



VinaLand Limited

Quarterly report 31 March 2012

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Fund background

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

ISIN KYG936361016
 Bloomberg VNL LN
 Reuters VNL.L

Investment objective

VNL targets medium to long term capital gains with some recurring income through investment in the following real estate sectors: office; residential; retail; township (large scale); and hospitality and leisure.

[View VNL details.](#)
[Download VNL factsheet.](#)

Fund managing director

David Henry

Manager

VNL is managed by VinaCapital Investment Management Ltd ("VCIM" or the "Investment Manager"), a Cayman Islands company. VCIM was established in 2008 and manages three listed and several unlisted investment companies.

More information about VCIM is [available here.](#)

Manager comment

VNL's unaudited net asset value was USD573.6 million or USD1.16 per share at 31 March 2012, a 2.1 percent decrease from the auditor reviewed net asset value of USD585.4 million or USD1.18 per share on 31 December 2011. For the quarter, VNL's share price decreased 11.9 percent to USD0.59 from USD0.67 at the end of December 2011. Additionally, VNL bought and cancelled 2,265,000 shares during the quarter ending March, bringing the total acquired to 4,860,000 or approximately 1.0 percent of issued shares.

Fund Update

On 20 March 2012, VNL announced the divestment of its entire 75 percent stake in the Clear Interest Group, which holds an interest in the Legend Hotel and a call option to acquire a controlling stake of the hotel at a later date. To read the full announcement click [here](#).

During the quarter the macroeconomic climate remains the underlying challenge for Vietnam's property market with buyers of residential property continuing to sit idle. However, VNL has seen more enquiries from potential residential home buyers during the month of March than the prior three months. We believe that despite interest rates easing slightly over the past month, they remain constrictive enough to prevent the property market from improving. During the quarter, high interest rates have caused a small minority of buyers to have difficulty with progress payments, yet the sales teams have been actively managing collections to minimize exposure to late payments or defaults ensuring project cash flow remains on track. In some cases we have modified the repayment program or insisted buyers trade-down from a higher priced property to one more affordable, in order to preserve the purchase contract.

Additionally, during the quarter, VinaLiving signed an agency agreement with Keller Williams Realty, the second largest residential real estate company in the United States, to target potential overseas Vietnamese buyers in North America. VinaLiving has set up a similar arrangement to reach overseas Vietnamese in Australia. We received encouraging feedback on these efforts and will update shareholders as data becomes available.

According to the Vietnam National Administration of Tourism (VNAT) approximately 1.9 million foreign tourists visited Vietnam in Q1 2012. Most notably, the city of Nha Trang had a large inflow of Russian visitors. As a result, the Sheraton Nha Trang outperformed its first quarter gross operating profit (GOP) budget for the first time. Following a general manager change at both Movenpick hotel locations, each has marginally exceeded first quarter GOP budgets as well; however results have come from effective cost controls as revenue levels were below expectations. The Mercure Hanoi La Gare hotel has hired a new general manager in an effort to reverse the hotel's 15 percent GOP budget shortfall in the first quarter.

31 Mar 2012

NAV **1.16** per share (▼2.0%)

Total NAV: USD574 million

Performance summary

	Cumulative change:			
	31 Mar 12	3mth	1yr	3yr
NAV per share	1.16	-2.0%	-15.3%	-20.0%
Share price	0.59	-11.9%	-37.2%	84.4%
Premium/ (Discount)	(49.1%)			
Market cap	292m			
Total NAV	573.6m			

Other information

Issued shares	495,107,622
Fundraisings	198m in 2006; 395m in 2007

Acquisition - divestment history

Current assets	36
Divestments	10 full, 1 partial and residential unit sales
Debt level	Fund: Nil Projects: 14% of NAV
Cash balance	Fund: USD20m

Performance history (% change on NAV)

	2012	2011	2010	2009	2008	2007
Q1	-2.0%	0.7%	3.0%	-3.3%	12.5%	22.0%
Q2		-2.2%	-0.7%	-9.0%	9.4%	6.1%
Q3		0.7%	3.7%	-0.8%	-2.5%	0.2%
Q4		-11.1%	-3.5%	1.5%	-4.5%	3.2%
YTD	-2.0%	-11.8%	2.3%	-11.3%	14.8%	33.8%

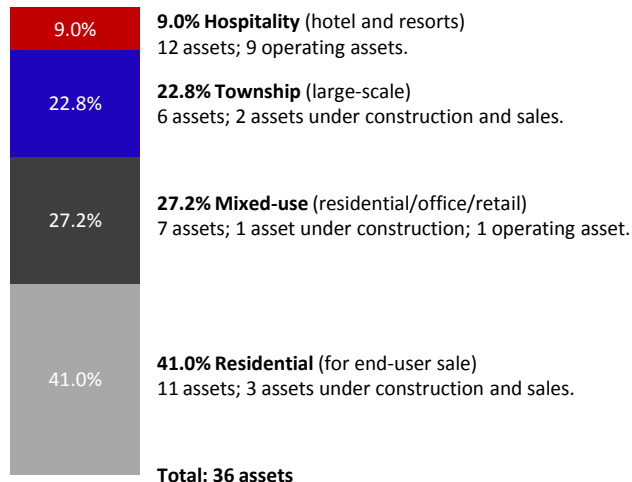
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Top holdings (31 Mar 12)

Project	Location	Type	NAV%
Century 21	South	Residential	12.0%
Danang Beach Resort	Central	Residential	11.3%
Dai Phuoc Lotus	South	Township	7.5%
Pavilion Square	South	Mixed-use	7.1%
Times Square Hanoi	North	Mixed-use	5.8%
My Gia	Central	Township	5.8%
VinaSquare	South	Mixed-use	5.6%
Aqua City	South	Township	4.3%
World Trade Centre	Central	Mixed-use	4.2%
Trinity Park*	South	Residential	3.9%

* Previously HUD Dong Thang Long. **Top 10 assets: 67.4%**

Portfolio by sector (31 Mar 12)



Projects pending final investment licensing (31 Mar12)

Project	Location	Type	Site Area (ha)
Long An	South	Township	1,925
Hoi An South	Central	Township	1,538
Vung Bau	South	Hospitality	238
Trinity Park	South	Residential	34
Green Park Estate	South	Mixed-use	27
Long Truong	South	Residential	20
Hao Khang	South	Residential	4.8

Total: 7 assets representing NAV of USD73m.

