

Monthly update 31 March 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 “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 the end of March, a 2.1 percent decrease from the audited net asset value of USD585.4 million or USD1.18 per share from December 2011. For the month, VNL’s share price increased 3.5 percent to USD0.59 from USD0.57 at the end of February. Additionally, VNL bought 600,000 shares in March, bringing the total acquired to 4,860,000 or approximately 1 percent of total shares outstanding.

During the month, VNL released its interim results for the six months ending 31 December 2011, which are available at [VNL interim report December 2011](#).

On 20 March 2012, VNL announced the divestment of its entire 75 percent stake in the Clear Interest Group, which holds among other assets, an interest in the Legend Hotel and a call option to acquire a controlling stake of the hotel at a later date. The asset was sold to Vietnam Opportunity Fund Limited (VOF) at a price above NAV, determined by reference to an independent third party appraisal. Terms were negotiated and agreed upon by the Independent Directors of both VNL and VOF. VNL also secured a carried interest as part of the transaction to further benefit VNL shareholders given its potential future value. The Board and Manager are working closely in regard to the allocation of the proceeds from this divestment which will be shared amongst ongoing project commitments, continuation of the share buyback program and towards fund operating costs.

VNL project revaluations were undertaken for the period ending 31 March 2012, with eight projects appraised by international valuation consultants. These projects include; Thang Loi (Green Park Estate), Pavilion, Marie Curie, Trinity Gardens, The Garland Condo site and Century 21 all located in Ho Chi Minh City, and the Hoi An South project situated in Quang Nam province. Additionally, a land parcel located in Hanoi was appraised for the purposes of an impairment test. The outcome was a downward market value adjustment on four projects, while three were left constant and one adjusted upward. An internal review of all other projects was also conducted resulting in a downward adjustment on two investments within the remaining portfolio. In aggregate, both revaluation exercises resulted in a USD0.02 reduction in the quarterly unaudited NAV per share from December 2011.

The easing of interest rates and inflation during the past month has assisted to bring some stability and confidence of the residential buyer back into the landed property market, as compared to late 2011.

31 Mar 2012

NAV **1.16** per share (↓2.0% q-o-q)

Total NAV: USD573.6 million

Performance summary*

	31 Mar 12	Cumulative change:		
		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

Shares outstanding 495,107,622

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

Deal history

Total assets	36
Peak assets	46
Divestments	10 full + 1 partial, plus residential unit sales
Debt	Fund: Nil Projects: 14% of NAV

Performance history (% change in 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%

Demand for Vietnam State Treasuries declined by the end of March as rates offered by T-bills exceeded State Treasury bonds.

Fixed income

The primary bond market remained active in the beginning of March as market participants expected interest rates to decline. However, the second half of the month saw State Treasury bond demand plunge after the State Bank of Vietnam (SBV) issued an array of short-term T-bills with yields as high as 12.5 percent. In total, nearly USD550 million worth of State Treasury bonds were issued in March, a decline of 28 percent compared to February.

On the secondary market a total of USD478 million in State Treasury and Vietnam Development Bank (VDB) bonds traded, with most transactions occurring on short end of the curve. As a result, Vietnam's government bond yield curve was flat at approximately 11.5 percent across all tenors, according to Bloomberg.

Macroeconomic update

Inflation fell again this month to 14.2 percent year-on-year.

For the month of March, inflation pressure increased just slightly at 0.16 percent month-on-month, equivalent to 14.2 percent year-on-year. A reduction in consumer demand as a result of continued monetary tightening, in addition to a decrease in food prices, led to the improved inflationary landscape. However, due to a 10.0 percent increase in the price of gasoline, transportation related goods and services, along with housing and construction materials increased the most. We remain cautious regarding overall inflation, given the potential of future fuel and electricity subsidy reductions as well as an expected minimum wage increase in May.

However, GDP growth fell to just 4.0 percent in the first quarter versus 5.6 percent last year.

Progress on reducing inflation has come at a cost, however, with GDP growth for the first quarter of 2012 slowing to just 4.0 percent versus 5.6 percent a year ago. Industry and construction grew 2.9 percent for the first quarter, 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. The recent slowdown in GDP growth is a concern, but we believe production will pick up in the second half of 2012. The SBV lowered policy rates and the deposit rate cap by 1 percent during the month of March as a result of inflation easing and the deceleration of GDP growth.

