

## Vietnam Opportunity Fund

NAV per Share (30 March 07) **US\$3.13**

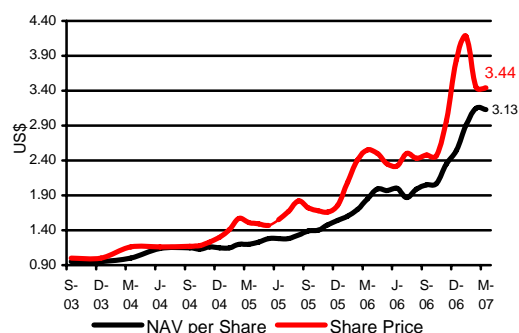
### Change

Feb 2007 -0.6%  
YTD 23.2%  
Since Inception (30 Sep 03) 213%

Issued Shares 250,648,414  
Total Net Asset Value (US\$m) 785  
Market Cap (30 March 07, US\$m) 862

Reuters VOF.L  
Bloomberg VOF LN

Vietnam Opportunity Fund  
NAV and Share Price Performance



## VinaLand

NAV per Share (30 March 07) **US\$1.18**

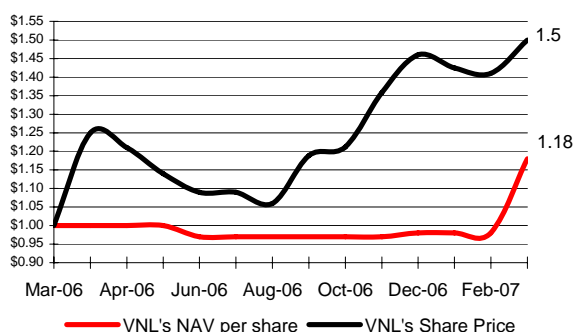
### Change

Since Inception (22 Mar 06) 18%

Issued Shares 499,967,622  
Total Net Asset Value (US\$m) 590  
Market Cap (30 March 07, US\$m) 749

Reuters VNL.L  
Bloomberg VNL LN

VinaLand  
NAV and Share Price Performance



## Economy in 2007

First quarter GDP rose by 7.7% year/year, a seven year high. Growth was driven by key segments of the economy such as the industrial and construction sector which rose 9.3% year/year and the service sector which grew by 7.8% year/year. Industrial production rose by 16.6% year/year in the first three months while exports reached \$10.48bn, up 18% year/year. Imports over the same period reach US\$11.8bn, pointing to a widening of the trade gap to US\$1.32bn. Capital equipment imports as a result of heavy inward FDI is one key reason. Exports of crude oil, rice and rubber also fell short contributing to the deficit.

Retail sales are up 22.3% year/year in Q1. Most indicators then have maintained the pace of recent quarters, with exports growth dipping slightly and service sector growth accelerating somewhat. CPI during the quarter rose about 3% quarter/quarter. Inflation seems to have been subdued throughout most of the quarter but is starting to pick up now.

Overall the pace of growth was strong in the Q1 despite severe electrical shortages, especially in the south owing to a delay in bringing some key new power plants on stream as planned. If the hydroelectric supply falls short this year as it did in 2006, industrial growth will be affected.

Meanwhile foreign investment continues to pour in. The first quarter saw US\$2.5bn worth of projects winning approval, up 22% year/year. About half of this is for services sector ventures with most of the remainder in industrial type projects.

## Government and Politics

A draft of the new regulations for the organisation and activities of fund management companies, stock investment funds and securities companies has been circulated. Under the draft foreign fund management companies which to invest in securities would be required to establish branches in Vietnam or find local partners to set up fund management joint ventures.

The draft would also require foreign fund management companies setting up branches in Vietnam to be legal entities with at least three years experience and currently managing assets worth at least \$500 million. These are still early days and it is likely the proposals will be watered down as the discussion continues.

The National Assembly met for the 11<sup>th</sup> or last session before elections which are due on May 20th. A total of 1,322 candidates were named in the preliminary list to stand for the upcoming 12th National Assembly elections. About a third are women and another third are non party members.

