

Quarterly Report

Q2 2012

June 30th, 2012

During the second quarter, Vietnam Equity Holding (VEH) unaudited NAV per share increased 6.1% compared to a 0.6% increase of the VN Index in EUR terms (a decrease of 4.2% in VND terms). The share price of VEH increased 3.7% during the quarter to €1.40. Since inception, VEH NAV declined 9.5%, while the VN Index has lost 60.8% in EUR terms over the same period.

Vietnam Property Holding (VPH) unaudited NAV per share decreased 5.5% in Q2. The share price of VPH increased 1.1% during the quarter to €0.94. Since inception, VPH NAV has decreased 45.3%.

	NAV per Share (€)	% Change in NAVPS			Share Price (€)	% Change in Share Price			Discount (%)	NAV (€)
		Quarterly	YTD	Since Inception		Quarterly	YTD	Since Inception		
VEH	2.12	6.1	16.7	-9.5	1.40	3.7	34.6	-47.2	33.9	46,086,784
VPH	1.28	-5.5	-11.0	-45.3	0.94	1.1	-8.7	-64.5	26.7	15,998,220

Macroeconomic Update

- Inflation fell consistently to 6.9% Y-o-Y and the economy experienced *negative* monthly inflation in June
- GDP growth remained restrained at 4.7% Q-o-Q, 4.4% Y-o-Y
- Lack of credit growth was the main cause, very low at 0.8% YTD, especially considering target was set at 15%-17% for 2012
- State Bank of Vietnam announced non-performing loans (NPLs) account for 8.6% of total outstanding loans, NPLs keeping banks cautious about lending
- Little visible banking sector restructuring
- SBV reduced interest rates by 500 basis points during Q2

The main economic themes throughout Q2 were declining inflation, heightened uncertainty over non-performing loans (NPLs), and slowing economic growth. All of these factors are related and can be attributed to the high interest rates and restrictive credit policy the State Bank of Vietnam (SBV) had implemented during 2011. It took approximately six months for the monetary controls to take their effect on inflation; it will likely take at least six months from the reductions in the interest rates – 500 basis points in Q2 – and the loosening of credit for the economy to reaccelerate. Thus, it was not shocking that Q2 Y-o-Y GDP growth was 4.4% and that the government decided to reduce the GDP target from 6.5% to 6.0%, though it is unlikely that even this lower target will be reached.

Banks were extremely cautious in lending during Q2, as evidenced by the low amount of credit growth throughout the entire system at 0.8% YTD. The main issue holding back bank lending are the high – and rising – levels of NPLs, estimated by the SBV to account for 8.6% of total loans, though this number may still be low compared to actual levels. During the quarter, there was an observable pull-back in demand that affected earnings at businesses, which are generally more indebted, and more in need of credit, than consumers. As a result, banks were reluctant to extend credit lines to businesses at lower interest rates or to renegotiate old loans out of the concern that many businesses may not survive the slump in economic activity.

Reflecting the lack of spending during the second quarter, deposits increased throughout the banking system, increasing liquidity and reducing the need for banks to solicit funds from the interbank market, and lessening the stress on the system. By May, the interbank rate fell to an astonishing low of 1.5% from a high of 12.7% at the end of January. Additionally, the influx of cash and the lending restraint translated into falling government bond yields as banks needed to invest excess cash. However, the interest rate reductions apparently began to take effect in June as the interbank rate climbed to approximately 6%, possibly due to slumping deposit growth, businesses finding it more difficult to pay back their loans, or – and less likely – increased loan activity.

To help businesses during the economic slump, the government announced that they would implement a stimulus plan worth US\$1.3 billion by cutting corporate income taxes by as much as 30% and deferring sales tax payments by six months. For prioritized sectors such as exports and agriculture, the lending rate was capped to 3 percentage points above the deposit rate which stood at 9% at the end of June.

With monthly inflation at 0.05% in April and 0.18% in May, and the negative inflation of June at -0.26%, it is clear that business activity and economic growth were not the main priorities during the quarter. However, the low level of annual inflation growth at 6.9% at the end of June highlights the fact that the nation's struggle against inflation has been effective. Ending the quarter with a domestic sell rate of VND 20,920 per US\$1, the currency has remained remarkably stable throughout the first half of the year, especially in comparison to the Vietnam Dong's historic performance and to regional currencies during this year which have for the most part depreciated. The trade balance swung to surplus by the end of June with a positive US\$154 million, though this is most likely due to restrained demand.

The slow economic growth in Q2 is not yet overly worrying as the SBV only just started reducing interest rates in March, though the NPL problem remains concerning. Q3 will likely prove to be more active, though there is still a possibility that commodity prices could increase once again and put pressure on inflation right when the government needs to be focusing on restructuring the economy.

Equity Market Overview

From the beginning of the year until mid Q2, the Vietnam Index (VNI) rallied from the underperformance of 2011 bringing almost 45% returns. Topping on May 8th, the VNI then entered a correction phase, dropping over 13% from its high, and ending with 25.4% 1H performance. Domestically, there were many signs of macroeconomic stabilization that helped improve confidence among investors in the stock market. Those main factors include the 11 percentage point drop in the CPI from 18.1% Y-o-Y at YE2011 to 6.9% in June 2012; the State Bank of Vietnam's (SBV) reduction of the key interest rates by 500 basis points from March to June; deposit and refinancing rates both declining to high single digit or low double digits; and finally, the stabilization of the FX situation as a result of an improved trade deficit. Internationally, the Euro Zone has been struggling to get out of its crisis situation, thus during the quarter many foreign investors began looking to invest in emerging countries, including Vietnam.

