

## Economy and capital markets update

### VND devalued by 9.3%

Vietnam devalued its currency against the USD by 9.3 percent on Friday 11 February, while lowering the trading band limit to +/- one percent, from +/- three percent. The net devaluation is therefore 7.2 percent. The new official rate is VND20,693, or VND20,900 at the top of the trading band. The reference rate before the devaluation was VND18,932. The open market rate on Monday morning was about VND21,500 per USD, about VND500 higher than before the devaluation.

The move was widely anticipated by the market and immediately hailed by analysts including the IMF as a decisive, positive step – and yet not enough on its own to ensure inflation is contained and the balance of payments improved.

### Further policy steps needed

The formal devaluation has little impact on most businesses in Vietnam, as they already had to access USD using the open market rate. However, the slight increase in the open market rate to VND21,500 following the devaluation indicates continued pressure on the VND. Further steps to lower demand by tightening monetary policy and improving the fiscal management and efficiency of large state-owned enterprises are needed.

The devaluation was expected, given a rising inflation trend that remains at the forefront of policy concerns, with the CPI rising in January to 12.2 percent year-on-year, compared to 11.8 year-on-year at the end of 2010. Year-on-year inflation is at its highest rate since February 2009. The biggest contributors to inflation were food prices and education expenses. Much of the food consumption was related to the lunar new year holiday. The devaluation will increase import prices, increasing upward price pressure. Many analysts are calling for an increase in the State Bank base rate to help counteract this.

### VND stable, for now

Overall, the policy context does support the fight against inflation. Monetary and fiscal policy are tight, and expected to remain so. This should keep inflation from rising further and thereby diluting the currency adjustment. The VND should remain stable for some time, although another adjustment in the third quarter is possible if inflation cannot be brought into single digits.

In January, the capital markets saw a strong recovery with the VN Index gaining 5.3 percent for the month, closing at almost 511 points despite a fall in trading value and volume. The MSCI Asia ex-Japan and Emerging Markets indices, in comparison, fell by 1.0 and 2.4 percent, respectively. The VN Index gain was largely due to the performance of three tickers, BVH, MSN and PVF. Overseas ETF purchases were said to be responsible for the interest in these tickers (being large cap stocks that still have foreign buying room), which together now account for one-quarter of the Ho Chi Minh City Stock Exchange capitalisation. The VN Index would only have gained 0.6 percent for January if the three positions were excluded.

*(Continues on next page)*

Performance summary			
<b>Most recent NAV:</b>	<b>VOF</b>	<b>VNL</b>	<b>VNI</b>
	(31 Jan 11)	(31 Dec 10)	(31 Jan 11)
NAV per share (USD) <sup>1</sup>	<b>2.41</b>	<b>1.38</b>	<b>0.59</b>
Return (%) <sup>2</sup>	(from Dec 10)	(from Sep 10)	(from Dec 10)
Previous NAV	0.7	-2.1	-0.3
2011 YTD	0.7	n/a	-0.3
Since inception	148.8	42.3	-30.2
	(30 Sep 03)	(22 Mar 06)	(5 Jul 07)
Issued shares <sup>3</sup>	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	783	688	235
Market cap (USDm)	628	495	150
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN
ISIN	KYG9361Y1026	KYG936361016	KYG936121022

<sup>1</sup> Unaudited. VOF and VNI NAVs are updated monthly, VNL NAV is update quarterly.

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

<sup>3</sup> VNI holds 930,700 shares in a treasury facility.

VN Index	31-Jan-11	31-Dec-10	52 wk low	52 wk high
Close	510.6	484.7	423.9	549.5
	<i>M-o-M</i>	<i>YTD</i>		
Change (%)	5.3	5.3	20.5	(7.1)
Trail P/E (x)	11.9	Est. P/E 2010 (x) 11.2		
P/B (x)	2.1			

Govt bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	10.4	10.8	10.9	11.4

### Economy and capital markets update (contd)

#### Trading volumes down; ETFs buy shares

The combined total trading value and volume for the month on both of Vietnam's stock exchanges was USD1.2 billion and 1.4 billion shares, respectively, down 64.7 and 53.3 percent month-on-month. Foreign investors were net buyers of USD79.4 million, despite a decrease of over 50 percent in both selling and buying value versus the previous month. Most foreign buying was in blue chips such as HAG, PVD, DPM, VCB and KBC. Vietnam's market capitalisation at the end of the month was USD33 billion with an average estimated PE 2010 of 11.2x and a PB of 2.1x.