## Capital Markets

The market spent much of March trading in a fairly tight range as profit taking by foreigners halted the market's long run. The VN index ended the month at 1071.30 down 5.7% for the month.

Foreigners were net sellers for much of the month, whilst daily trading volumes have declined. Key sectors such as banks have seen large price declines, especially in some second tier names as sentiment has cooled somewhat. Overall the market was overdue for a correction and with new supply coming on this summer it is likely that sentiment will remain soft for now.

From the beginning of May, the HoSTC will take an important step towards continuous order matching system. Two of the current three sessions will have periodic order matching as now but the third will switch to real time matching. The first and third sessions will remain unchanged but from 9 am to 10 am there will be real-time matching.

## ★ Vietnam Opportunity Fund



**VinaCapital Investment Management**  
Vinh Pham, Don Lam, Nguyen Pham,  
Cuong Nguyen (left to right)

**NAV per Share (30 March 07) US\$3.13**

*Change*

Feb 2007	-0.6%
YTD	23.2%
Since Inception (30 Sep 03)	213%

Issued Shares	250,648,414
Total Net Asset Value (US\$m)	785
Market Cap (30 March 07, US\$m)	862

Reuters	VOF.L
Bloomba	VOF LN

### Portfolio by Asset Type

Capital Markets	<b>59.4%</b>
Listed	38.7%
OTC	20.7%
Real Estate	<b>3.8%</b>
Private Equity	<b>6.6%</b>
Cash, Deposits, Other	<b>30.2%</b>

### Performance History (% change on NAV)

	2007	2006	2005	2004
Jan	14.6%	3.9%	0.0%	0.0%
Feb	8.2%	6.3%	4.3%	0.0%
Mar	-0.6%	8.8%	0.8%	5.5%
April		7.6%	1.7%	0.0%
May		-1.0%	4.1%	0.0%
June		1.5%	0.0%	13.8%
July		-6.5%	0.0%	0.0%
Aug		6.4%	3.9%	0.0%
Sept		3.0%	4.5%	0.9%
Oct		1.0%	0.7%	-1.7%
Nov		14.0%	5.7%	2.7%
Dec		8.1%	4.1%	-0.9%
YTD	<b>14.6%</b>	<b>64.9%</b>	<b>33.9%</b>	<b>21.1%</b>

### Portfolio Developments

During the month of March VOF's NAV slipped by 2 cents or slightly under 0.6%. In contrast the market fell by 5.7% during the month.

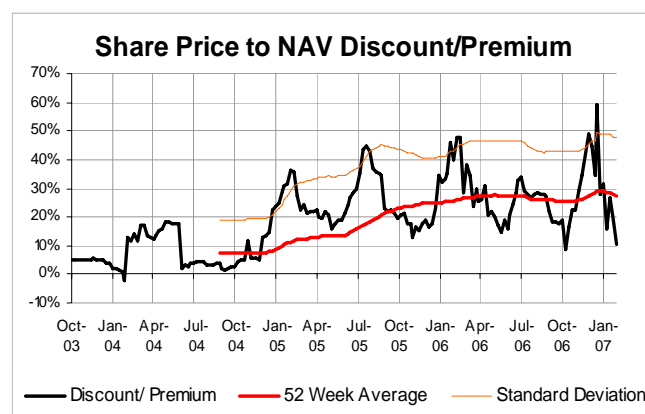
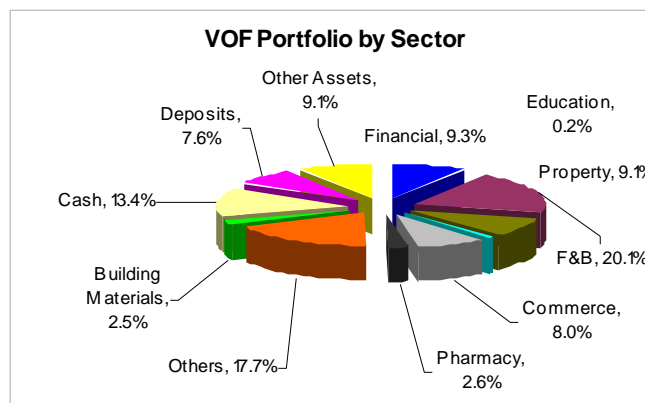
Recently the fund manager has been active in participating in pre-IPO investments and private placements. Given that actual market valuations, particularly of the larger listed stocks are quite high, VOF sees this as one of the best ways to participate in the market at a reasonable entry point.