In April, the market continued the upward momentum started in February with a positive reaction to a 100 basis point interest rate cut as well the release of another round of low CPI numbers. Domestic investors were beginning to move away from competing asset classes such as USD, gold, or simply depositing money in bank accounts, while foreign investors were already piling in, with many listed companies reaching their foreign ownership limits. In fact, offshore open-ended, Vietnam-focused equity funds had the most consistent inflows of all Asian emerging market funds up until the end of April, demonstrating that foreign interest in Vietnam's dynamic stock market was growing substantially. Even the bond market became more attractive with a lot of press surrounding the fact that Vietnamese US Dollar bonds had some of the best returns in Asia at approximately 10%. With foreign investors finding that ownership limits were full in many companies and domestic investors looking for the next big thing, we began to see a shift towards small-to-mid cap equities.

As May arrived, we again saw uncertainty over the Euro Zone crisis returning with foreigners curtailing buying activities during the second half of the month. The reduction of foreign investor activities also affected domestic investors' confidence. In addition, there were concerns about what many perceived to be slow movement from the SBV to ease policy interest rates in the face of slowing demand, as well as slow movement in restructuring the banking sector; hence, investors' expectations for a speedy economic recovery soured and profit-taking prevailed for much of the month. All sectors were affected by the selloff, with small and mid caps being hit harder than large caps.

In June, trading activities on the VNI fell during the month with much lower liquidity than previous months. With the increasing unease amongst foreign investors about the prospects for global growth, foreign investors registered as net sellers during the month on the Ho Chi Minh Stock Exchange (HOSE). The VNI continued to fall after the two interest rate reductions in June as investors were clearly waiting for a more stable global macroeconomic environment. The deputy chief executive of HOSE also commented during the month that due to high demand from foreign investors for certain stocks, raising the foreign ownership limits of public companies (now at 49%) would be beneficial to the businesses given the observable positive correlation between foreign inflows and market performance. This would be a good development for the Vietnam stock market and help it compete with regional and global markets.

Overall, corporate earnings were relatively weak as the lack of credit growth has hurt spending amongst consumers and businesses. The performance of the stock market will likely depend on the restructuring of the banking system and the stabilization of the economy. Until the economy gets to some semblance of stability and transparency, the stock market will likely be overwhelmingly driven by investor psychology rather than rational fundamental analyses of the performances of companies.

VN Index – 1H 2012



Source: Bloomberg

Foreign Investors Net Buy on HOSE

Date	Volume (Mn Shares)	Value (US\$ Mn)
Q2 2012	-47.2	-60.5
Jun – 2012	-32.7	-31.2
May – 2012	11.4	6.1
Apr – 2012	-25.9	-35.4
Q1 2012	-24.0	40.61
Mar – 2012	44.8	65.4
Feb – 2012	75.5	73.1
Jan – 2012	-144.3	-97.9
Q4 2011	-68.4	-67.9

Real Estate Market Overview

During Q2, the real estate market continued to suffer from low demand and excess supply in all segments and the overall reason would be low consumer confidence affecting the general economy and the real estate market in particular. Purchase and rental rates have been falling throughout the market and absorption of new supply has been quite weak. Development has stagnated at many projects while a few projects have managed to continue construction and even reach completion. The recent change has been a focus on quality and pricing throughout the market. In the meantime, we have seen the entrance of several foreign developers looking to increase their land holdings and their portfolios as land prices have fallen, offering an opportunity to enter the market.

The State Bank of Vietnam (SBV)'s interest rate reductions and reclassification of loans to real estate during the first half of 2012 have made it possible for potential homebuyers to access credit, however this has not translated in a sudden rush for available units. Sales have continued to be slow despite the access to credit, very large discounts, and promotional offers being offered by developers including making the payment terms easier on purchasers, free parking for vehicles, and in some cases, offering interior furniture. Thus, prices have dropped continuously throughout the quarter attributed to low consumer confidence in the general economy and to the belief among the general public that real estate prices will continue to fall. The aggressive price cuts by developers are helping to increase affordability throughout the market. We have also seen a distinct switch in focus to affordable housing projects as they accounted for nearly 60% of the newly completed supply in Ho Chi Minh City (HCMC) and almost 50% in Hanoi. With the prospect of prices continuing to fall, it is apparent that most residential sales that are occurring are generally for end-users who are under pressure to make purchases, rather than speculators.

