource Investments (VRI), a ca \$250m Luxembourg-listed vehicle launched in July 2007, which is currently the only fund offering exposure to the country's mineral sector.

Dragon Capital currently enjoys a diversified range of real estate investments close to \$500m, including positions in Vietnam's premier hotels, golf courses, office and residential buildings together with major positions in some of Vietnam's premier real estate companies, some of which Dragon sits on the board of.

To date Dragon Capital has achieved a CAGR of above 50% on its Real Estate Investments, and with the extra commitment to be provided to this sector, we hope to be able to deliver superior returns

The Director of the Dragon Property Division, who will also be manager of the VPF, is Mr. Neil Thurston. Neil is a Chartered Surveyor enjoying extensive commercial property experience in the UK and the Asia Pacific region. Prior to joining Dragon, Neil ran the Hanoi office of Colliers International. Neil received a Bachelor's Degree, with Honors, from Sheffield University, and attended a Master's Degree course focusing on the Japanese Commercial Property Market.

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