

**VN Index outperforms;  
 still down 10.6% YTD**

**Capital market update**

Vietnamese equities rallied 14.7 percent in local currency terms over March, tracking gains seen across global emerging markets, but notably outperforming the MSCI Frontier and Asian Indices by 5.9 and 5.0 percent, respectively. The Vietnam Index closed March at 281 points. Year to date, the Index is down 10.6 percent, in line with equity markets globally, but off the low of 235.5 seen in the last week of February.

Overall, the latest attempt by the US Treasury and Federal Reserve to re-establish confidence in the US financial and debt markets helped buoy sentiment toward equities markets worldwide. Earlier gains seen in March were sustained during and following the G-20 London summit, where news of USD1.0 trillion being made available to the IMF and World Bank to lend to countries in need of external liquidity helped to extend gains in world markets.

**Domestic factors help  
 buoy market**

In Vietnam, several local initiatives also helped boost market sentiment. Bank lending was boosted by the government's loan-interest subsidy programme, where exporters and manufacturers can borrow from banks at a net interest cost of 4.5-5.5 percent. A total of VND218 trillion (USD12.3bn) in lending was disbursed through the first week of April. In addition, preliminary balance of trade figures showed a substantial narrowing of the trade deficit and exports appear to be contracting at a slower (-15.3 percent) annualised rate than many other Asian export-oriented economies. This has lifted hopes that Vietnam may be headed for a reasonable 4 percent GDP growth rate this year (the IMF has estimated 5 percent).

Similar to many markets, valuations in Vietnam remain firmly anchored in value territory. The composite of HOSE and HaSTC stocks trade at a trailing P/E and P/B multiple of 12.3x and 1.6x respectively, as of 10 April 2009, with a combined market capitalisation of about USD12 billion. Guidance on earnings growth for many firms for 2009 is fairly conservative, given weaker domestic demand, soft commodity prices and export trends. This however, is offset somewhat by the Government's export and fiscal stimulus (estimated at USD6bn of direct spending and indirect support) which is expected extend into infrastructure and labour-intensive public works in the coming months.

As an emerging market, Vietnam's stock market outlook will be heavily influenced by macro and liquidity driven factors. Despite this, Vietnam remains well positioned for a return to high economic growth rates and robust equity markets as soon as 2010. The country is positioned to be a leading indicator for a recovery in global trade and investment given the export driven nature of the country's manufacturing base and Vietnam's comparative cost advantage to China, given a slightly weaker VND, and a more competitive wage and cost structure.

Performance Summary			
<b>Most recent NAV:</b>	<b>VOF</b>	<b>VNL</b>	<b>VNI</b>
	(31 Mar 09)	(31 Mar 09)	(31 Mar 09)
NAV per share (USD) <sup>1</sup>	<b>1.80</b>	<b>1.45</b>	<b>0.63*</b>
Change (%)	(from Feb 09)	(from Dec 08)	(from Dec 08)
Previous NAV	1.7	-5.2	-3.1
YTD	-3.3	-5.2	-3.1
Since inception	85.6	54.7	-35.1
	(30 Sep 03)	(22 Mar 06)	(5 Jul 07)
Issued shares <sup>2</sup>	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	585	726	251
Market cap (USDm)	305	160	76
Reuters	VOF.L	VNL.L	VNI.L
Bloomberg	VOF LN	VNL LN	VNI LN

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

<sup>2</sup> VNI holds 930,700 shares in a treasury facility.

\* Note: VNI paid a USD0.10 per share capital distribution to shareholders on 16 January 2009.

