

VN Index up 17.1%; nears 52-week high

Capital markets update

Vietnamese equities posted strong gains in August 2009, rising 17.1 percent in VND terms. This was well ahead of the MSCI Emerging Market Index, up 5.7 percent, and the MSCI Asia ex-Japan Index, down by 3.5 percent over the month. The strong performance has pushed market valuations to over 20x trailing earnings and 18.3x consensus estimates, out of value territory. The VN Index closed the month at 546.8, only 2.1 percent below the 52-week high of 558 seen in late August 2008. Foreign investors were more active in selling shares during August (value up by 26.8 percent) and less in buying (value down by 14.1 percent), after accumulating shares in July.

The trading value and volume for August in the Ho Chi Minh City and Hanoi stock exchanges increased by over 50 percent compared to the previous month, at over USD3.6 billion in shares traded. The market capitalisation of both exchanges at the end of the month was USD23 billion. The over-the-counter market continues to move in line with the listed market and showed strongest growth in the financials and real estate equities.

Bond yields rise slightly; yield curve flattens

In bond markets, the yield curve rose slightly but flattened to 9.8 percent across most durations by the end of the month. Bond auctions by several state-owned enterprises and the Ministry of Finance were only partially subscribed and filled in recent weeks given the low coupons on offer. Notwithstanding the robust performance of Vietnam's equity markets, the hesitance of investors to drive secondary bond yields lower reflects a degree of continued market uneasiness with the expansionary consequences, and long-run inflation risk, of using interest rate subsidies and growth-biased monetary policy tools to underpin efforts to mitigate the effects of the global economic slowdown.

The State Bank of Vietnam has so far resisted tightening liquidity in the market, citing the lack of short-term inflationary pressures in the economy. However, in what might reflect an emerging policy approach, monthly loan growth rates are now showing signs of decelerating. Aggregate loan growth in the banking system has reached 24.5 percent to date this year. With the State Bank now saying that loan growth will be limited to 30 percent (up from 25 percent stated earlier), the focus appears to be on maintaining growth over mitigating inflation pressures. Consequently, currency risks could return should global commodity prices surge again or non-core inflation pressures re-emerge in 2010.

Performance summary

Most recent NAV:	VOF	VNL	VNI
	(31 Aug 09)	(30 Jun 09)	(30 Jun 09)
NAV per share (USD) ¹	2.44	1.34	0.62
Return (%) ²	(from Jul 09)	(from Mar 09)	(from Mar 09)
Previous NAV	12.2	-7.6	-0.4
YTD	31.0	-12.4	-1.0
Since inception	151.5	38.1	-25.5
	(30 Sep 03)	(22 Mar 06)	(5 Jul 07)
Issued shares ³	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	793	669	250
Market cap (USDm)	532	405	149
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN
ISIN	KYG9361Y1026	KYG936361016	KYG936121022

¹ Unaudited. VOF NAV is updated monthly; VNL and VNI NAVs are updated quarterly.

² Adjusted for dividends/distributions (see VNI, page 5).

³ VNI holds 930,700 shares in a treasury facility.

VN Index	30-Jul	31-Dec	52 wk low	52 wk high
Close	546.8	315.6	234.7	558.6
Change (%)	17.1	73.2	133.0	(2.1)
Trailing PER (x)	20.6	Est. PER (x)	18.3	
Trailing P/B (x)	2.8			

Govt bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	9.0	9.8	9.8	9.8

Source:  VinaSecurities

**Industrial production
5.1% YTD**

Economy

Vietnam's General Statistics Office has issued a positive report on industrial production over the first eight months of 2009, saying that production remained strong due to domestic consumption and export volumes. Industrial production growth for the year to August was 5.1 percent year-on-year, with the domestic private sector leading the way with 7.9 percent growth. The GSO report says total goods and services turnover for the year to August was USD43.7 billion, an 18.4 percent increase over the same period last year (or 9.3 percent adjusted for price increases).

Vietnam's total export turnover for the first eight months of 2009 was USD37.3 billion, a decrease of 14.2 percent compared with the same period in 2008. However, many export products saw sharp increases in volume, lead by rice (volume up by 43 percent), coffee (16.8 percent), rubber (8.3 percent) and oil (8.0 percent).