Privatisations such as Sabeco, Habeco and VCB are due in the next few months and the fund is maintaining a fairly high cash position in order to take advantage of these new opportunities

The recent correction may continue for a while as trading volumes have shrunk and foreigners have turned net sellers recently. The fund will add to selective positions on further weakness.

### Major Holdings

Vinamilk	Listed Equity	12.8% (of NAV)
REE	Listed Equity	9.1%
Kinh Do	Listed Equity	4.0%
Bao Minh	Listed Equity	3.8%
Sofitel Metropole	Private Equity	0.7%
Hanoi Hilton	Private Equity	0.6%



## Vietnam Opportunity Fund

### Investment Manager

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### Fund Administrator

HSBC Institutional Trust Services (Asia) Ltd.  
39/F Dorset House  
Quarry Bay  
Hong Kong

ISIN

KYG9361G1010

### Fund Background

Launched in September 2003, Vietnam Opportunity Fund (VOF) is a closed-end fund listed on the London Stock Exchange (AIM). VOF focuses on the key growth sectors of the domestic economy including financial services, retail, consumer goods, tourism, property, infrastructure, and technology. It makes equity and debt investments in listed, OTC-traded, and private companies, and participates in the privatisation of state-owned companies.

### Fund Manager

The fund is managed by a five member investment committee headed by Don Lam. The committee has representation from capital markets, private equity, and real estate divisions and approves all investment decisions. Don Lam has over a decade's worth of experience in corporate finance and distressed assets in Vietnam. The other members of the committee bring decades of investment experience to the management process.

### Management and Performance Fees

The baseline management fee is 2% of funds under management and the performance fee is 20% of gains in excess of an 8% hurdle rate, with a high water mark and a catch-up.

### Valuation Policy

VOF adheres to the London Stock Exchange's valuation guidelines as set out for AIM-listed companies. This allows for revaluation only at the time of a third-party transaction or after a valuation review conducted by two independent auditors. Private equity and real estate investments are valued by an independent auditor at six-month intervals as a matter of course. VOF's valuation sub-committee, comprising two outside directors, maintains sole authority to approve or reject those valuations.

### Buy-back Policy

VOF's board of directors may elect to make an annual tender offer, at which time shareholders have the opportunity to sell their shares to VOF at a price equal to the NAV per share at year end.

## VinaLand



**VinaCapital Real Estate**  
Tran Vu Anh, Peter Dinning, Don Lam

**NAV per Share (30 March 07) US\$1.18**

*Change*  
*Since Inception (22 Mar 06) 18%*

Issued Shares 499,967,622  
Total Net Asset Value (US\$m) 590  
Market Cap (30 March 07, US\$m) 749

Reuters VNL.L  
Bloomberg VNL LN

### Portfolio by Geographic Distribution\*

Hanoi 30%  
Central Provinces 20%  
Ho Chi Minh City 50%

\*Currently invested projects

### New Investments

In addition to working on existing projects, the VinaCapital Real Estate team is actively involved in sourcing and negotiating a number of significant real estate and property opportunities throughout Vietnam at present. We hope to progress these opportunities to the point where they can be announced in the near future.