VN Index	31-Mar	31-Dec	52 wk low	52 wk high
Close	245.7	315.6	234.7	575.7
Change (%)	14.2	(11.1)	(4.5)	(51.2)
Trailing PER (x)	12.6		1.6	
Trailing P/B (x)	1.6			

Govt Bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	8.6	9.0	9.2	9.5

### Stimulus shifts to SMEs and low income groups

## Economy

Vietnam's official GDP growth rate for 2008 was revised to 6.18 from 6.23 percent due to slight downward adjustments for the industry, construction and services sectors. Agriculture was the only sector adjusted upward (see table below). The prime minister has approved measures to extend credit guarantees to small and medium-sized businesses, extend the four percent interest rate subsidy for investment projects to two years (from one year), and to focus investment into infrastructure, health and education. The government's call for banks to extend loans to farmers indicates an effort to shift the impact of the financial stimulus to smaller companies and families to generate a more direct impact on aggregate demand.

### Foreign exchange

The State Bank increased the VND daily trading band to five percent from three percent on 24 March, resulting in a slight depreciation of the currency against the USD. Banks maintained their ask rates at the ceiling while narrowing the bid-ask gaps, showing high demand on the forex market. The bid-ask exchange rates offered by Vietcombank at the end of March were VND17,750-17,788 against the USD. On the unofficial market, the dollar sold at VND17,800-17,820 at the end of the month. The State Bank said Vietnam has over USD30 billion in foreign currencies, USD20 billion of official reserves and USD10 billion at commercial banks.

### Trade

March imports totaled USD4.3 billion versus exports of USD4.7 billion. However this includes a surge in gold exports that should be seen as a monetary transaction, not trade. Excluding gold exports, the year-to-date trade deficit stands at a moderate USD640 million.

### Inflation

Consumer Price Index headline inflation was negative for March (-0.17 percent month-on-month), as it was during Q4 2008. Year-on-year inflation has eased to 11.25 percent, the lowest rate since December 2007. Major contributors to the declining CPI rate were the food, and transportation and communication sectors. The inflation downtrend will likely continue. The government is now targeting six percent CPI inflation by the end of 2009.

### GDP growth revised

#### Officially revised 2008 economic statistics:

	Earlier estimate	Adjusted figures
GDP	6.23%	6.18%
Agriculture, forestry and seafood	3.80%	4.07%
Industry and construction	6.33%	6.11%
Service	7.20%	7.28%

(Source: GSO)

## Macroeconomic indicators and forecast

	2008E	Mar-09	YTD	Y-o-Y change
<b>GDP growth</b>	6.18%		3.10%	
<b>Inflation</b>	19.89%	-0.17%	1.32%	11.3%
<b>FDI (USDbn)</b>	64.00	0.70	5.99	-40.0%
<b>Imports (USDbn)</b>	80.66	4.30	11.82	-45.0%
<b>Exports (USDbn)</b>	62.69	3.85*	11.18	-15.3%
<b>Trade deficit (USDbn)</b>	17.96	0.45	0.64	-92.3%
<b>Exchange rate (USD/VND)</b>	17,486	17,802	1.8%	6.2%
<b>Bank deposit rate (VND, %)</b>	7-8.5%	7.6-7.9%	n/a	n/a

Note: GDP figure updated quarterly. Exchange rate is Vietcombank ask rate at end of period.

\* Excludes gold.

## Export 'false positive' due to gold

Exports (USDbn)	Q1 2008	Q1 2009	Y-o-Y change
Total incl. gold	13.2	13.5	2.1%
Total excl. gold	13.1	11.2	-15.3%
<b>Origin of exports</b>			
FDI sector	58.9%	43.8%	-37%
Domestic sector	41.1%	56.2%	17%

## Portfolio developments

VOF shares traded up 22 percent over March to USD0.94 per share from USD0.77 per share at the end of February 2009. The NAV rose slightly to USD1.80 per share from USD1.77 per share at the end of February 2009. The largest gain was recorded by the capital market portfolio, up 15.9 percent (compared to 14.2 percent for the VN Index in USD terms). The Masan equity sale generating over USD20 million in proceeds was recorded in the March NAV, adding to the net gain. In addition, the IPO of Phu Nhuan Jewelry on 23 March resulted in a 24.8 percent increase in the value of that holding. On the other hand, the real estate and hospitality projects in the VOF portfolio were written down by 5 percent. These are unrealised markdowns due to the impact of the economic slowdown on office rents, residential projects, and hotel occupancy and room rates.