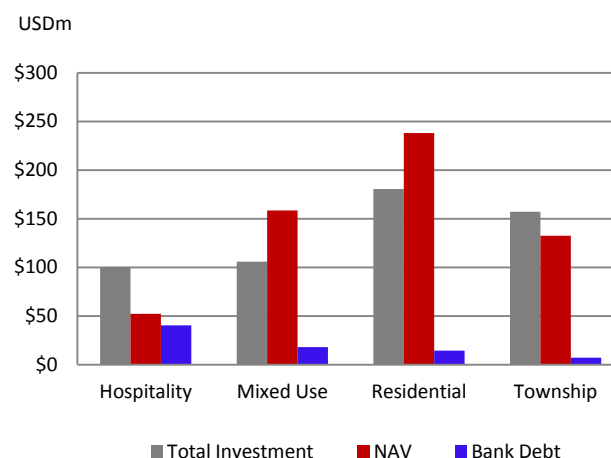
Portfolio breakdown (31 Mar 12)

Portfolio by geographic location	NAV%
Hanoi	8.7%
Central provinces	29.3%
Ho Chi Minh City region	62.0%

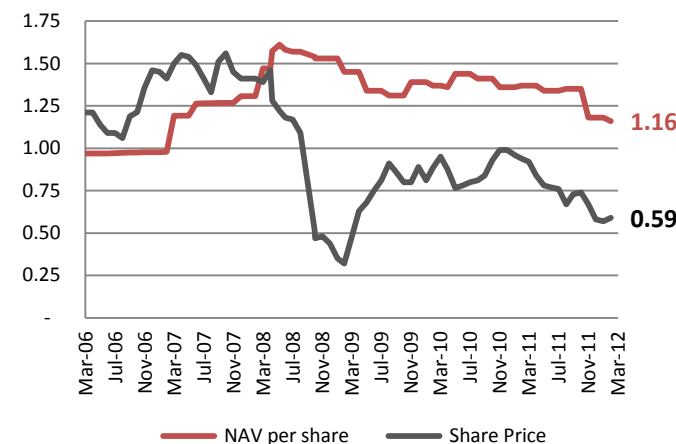
Valuation breakdown	NAV%
Assets held at cost or below cost	12.6%
Assets revalued	87.4%

Development status	NAV%
Land banking	7.6%
Planning stage	52.3%
Development stage	33.1%
Operating assets	6.9%

NAV by sector (31 Mar 12)



NAV and share price performance (31 Mar 12)



VNL strategy

Background: VNL from 2006-2009 invested in a total of 46 real estate projects across the major urban centres of Vietnam, including operating hotels, residential, retail, office, mixed-use and township/land banking projects. The Fund has since divested ten projects and holds 36 projects as at 31 March 2012. Following the acquisition phase, VNL focused on obtaining investment licences and development approvals for its projects to add value to its land and development projects.

Current strategy: VNL is now in a realisation phase to enable distributions to shareholders. The primary means of divestment has been via the development of residential for-sale products (apartments and landed property) to Vietnamese homebuyers. However, this has become more challenging over the past three quarters as buyers have withdrawn from the market. VNL's strategy remains to push forward with landed property development and sales given the activity that still exists in this sub sector. Additionally by pushing forward with development, VNL is able to seek investors or sub-developers, who will purchase larger wholesale parcels of land from VNL township projects, allowing for partial exits. An alternate strategy for divestment is securing equity development partners. Complete divestment of assets is also an option including VNL's operating hotels and mature assets, where a sale at current market value will result in a higher IRR than holding or continuing to develop the asset. Mixed-use commercial city-centre developments will only proceed following a pre-commitment from anchor tenants and/or equity co-investors. While this will delay commencement of some projects, VNL will not commit to debt current interest rates, but rather wait for the property market and macroeconomic conditions to improve.

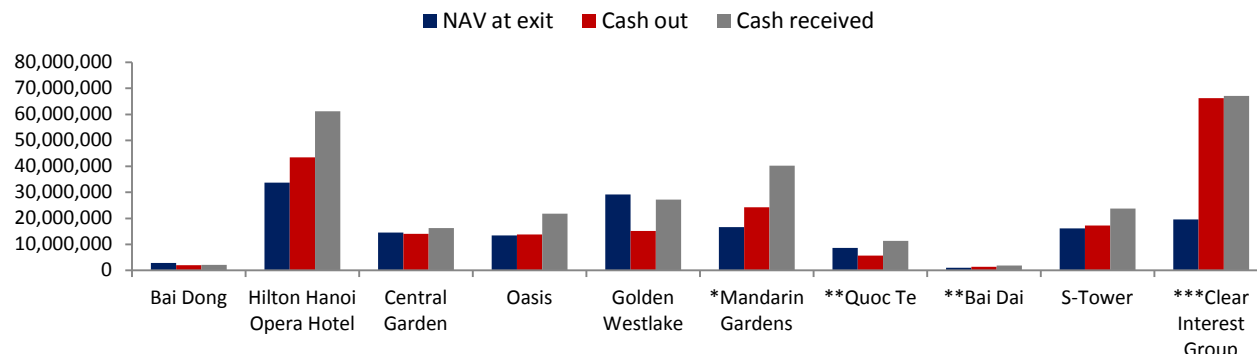
A share buyback programme was initiated in October 2011 following feedback from investors as to the most appropriate method of providing them with distributions. All shares purchased under this programme are cancelled.