Government trade forecasts now expect exports for 2009 of USD59-61 billion, a slight decline from last year as opposed to the earlier projection of 3 percent export growth. Imports are down 28.2 percent year-to-date, with the trade deficit for August at USD1.5 billion, the same level as July.

Foreign-currency loan growth in August was 1.52 percent higher than in July, while VND loan growth was 1.79 percent. Overall credit growth for the year to date is 24.5 percent. The State Bank recently reported that the annual credit growth target is once again 30 percent, from the 25-27 percent set earlier. Money supply is also targeted to expand 30 percent in 2009, accelerating from 20 percent growth last year.

The retail gasoline price rose 10.6 percent in August but overall inflation rose a moderate 0.24 percent month-on-month, bringing the on-year rate down to a seven-year low of 1.97 percent. Outside of transportation only housing and construction saw price rises over 1 percent, while most other components of the CPI basket rose 0.1-0.2 percent. Inflation is expected by trend upward between 0.6-1.0 percent month-on-month for the remainder of 2009, with full-year inflation just above 7 percent.

August saw very low FDI commitments of USD0.3 billion, bringing the year-to-date total to USD10.4 billion, of which USD5.6 billion is new capital and USD4.8 billion is additional capital to existing projects. This is a 78 percent drop from the same period last year. Disbursements have not slowed to the same extent, however, as August saw USD1.8 billion disbursed, bringing the year to date total to USD6.5 billion, only 8.5 percent lower than the first eight months of 2008.

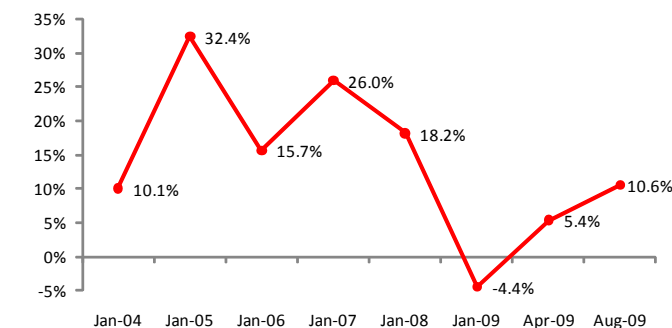
**Credit growth back on
30% track**

Macroeconomic indicators and forecast				
	2008	Jun-09	YTD	Y-o-Y change
GDP growth	6.2%		3.9%	
Inflation	19.9%	0.5%	3.5%	2.0%
FDI (USDbn)	71.7	0.3	10.4	-78.0%
Imports (USDbn)	80.7	6.2	42.1	-27.9%
Exports (USDbn)	62.7	4.7	34.5	-20.2%
Trade deficit (USDbn)	18.0	1.5	7.7	-49.6%
Exchange rate* (USD/VND)	17,486	17,823	1.9%	
Bank deposit rate (VND %)	7-8.5%	8.5-8.8%	n/a	n/a

Note: GDP figure updated quarterly. Exchange rate is Vietcombank ask rate at end of period. Sources: GSO, SBV, VCB.

* Official rate.

Industrial production, year-on-year



Portfolio developments

At the end of August 2009, VOF's NAV increased 12.2 percent to USD2.44 per share from USD2.18 per share at the end of July. In August, VOF's capital market component increased 24.2 percent, of which the listed and OTC components gained 24.6 and 23.3 percent, respectively. The biggest gains were recorded in blue chip holdings such as VNM, HPG, REE, Eximbank and DIG, the newly listed real estate equity. The VN Index gained 17.1 percent in the same period.

Year to date, VOF's capital market portfolio has increased by 92.2 percent, versus a 73.2 percent gain for the VN Index.

DIC Corp IPO

VOF investee DIC Corp began trading on the Ho Chi Minh Stock Exchange on 19 August 2009 under the symbol DIG at an initial listing price of 5.5x par value. At this price, VOF has achieved an unrealised gain of 77.8 percent compared to its original cost of investment in early 2008.