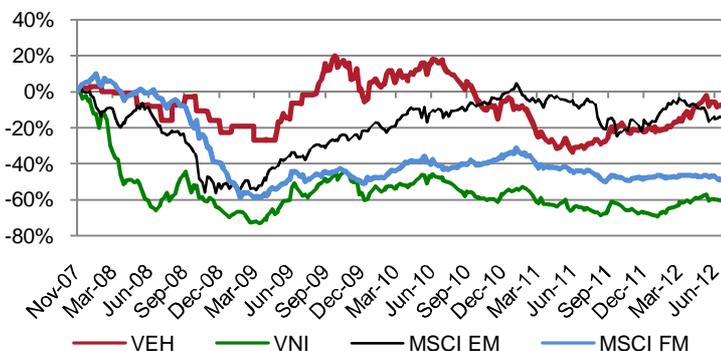
The office component has been hit by poor business performance throughout the quarter due to the high interest rates that only started to come down in Q2. According to CB Richard Ellis Vietnam, demand for grade A office space in HCMC halved after strong take-up in the two preceding quarters while vacancy in Hanoi has been improving, but only marginally. New supply coming online will continue to put pressure on rents which Q-o-Q fell by 1.9% in HCMC and -6.5% in Hanoi. Some believe that since the new supply is generally in high quality buildings, the average rents may be pulled upwards a little in the coming quarters. While this may happen, it is rather more likely that rents will resume their downward trend soon after due to the currently poor business environment and the continuous development of new supply.

Over the last two years, Vietnam's position in A.T. Kearney's "Global Retail Development Index: 30 Most Attractive Retail Markets" has fallen and this year it was not included in the list. Main reasons cited for this are the complicated nature of doing business in Vietnam and the recent macroeconomic struggles. Retail sales slowed continuously through the quarter and are affected by low consumer confidence and the general slowdown in the economy. Beyond expansions in a couple established retail locations, no new supply was added to the HCMC market but rents have continued to fall except for at prime locations. Foreign companies such as Burger King, Haagen-Dazs, and Calvin Klein continue to see now as a good opportunity to enter or expand in Vietnam.

In conclusion, Vietnam's real estate market is still suffering from oversupply and restrained demand. Stabilization is needed for sentiment and earnings to improve before expecting the real estate market to recover in any meaningful way. Therefore this painful slowdown is expected to continue and, with the exception of a few international developers, not many new developments are expected to break ground as financing is still unaffordable.

Vietnam Equity Holding (VEH) Performance

In Q2 2012, VEH's NAV per share increased 6.1% to €2.12 from €2.00 at the end of Q1 2012, compared to a 0.6% increase in the VN Index in EUR terms. Since inception, VEH's NAV has declined 9.5% versus a 60.8% decline of the VN Index in EUR terms.



Performance (%)	Q1 2012	Q2 2012	YTD	12 Months Prior	Inception
VEH NAV	9.9	6.1	16.6	30.8	-9.5
VEH Share Price	29.8	3.7	34.6	37.3	-47.2
VN Index in EUR	23.1	0.6	23.9	9.9	-60.8
MSCI EM Index in EUR	11.1	-5.8	4.7	-6.4	-11.9
MSCI FM Index in EUR	1.0	-3.4	-2.5	-6.4	-48.0

	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Total NAV (€)	42,522,319	43,440,005	47,979,452	48,344,206	46,086,784
NAV per Share (€)	1.96	2.00	2.21	2.22	2.12

VEH Portfolio Performance

VEH outperformed the VN Index in EUR terms during Q2 because of the resilience of large-cap portfolio prices after the rest of the market began to fall in May. VEH underperformed the VN Index YTD because of the slow performance of the same large-cap positions during the first half of the year. VEH's top holdings include several of these blue-chip stocks; thus, the Fund was positioned in a way that minimized the losses from the downturn that started in May.

About Vietnam Equity Holding

Vietnam Equity Holding (VEH) is an investment fund established as a Cayman Islands closed-end company listed on the Frankfurt Stock Exchange (FSE) and Xetra. The objective of VEH is to maximize capital appreciation by making equity investments in promising listed, pre-listed, and private companies in Vietnam. LCF Rothschild ranked VEH as the No. 1 performing Vietnam focused equity fund in 2008. For more information, please visit www.saigonam.com

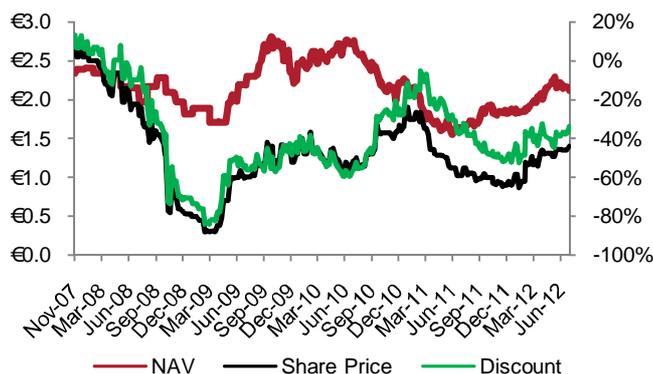
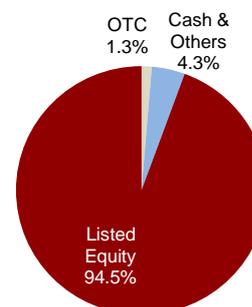
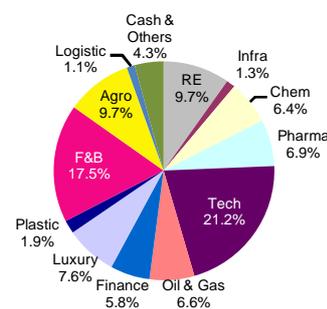
Structure	Cayman Islands registered closed-end fund
Funds Launch	November 2007
Duration	5 Years (subject to shareholder vote for extension)
Fiscal Year End	31 December
Listed	Frankfurt Stock Exchange (FSE) and Xetra
NAV Frequency	Monthly
Management Fee	2% of NAV
Performance Fee	20% of gains over 8% hurdle with high water mark
Investment Manager	Saigon Asset Management
Auditor	Grant Thornton
Legal Counsel	Reed Smith LLP & Appleby
Administrator Custodian	Deutsche Bank (Cayman) Ltd Deutsche Bank AG, Ho Chi Minh City Branch
Clearing / Settlement	Euroclear or Clearstream
Market Makers	886 AG +49 6101 98861 18, www.886ag.de LCF Rothschild +44 207 845 5900, www.lcfr.co.uk
Bloomberg	3MS:GR
Reuters	3MS.DE
ISIN	KYG936251043
German Securities Code	A0M12V