Fixed income investors returned to the primary market in January, after two months with no activity. The number of bids placed for two- and three-year Treasury bonds were 5x and 2x of issuance volume for the 26 January auction. The government plans to issue VND45 trillion worth of bonds in 2011, compared to VND75 trillion in 2010.

#### Secondary bond market inactive

In contrast, the secondary market was inactive during the first three weeks of the month, with few transactions recorded. Yields offered on the secondary market are still below investor expectations. The persistent high interest rate, unstable money market and uncertainty over monetary policies continued to keep investors on the sidelines, despite the overall rise in risk appetite signalled by the equities market rise.

Due to the high demand for VND before lunar new year, the money market was tight in January, and the overnight interbank rate jumped from 11.5 percent at the beginning of the month to almost 20 percent at month's end. The State Bank on 24 January temporarily widened its open market operations window from seven to 14 days, to improve liquidity in the money market.

#### Trade deficit forecast at USD14bn for 2011

Vietnam's trade deficit narrowed to USD1 billion in January after exports increased to USD6 billion for the month. This compares to a deficit of almost USD1.5 billion in January of last year. The government projects exports for 2011 to rise by at least 10 percent over the USD71.6 billion recorded in 2010. Nonetheless Vietnam's trade deficit is forecast to rise to USD14.0 billion in 2011, from USD12.4 billion in 2010.

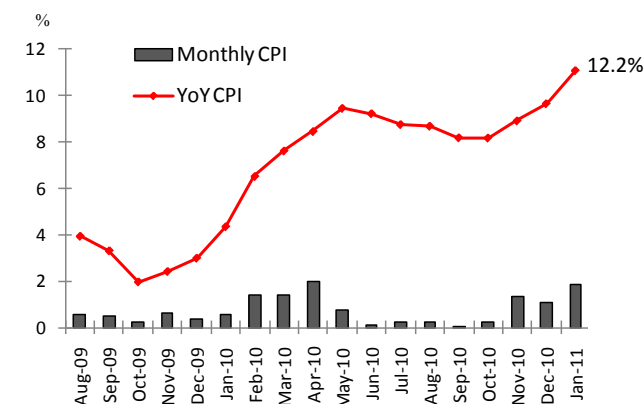
### Macroeconomic indicators and forecast

	2010	Jan-11	2011	Y-o-Y change
<b>GDP growth<sup>1</sup></b>	6.8%			
<b>Inflation</b>	11.75%	1.7%	1.7%	12.2%
<b>FDI (USDbn)</b>	18.6	0.2	0.2	15.7%
<b>Imports (USDbn)</b>	84.0	7.0	7.0	15.5%
<b>Exports<sup>2</sup> (USDbn)</b>	71.6	6.0	6.0	18.1%
<b>Trade deficit (USDbn)</b>	12.4	1.0	1.0	-23.1%
<b>Exchange rate<sup>3</sup> (USD/VND)</b>	19,500	19,500	0.0%	0.0%
<b>Bank deposit rate VND (%)</b>	12-14.0%	12-14.0%	n/a	n/a

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

<sup>1</sup> Annualised rate. <sup>2</sup> Includes gold. <sup>3</sup> State Bank central rate.

