

VN Index posts 52-week high during September

Capital markets update

Vietnamese equities posted slower gains in September rising 6.3 percent in VND terms. This was below the MSCI Emerging Market and Asia ex-Japan indices, which rose 9.2 and 8.9 percent, respectively. The VN Index closed the month at 580.9, just below a new 52-week high of 582.8 seen in the last week of the month. The continued market momentum has kept valuations above 22x trailing earnings and 18.6x consensus earnings estimates, fairly expensive given the overall investment environment. Retail investors in Vietnam have begun arbitrarily chasing liquidity, with stock prices in several companies that have announced the issuance of bonus shares seeing strong price rallies.

Bond market yields top 10 percent

In bond markets, the yield curve rose slightly and the 5-year bond yield breached 10 percent for the first time this year. Despite the robust recent history of local equity markets, the hesitance of investors to drive secondary bond yields lower seems to reflect a degree of continued market uneasiness with the rate of credit expansion in Vietnam's economy. Money supply has grown by 22 percent and credit by 28 percent over the first nine months of 2009. On a year-on-year basis, we estimate that both these numbers are growing at a rate in excess of 35 percent.

GDP growth year-to-date is 4.5 percent, including 5.9 and 9.7 percent growth in services and construction, respectively. These numbers indicate healthy domestic demand in the economy. As noted on the next page, inflation is a possible concern as prices begin to rise.

Given the resilience of the domestic economy, policy makers may well shift their focus to adjusting the ongoing fiscal stimulus, so that inflation can be held to the target (under 8 percent) and also to ensure the 2010 real GDP growth target of at least 6 percent remains achievable. This will almost certainly require some degree of liquidity tightening during the fourth quarter and through early 2010. This reality, combined with the high equity market valuations and bond yields that appear unwilling to significantly decline, makes it likely that a period of profit-taking is due in Vietnamese asset markets, which shouldn't be a surprise following a 147 percent run-up in the VN Index from its bottom earlier this year.

Performance summary			
Most recent NAV:	VOF	VNL	VNI
	(30 Sep 09)	(30 Sep 09)	(30 Sep 09)
NAV per share (USD) ¹	2.53	1.31	0.66
Return (%) ²	(from Aug 09)	(from Jun 09)	(from Jun 09)
Previous NAV	3.8	-2.2	5.8
YTD	36.0	-14.4	4.7
Since inception	160.8	35.1	-21.2
	(30 Sep 03)	(22 Mar 06)	(5 Jul 07)
Issued shares ³	324,610,259	499,967,622	402,100,000
Total NAV (USDm)	823	655	265
Market cap (USDm)	565	455	150
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-Sep	31-Dec	52 wk low	52 wk high
Close	580.9	315.6	234.7	594.3
Change (%)	6.2	84.1	147.5	(2.3)
Trailing PER (x)	22.4	Est. PER (x)	18.6	
Trailing P/B (x)	2.8			

Govt bonds	1 yr	3 yr	5 yr	10 yr
Yield curve (%)	9.1	9.8	10.1	10.3

Source:  VinaSecurities

GDP growth at 4.6% annualised

Economy

Vietnam's GDP growth for the first three quarters of 2009 was 4.6 percent annualised. GDP growth has picked up pace over the year, from 3.1 percent in Q1 to 5.8 percent in Q3. To achieve the annual target of 5 percent GDP growth, Q4 growth needs to reach 6.8 percent. While this seems overly aggressive, the government has not backed down from the target.

Industrial production was up 6.5 percent for the first nine months, on par with GDP growth. From a slowdown to 3.2 percent growth in Q1, industrial production growth year-on-year reached 8.5 percent in Q3. The foreign-invested sector had the highest growth rate, while the domestic private sector led in terms of overall contribution to GDP.

Credit growth nearing 30% limit

Credit growth for the year is fast approaching the targeted annual limit of 30 percent. The State Bank reports that total outstanding loans for 2009 have expanded 28 percent.

Vietnam's 86-million strong consumer base has shown its ability to keep the retail sector growing at a fast pace. Retail revenue has grown 18.6 percent over the first nine months of 2008. Excluding price inflation, the rate is 10.8 percent.

Rising inflation is one potential stumbling block for the economy, although September's modest 0.62 percent month-on-month inflation means that the year-on-year rate remains a still-low 2.42 percent. Nonetheless, September was the sixth straight month of price increases. Fuel prices were cut last week, in what may be a pre-emptive attempt to slow prices down in October. For the full year, an increase to 7 percent inflation is likely. Several multilateral institutions, including the Asian Development Bank, have expressed caution over rising inflation risks.