Construction Timeline	Type	2012			2013				2014				2015				2016
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Danang Beach Resort	Residential																
WTC Danang	Mixed use																
My Gia	Township																
Dai Phuoc Lotus	Township																
Trinity Park*	Residential																
Hao Khang*	Residential																
Century 21*	Residential																

Under Construction
 Proposed Construction

(*): seeking co-investment partner or divestment

VNL projects fully divested



Exit Date	Q2 2009	Q2 2009	Q2 2009	Q4 2009	Q4 2009	Q2 2010	Q4 2010	Q2 2011	Q3 2011	Q1 2012
Exit IRR	10%	23%	10%	22%	20%	29%	20%	13%	16%	1%

Above excludes partial divestment of Danang World Trade Centre Phase 1: 49% sale with exit IRR of 262%. Cash out and cash received includes all transfers of money between the fund and project companies, including dividends, shareholder loans, and capital contributions.

* 2nd phase of divestment: pending receipt of final payment

*** Exit IRR does not reflect any future return due to VNL's carried interest.

** Under Contract: pending conclusion of conditions precedent.

GDP growth fell to 4.0 percent in the first quarter, compared to 5.6 percent last year.

The VND appreciated 0.8 percent against the USD in the first quarter.

Inflation fell to just 2.6 percent for the first quarter of 2012

Interest rates remain high, but should decrease in the near-term as the government has lowered policy rates and deposit caps.

Macro economy

The macroeconomic headlines were dominated in the first quarter of 2012 by Vietnam's GDP growth of 4.0 percent versus 5.6 during the same period a year ago and the lowest since June 2009. The industry and construction sector grew 2.9 percent, while agriculture, forestry, and fishery production increased 2.8 percent from the same period last year. Contributing the most towards first quarter GDP growth was the services sector, which grew 5.3 percent. As a result of the lower inflation and the deceleration of GDP growth, the State Bank of Vietnam (SBV) lowered policy rates and the deposit rate cap by 1 percent.

The VND closed the month of March at a reference rate of approximately VND20,830 versus the USD from the end of December 2011. Stabilizing efforts have clearly been working during the first quarter of 2012 as the VND has actually appreciated 0.8 percent, primarily due to the trade deficit reaching only USD300 million year to date. For all of 2011, the deficit nearly reached USD10 billion, placing huge pressure on the government to devalue the VND last year. Additionally, the spread between the free market exchange rate and the official bank rate has effectively gone to zero, indicating that there is very little pressure for the VND to devalue more in the near-term. Exporters are willing to sell their USD to the SBV or other commercial banks providing an ample supply in the foreign exchange market. We continue to estimate an interbank rate of VND22,000 per USD by the end of 2012.

During March, the inflation rate was 0.16 percent, equivalent to 14.2 percent year-on-year and 2.6 percent for the first quarter. The reduction in CPI has come primarily from a weakness in aggregate consumer demand as purchasing power fell as a result of the high levels of inflation throughout 2011. The removal of subsidies in major utility and transport sectors such as electricity and gasoline, as well as an expected increase in the minimum wage due in May, will continue to impose added pressure for inflation throughout 2012. However, we project CPI to continue its descent, reaching 10.0 percent for the year, down substantially from 18.1 percent in 2011.

However, interest rates remain very high at between 15.0 and 20.0 percent for business loans, higher for non-performing sectors of the economy. Throughout the first quarter of 2012, there have been widespread shortages of capital and an inability for businesses to access bank credit. The government has identified the potential for the economy to enter stagflation and have removed some restrictions on bank lending, specifically within the real estate sector, as well as a 1.0 percent reduction in policy rates and deposit caps. Also, the government has liberalized bank loans for the basis of consumption. An estimated 60 to 70 percent of total consumption comes from the private sector, a major driver of GDP growth.

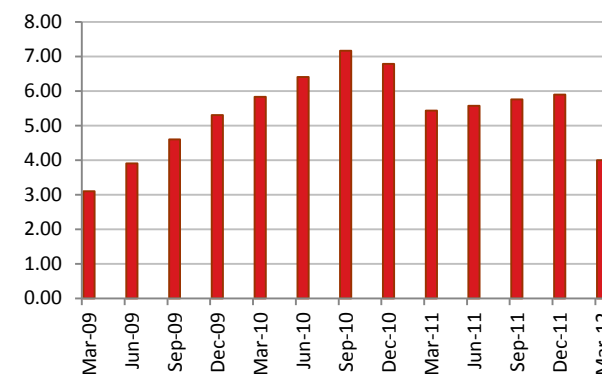
Macroeconomic indicators and forecast

	2011	Mar-12	YTD	Y-o-Y change
GDP growth¹	5.9%		4.0%	
Inflation	18.1%	0.16%	2.6%	14.2%
FDI (USDbn)	14.7	1.4	2.6	9.7%
Imports (USDbn)	105.8	9.3	24.8	6.9%
Exports² (USDbn)	96.3	9.1	24.5	23.6%
Trade deficit (USDbn)	9.5	0.2	0.3	-91.9%
Exchange rate³ (USD/VND)	21,036	20,860	-0.8%	0.0%
Bank deposit rate (VND %)	12.0-14.0%	13.0%	-7.1%	-7.1%

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

¹ Annualised rate. ² Includes gold. ³ State Bank central rate.