### Selected Existing Investments

**Danang 9 hectare Mixed Use Development** – On 23 March the Master Plan was approved by the Danang Department of Construction. Final design and documentation is now underway prior to submission of the construction permit application. Stage 1 includes luxury apartments, 4 star international standard hotel, retail complex and 42 storey office tower. It is envisaged that stage 1 site works will commence during Q 1, 2008.

**Danang 260 hectare Resort Development** – detail design for stage 1 (first 40 hectares) is proceeding. We are pleased to announce that Greg Norman golf course design consultants have been engaged to undertake the design consultancy for stage 1 being the first 18 holes of a proposed 36 hole PGA standard golf course. Troon Golf management consultants have also been appointed. Initial site works are planned to commence in Quarter 3 2007. The compensation of existing occupiers is being progressed by the Danang Authorities with the first 50 hectares expected to be handed over to VinaCapital during May 2007.

**Sai Thanh Hoi An** – an exhaustive project design review has resulted in a final design concept which will incorporate approximately 100 luxury beachside villas and associated recreational and entertainment facilities. Initial submissions have previously been presented to the planning authority and a formal presentation to the Quang Nam Director of Construction is arranged for mid April 2007. Discussions are continuing with several key 5 star hotel resort management operators. It is expected that marketing of the villas will commence during the second half of this year.

**Hanoi Opera Plaza** - located in Hoan Kiem District, is probably the best location in Hanoi for an office and retail development. The site is situated in the centre of the CBD, and immediately opposite the Hanoi Opera House and Hanoi Opera Hilton Hotel. VinaCapital Real Estate working closely with its design consultants has just completed a thorough review of the design to improve the overall concept which is being presented to the local authorities for their approval. The project incorporates 3 basement car parking levels, 4 levels of retail and 6,200 square meters of office over 7 floors. Geotechnical test drilling is scheduled to commence on site in May 2007.

### Major Holdings

An Phu Apartments	Residential	US\$2.3m
Central Garden	Residential	US\$5.2m
Century 21	Mixed-use	US\$24.6m
Danang Golf Course and Resort	Hospitality and Residential	US\$14.2m
Dong Hai Hotel	Hospitality	US\$8.6m
Hilton Hanoi	Hospitality	US\$30.3m
Omni Hotel	Hospitality	US\$18.6m
Hanoi Opera Plaza	Office & Retail	US\$7.7m

## VinaLand

### Investment Manager

VinaCapital Investment Management Ltd.

### Development Adviser

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### Fund Administrator

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KYG936361016

## Fund Background

Launched March 2006, VinaLand (VNL) is a closed-end property fund listed on the London Stock Exchange (AIM). The fund focuses on the key growth sectors of Vietnam's emerging real estate market including residential, office, industrial, and leisure projects. The fund is managed by VinaCapital Investment Management, with VinaCapital Real Estate acting as development adviser.

## Investment Manager

VinaCapital Investment Management (VCIM) comprises a team of over 35 professionals whose areas of expertise cover a full range of investment types.

Peter Dinning is managing director of VinaCapital Real Estate, which acts as development adviser to VCIM. Mr. Dinning is the founder of Dinning & Associates, a real estate consultancy based in Ho Chi Minh City, and was formerly director of Chesterton Petty in Vietnam and the Philippines. He has over eight years of experience in Vietnam as a chartered surveyor and real estate consultant and has been actively involved in property valuation, project appraisal, property marketing and management, and other consultancy works.

## Management and Performance Fees

The baseline management fee is 2% of funds under management and the performance fee is 20% of gains in excess of an 8% hurdle rate, with a high water mark and a catch-up.

## Valuation Policy

VNL adheres to the London Stock Exchange's valuation guidelines as set out for AIM-listed companies. The investment manager presents two independent valuations to the VNL board of directors' valuation sub-committee twice yearly. The valuation sub-committee will accept or reject the valuation reports and may require the investment manager to obtain other third-party valuation reports if deemed necessary.

## Buy-back Policy

VNL's board of directors may elect to make an annual tender offer, at which time shareholders have the opportunity to sell their shares to VNL at a price equal to the NAV per share at year end.

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