Trade deficit expected at USD11bn for 2009

Vietnam's year-to-date trade deficit (including gold exports) is USD6.5 billion, expected at USD11 billion for the year. Both exports and imports are down from last year, although export volumes continue to be stronger. Vietnam's exports for 2009 would be valued slightly higher than 2008 if prices for crude oil, coal, rubber and rice were at last year's levels. The US market is still the leading destination for Vietnam's exports, with value down only 5.9 percent for the year. The EU and Japan exports, however, are down by 14.6 and 32.1 percent, respectively.

Although USD2.1 billion in FDI was registered in September, the rate for the year is 78.6 percent below the record-setting pace set over the same period last year. Of the total FDI of USD12.6 billion, new commitments are USD7.7 billion while USD4.9 billion is capital for existing projects. Disbursement of FDI proceeds at a healthy rate at USD7.2 billion, only 11.2 percent below last year's rate.

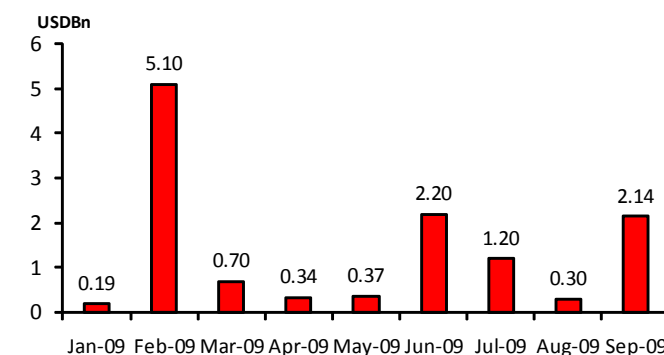
Macroeconomic indicators and forecast

	2008	Sep-09	YTD	Y-o-Y change
GDP growth	6.2%		4.6%	
Inflation	19.9%	0.6%	4.1%	2.4%
FDI (USDbn)	71.7	2.1	12.5	-78.0%
Imports (USDbn)	80.7	6.2	48.3	-21.8%
Exports* (USDbn)	62.7	4.7	39.2	-19.1%
Trade deficit (USDbn)	18.0	1.5	7.7	-42.8%
Exchange rate** (USD/VND)	17,486	17,841	2.0%	
Bank deposit rate (VND %)	7-8.5%	8.6-9.4%	n/a	n/a

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

* Excludes gold. ** Official rate.

FDI registration 2009, by month



Portfolio developments

At the end of September 2009, VOF's NAV increased 3.8 percent to USD2.53 per share from USD2.44 per share at the end of August. During the month, VOF's capital market component gained 6.9 percent, with listed and OTC gains of 9.4 and 1.5 percent, respectively. These gains are in line with the Vietnam Index (up 6.6 percent), due to VOF's holding in blue chips including DIG, VNM, KDC, BCI and REE. VOF has announced the sale of its equity stake in the A&B Tower project in central Ho Chi Minh City, for a return on capital over 100 percent after four years. The exit is part of VOF's restructuring of its real estate holdings to improve growth potential and increase liquidity.

Regulatory announcements

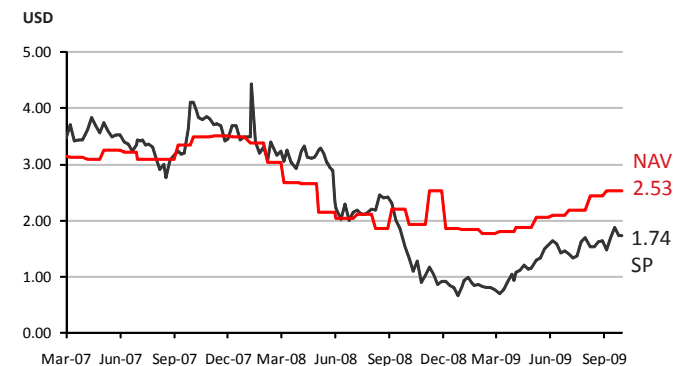
On 7 September 2009, VOF announced the sale of its equity stake in the Hilton Hanoi Opera Hotel and on 1 September 2009 VOF announced a change in the url of its website. Details of both announcements are available at www.vinacapital.com/vof.

