

Monthly update 30 April 2012

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 share price decreased 5.1 percent to USD0.56 as at 30 April 2012, from USD0.59 as at 31 March 2012. During the month, VNL bought back 400,000 shares, bringing the total number of shares repurchased to 5,260,000 as at 30 April 2012. Shares repurchased were cancelled, bringing the total number of issued shares down to 494,707,622. The Board has reviewed and affirmed the ongoing use of available funds to continue the share buyback program while the discount remains at the currently elevated levels.

During the month, interest rates continued to decline in tandem with inflation, and as a result we have seen some improvement in liquidity throughout the banking system. However, lending for real estate remains highly restrictive and still quite expensive. Real estate values have historically lagged the capital markets in Vietnam, so we continue to expect a turnaround in the sector near the end of 2012. Inflation appears to be under control and therefore the government is likely to focus on restoring consumer confidence and economic growth, which will support a recovery in the property markets. VNL is positioning itself to capitalize on any improvement, specifically throughout its residential development and sales, as well as fully or partially divesting certain projects.

Addressing VNL's share price discount remains a particular focus for the Manager, who is continuing to source investment partners for either co-investment or divestment of projects that should provide additional cash flow and reduce future commitments. However, negotiations are always challenging in a difficult selling market and the Manager will not accept offers where payment and other terms are not ideal or where the selling price does not reflect the fair underlying value of a particular holding.

VinaCapital announced on 7 May 2012, the luxury 260-hectare Danang Beach Resort with integrated golf resort, managed on behalf of the owner's, VNL and VinaCapital's Vietnam Opportunity Fund (VOF) were awarded the prestigious 'Best Golf Development in Asia Pacific' for the second consecutive year at the 2012-13 International Property Awards Asia Pacific held on 27 April 2012 in Kuala Lumpur, Malaysia.

Additionally, the Danang Beach Resort won the 'Best Golf Development in Vietnam' award and the Norman Estates luxury residential villas, a component of the resort, came first in the "Best Property Single Unit within Vietnam" category.

To view the entire press release, click [here](#).

30 April 2012

NAV **1.16** per share (↓2.0% q-o-q)

Total NAV: USD574 million

Performance summary*

| | 30 April 12 | Cumulative change: | | |
|------------------------|-------------|--------------------|--------|--------|
| | | 3mth | 1yr | 3yr |
| NAV per share | 1.16 | -2.0% | -15.3% | -20.0% |
| Share price | 0.56 | -3.4% | -39.1% | 16.7% |
| Premium/ (Discount) | (51.7%) | | | |
| Market cap | 277m | | | |
| Total NAV | 574m | | | |

Other information

Shares outstanding 494,707,622

* Figures in USD. Return percentages are for the period, not annualized.

Acquisition - divestment history

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

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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Fixed income

The primary bond market rallied following a 1.0 percent cut on policy rates and the deposit rate cap by the State Bank of Vietnam (SBV) on 11 April 2012. Over the month, the State Treasury and Vietnam Bank for Social Policy (VBSP) issued and sold USD732 million worth of bonds, an increase of 33 percent compared to March. In total, State Treasury bonds comprised approximately 85 percent (USD622 million) of all bonds issued. Fixed income buyer's risk appetite increased for short and medium-term bonds given their high liquidity, a declining interest rate environment, limited credit growth and improved liquidity within the banking system. As a result, we expect demand for government bonds to remain high over the coming months.

On the secondary market USD694 million worth of Treasury and Vietnam Development Bank (VDB) bonds traded, an increase of 45 percent compared to March. According to Bloomberg, bond yields declined 0.6 percent to 0.8 percent in April month-on-month, with 1-year issues reaching 10.77 percent.

Macroeconomic update

For the month of April, month-on-month inflation pressure was essentially flat at 0.05 percent, equivalent to just 10.5 percent year-on-year. We believe that CPI could fall below the 10 percent threshold as early as May given that food and foodstuff prices (which comprise 40 percent of Vietnam's CPI basket) have continued to moderate from a year ago.

Quickly following a rate cut in March, the SBV lowered policy rates and the deposit rate cap by an additional 1.0 percent during the month in an attempt to restart business activity and stem any further deceleration of GDP growth as we enter the second quarter.

According to Vietnam's General Statistics Office (GSO), inventory levels of unsold goods, specifically within the consumer goods and industrial manufacturing sectors, increased 32 percent in April from a year ago. As a result, Vietnam's manufacturing index increased just 4.1 percent from January through April year-on-year, well below an average 9.0 percent in 2010 and 2011 as companies attempt to sell off current inventory levels.

The exchange rate for the VND remained nearly flat for the fourth straight month, closing at 20,930 per USD in April. However, the spread between VND and USD deposit rates have shrunk to 10.0 percent, which increases the likelihood of investors moving their VND surplus into other assets such as gold, equity, or foreign currency. This could lead to significant pressure for the government to devalue the VND as early as the fourth quarter.