VEH Strategy

VEH remains predominantly invested in listed equities, which represent 94.5% of the total NAV, while 1.3% is invested in the OTC market.

VEH's strategy is to source reasonably priced mid cap companies that demonstrate high growth potential. VEH prefers companies with significant exposure to the domestic market, that can capitalize on the strong growth of Vietnamese middle class consumption, and that are poised to benefit from an anticipated long-term rebound of the Vietnam stock market.

Portfolio by Sector and Asset Allocation



VEH Top Portfolio Holdings

1. FPT Corporation (FPT)

FPT dominates Vietnam's technology industry with four core businesses: Systems Integration, Telecommunications, Software Outsourcing, and IT & Mobile Phone Distribution. Achieving a net earnings growth rate of 20% per annum over the last 10 years, the company also has one of the most highly respected management teams in Vietnam. The company is trading at a trailing P/E ratio of 7.7.

FPT's revenues fell in the second quarter due to the falling demand and falling public spending impacting the company's Distribution and Systems Integration businesses. Good performance from the high margin Software business helped to increase the gross margin and the Telecom businesses also did relatively well, but both were affected by slowing economic growth during the second quarter. These are expected to recover in the second half of the year.

For the second half of the year, revenues at the Distribution business are expected to recover due to the company gaining market share of distribution of Nokia phones and the impacts from FX fluctuations are expected to lessen. FPT's retail network is expected to continue to grow after expanding 30% during the first half, and its Education business continues to train highly qualified individuals for the company to employ in its expansions.

2. Vinamilk (VNM)

Vinamilk is the largest dairy company in Vietnam with 40% market share (2010). The company has consistently delivered a solid performance over the last 5 years with revenue growth around 20% and profit growth around 40%. VNM is the only Vietnamese company that is listed in Forbes Asia list "Best Under A Billion."

Vinamilk was not overly affected by slowing demand during Q2 as it managed to post revenue growth of 21% Q-o-Q and 30% Y-o-Y. A couple reasons for this would be the company's January selling price increase of 6% to cope with rising raw material costs, and export growth of 109% Y-o-Y to markets in the immediate region, but also to areas such as the Middle East. Aiming to capitalize on growing export demand and the capacity for domestic demand to continue to increase, Vinamilk continues to develop its supply with investments in a new factory and to expand its cowherd. However, Vinamilk is experiencing strong domestic competition from rival TH True Milk which is ambitiously aiming to grow its market share of liquid milk to 50% by 2013. This is a potential threat to Vinamilk's continued domestic growth.

In early Q3, Vinamilk announced that it would pay a 2012 dividend of 3% and there will be a bonus share offering at a ratio of 2:1 in December 2012. This news drove the share price above VND100,000, exhibiting the strong demand among investors for this high-quality company.

FPT Key Share Data @30 June 2012

Market Capitalization (\$mn)	614
Share Price 30 June 2012 (VND)	47,100
Share Price 31 March 2012 (VND)	45,700
Trailing P/E	7.7
Outstanding Shares (mn)	274
Dividend Yield (%) ^(*)	4%
52-week High ^(**) (VND)	53,600
52-week Low ^(**) (VND)	36,700
Average Daily Volume ^(**)	253,580
^(*) Based on cash dividend payment plan in AGM 2012	
^(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	5,950	5,515
COGS	4,832	4,271
Gross Profit	1,117	1,244
Gross Margin	18.8%	22.6%
Operating Profit	573	587
Operating Margin	9.6%	10.6%
Net Profit	341	412
Net Margin	5.7%	7.5%

VNM Key Share Data @30 June 2012

Market Capitalization (\$mn)	2,351
Share Price 30 June 2012 (VND)	88,000
Share Price 31 March 2012 (VND)	92,000
Trailing P/E	10.0
Outstanding Shares (mn)	556
Dividend Yield (%) ^(*)	3%
52-week High ^(**) (VND)	96,000
52-week Low ^(**) (VND)	72,667
Average Daily Volume ^(**)	57,113
^(*) Based on cash dividend payment plan in AGM 2012	
^(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	5,876	7,097
COGS	4,077	4,687
Gross Profit	1,800	2,410
Gross Margin	30.6%	34.0%
Operating Profit	1,268	1,658
Operating Margin	21.5%	23.3%
Net Profit	1,270	1,492
Net Margin	21.6%	21.0%

VEH Top Portfolio Holdings

3. Phu Nhuan Jewelry JSC. (PNJ)

Phu Nhuan Jewelry JSC (PNJ) is a growing Vietnamese jewelry brand and is the second largest in Vietnam, after Saigon Jewelry Company (SJC). The company has three product lines targeting the domestic demand: PNJ Gold (mass market), PNJ Silver (youth market), and Cao Fine (exclusive market). With Vietnam's only mass production jewelry factory and a nationwide distribution network of 162 outlets and over 3,000 distributors, PNJ is on a strong growth path.