Development Investment Construction Joint Stock Company (DIC Corp) is an urban township developer whose assets include the 464-hectare Dai Phuoc township project near Ho Chi Minh City and a 447-hectare township project in Vinh Phuc province, south of Hanoi. The company reports a total land bank of over 1,300 hectares. DIC Corp was partially privatised in 2008, with the state retaining a 65 percent stake. VOF holds a 10.9 percent stake and 2.9 percent is held by company employees, with the remainder held by institutional and individual investors. VOF has also co-invested with DIC Corp in the 200-hectare Dai Phuoc Lotus township project (VOF and VinaLand Limited own a combined 72 percent stake in Dai Phuoc Lotus).

For FY2009, DIC has targeted revenues of USD81 million and net income of USD25 million, with a 2007-2009 earnings CAGR of over 30 percent. In H1 2009, DIC reported revenue of USD35 million and net profit of USD12 million, 43 and 51.5 percent of the 2009 targets, respectively.

Hilton Hanoi Opera Hotel

On 7 September 2009, VOF announced the sale of its 17.5 percent equity stake in the Hilton Hanoi Opera Hotel, resulting in a realised gain at an amount 10 percent above the book value of the asset. The sale follows VOF's strategy to realise significant gains in its mature real estate holdings, while still retaining a significant exposure to the real estate sector through strategic development projects as well as real estate equities.

Regulatory news

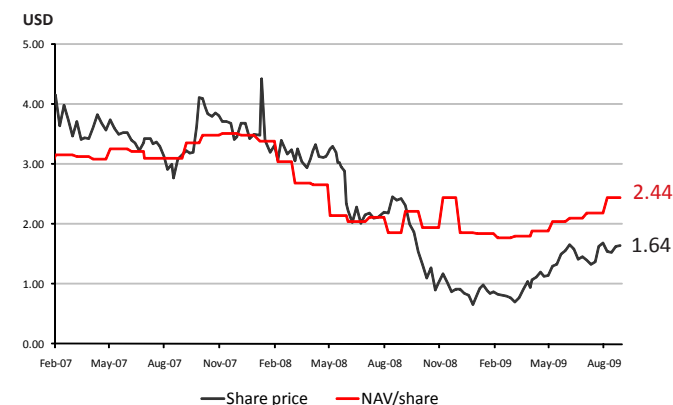
On 4 August, VOF announced its intention to invest in shares of VNL and other Vietnam-focused closed-end funds. Details are available at www.vinacapital.com.

31 August 2009

NAV **2.44** per share (↑ 12.2%)

Total NAV: USD793 million

NAV and share price performance (31 August 2009)



Performance history (% change on NAV)

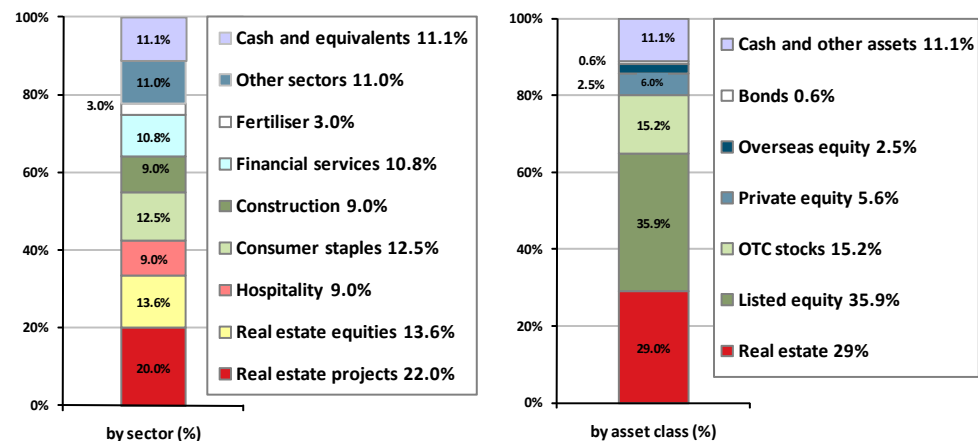
	2009	2008	2007	2006	2005
Jan	-1.3%	-2.9%	14.6%	3.9%	0.0%
Feb	-3.7%	-10.2%	8.3%	6.3%	4.4%
Mar	1.7%	-11.8%	-0.6%	8.8%	0.8%
Apr	4.4%	-0.8%	-1.3%	7.6%	1.7%
May	9.1%	-19.5%	5.1%	-1.0%	4.1%
Jun	2.2%	-4.7%	-0.8%	1.5%	0.0%
Jul	3.8%	5.7%	-3.8%	-6.5%	0.0%
Aug	12.2%	9.8%	0.0%	6.4%	3.9%
Sep		-6.7%	8.1%	3.0%	4.5%
Oct		-12.4%	4.2%	1.0%	0.7%
Nov		-1.9%	0.6%	13.5%	5.7%
Dec		-2.1%	-0.6%	8.1%	4.1%
YTD	31.0%	-46.6%	37.4%	64.9%	33.9%
VN Index	73.2%	-66.0%	23.3%	144.5%	28.5%