Vietnam GDP quarterly growth



Real estate market

Supply and demand for most real estate sectors are at lows

Demand throughout Vietnam's real estate market remained slow throughout the first quarter of 2012, which included the annual lunar new year (Tet) holiday. Additionally, the quarter's slow GDP growth of 4 percent and a high interest rate environment did not help conditions. Construction of many residential and commercial projects have come to a halt for an extended period of time. The only sector experiencing signs of life are affordable residential landed housing developments. Also, for the quarter, the hotel sector performed modestly while the retail sector is looking likely to stabilize in the near-term.

Office space construction continued to slow, but net absorption improved

Within the office sector, there was no added supply during the quarter in Hanoi, while Ho Chi Minh City (HCMC) only had seven Grade C buildings become operational. The combination of low office space demand and the financial constraints facing developers, continues to cause significant delays in construction progress. However, net absorptions in both Hanoi and HCMC have improved, with 14,000 sqm and 32,000 sqm in NLA respectively, above quarterly averages for 2011. Vacancy levels have dropped due to a reduction in rent prices. As of note, VNL has almost no exposure in the office sector.

Two major retail deals were struck during the quarter, bringing optimism into the retail sector

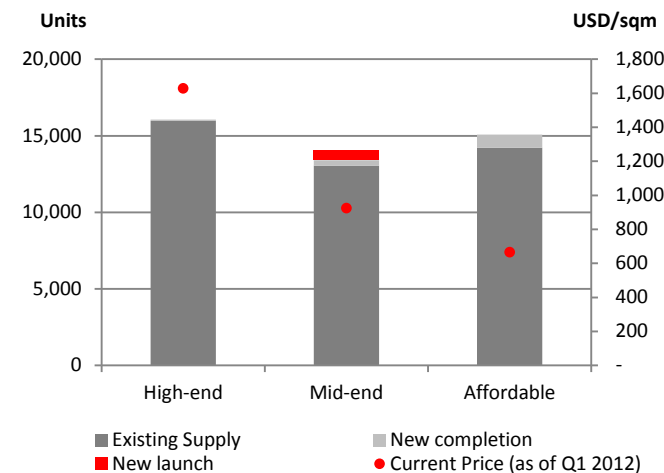
International retailers continue to drive demand for retail space in Vietnam. During the quarter, two major retail deals were completed. A long term lease between Takashimaya and Keppel Land for approximately 15,000 sqm of retail space was signed for Saigon Centre, currently in phase two. Secondly, an investment deal involving another retailer from Japan, AEON Group, which acquired approximately 3.5ha at the retail site in Celadon City, a development by a Malaysian group and local developer in the Tan Phu District.

In the residential condominium market, first quarter launches of new supply equaled only 648 units in HCMC, one ninth the level launched during the same quarter a year ago. However, unit prices remained flat as developers were noticeably reluctant to further reduce prices or add incentives. Although, anecdotal evidence from sales agents showed positive sentiment and growing interest from prospective buyers at the end of the quarter. Within the landed property sector, HAGL (HAG) launched a land plot project in District 9, HCMC in April. According to HAG, the project, comprising of 300 lots at affordable prices, ranging from USD70,000 to USD200,000 was nearly sold out over one weekend.

Hotel performance was negatively impacted by increased supply, despite higher foreign tourism

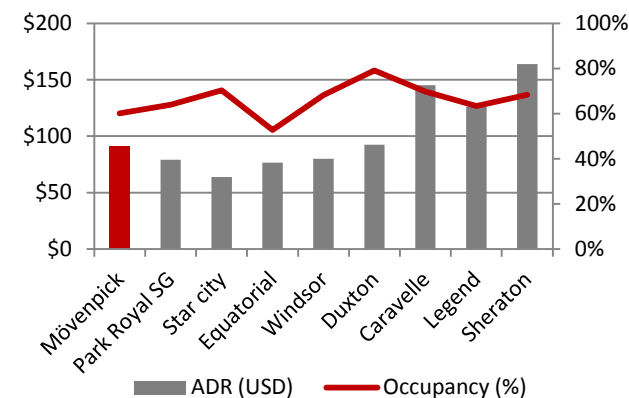
During the quarter, approximately 1.9 million foreign tourists visited Vietnam, a 24.5 percent increase from a year ago. However hotel performance was modest with both occupancy rates and revenue per available room lower across all types, year-on-year. VinaCapital's hotels demonstrated a slight improvement in both these categories when compared to last year. During the quarter a wide range of hotels were launched, with 14 hotels of 3-4 star quality for a total of 877 rooms, added to the HCMC market.

HCM City condominium market, Q1 2012



Source: CBRE Vietnam

HCM City international hotels, as at Mar 2012



Source: VinaCapital

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VNL top ten holdings											
	Investment	Location	Sector	VNL ownership	VOF ownership	Site area (ha)	% of VNL NAV	VNL NAV (USD)	Bank debt (VNL Portion) (USD)	Outstanding VNL investment commitments (USD)	Current status
1	Century 21	South	Residential	75.00%	25.00%	30.1	12.0%	70.0	-	-	Planning / structuring underway
2	Danang Beach Resort	Central	Residential	75.00%	25.00%	260.0	11.3%	65.5	14.6	-	Construction and sales underway
3	Dai Phuoc Lotus	South	Township	54.00%	18.00%	200.7	7.5%	43.8	-	-	Construction and sales underway
4	Pavilion Square	South	Mixed-use	90.00%	0.00%	1.4	7.1%	41.4	8.6	2.5	Land compensation underway
5	Time Square Hanoi	North	Mixed-use	65.00%	0.00%	4.0	5.8%	33.7	-	-	Planning / structuring underway
6	My Gia Township	Central	Township	53.25%	17.75%	158.0	5.8%	33.6	7.7	2.1	Construction and sales underway
7	VinaSquare	South	Mixed-use	46.50%	15.50%	3.1	5.6%	32.8	-	-	Planning / design underway
8	Aqua City	South	Township	40.00%	0.00%	250.2	4.3%	24.9	-	0.2	Planning/ infrastructure
9	World Trade Centre	Central	Mixed-use	64.78%	21.59%	9.0	4.2%	24.2	9.7	6.8	Construction and sales underway
10	Trinity Park	South	Residential	75.00%	25.00%	33.7	3.9%	22.6	-	-	Planning/ structuring underway
Total of top 10 Investments (USD million)							67.4%	392.3	40.7	11.7	
Remaining Investments (USD million)							32.6%	189.4	40.5	30.5	
Total portfolio (USD million)							100.0%	581.7	81.2	42.2	