30 September 2009

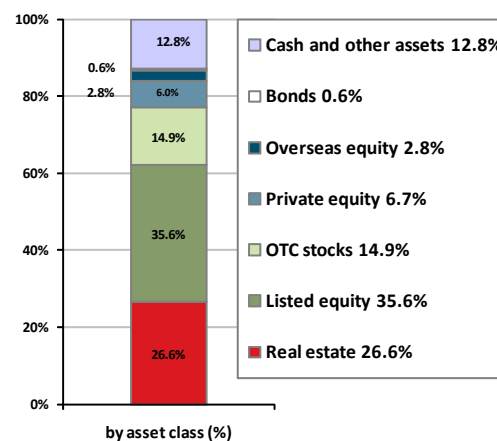
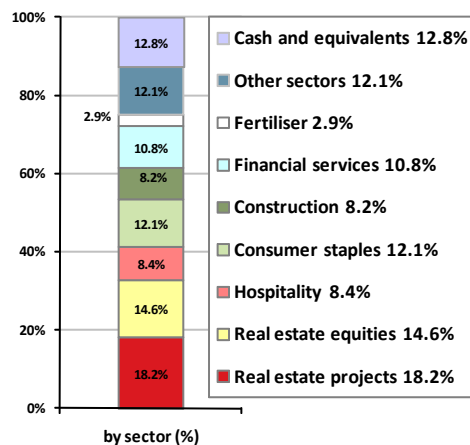
NAV **2.53** per share (↑ 3.8%)

Total NAV: USD823 million

NAV and share price performance (30 Sept 2009)



VOF portfolio (30 September 2009)



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

Major holdings (listed and OTC)

Type	Sector	% NAV	Manager's comment
Eximbank	Financial services	8.7	One of Vietnam's top joint stock banks.
VNM	Food products	5.5	Dairy firm with dominant market share.
DIG	Real estate	5.3	Residential and industrial property.
HPG	Industrial	5.1	Major steel and materials producer.
DPM	Industrial	2.5	Top fertiliser firm on local market.

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%	-3.6%	-6.5%	0.0%
Aug	12.2%	9.8%	0.0%	6.4%	3.9%
Sep	3.8%	-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	36.0%	-46.6%	37.4%	64.9%	33.9%
VN Index	84.1%	-66.0%	23.3%	144.5%	28.5%

Portfolio developments

VNL's NAV at the end of September 2009 was USD1.31 per share, down 2.2 percent from USD1.34 per share at the end of June 2009. During the quarter, 16 VNL assets were valued by international valuation consultants, including nine hospitality assets (of which five are operating hotels and one serviced apartment building). While some assets increased in value, the net result was a decline of USD0.03 per share. Vietnam's real estate market is seeing divergent trends, with residential prices rising slightly in 2009 with strong demand, versus the hotel and office sectors where occupancy and room/rental rates have fallen. Following the improved economic performance and renewed confidence in the equities and real estate markets seen during the quarter, property values in Vietnam have continued to stabilise and consequently we don't expect significant further downward movements of market values.

Binh Khanh/21st Century

During September a groundbreaking ceremony was held for the 4,200-unit Binh Khanh resettlement project, which is part of a larger project to resettle people living in the Thu Thiem section of District 2, Ho Chi Minh City (being cleared as part of construction on the Long Thanh Highway and the development of the Thu Thiem new urban area). The Binh Khanh project is owned by 21st Century International Development Co, majority-owned by VNL and VOF. The 30.2 ha project will comprise ten apartment blocks to be built in two phases. Both phases will be complete by 2012, with total investment capital of USD350 million.

Regulatory announcements

On 7 September 2009, VNL announced the sale of its equity stake in the Hilton Hanoi Opera Hotel and on 1 September 2009 VNL announced a change in the url of its website. Details of both announcements are available at www.vinacapital.com/vnl.