Fund background

VinaCapital Vietnam Opportunity Fund Ltd (“Vietnam Opportunity Fund” or “VOF”) is a closed-end fund trading on the London Stock Exchange’s Alternative Investment Market (AIM).

VOF targets medium to long term capital gains with some recurring income and short term profit taking. Primary investment focus areas are: privately negotiated equity investments; undervalued/distressed assets; privatisation of state-owned enterprises; real estate; and private placements into listed and OTC-traded companies.

Download the VOF Factsheet at www.vinacapital.com

VOF portfolio (31 August 2009)

Major holdings (listed and OTC)

Type	Sector	% NAV	Manager’s comment
Eximbank	Financial services	8.7	One of Vietnam’s top joint stock banks.
HPG	Manufacturing	5.5	Major steel and materials producer.
VNM	Food products	5.4	Dairy firm with dominant market share.
DIG	Real estate	4.4	Residential and industrial property.
DPM	Industrial	2.6	Top fertiliser firm on local market.

Portfolio developments

VNL's share price at the end of August 2009 was USD0.81 per share, up 8.0 percent from USD0.75 per share at the end of July 2009 and a 68.8 percent increase year-to-date. The discount to the last announced NAV (June 2009) is now 39.6 percent.

Hilton Hanoi Opera Hotel

On 7 September, VNL announced the sale of its 52.5 percent equity stake in the Hilton Hanoi Opera Hotel. The sale of the equity stake will result in an IRR of 23 percent over the three years since the stake was acquired, with a realised gain that is 10 percent above the book value of the asset. The sale follows VNL's strategy of adjusting its hospitality sector holdings to take advantage of future growth areas in the market. VNL still holds two hospitality assets in Hanoi (Movenpick Hanoi and Mercure La Gare Hanoi), in addition to one in HCM City (Movenpick Saigon), one in Phan Thiet (Romana Resort), and several hospitality projects under development in the central coastal region (Danang, Hoi An and Nha Trang).

World Trade Center Danang

On 31 August, VinaCapital Commercial Centre Ltd signed a USD23.9 million loan agreement with the Bank for Investment and Development of Vietnam (BIDV) for the development of a luxury apartment tower, the first phase in the WTC Danang project. The WTC Danang will be the most spectacular mixed-use real estate development in Danang, a top tourism destination on Vietnam's central coast. The nine-hectare World Trade Center project broke ground in early 2008, with piling work for the luxury apartment tower now completed and construction expected to finish in two years. The 225-apartment tower will be followed by retail shopping and commercial centres, a conference centre and hotels. VNL holds a 38.25 percent equity stake in the WTC Danang project.

Regulatory announcement

On 18 August 2009, VNL announced that VOF had purchased shares in the company. Details are available at www.vinacapital.com.