### CPI inflation rates, 2009-2011YTD

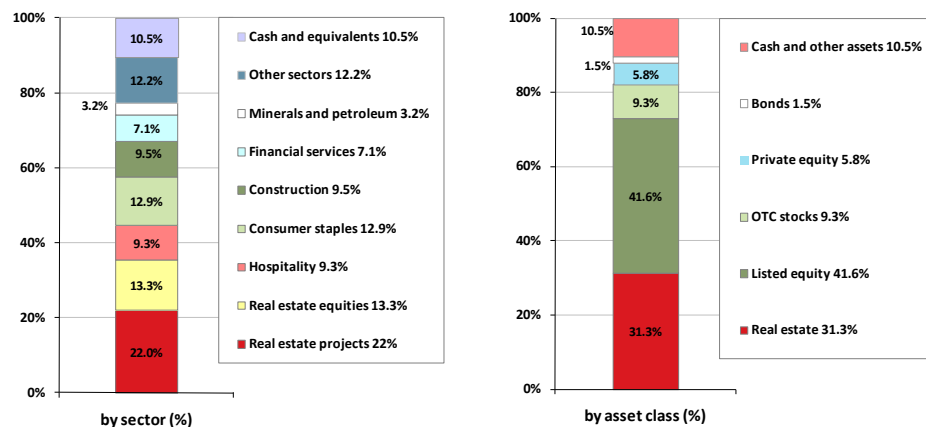


## Portfolio developments

VOF's NAV increased by 0.7 percent to USD2.41 per share in January 2011 from USD2.40 per share at the end of December. On January 26, VOF announced the sale of an equity stake in OTC holding Halico to international drinks firm Diageo. The deal will see Diageo pay USD51.6 million in cash for VOF's 23.6 percent stake in Halico. The price represents an exit multiple of 5.3x, or an IRR of 67.4 percent over four years. As a result of the transaction, VOF's NAV is expected to increase by approximately 9.8 cents per share. The deal is thought to be Vietnam's biggest ever private equity transaction, excluding real estate and infrastructure.

Commenting on the sale, VOF Managing Director Andy Ho said: "The Halico exit is a clear indication that Vietnam offers excellent deal opportunities in the consumer goods sector, and other high-growth areas. This is our second trade sale in as many months, as multinational companies are looking at Vietnam as their next market for expansion – creating good exit opportunities for private equity investors."

### VOF portfolio (31 Jan 2011)



### Major holdings (listed and OTC)

Type	Sector	% NAV	Manager's comment
VNM	Listed equity	5.5	Dairy firm with dominant market share.
EIB	Listed equity	5.3	One of Vietnam's top joint stock banks.
VNL	Listed equity	4.6	VCIM-managed Vietnam fund.
HPG	Listed equity	3.9	Major steel manufacturer.
An Giang	OTC	2.5	Leading agrichemicals distributor.
Halico	OTC	2.5	Spirits producer with top market share.

#### Fund manager

Andy Ho

#### Fund background

VinaCapital Vietnam Opportunity Fund Ltd ("Vietnam Opportunity Fund" or "VOF") is a closed-end fund trading on the AIM Market of the London Stock Exchange.

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.

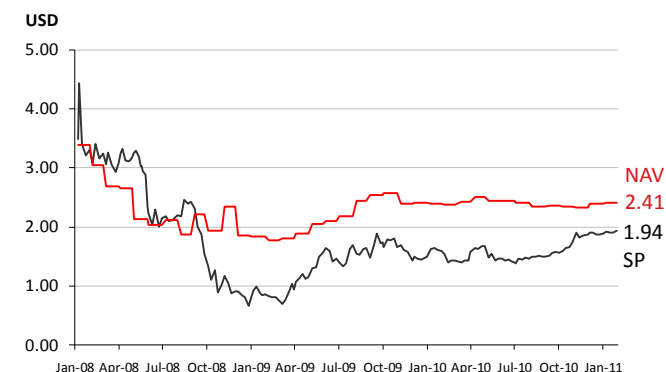
Download the VOF Factsheet at [www.vinacapital.com/vof](http://www.vinacapital.com/vof)

31 January 2010

NAV **2.41** per share (↑ 0.7%)