PNJ's revenue fell during Q2 due to the slowdown in its gold trading business and low consumption of jewelry products. As gold prices moderated internationally and domestically, the margin on the gold trading business fell while the company was forced to offer promotions and discounts for gold jewelry to keep sales going in that segment, both of these developments bringing the gross margin down three percentage points. However, the company did manage to hit 50% of its full year net profit targets, and with Vietnam's wedding season approaching, high-margin jewelry sales may pick up, helping the company's revenues and profits.

PNJ announced that it fully divested from a non-core investment in a gas company and in the long-term, it will continue to divest of all non-core business interests to be able to focus on its main area of expertise. PNJ also announced a 5:1 stock split program along with a first phase dividend payment to be implemented in August 2012.

4. Development Investment Construction JSC (DIG)

Development Investment Construction JSC (DIG) is a leading real estate developer that has secured a 3,000 hectare land bank within the "Southern Economic Triangle" region of Vietnam. DIG has extensive experience in developing large-scale township developments as well as new urban areas. Strong connections with the Ministry of Construction, has helped DIG gain access to attractive properties at great value.

Vietnam's frozen real estate market negatively affected DIG's revenues during the second quarter as it only managed to sell units in one of its developments, Lakeside Apartments. Despite this, DIG did not have a problem with paying back bank loans that came due during the second quarter, as a result short-term borrowings decreased. DIG's low debt-to-equity ratio is a definite advantage that DIG possesses over most other developers in Vietnam. DIG is focusing on continuing development of several key projects, notably its 98 hectare co-development with VinaCapital called Dai Phuoc Lotus, a villa development in Dalat called An Son villa, and the infrastructure development of its Nam Vinh Yen project. DIG expects to book sales at these attractive projects during the second half of the year, helping it weather the real estate slowdown.

PNJ Key Share Data @30 June 2012

Market Capitalization (\$mn)	129
Share Price 30 June 2012 (VND)	45,000
Share Price 31 March 2012 (VND)	39,000
Trailing P/E	13.5
Outstanding Shares (mn)	60
Dividend Yield (%) ^(*)	5%
52-week High ^(**) (VND)	45,000
52-week Low ^(**) (VND)	25,100
Average Daily Volume ^(**)	133,822
^(*) Based on cash dividend payment plan for 2012	
^(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	2,036	1,626
COGS	1,830	1,506
Gross Profit	206	121
Gross Margin	10.1%	7.4%
Operating Profit	111	18
Operating Margin	5.5%	1.1%
Net Profit	92	39
Net Margin	4.5%	2.3%

DIG Key Share Data @30 June 2012

Market Capitalization (\$mn)	99
Share Price 30 June 2012 (VND)	16,400
Share Price 31 March 2012 (VND)	16,700
Trailing P/E	15.6
Outstanding Shares (mn)	126
Dividend Yield (%) ^(*)	6%
52-week High ^(**) (VND)	22,600
52-week Low ^(**) (VND)	9,400
Average Daily Volume ^(**)	235,757
^(*) Based on cash dividend payment plan in AGM 2011	
^(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	190	192
COGS	143	129
Gross Profit	46	63
Gross Margin	24.2%	32.8%
Operating Profit	12	27
Operating Margin	6.3%	14.1%
Net Profit	24	22
Net Margin	12.6%	11.5%

VEH Top Portfolio Holdings

5. Dabaco Group (DBC)

Dabaco (DBC) is the largest domestic animal feed producer in Vietnam with 20% market share in the North and 6% market share nationwide. Though it faces strong competition from foreign companies, current supply of animal feed satisfies only 60% of domestic demand. This presents an opportunity for Dabaco to increase its market share by building up its brand name and the quality of its products.

DBC's revenue declined significantly in the second quarter as most revenues were generated by the company's animal feed and animal breeding businesses, whereas during the first quarter, the company booked extraordinary revenue from its wholesale real estate sale of Den Do land. As a result, gross margin decreased only marginally while revenues from DBC's animal feed business have increased by 46% Y-o-Y. Quarterly growth was slightly less encouraging as moderating food prices convinced farmers to reduce their breeding activities, negatively affecting the breeding business.

For the second half of 2012, revenue growth is expected to be supported by the Den Do land sale while animal feed sales may fall, compounded by increasing prices of the major ingredients putting pressure on the gross margin.