- Bank debt: VNL's portion of current outstanding bank finance at the local investment (project) vehicle
- Outstanding VNL investment commitments: Expected remaining equity commitments for VNL. These forecast commitments are subject to change should local authorities amend policies relating to licensing approvals and capital contributions or should debt be utilized instead of capital or should an investment partner not participate. Some of the Outstanding Investment Commitments may not apply should VNL sell or choose not to proceed to develop the property.
- Due to a co-investor on phase 1 of WTC, the project is broken down into two separate phases. The ownership percentages of this project reflect the total portion of land area over both phases owned by the funds.



VNL holds a 75% stake in Century 21 valued at US\$70m

Century 21

Century 21 was acquired in 2006 because of its location close to a new traffic corridor to the CBD. The Thu Thiem tunnel which was part of the Ho Chi Minh City East-West Highway, running from the South West to the North East of the city, opened in November 2011. The opening of the tunnel has made the site much more accessible to the city's CBD. In the final quarter of 2011, the Century 21 Nam Rach Chiec project also received a revised 1/500 Master plan and Investment License. Key licensees have now brought the site to an advanced stage, ready for development.

The strategy is to divest the commercial portion and find co-investors to develop the residential component. On-site work will not commence until a co-investment partner is secured or market conditions improve. The surrounding District 2 area, has seen improvements to infrastructure, which have created interest among domestic and foreign investors. Preliminary infrastructure plans are being designed and VNL has initiated discussions with two potential co-investment partners for the residential Phase 1 and commercial Phase 2 components of the project.

Project summary

Sector	Residential (25ha) and commercial (5ha)
Area	30.1ha; estimated GFA 570,000sq.m
Location	District 2, Ho Chi Minh City
History	<ul style="list-style-type: none"> Acquired in Jun 2006. Site cleared and compensated in Jun 2008. Revised Investment License received December 2011. Revised master plan submitted and awaiting approval. (initial approval obtained Dec 2011)
Investment rationale	A 30ha site is located along new infrastructure corridor in a new desirable suburban area.



VNL holds a 75% stake in Danang Beach Resort valued at USD66m

Danang Beach Resort

The 260ha site comprising two parcels, a 40ha beachfront and a 220ha inland lot separated by the coastal highway, was acquired in mid 2006. The project broke ground in Jan 2008 with the construction of an 18-hole golf course, The Dunes Course designed by internationally renowned golf legend and designer Greg Norman. The golf course and clubhouse opened in April 2010 and soon received international recognition by winning the Best Golf Development in Vietnam and in Asia Pacific by Bloomberg's Asia Pacific Property Awards 2011. Anchored by the award winning golf course, a number of residential villa projects have been developed and achieved good sales, including The Ocean Villas, The Cham, The Dune Residences, Norman Estates and the Point Residences totaling approximately 300 villas and condominiums.

VNL has focused its attention on managing payment schedules for buyers to avoid defaults. The difficult environment and high interest rates have resulted in a net loss of three sales contracts across all properties. To date, 92 percent of The Ocean Villas have been sold and are being handed over. The Dune Residences began selling in September 2010, with all but four under contract. The Norman Estates villas were launched in June 2011, with 30 percent reserved, however, a few have not converted into sales.

Project summary

Sector	Residential (integrated resort residential).
Area	260.0ha
Location	Danang , Central Vietnam
History	<ul style="list-style-type: none"> Acquired in June 2006, cleared site, under development. Investment Licence received Dec 2008. Ground breaking in Jan 2008 Dunes Golf course opened in Apr 2010 Various residential villa projects and one condominium building under construction and sale
Investment rationale	Integrated resort with golf course well located along the coastal road of Danang City, the third largest city in Vietnam. Develop golf course and amenities to assist with marketing of residential property.



VNL holds a 54% stake in Dai Phuoc Lotus valued at USD44m

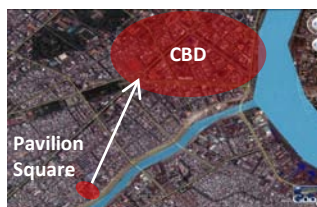
Dai Phuoc Lotus

The Dai Phuoc Lotus Township was acquired given its attractive location on an island in a future suburban region of Ho Chi Minh City. The resort environment, with transport by both road and boat available to Ho Chi Minh City, will attract second homebuyers as well as young families.

The strategy is to develop the first two of six zones of the 200ha site over a period of five to seven years, in conjunction with partial wholesale divestment to co-investors. First phase of development commenced with Zone 5, comprising 332 villas. Soft sales began in April 2010 with an official sales launch in April 2011, with the opening of the show village. To date 70 percent (169 of the 242) of the villas available have sold. Sales over the past quarter have slowed as the overall market for residential real estate softened. The construction phase is flexible in that it can be slowed down in line with selling rates.