Total NAV: USD783 million

### NAV and share price performance (31 Jan 2010)



### Performance history (% change on NAV)

	2011	2010	2009	2008	2007
Jan	0.7%	-1.1%	-1.3%	-2.9%	3.9%
Feb		-0.3%	-3.7%	-10.2%	6.3%
Mar		1.9%	1.7%	-11.8%	8.8%
Apr		3.0%	4.4%	-0.8%	7.6%
May		-2.5%	9.1%	-19.5%	-1.0%
Jun		0.6%	2.2%	-4.7%	1.5%
Jul		-1.6%	3.8%	5.7%	-6.5%
Aug		-3.3%	12.2%	9.8%	6.4%
Sep		1.4%	3.8%	-6.7%	3.0%
Oct		-0.8%	1.2%	-12.4%	1.0%
Nov		-0.7%	-6.5%	-1.9%	13.5%
Dec		2.9%	0.8%	-2.1%	8.1%
<b>YTD</b>	<b>0.7%</b>	<b>-0.8%</b>	<b>29.7%</b>	<b>-46.6%</b>	<b>64.9%</b>
<b>VN Index</b>	<b>5.3%</b>	<b>-2.0%</b>	<b>56.8%</b>	<b>-66.0%</b>	<b>144.5%</b>

## Portfolio developments

VNL's share price remained unchanged at USD0.99 at the end of January 2011. During the month, the fund announced the sale of its entire equity stake in the Quoc Te project, a residential development in District 9, Ho Chi Minh City. VNL acquired a 100 percent stake in the 3.1 hectare Quoc Te site in 2007. The sale of the site for almost USD10.9 million to a Vietnamese conglomerate resulted in a pre-tax IRR of 31 percent. This represents a 39 percent increase over the carrying value of the holding prior to the deal closing. The Quoc Te project site comprises villas and medium-rise apartment towers on a site located along a major highway, currently under construction.

David Henry, VNL Managing Director, said: "Quoc Te was fully valued at this exit price, and the disposal will help VNL meet its ongoing obligations for other projects in the Ho Chi Minh City region, as well as our commitment to distribute cash to shareholders later in 2011."

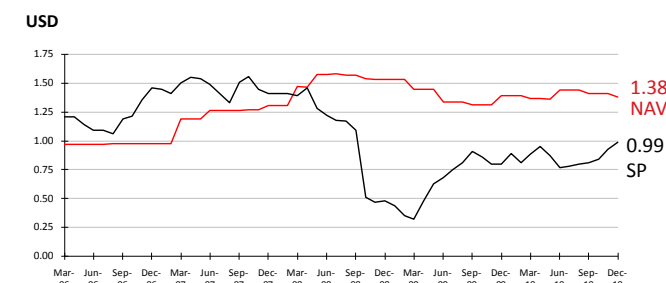
Also during January, VNL acquired a minority stake in the company that owns the Legend Hotel site in Ho Chi Minh City, which also includes an office building and parking lot. The acquisition gives VNL its first stake in a five-star, city-centre hotel in Ho Chi Minh City. The hotel is located on the Saigon River waterfront, across from the Thu Thiem new urban area.

31 December 2010

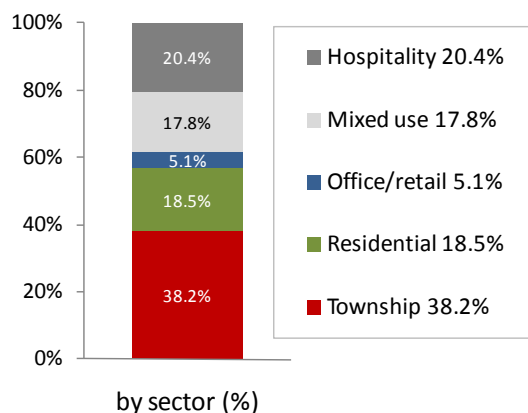
NAV **1.38** per share (↓ 2.1%)