The Vietnam Dong (VND) closed the month of March nearly flat versus the United States Dollar (USD) from the end of February. Stabilizing efforts have clearly been working during the first quarter of 2012 as the VND appreciated 1.15 percent versus the USD.

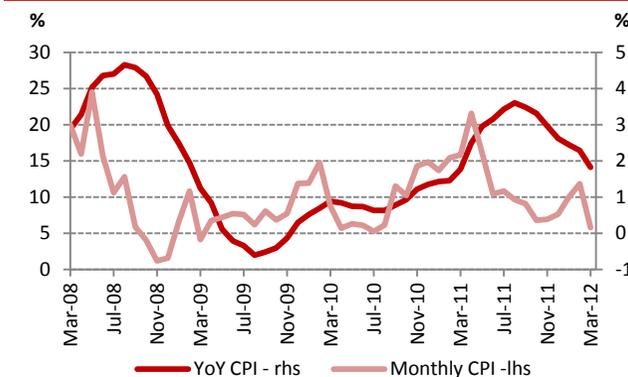
Macro-economic indicators and forecast

	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.

Monthly CPI trends



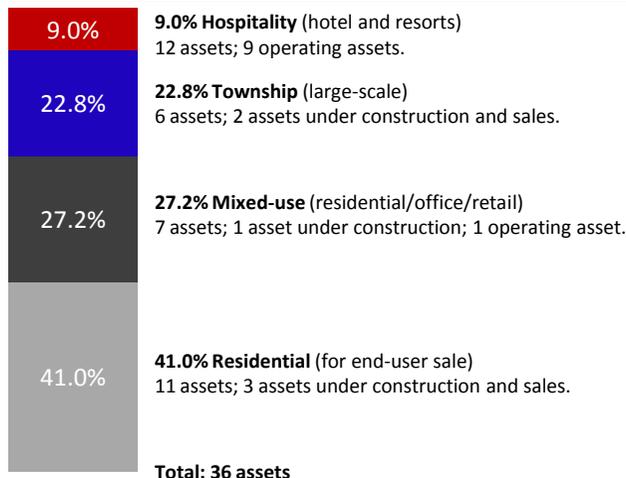
Monthly update 31 March 2012

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.

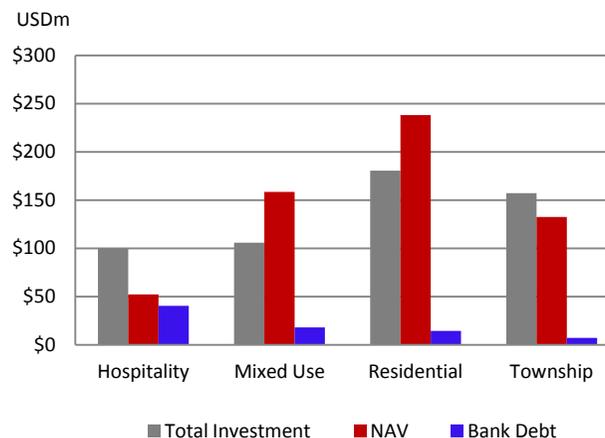
Portfolio breakdown (31 Mar 12)

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

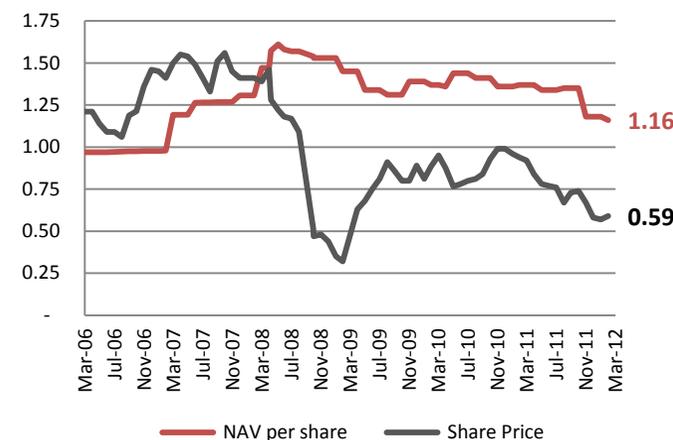
Valuation breakdown	NAV%
Assets held at cost or below cost	12.6%
Assets revalued	87.4%

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

NAV by sector (31 Mar 12)



NAV and share price performance (31 Mar 12)



Monthly update 31 March 2012

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 investment manager of VNL.

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

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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.