Project summary

Sector	Township
Area	200.7ha
Location	Dong Nai Province, near Ho Chi Minh City.
History	<ul style="list-style-type: none"> Acquired in June 2007; Investment Licence received in May 2007. Land-use rights issued for four of six zones, with Zone 8 and CBD LUR applications underway. 1:500 master plan received and construction of Zone 5 townhouses underway.
Investment rationale	The site lies in the fast-growing eastern suburbs of Ho Chi Minh City and will benefit from the completed transport infrastructure roll-out at Thu Thiem.



VNL holds a 90% stake in Pavilion Square valued at USD41m

Pavilion Square

Located in District 1, Ho Chi Minh City, this mid to high-end 'for sale' freehold residential project with a retail centre is situated in the city centre. Site compensation is underway and approximately 53 percent complete. The residential portion of clearance is expected to finish by Q2 2012 and the commercial area by the end of 2012. Clearance has proven to be an issue and has significantly delayed the progress of this project. However, over the last six months, clearance progress has begun to improve. The Investment Committee approved a new development concept in March 2012. Therefore, the new schematic design is in progress and will then be submitted for approval by the authorities.

Following the expected completion of compensation for the residential parcel, and when the property market improves, VNL will commence pre-sales of the apartment complex. However this will be reliant on adequate cash flow and completed pre-sales. Additionally, the Fund will also seek to divest the retail component of the project. Sourcing potential investors is currently underway and VNL will not begin construction until the market environment improves.

Project summary

Sector	Mixed-use (residential and retail).
Area	1.4ha; estimated GFA 156,800sq.m.
Location	District 1, HCM City.
History	<ul style="list-style-type: none"> Acquired in Jan 2007; Investment Licence received in 2007. Compensation in progress. Planning parameters approved. Land compensation has been slower than anticipated, however has progressed in Q2 2011.
Investment rationale	The site is well-located for a landmark retail and residential development offering freehold residential units.



VNL holds a 65% stake in Times Square Hanoi valued at USD34m

Times Square Hanoi

The site is positioned in a strategic location with excellent exposure opposite the National Conference Centre, which has been hosting many national and regional events since opening in 2006. Additionally the location is within a new urban development in western Hanoi, often considered the city's future second CBD.

Given this high-profile location the project has considerable potential as a future landmark development. However, obtaining licenses and revising master plans have been a challenge, which has led to delays in development. Due to changes in strategy based on market movements, a new revised master plan has just been drafted and it is expected to gain approval in the third quarter of 2012.

This development will comprise of a regional retail shopping centre, 24-storey office tower, 240-key hotel/serviced apartment building, and three residential buildings totaling over 1,900 apartments. VNL is currently seeking a joint venture equity partner and/or an international retail mall operator prior to commencing.

Project summary

Sector	Mixed-use (residential, retail, hotel and office)
Area	4.0ha
Location	Pham Hung Rd, My Dinh area – future second CBD
History	<ul style="list-style-type: none"> Acquired in Q1 2007 Investment Licence received May 2008 and revised July 2010. Planning Approval received in Mar 2010, however, revised masterplan just submitted await approval Initial earth work commenced
Investment rationale	High profile site in a strategic location in the heart of the city's future second CBD, opposite National Convention and Exhibition Centre.



VNL holds a 53.25% stake in My Gia valued at USD34m

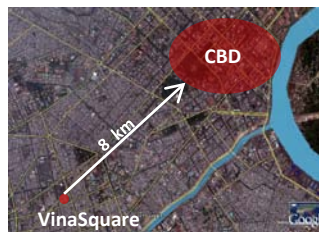
My Gia Township

The My Gia site was acquired to offer the first modern township in Nha Trang, a fast-growing tourism destination in central Vietnam. While Nha Trang's seaside strip is largely built up, the city has no master-planned township offering modern living standards for long-term residents, nor second homes in a seaside location. The products on offer include townhouses and villas at affordable pricing.

First phase of the project commenced with Parcel 2 (28.5ha) approved for 1,038 units. The site was sub-divided into 100 sqm lots with the flexibility to offer adjoining lots to make either a 200 sqm semi detached product or 300 sqm detached villas. Landfill work started in December 2010 and is almost complete. Infrastructure construction began April 2011, and is expected to be completed by Q2 2013. In December 2010, sales soft launch events were held in Hanoi and HCM City. To date, 483 housing units have been sold out of the 697 units launched (59 percent). Land and associated infrastructure costs (including foundations) can be recouped on a construction milestone basis according to the terms of the contracts signed with buyers. Over the past six months, sales have slowed considerably with a number of buyers having difficulty making progress payments, which VNL is currently managing. This project allows flexibility to adjust phasing to meet market demand.

Project summary

Sector	Township
Area	158.0ha
Location	Nha Trang, central Vietnam
History	<ul style="list-style-type: none"> Acquired in Jan 2008; Investment Licence received in Oct 2010. Site cleared and compensated. Construction permit received. Sales launched in Dec 2010.
Investment rationale	The first modern township site in Nha Trang, a fast-growing tourism destination.



VNL holds a 46.5% stake in VinaSquare valued at USD33m

VinaSquare

VinaSquare was acquired given its location in Chinatown (District 5) of Ho Chi Minh City and the ability to enter into a joint venture with a state-owned enterprise that owned the land. The project is a mixed-use residential and commercial development. The current strategy is to wait until the market improves to commence sales of the residential apartments, numbering over 1,280 units, and seek co-investors and major tenants for the retail and office space. The construction will not commence until funding by an equity investor is in place and/or a debt facility can be secured with acceptable terms.