Total NAV: USD688 million

## NAV and share price performance (31 Jan 2011)



## VNL portfolio (31 Dec 2010)



## Portfolio by geographic location (% NAV)

Hanoi	7%
Central provinces	27%
Ho Chi Minh City region	66%

## Valuation breakdown (% NAV)

Assets held at cost	10%
Assets revalued	90%

## Holdings breakdown (% NAV)

Top 10 assets	61%
Remaining 28 assets	39%

## Development status (% NAV)

Landbanking assets	17%
Development stage assets	72%
Operating assets	11%

## Quarterly performance history (% change on NAV)

	2010	2009	2008	2007
Q1	3.0%	-5.2%	12.5%	22.0%
Q2	-0.7%	-7.6%	7.1%	6.1%
Q3	3.7%	-2.2%	-0.4%	0.2%
Q4	-2.1%	1.5%	-2.5%	3.2%
YTD	3.8%	-11.3%	17.1%	33.8%

## Major holdings

Project	Type	Status
Aqua City (Long Hung)	Residential	Planning underway
Century 21	Mixed-use	Under construction
Danang Beach Resort	Mixed-use	Sales underway
Dai Phuoc Lotus	Mixed-use	Under construction
Fideco Binh Duong	Township	Investment licence
HUD	Township	Planning underway
Pavilion Square	Residential	Investment licence
VinaSquare Tower	Mixed-use	Investment licence
My Gia Nha Trang	Township	Investment licence
Movenpick Saigon	Hotel	Operating asset

## Fund manager

David Henry

## Fund background

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

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.

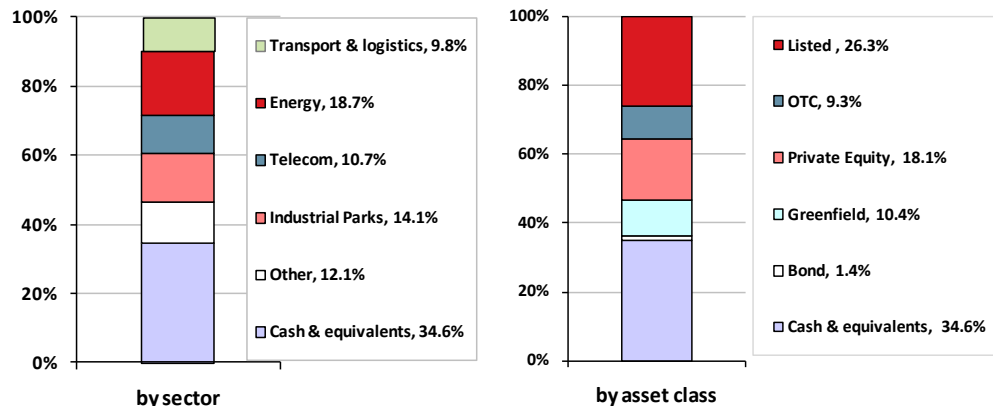
Download the VNL Factsheet at [www.vinacapital.com/vnl](http://www.vinacapital.com/vnl)

## Portfolio developments

VNI's NAV declined 0.3 percent at the end of January 2011 (remaining at a rounded-off figure of USD235 million). During the month, OTC holding Nam Viet Oil completed its capacity upgrade from 2,000bbl to 5,000bbl/day. Nam Viet, representing 4.2 percent of VNI's NAV, had recently started trial operations of the upgraded facility. The company has been granted a petroleum import-export licence, which along with the increase in production will allow it to diversify its products to include gasoline, fuel oil, diesel, white spirit and solvents. Nam Viet plans to list its shares in the second half of 2011.

Ba Thien Industrial Park 2 (the IP) has now completed compensation on 65ha of land, with the hand-over permit received from local authorities. The IP project, representing 2.2 percent of VNI's NAV, covers a total area of 308ha in Vinh Phuc province. Development of the land parcel handed over has begun. VNI holds an 80 percent stake in the Ba Thien 2 joint venture.