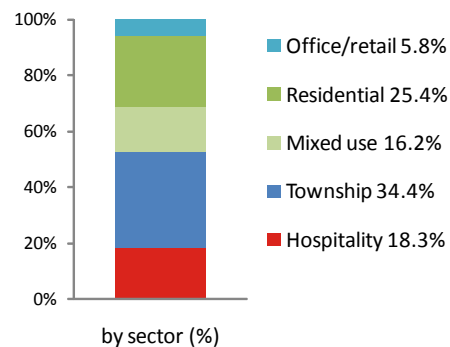
Fund background

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

VNL portfolio (30 September 2009)



Portfolio by geographic location

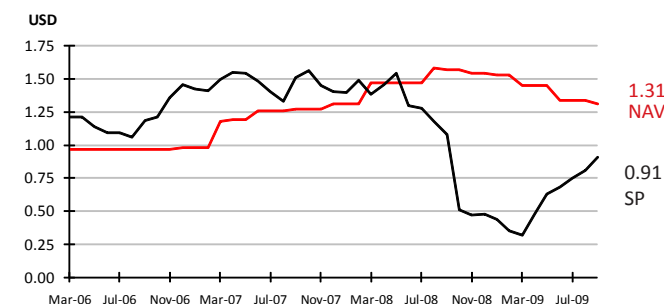
Hanoi	15%
Central provinces	25%
Ho Chi Minh City region	60%

30 September 2009

NAV **1.31** per share (↓ 2.2%)

Total NAV: USD655 million

NAV and share price performance (30 Sept 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	-2.2%	-0.4%	0.2%	0.0%
Q4		-2.5%	3.2%	0.5%
YTD	-14.4%	17.1%	33.8%	0.5%

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
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 NAV at the end of September was USD0.66 per share, up 5.8 percent from the end of June 2009. The increase is in line with the strong recovery of the economy and stock market in Vietnam. VNI's share price was USD0.38 at the end of September, up from USD0.34 at the end of August 2009. The traded price represents a 43.2 percent discount to NAV, compared to 46.5 percent at the end of the last quarter.

Innovative Technology Development Corp (ITD) and Global Electrical Technology Corp (GLT)

VNI investees ITD and GLT are both preparing public offerings. ITD, one of Vietnam's largest suppliers of toll road equipment, will put its full chartered capital with 11.6 million shares on the UpCom (OTC) market by December 2009. GLT, a builder of BTS towers, intends to list its full chartered capital with 6.3 million shares on the Hanoi Stock Exchange by November 2009.

Regulatory announcement

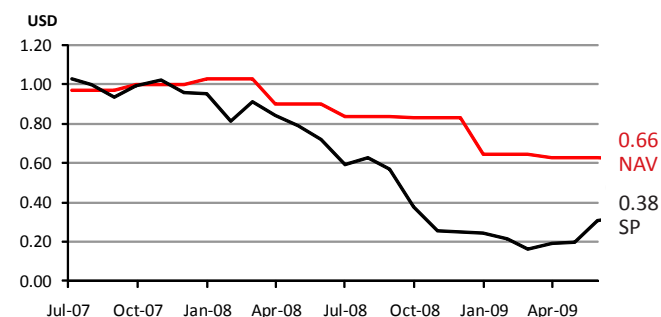
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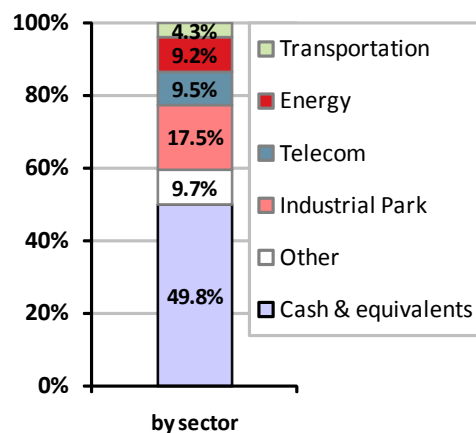
NAV **0.66** per share (↑ 5.8%)

Total NAV: USD265 million

NAV and share price performance (30 Sept 2009)



VNI portfolio by sector (30 September 2009)



Portfolio by Asset Class

Listed companies	20.9%
OTC	2.1%
Private equity	16.6%
Greenfield projects	7.4%
Bonds	3.3%
Cash and equivalents	49.8%

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/vni

Performance history (total return)*

	2009	2008	2007
Q1	-0.5%	-12.8%	n/a
Q2	-0.4%	-6.7%	n/a
Q3	5.8%	-1.0%	2.9%
Q4		-12.0%	3.1%
YTD	4.7%	-29.1%	6.1%

Total return since inception: -21.2%

* 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	8.5
Long An S.E.A.	IP	Greenfield	7.1
Pha Lai (PPC)	Energy	Listed	5.2
MIDC	Telecom	Private	3.8
VNC-55	Telecom	Private	3.5

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VinaCapital Group

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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