Relocation of the factory completed in Q4 2011. Application for a construction permit has been lodged with an expected approval by Q3 2012. However, due to market conditions, a soft-sales launch has been put on hold. However, VNL is considering the construction of a display centre to test the market for pre-sales. The fund intends to complete the residential portion by 2016, subject to market conditions.

Project summary

Sector	Mixed-use (residential, retail, office and hotel).
Area	3.1ha; estimated GFA 278,748sq.m.
Location	District 5, HCM City.
History	<ul style="list-style-type: none"> Acquired in May 2007; Investment Licence received in Oct 2008. 1:500 masterplan approved in Oct 2010. Demolition of factory buildings completed Q4 2011.
Investment rationale	The project will serve Ho Chi Minh City's Chinatown, a crowded commercial and residential area with mainly outdated, low-rise buildings.



VNL holds a 40% stake in Aqua City valued at USD25m

Aqua City

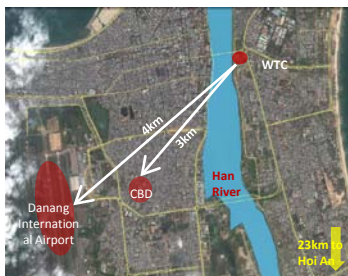
The project was purchased in 2006 as a strategic acquisition along the North East corridor leading to the new Long Thanh international airport in Dong Nai. The site is surrounded by the Dong Nai River, approximately 45 minutes from the centre of HCM City, which is part of an emerging industrial park zone.

Since acquisition, VNL has been working with a local partner to construct the main access roads to the site, but further road work is required. The current ownership structure is now under review and if successful, VNL could acquire 100 percent ownership of a reduced portion of the original 250ha joint-venture development. In February 2012, VNL received the 1:500 master plan approval. The design for earthworks has been completed and once restructuring is finalized, preliminary earthworks could begin for basic infrastructure, but will be dependent on current market conditions. VNL is also seeking an investment partner or sub-developer to join this project.

The development master plan includes housing, schools, hotels, office and shopping centers in addition to a marina, parks and waterways.

Project summary

Sector	Township (residential, retail, office and hotel)
Area	250.2ha
Location	Dong Nai Province, bordering on District 9 of HCMC
History	<ul style="list-style-type: none"> Acquired in 2006 Pre-Investment Licence received in Apr 2008 1:2000 Masterplan approved in Dec 2008 1:500 Masterplan approved in Feb 2012
Investment rationale	Riverfront township bordering on District 9 of HCMC. The project will provide affordable mass housing units in a modern living township to serve the extended catchment of HCMC's north east area.



VNL holds a 64.78% stake in World Trade Center Danang valued at USD24m

World Trade Center

Acquired in 2006 given its central, river front location in the fast growing city of Danang. The World Trade Center will comprise residential space including apartment towers, an international standard hotel or serviced apartment complex, a retail mall and other commercial uses. The plans allows for high quality public open space within the development site, which will link up with 17,000 sqm of riverside boardwalk, which will be upgraded as part of the overall development.

The project was partially exited in 2007 via a co-investment arrangement with a European investor for a portion of Phase 1 (2.5ha). In late 2009, the project broke ground with the construction of the first residential tower, Azura. The building is near completion, with an expected handover date in Q2 2012, however, due to market difficulty throughout 2011, unit sales have been sluggish. During the first quarter of 2012 two sales contracts were signed, bringing total sales to 56 units, (25 percent of total stock). The design stage for a retail centre is in Phase 2 with approximately 72,500 sqm GFA (including parking) is now almost complete with strong pre-lease commitments reaching 60 percent. Construction of the retail centre is expected to commence in Q4 2012 subject to introducing a suitable equity partner.

Project summary

Sector	Mixed-use (residential and retail).
Area	9.0ha; approved GFA 519,000sq.m.
Location	Danang City, on river side opposite City Centre
History	<ul style="list-style-type: none"> Acquired in Q3 2006. Investment License received in July 2007. Revised master plan approved on August 2011. Phase 1 (2.5ha) was partially exited with a European investor in 2008 The first residential tower, Azura, started construction in late 2009, near completion, 30% sold Retail Centre (56,755 sqm GFA) secured 60% pre-lease commitment, at schematic design
Investment rationale	The project located in the City Centre of Danang City, fronting on Han River.



VNL holds a 75% stake in Trinity Park valued at USD23m

Trinity Park

Formerly called HUD Dong Tang Long, this site was acquired in 2007 in order to serve the high demand in Ho Chi Minh City for mid-range housing, and in 2011 the strategy remains the same. The project's planning will follow the successful sales and exit from The Garland villa product, a smaller development also located in District 9.

Ownership of the asset was restructured so that VNL and VOF have a 100 percent stake, combined. Basic infrastructure on site has helped to facilitate an issue of a separate land use rights for the parcel. VNL is currently seeking a co-investor to develop landed property packages. A soft-sales launch has been put on hold, and will only commence when property market conditions improve, however, this is a project VNL hopes to commence in the second half of 2012.

Project summary

Sector	Residential (including school).
Area	33.7ha.
Location	District 9, Ho Chi Minh City.
History	<ul style="list-style-type: none"> Acquired in Nov 2007. 1:500 Masterplan approved; Investment Licence application submitted. Partial infrastructure in place.
Investment rationale	High long-term demand for mid-range, landed residential housing in District 9, follows on from success of The Garland product.

The manager update section provides investors with information on the policies and practices of VinaCapital Investment Management Ltd (VCIM), as well as updates on VinaCapital relevant to the performance of our investment funds.

Valuation and NAV calculation

The accurate and fair valuation of assets held in fund portfolios is a central component of fund management. VCIM follows international best practice whenever possible in its valuation process.