VOF has continued to aggressively restructuring its capital market and OTC portfolio. During March over USD4.0 million was traded in listed shares. VOF had USD63.6 million in cash at the end of March, or 10.9 percent of NAV. Whether the global rebound in equity prices will continue into April is unclear, however in Vietnam the equities market looks more attractive to domestic investors in part because money is shifting out of gold and bank deposits, both of which are not considered attractive in the short term.

## Regulatory news

On 30 March, VOF announced its interim results, and on 13 March VOF announced the sale of its equity stake in Masan. Details of both announcements are available at [www.vinacapital.com](http://www.vinacapital.com).

### NAV and Share Price performance (31 March 2009)



### Major Holdings (listed and OTC)

Type	Sector	% NAV	Manager's comment
Eximbank	Financial services	4.8	One of Vietnam's top joint stock banks.
VNM	Food products	3.9	Dairy firm with dominant market share.
HPG	Manufacturing	3.4	Major steel and materials producer.
DPM	Manufacturing	2.0	Top fertiliser firm on local market.
PNJ	Consumer products	1.7	Jeweler with range of popular brands.

### 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).

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

31 March 2009

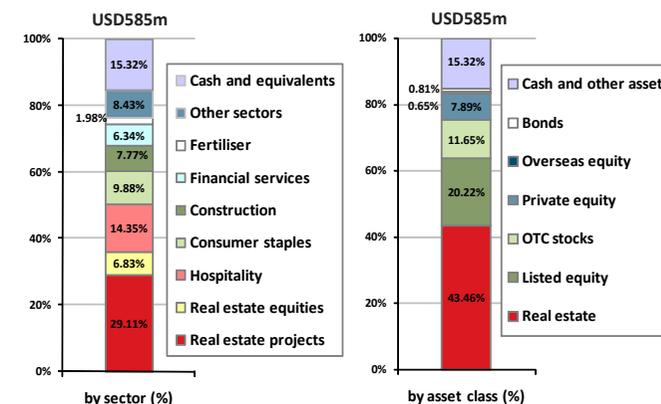
NAV **1.80** per share (↑ 1.68%)

Total NAV: USD585 million

### Performance History (% change on NAV)

	2009	2008	2007	2006
Jan	-1.26%	-2.87%	14.57%	3.90%
Feb	-3.73%	-10.17%	8.25%	6.25%
Mar	1.68%	-11.84%	-0.63%	8.82%
Apr		-0.75%	-1.28%	7.57%
May		-19.54%	5.07%	-1.01%
Jun		-4.67%	-0.79%	1.52%
Jul		5.70%	-3.75%	-6.50%
Aug		9.76%	0.00%	6.42%
Sep		-6.66%	8.06%	3.02%
Oct		-12.40%	4.18%	0.98%
Nov		-1.88%	0.57%	13.53%
Dec		-2.05%	-0.57%	8.09%
YTD	<b>-3.33%</b>	<b>-46.58%</b>	<b>37.40%</b>	<b>64.94%</b>
VN Index	<b>-11.07%</b>	<b>-65.96%</b>	<b>23.31%</b>	<b>144.48%</b>

### VOF Portfolio (31 March 2009)



## Portfolio developments

VNL traded down to USD0.32 per share at the end of March from USD0.35 at the end of February. VNL's NAV decreased 5.23 percent to USD1.45 per share at the end of March 2009 from USD1.53 per share at the end of December 2008. For the quarter ending 31 March, the VNL directors approved the independent revaluation of 16 assets in the portfolio. In addition, the VNL Valuation Committee approved desktop impairment adjustments for a further five projects. This follows the VNL Valuation Committee's policy of engaging external third party valuation consultants at least once yearly and also undertaking impairment appraisals whenever there are significant events that might materially impact valuations.