Bond yields fell by 0.6 percent to 0.8 percent in the secondary market during the month of April

Yearly inflation fell to just 10.5 percent in April

Vietnam's manufacturing index increased 4.1 percent YTD, much lower than the past two years as inventory levels remain high

The exchange rate on VND remained flat for another month, closing April at VND20,930 per USD

Macro-economic indicators and forecast

| | 2011 | Apr-12 | YTD | Y-o-Y change |
|--|------------|--------|--------|--------------|
| GDP growth¹ | 5.9% | | 4.0% | |
| Inflation | 18.1% | 0.05% | 2.6% | 10.5% |
| FDI (USDbn) | 14.7 | 1.7 | 4.3 | 9.7% |
| Imports (USDbn) | 105.8 | 9 | 33.6 | 4.4% |
| Exports² (USDbn) | 96.3 | 8.6 | 33.4 | 22.1% |
| Trade deficit (USDbn) | 9.5 | 0.4 | 0.2 | -96.3% |
| Exchange rate³ (USD/VND) | 21,036 | 20,930 | -0.5% | 1.1% |
| Bank deposit rate (VND %) | 12.0-14.0% | 12.0% | -14.3% | -14.3% |

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.

| Govt Bonds | 1 yr | 2 yr | 3 yr | 5 yr | 10 yr |
|------------|-------|-------|-------|-------|-------|
| Yield (%) | 10.77 | 10.75 | 10.58 | 10.65 | 10.78 |

Source: Bloomberg

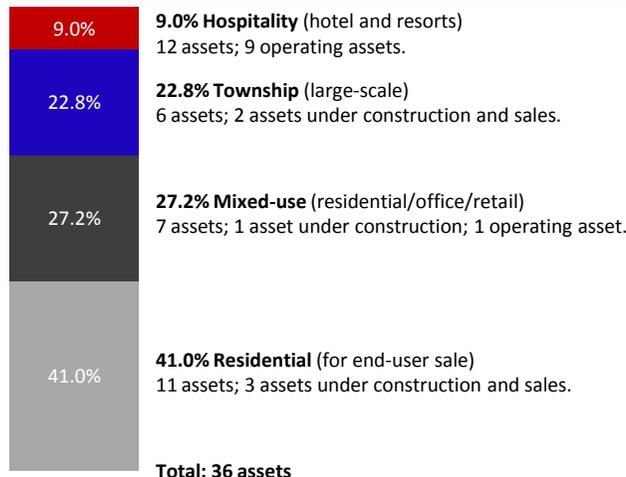
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Top holdings (31 Mar 12)

| 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)

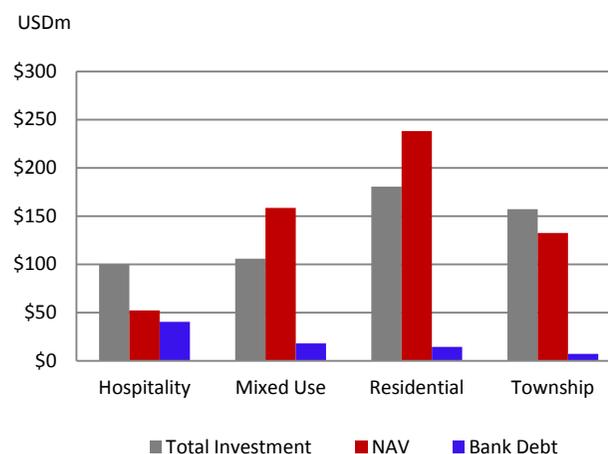
| Project | Location | Type | Site Area (ha) |
|-------------------|----------|-------------|----------------|
| Long An | South | Township | 1,925 |
| Hoi An South | Central | Township | 1,538 |
| Vung Bau | South | Hospitality | 238 |
| Trinity Park | South | Residential | 34 |
| Green Park Estate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

Total: 7 assets representing NAV of USD73m.

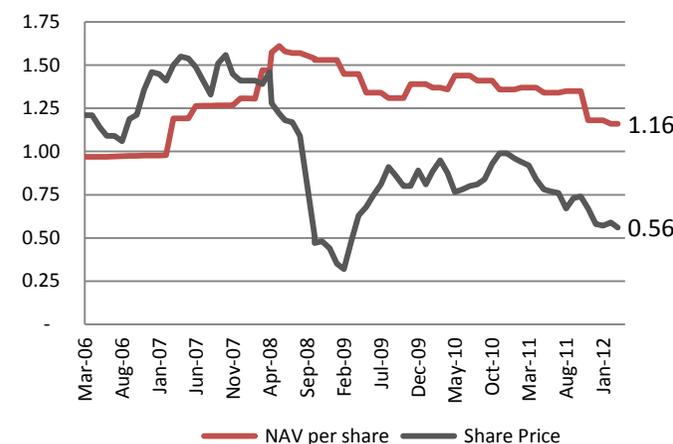
Portfolio breakdown (31 Mar 12)

| Portfolio by geographic location | NAV% |
|-----------------------------------|-------|
| Hanoi | 8.7% |
| Central provinces | 29.3% |
| Ho Chi Minh City region | 62.0% |
| Valuation breakdown | |
| Assets held at cost or below cost | 12.6% |
| Assets revalued | 87.4% |
| Development status | |
| 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 (30 Apr 12)



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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 (Independent) |
| Charles Isaac | Director (Independent) |

VinaCapital

VinaCapital Investment Management Ltd (VCIM) is the 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 |

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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 advisor (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 income 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.