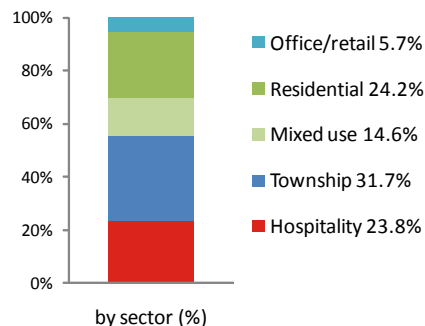
Fund background

VinaLand Limited (VNL) is a closed-end fund trading on the London Stock Exchange's Alternative Investment Market (AIM).

VNL targets medium to long term capital gains with some recurring income through investment in the following real estate sectors: office; residential; retail; township/ industrial (large scale); and hospitality and leisure.

Download the VNL Factsheet at www.vinacapital.com

VNL portfolio (30 June 2009)



Portfolio by geographic location

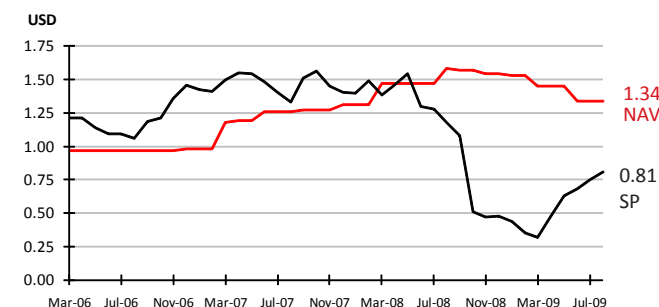
Hanoi	19%
Central provinces	25%
Ho Chi Minh City region	56%

30 June 2009

NAV **1.34** per share (↓ 7.6%)

Total NAV: USD669 million

NAV and share price performance (31 August 2009)



Performance history (% change on NAV per share)

	2009	2008	2007	2006
Q1	-5.2%	12.5%	22.0%	
Q2	-7.6%	7.1%	6.1%	0.0%
Q3		-0.4%	0.2%	0.0%
Q4		-2.5%	3.2%	0.5%
YTD	-12.4%	17.1%	33.8%	0.5%

Major holdings

Project	Type	Status
Aqua City (Long Hung)	Residential	Planning underway
Century 21	Mixed-use	Investment licence
Danang Beach Resort	Mixed-use	Under construction
Dai Phuoc Lotus	Mixed-use	Under construction
Fideco Binh Duong	Township	Investment licence
Hanoi Golden Westlake	Residential	Sales underway
Pavilion Square	Residential	Investment licence
VinaSquare Tower	Mixed-use	Investment licence
Vinh Thai Nha Trang	Township	Investment licence
WTC Danang	Mixed-use	Under construction

Portfolio developments

VNI's share price at the end of August was USD0.34, down 8.1 percent from USD0.37 at the end of July 2009. During the month, the Prime Minister of Vietnam officially opened the Phu My Bridge. VNI owns a minority equity interest in the company holding the Phu My bridge. The bridge joins HCM City's District 2 and District 7, and the connecting roads from the bridge to the city's ring road network will be fully completed in the next 3-6 months.

Pha Lai Thermal (PPC) and Can Don Hydro (SJD)

In the energy sector, VNI has investments in four listed positions, Pha Lai Thermal (PPC), Can Don Hydro (SJD), Thac Mo Hydro and Ba Ria Thermal.

Pha Lai will overhaul three turbines (500MW total) in Q4 2009. This work was originally scheduled for Q3 but was delayed due to a request from Electricity of Vietnam (EVN) to continue power generation to cope with shortages. Nearly 80 percent of the annual generation plan was achieved in the first seven months of 2009 and full-year generation is now estimated to be about 7 percent above the annual target. Pha Lai's share price has recently increased 10 percent on this positive news.

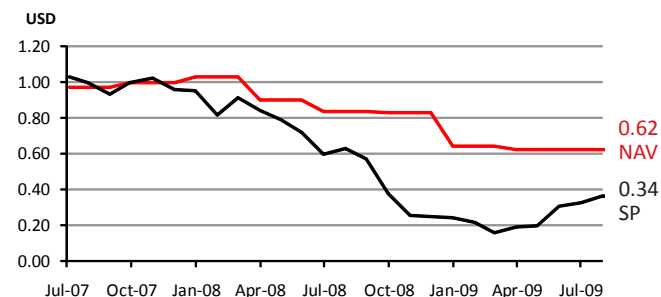
Can Don is also seeing positive operating results in 2009, with 103 million kWh of power generated, 36 percent higher than the 2009 plan and 6 percent above the same period in 2008. Can Don saw profits of VND45 billion over the first half of 2009, up 36 percent year-on-year, due to the higher generation and lower interest rates. Can Don's share price has increased 18 percent year to date.