Relevant dates

VNL's financial year-end is 30 June. Audited annual results must be announced within six months of this date. Interim results at 31 December receive an auditor review and must be announced within three months of this date. VNL calculates its unaudited NAV quarterly, and this is announced within fifteen days of the quarter's end. The fund issues monthly and quarterly update reports, and an annual report with the audited final results.

The methods used to value assets:

Real estate holdings

Real estate projects are initially valued at cost. Once an investment license is obtained, or by way of other arrangements VNL has a legal entitlement to an investment property, the investment property is revalued. Investment properties are revalued at least annually and may be revalued more frequently if the investment manager or valuation committee believes there has been a material change in the value of a property. The valuation process consists of obtaining at least one however usually two appraisals for each property from independent third-party valuation companies. The valuations are reviewed by the valuation committee as the basis for the final valuation approved by the Board. At the end of each quarter, the manager also reviews all real estate investments for

possible impairment based on internal calculations. If there is evidence of impairment an independent valuation will be obtained to assess the need for any adjustment in the value of the property.

All other assets and liabilities are recorded at their respective fair values or cost, as required by the International Financial Reporting Standards and as set out in the Notes to the Consolidated Financial Statements as at 31 December 2011.

More information on valuation is available on the Investing policy page of the VNL website: [VNL Investing policy](#).

Audit and Valuation committees

VNL has two separate audit and valuation committees composed of independent non-executive members of the board of directors of the fund, and chaired by an independent director. Both committees meet at least quarterly.

VNL Audit Committee

Nicholas Allen (Chairman)
Charles Isaac
Nicholas Brooke

VNL Valuation Committee

Michael Arnold (Chairman)
Nicholas Brooke
Stanley Chou

Quarterly report 31 March 2012

Historical financial information						
Years ended 30 June	2006	2007	2008	2009	2010	2011
Income statement (USD'000)						
Total income from ordinary activities	1,873	78,612	379,172	(157,130)	155,809	129,295
Total expenses from ordinary activities	(1,752)	(28,390)	(101,415)	(58,057)	(64,650)	(110,434)
Operating profit from income tax	121	50,222	277,757	(215,187)	91,159	18,861
Income tax expense	-	(245)	(29,574)	13,564	(15,167)	(3,354)
Profit for year	121	49,976	248,183	(201,623)	75,992	15,507
Minority	-	(15,341)	(80,485)	72,194	(27,541)	18,110
Profit attributable to ordinary equity holders	121	34,635	167,698	(129,429)	48,451	(2,603)
Statement of financial position (USD'000)						
Total assets	200,146	71,090	1,228,373	1,097,051	1,269,167	1,318,847
Total liabilities	(1,563)	(112,218)	(43,846)	(436,522)	(587,523)	(646,559)
Net assets	198,583	628,872	804,527	660,529	681,644	672,288
Share information						
Basic earnings per share (cents per share)	0.00	0.12	0.34	(0.26)	0.10	(0.05)
Share price as 30 June	0.98	1.49	1.22	0.68	0.77	0.77
Ordinary share capital (thousand shares)	204,845	499,968	499,968	499,968	499,968	499,968
Market capitalization at 30 June (USD'000)	200,748	744,952	609,960	339,978	384,975	384,975
Net asset value per ordinary share	0.98	1.26	1.61	1.32	1.36	1.34
Ratio						
Return on avg ordinary share holder's funds	0.1%	11.6%	33.5%	-25.9%	9.7%	-1%
Investment management fees/avg NAV	3.6%	7.8%	8.5%	2.0%	2.0%	2%

Fund summary

VinaLand Limited ("VNL") is a closed-end fund trading on the AIM Market of the London Stock Exchange. Download the VNL Factsheet at www.vinacapital.com

Fund launch

22 March 2006

Term of fund

Seven years and then subject to shareholder vote for continuation

Fund domicile

Cayman Islands

Legal form

Exempted company limited by shares

Structure

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

Auditor

PricewaterhouseCoopers (Hong Kong)

Nominated adviser (Nomad)

Grant Thornton Corporate Finance

Custodian and Administrator

HSBC Trustee

Brokers

LCF Edmond de Rothschild Securities (Bloomberg: LCFR)

Numis Securities (Bloomberg: NUMI)

Lawyers

Lawrence Graham (UK)

Maples and Calder (Cayman Islands)

Management and performance fee

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase after achieving the higher of an 8 percent compound annual return and the high watermark

Investment manager: VinaCapital Investment Management Ltd

Investment policy: Medium to long term capital gains with some recurring in come through investment in the following real estate sectors: Office; Residential; Retail; Township/Industrial (large scale); and Hospitality and Leisure.

Investment focus by geography: Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.

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 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.

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VNL Board of Directors

VinaLand Limited (VNL) is led by a Board of Directors composed of a majority of independent non-executive directors.

Nicholas Brooke	Chairman (Independent)
Nicholas Allen	Director (Independent)
Michael Arnold	Director (Independent)
Michel Casselman	Director (Independent)
Stanley Chou	Director (Independent)
Horst Geicke	Director
Charles Isaac	Director (Independent)

VinaCapital

VinaCapital Investment Management Ltd (VCIM) is the BVI-registered investment manager of VNL.

Don Lam	Chief Executive Officer
Brook Taylor	Chief Operating Officer
David Henry	Managing Director, Real Estate
David Blackhall	Deputy Managing Director, Real Estate
Jonathan Campbell	Deputy Managing Director, Real Estate
Anthony House	Deputy Managing Director, Real Estate

Contact

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VinaLand Limited (VNL)

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Nominated adviser	Grant Thornton Corporate Finance
Auditor	PricewaterhouseCoopers (Hong Kong)
Internal auditor	KPMG (Vietnam)
Custodian and Admin	HSBC Trustee