DBC Key Share Data @30 June 2012

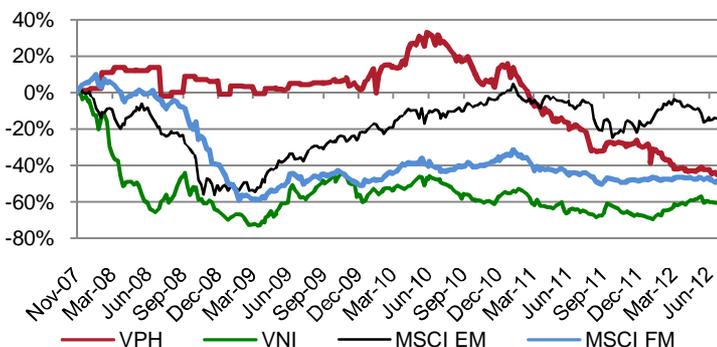
Market Capitalization (\$mn)	53
Share Price 30 December 2011 (VND)	22,900
Share Price 30 September 2011 (VND)	19,400
Trailing P/E	2.5
Outstanding Shares (mn)	48
Dividend Yield (%) ^(*)	7%
52-week High ^(**) (VND)	25,300
52-week Low ^(**) (VND)	11,500
Average Daily Volume ^(**)	234,197
^(*) Based on cash dividend payment plan in AGM 2012	
^(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	2,066	900
COGS	1,772	787
Gross Profit	294	113
Gross Margin	14.2%	13.0%
Operating Profit	253	68
Operating Margin	12.2%	8.0%
Net Profit	204	42
Net Margin	10.0%	4.7%

Vietnam Property Holding (VPH) Performance

During Q2 2012, VPH's NAV per share decreased 5.5% to €1.28 from €1.36 at the end of Q1 2012, compared to a 0.6% decrease of the VN Index in EUR terms. Since inception, VPH's NAV has declined 45.3% versus a 60.8% decline of the VN Index in EUR terms.



Performance (%)	Q1 2012	Q2 2012	YTD	12 Months Prior	Inception
VPH NAV	-5.5	-5.5	-11.0	-32.2	-45.3
VPH Share Price	-9.7	1.1	-8.7	-31.9	-64.5
VN Index in EUR	23.1	0.6	23.9	9.9	-60.8
MSCI EM Index in EUR	11.1	-5.8	4.7	-6.4	-11.9
MSCI FM Index in EUR	1.0	-3.4	-2.5	-6.4	-48.0

	Feb-12	Mar-12	Apr-12	May-12	Jun-12
Total NAV (€)	17,539,664	17,007,486	16,952,808	17,204,011	15,998,220
NAV per Share (€)	1.40	1.36	1.35	1.38	1.28

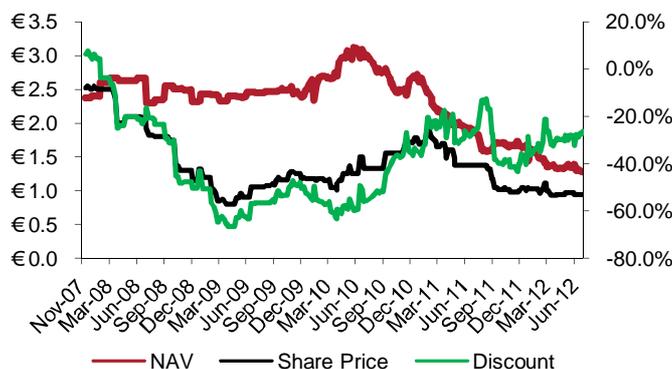
VPH Portfolio Performance

A 5.5% decrease in NAV in Q2 2012 is attributed to a decline in the market value of the listed portfolio. This was driven by negative market sentiment towards real estate, particularly small-cap listed developers, due to lack of demand for completed units, rising non-performing loans in real estate, and consequently, little support through financing by the banks.

About Vietnam Property Holding

Vietnam Property Holding (VPH) is an investment fund established as a Cayman Islands closed-end company and listed on the Frankfurt Stock Exchange (FSE) and Xetra. The objective of VPH is to maximize capital gains from investing in a diversified portfolio of real estate projects and companies in Vietnam. LCF Rothschild ranked VPH as the No.1 performing Vietnam focused real estate fund in 2009. For more information, please visit www.saigonam.com

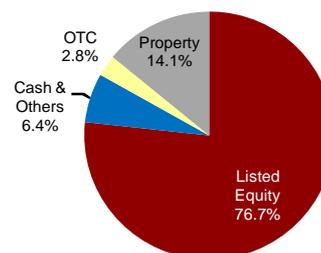
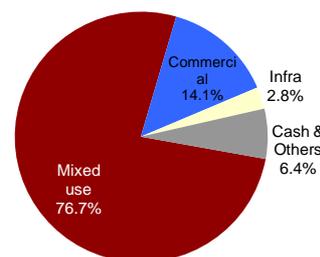
Structure	Cayman Islands registered closed-end fund
Funds Launch	November 2007
Duration	5 Years (subject to shareholder vote for extension)
Fiscal Year End	31 December
Listed	Frankfurt Stock Exchange (FSE) and Xetra
NAV Frequency	Monthly
Management Fee	2% of NAV
Performance Fee	20% of gains over 8% hurdle with high water mark
Investment Manager	Saigon Asset Management
Auditor	Grant Thornton
Legal Counsel	Reed Smith LLP & Appleby
Administrator Custodian	Deutsche Bank (Cayman) Ltd Deutsche Bank AG, Ho Chi Minh City Branch
Clearing / Settlement	Euroclear or Clearstream
Market Makers	886 AG +49 6101 98861 18, www.886ag.de LCF Rothschild +44 207 845 5900, www.lcfr.co.uk
Bloomberg	3MT:GR
Reuters	3MT:DE
ISIN	KYG9361R1074
German Securities Code	A0M12W



VPH Strategy

VPH's strategy remains unchanged with asset allocation dominated by listed real estate stocks. The Investment Manager is screening for swapping opportunities to rebalance the portfolio towards small and mid cap stocks with strong fundamentals and higher reward/risk ratios to capitalize on the potential upside gain from an anticipated long-term rebound of the Vietnamese real estate market.