30 June 2009

NAV **0.62** per share (↓ 0.4%)

Total NAV: USD250 million

NAV and share price performance (31 August 2009)



Performance history (total return)*

	2009	2008	2007
Q1	-0.5%	-12.8%	n/a
Q2	-0.4%	-6.7%	n/a
Q3		-1.0%	2.9%
Q4		-12.0%	3.1%
YTD	-1.0%	-29.1%	6.1%

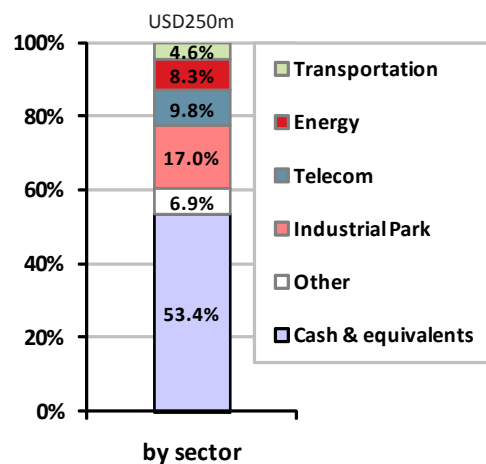
Total return since inception: **-25.5%**

* Assumes dividends/distributions reinvested. VNI paid a USD0.10 per share capital distribution on 16 January 2009 (ex date 17 Dec 2008).

Major holdings

Name	Sector	Asset class	NAV (%)
Tan Tao (ITA)	IP	Listed	8.7
Long An S.E.A.	IP	Greenfield	7.3
Pha Lai (PPC)	Energy	Listed	5.0
MIDC	Telecom	Private	4.0
VNC-55	Telecom	Private	3.7

VNI portfolio by sector (30 June 2009)



Portfolio by Asset Class

Listed companies	17.7%
OTC	2.1%
Private equity	16.2%
Greenfield projects	7.4%
Bonds	3.2%
Cash and equivalents	53.4%

Fund background

Vietnam Infrastructure Limited (VNI) is a closed-end fund trading on the London Stock Exchange's Alternative Investment Market (AIM).

VNI targets medium to long term capital gains with some recurring income through investment in the following infrastructure sectors: energy; transportation; industrial parks; telecommunication; and water and environmental utilities.

Download the VNI Factsheet at www.vinacapital.com

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VinaCapital Group

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VinaCapital Real Estate Ltd (VCRE) is the development and advisory service for VOF and VNL-owned real estate assets.

Don Lam Chief Executive Officer, VinaCapital Group
Brook Taylor Chief Operating Officer, VinaCapital Group

Stacy Kincaid Managing Director, Fund portfolio

VCIM

Andy Ho Managing Director, Head of Investment
William Lean Managing Director, Infrastructure
Pham Do Chi Chief Economist
Nguyen Viet Cuong Deputy Managing Director, Capital Markets
Dang Hong Quang Deputy Managing Director, Infrastructure

VCRE

David Henry Managing Director, Real Estate
Stephen O’Grady Managing Director, Hospitality
Tran Vu Anh Deputy Managing Director, Investment
David Blackhall Deputy Managing Director, Asset management
James Chew Deputy Managing Director, Planning
Don McLeod Deputy Managing Director, Technical

Contact
Chi Nguyen Investor Relations
ir@vinacapital.com
+848-3821-9930
www.vinacapital.com

Broker LCF Edmond de Rothschild Securities
+44 20 7845 5960 or funds@lcf.co.uk

Nominated advisor Grant Thornton UK LLP
Auditor Grant Thornton (Vietnam)

Custodian HSBC Trustee