Of the 16 assets revalued, one project increased in value by USD7 million and the remainder decreased by a total of USD24 million. The desktop revaluation involved an additional markdown of USD9 million. These markdowns are unrealised losses that reflect the impact of the economic slowdown on Vietnam's real estate market, with office and hospitality sectors particularly affected due to the business slowdown. VNL sees little change in the medium to long-term demand for real estate development in Vietnam across the various sectors, however, and it is anticipated that valuations will recover as the economic challenges subside and market confidence returns.

## Regulatory news

On 31 March, VNL announced a change in a significant holding in the company. On 30 March, VNL released its interim results for the six months ended 30 December 2008. On 17 March 2009, VNL appointed a new director. Details of these announcements are available at [www.vinacapital.com](http://www.vinacapital.com).

31 March 2009

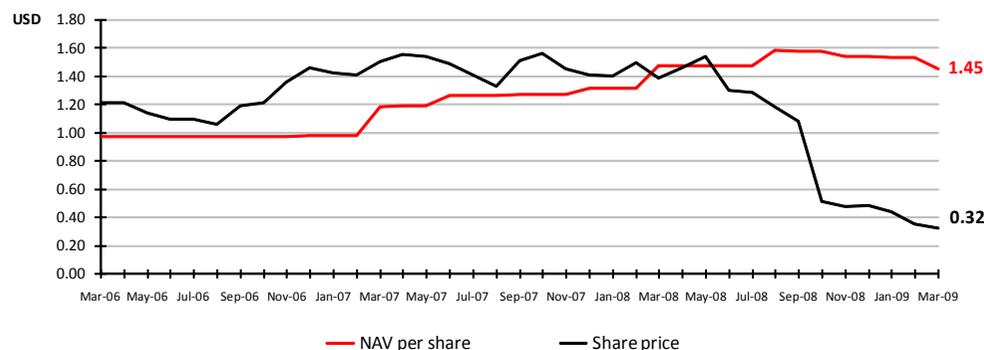
NAV **1.45** per share (↓ 5.23%)

Total NAV: USD726 million

## Major Holdings

Project	Type	Status
Danang Beach Resort	Mixed-use	Under construction
Dai Phuoc Lotus	Mixed-use	Investment licence
WTC Danang	Mixed-use	Under construction
Vinh Thai Nha Trang	Township	Investment licence
Century 21	Mixed-use	Investment licence
Aqua City (Long Hung)	Residential	Under construction
Hilton Hanoi	Hospitality	Operating asset
VinaSquare Tower	Mixed-use	Investment licence
Mandarin Gardens	Residential	Investment licence
Fideco Binh Duong	Township	Investment licence
Movenpick Saigon Hotel	Hospitality	Operating asset
Pavilion Square	Residential	Investment licence

## NAV and Share Price performance (31 March 2009)

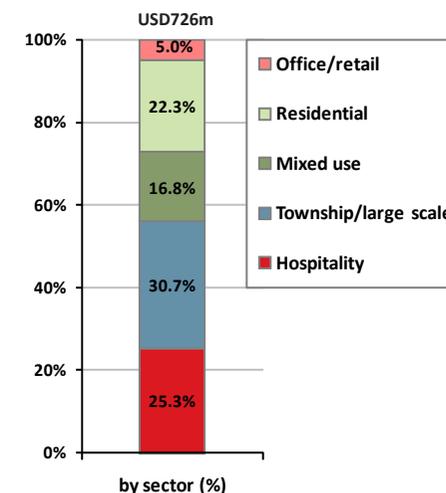


## Fund Background

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

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

## VNL Portfolio (31 March 2009)



## Portfolio developments

VNI shares rose to USD0.19 per share at the end of March from USD0.16 at the end of February 2009. VNI's NAV decreased slightly to USD0.63 per share from USD0.65 per share at the end of December 2008. During March, VNI's two greenfield industrial park projects received investment licences:

## Industrial parks receive investment licences

### Long An SEA Industrial Park and Port

VNI invested in this large-scale, mixed use IP and port project in March 2008. The 396ha industrial park portion received an investment licence in March 2009, and the application for the port investment licence is underway. The project is located in Can Giuoc District, Long An Province, south of Ho Chi Minh City. VNI has a 60 percent stake in the total 635ha industrial park and service area, and an 80 percent stake in the 145ha sea port project, which lies along the Soai Rap River and is an excellent location to develop a port serving the Ho Chi Minh City industrial region.

### Ba Thien 2 Industrial Park

VNI invested in this 308ha industrial park in March 2008. VNI has a 60 percent stake in the project, located in Binh Xuyen District, Vinh Phuc Province, 60km north of Hanoi, within the industrial region surrounding Hanoi's Noi Bai International Airport. It is also connected by the expressway to Hai Phong Port. Both Ba Thien and the Long An IP project are being reviewed carefully given prevailing economic conditions to determine the best pace of proceeding with construction and development.

## Regulatory news

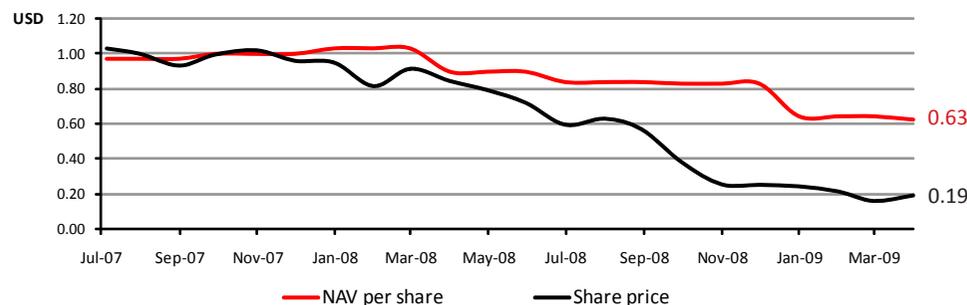
On 30 March 2009, VNI issued its interim results for the six month period ended 30 December 2008. Details are available at [www.vinacapital.com](http://www.vinacapital.com).

## Fund Background

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

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

## NAV and Share Price performance (31 March 2009)



## Adjusted return (31 March 2009)

	Since inception	Last quarter (Dec 08)	Distribution history
NAV change	-35.1%	-3.1%	USD0.10 p/s 16 Jan 2009
Adjusted return*	-24.7%	-2.7%	

\* Assumes distributions reinvested.

31 March 2009

NAV **0.63** per share (↓ 3.08%)

Total NAV: USD251 million

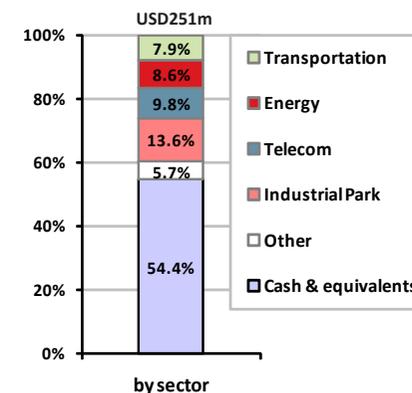
## Portfolio by Asset Class

Listed companies	14.2%
OTC	2.0%
Private equity	18.4%
Greenfield projects	7.3%
Bonds	3.1%
Cash and equivalents	54.4%

## Major Holdings

Name	Sector	Asset class	NAV (%)
Long An S.E.A.	IP	Greenfield	7.2
Pha Lai (PPC)	Energy	Listed	6.1
VALC	Aviation	Private	5.7
Tan Tao (ITA)	IP	Listed	5.4
MIDC	Telecom	Private	4.0

## VNI Portfolio by Sector (31 March 2009)



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

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

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