### VNI portfolio (31 Jan 2011)



### Quarterly performance history (total return)\*

	2011	2010	2009	2008	2007
Q1		-3.2%	-0.5%	-12.8%	na
Q2		-0.6%	3.7%	-6.7%	na
Q3		-7.5%	1.5%	-1.0%	2.9%
Q4		-0.8%	0.8%	-12.0%	3.1%
YTD	-0.3%	-11.7%	5.5%	-29.1%	6.1%

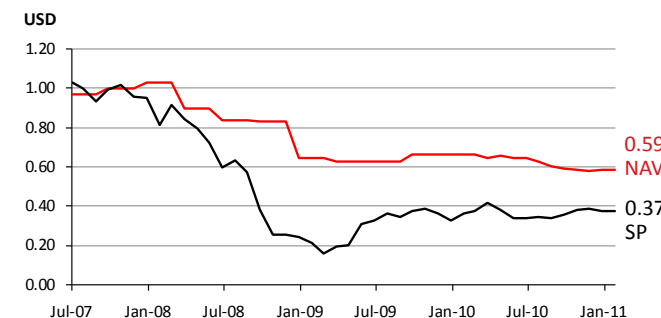
\* Total return since inception: -30.2% (assumes distributions reinvested).

31 January 2011

NAV **0.59** per share (↓ 0.3%)

Total NAV: USD235 million

### NAV and share price performance (31 Jan 2011)



### Major holdings

Name	Asset class	Sector	NAV (%)
Long an IP	Greenfield	Industrial Park	8.2
PVD	Listed	Energy	4.8
Phu My	OTC	Transportation	4.6
Nam Viet	OTC	Energy	4.2
CII	Listed	General infra	3.9
VNC-55	PE	Telecomm	3.8
VALC	OTC	Transportation	3.4
MIDC	PE	Telecom	3.2
ITA	Listed	Industrial Park	2.7
PVS	Listed	Energy	2.6

#### Fund manager

Tony Hsun

#### Fund background

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

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/vni](http://www.vinacapital.com/vni)

## Important Information

This document, and the material contained therein, is not intended as an offer or solicitation for the subscription, purchase or sale of securities in VinaCapital Vietnam Opportunity Fund Limited, VinaLand Limited or Vietnam Infrastructure Limited (each a “Company”). Any investment in any of the Companies must be based solely on the Admission Document of that Company or other offering document issued from time to time by that Company, in accordance with applicable laws.

The material in this document is not intended to provide, and should not be relied on for accounting, legal or tax advice or investment recommendations. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in either of the Companies and legal, regulatory, credit, tax and accounting aspects in relation to their particular circumstances.

The securities of the Companies have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

No undertaking, representation, warranty or other assurance, express or implied, is given by or on behalf of either of the Companies or VinaCapital Investment Management Limited or any of their respective directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this document and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise.

No warranty is given, in whole or in part, regarding the performance of either of the Companies. There is no guarantee that investment objectives of any of the three Companies will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

This document is intended for the use of the addressee and recipient only and should not be relied upon by any persons and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purposes, without the prior written consent of VinaCapital Investment Management Limited.

## VinaCapital investment team

VinaCapital Investment Management Ltd (VCIM) is the BVI-registered investment manager of VinaCapital’s three AIM-traded funds.

**Don Lam** Chief Executive Officer  
**Brook Taylor** Chief Operating Office

**Andy Ho** Managing Director, Head of Investment  
**Tony Hsun** Managing Director, Infrastructure  
**David Henry** Managing Director, Real estate  
**Stephen O’Grady** Managing Director, Hospitality

**Nguyen Viet Cuong** Deputy Managing Director, Capital markets  
**Dang P. Minh Loan** Deputy Managing Director, Private equity  
**Kenny Low** Deputy Managing Director, Infrastructure  
**David Blackhall** Deputy Managing Director, Real estate  
**Anthony House** Deputy Managing Director, Real estate

Contact  
**Michael L. Gray** Investor Relations/Communications  
 ir@vinacapital.com  
 +848-3821-9930  
[www.vinacapital.com](http://www.vinacapital.com)

**Brokers** LCF Edmond de Rothschild Securities  
 +44 (0)20 7845 5960 or funds@lcf.co.uk  
 Numis Securities  
 + 44 (0)20 7260 1327, www.numiscorp.com

**Nominated advisor** Grant Thornton Corporate Finance  
**Auditor** Grant Thornton (Cayman Islands)  
**Internal auditor** PricewaterhouseCoopers (Vietnam)  
**Custodian** HSBC Trustee (VOF and VNL)  
 Standard Chartered (VNI)