Portfolio by Sector and Asset Allocation



VPH Top Portfolio Holdings

1. NBB Investment Corporation (NBB)

NBB is a leading affordable property developer and infrastructure contractor affiliated with CIENCO 5, a state-owned construction company under the Ministry of Transportation. NBB is also the owner of large-scale projects in construction, titanium mining, hydro-power, and mineral water. The company owns 241ha of cleared residential land acquired at low cost in attractive locations in HCMC, as well as 366ha of land undergoing compensation.

In Q2 2012, revenues decreased 38% Q-o-Q and 19% Y-o-Y, mainly due to slow sales at NBB's District 8 Carina Plaza development, a result of the presently slow real estate market. Despite the slow market, NBB has handed over more than 70% of the units in Carina Plaza and has been making sales and development progress at the company's District 8 City Gate project. To further encourage sales at Carina Plaza, a selling price decrease of 20% was approved at NBB's AGM this year. We are confident that the selling price decrease and the high proportion of already handed-over units will encourage sales through the rest of the year while NBB's divestments from underperforming or non-core businesses will increase the attractiveness of the company's stock among investors.

2. Century 21 JSC (C21)

C21 is a leading local property developer that has its historical roots in one of the most influential media groups in the country, the Tuoi Tre newspaper. The company focuses on the development of affordable housing and operating commercial and hospitality properties. C21 owns over 197ha of residential and resort land acquired at low cost in prime locations in southern Vietnam with another 42ha under compensation. The land bank includes one fully occupied grade C office building in District 3 of HCMC and several popular beach-front resorts.

Revenues improved slightly in Q2, supported by increasing revenue during the tourist season at the hospitality locations that C21 operates. However, first half results only reached 23% of full-year targets and some of the company's hospitality projects underperformed. Due to the slow real estate market, C21 has reduced sales and marketing efforts of several projects, preferring to hold them until prices increase. C21 is also planning on divesting some projects and is currently in negotiations with potential investors and joint-venture partners. Divestments of some projects would support revenues for 2012 and would create capital for C21 to acquire attractive distressed projects that are seriously discounted to fair market value.

NBB Key Share Data @30 June 2012

Market Capitalization (\$mn)	31
Share Price 30 June 2012 (VND)	36,400
Share Price 31 March 2012 (VND)	41,900
Trailing P/E	16.6
Outstanding Shares (mn)	18
Dividend Yield (%) ^(*)	4.4%
52-week High ^(**) (VND)	64,500
52-week Low ^(**) (VND)	31,900
Average Daily Volume ^(**)	6,594
^(*) Based on cash dividend payment plan in AGM 2011	
^(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	111	69
COGS	84	42
Gross Profit	27	27
Gross Margin	24.3%	39.1%
Operating Profit	19	21
Operating Margin	17.1%	30.4%
Net Profit	11	8
Net Margin	9.9%	11.6%

C21 Key Share Data @30 June 2012

Market Capitalization (\$mn)	15
Share Price 30 June 2012 (VND)	16,800
Share Price 31 March 2012 (VND)	18,100
Trailing P/E	6.1
Outstanding Shares (mn)	19.0
Dividend Yield (%) ^(*)	5.4%
52-week High ^(**) (VND)	28,000
52-week Low ^(**) (VND)	16,100
Average Daily Volume ^(**)	10,603
^(*) Based on 2011 actual cash dividend payment	
^(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	31	32
COGS	12	10
Gross Profit	19	22
Gross Margin	61.2%	68.8%
Operating Profit	11	14
Operating Margin	35.5%	43.8%
Net Profit	9	14
Net Margin	29.0%	43.8%

VPH Top Portfolio Holdings

3. Vinaconex TDC – Mo Plaza, Property, Hanoi

Mo Plaza is a 25-storey mixed-use retail, office, and condo project located on a 14,700 square meter plot in the central business district of Hanoi. The construction will produce 86,000 square meters gross floor area (GFA), consisting of 24,000 square meters of retail space, 47,000 square meters of office space, and 100 condo units to be sold on a 50-year leasehold basis.

As of the end of Q2 2012, the construction of the superstructure of Mo Plaza was completed and the focus is now on the installation of the utilities such as the elevator, electricity, water, and fire prevention systems. The debt-to-assets ratio of the project is unchanged at 0.7x. Unfortunately, sales of the condos have remained slow, with only 29 of 100 being pre-sold. In addition, given the current state of the office and retail markets in Hanoi, there has been little interest for pre-leasing of those spaces. Thus, the management team of Mo Plaza continues to work with property market consultants and promote the sales effort to encourage interest in this project.

4. Savimex (SAV)

Savimex is a leading wooden furniture manufacturer in Vietnam – affiliated with SATRA, one of the largest state-owned trading groups – and an experienced real estate developer. The company has a 17ha clear residential land bank, acquired at low cost and located in very attractive areas. SAM has been actively engaged in restructuring the wooden furniture business and speeding up licensing and development of the 5.2ha Phu My condo project.

During Q2, the sales effort of the Ngoc Lan condo project made significant progress as construction is very near completion. At the end of the quarter, 88/92 units have been sold and hand over is already proceeding, helping to generate a 21% increase in revenues Q-o-Q. However, to generate sales in this tough real estate market, the project had to be heavily marketed and the selling price had to be reduced quite substantially, thus the operating margin for the quarter was low at 1%, though this is an improvement over the previous year. Meanwhile, the licensing effort for the Phu My project continues and in Q2, Savimex received preliminary approval from the District 7 People's Committee and is expecting to receive the 1:500 Master Plan approval in Q3 2012 which will vastly improve the marketability of the project to already interested foreign developers.

SAV Key Share Data @30 June 2012

Market Capitalization (\$mn)	5
Share Price 30 June 2012 (VND)	10,300
Share Price 31 March 2012 (VND)	10,900
Trailing P/E	10.9
Outstanding Shares (mn)	10
Dividend Yield (%) ^(*)	6.8%
52-week High ^(**) (VND)	28,500
52-week Low ^(**) (VND)	9,600
Average Daily Volume ^(**)	20,972
^(*) Based on actual 2011 cash dividend payment	
^(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	113	137
COGS	100	122
Gross Profit	13	15
Gross Margin	12.0%	10.9%
Operating Profit	1	1
Operating Margin	1.0%	0.7%
Net Profit	1	0
Net Margin	1.0%	0.0%

VPH Top Portfolio Holdings

5. Construction and Materials Trading Company (CNT)

CNT is the fifth largest supplier of building materials in Vietnam, a mid-size contractor and a real estate developer with a 99ha clear residential land bank mostly in HCMC and in Kien Giang, a coastal province. The company's main business activities focus on trading steel and cement, producing pre-cast concrete, and construction. The Investment Manager is assisting CNT to expedite its real estate projects by working with both local banks and securities firms to issue corporate bonds / new shares to finance the construction of its projects. Specifically, SAM successfully worked with strategic investors of CNT to issue a VND40bn two-year bond to finance the company.

CNT's revenues increased 15% Q-o-Q due to an increase in trading, construction, and the precast concrete business. However, the construction and materials business has a low margin, thus gross margin decreased. The Green Pearl project received its preliminary master plan approval in May 2012, and the My Phuc project is expected to receive its 1:500 Master Plan approval in Q3 2012, allowing construction to commence. However, as the materials trading business incurs a high amount of debt to finance account receivables, CNT is planning on divesting its properties and inefficient subsidiaries/affiliates, including its real estate projects, to be able to raise its cash flow and reduce its overall debt level.

CNT Key Share Data @30 June 2012

Market Capitalization (\$mn)	4
Share Price 30 June 2012 (VND)	8,300
Share Price 31 March 2012 (VND)	8,900
Trailing P/E	9.0
Outstanding Shares (mn)	10
Dividend Yield (%) ^(*)	19.4%
52-week High ^(**) (VND)	11,400
52-week Low ^(**) (VND)	7,500
Average Daily Volume ^(**)	5,133
(*) Based on 2011 actual cash payment	
(**) Bloomberg	

Income Statement Summary (billion VND)

	Q1 2012	Q2 2012
Revenue	508	674
COGS	552	645
Gross Profit	36	29
Gross Margin	7.1%	4.3%
Operating Profit	25	16
Operating Margin	4.9%	2.4%
Net Profit	2	4
Net Margin	0.4%	0.6%

About Saigon Asset Management

Established in 2007 in the Cayman Islands with a representative office in Ho Chi Minh City, SAM manages Vietnam Equity Holding (VEH) and Vietnam Property Holding (VPH) and employs over 25 investment professionals with diverse international financial backgrounds and proven track records.

- **Inception:** August 2007
- **AUM at Inception:** US\$125 million
- **Incorporated:** Cayman Islands
- **Representative Office:** Ho Chi Minh City, Vietnam
- **Business Models:**
 - Fund Management
 - Trading and Investment, US-Vietnam (2012)
- **Track Record and Pertinent Info:**
 - Vietnam Equity Holding (VEH)
 - No.1 performing equity fund in 2008 according to LCF Rothschild and best performing equity fund since 2007
 - Focus on small and mid cap equities
 - Key Portfolio Holdings: FPT, VNM, PNJ, DIG, DBC
 - Vietnam Property Holding (VPH)
 - No.1 performing real estate fund in 2009 according to LCF Rothschild
 - Focus on listed real estate companies with large land banks
 - Key Portfolio Holdings: NBB, C21, Mo Plaza, SAV, CNT
- **Management:**
 - Louis Nguyen – Chairman & CEO
 - Kevin Flaherty – Managing Director of Energy & Natural Resources Investment
 - Peter Dinning – Managing Director of Real Estate Investment
 - Antony Nezcic – Managing Director of Impact & Agriculture Investments
 - Hung Pham – Director Investment Banking
 - Eric Schaer – Managing Director of Advisory Services
 - Henrik "Hien" Vu – Managing Director of USA Operations