



VinaLand Limited

Quarterly report 30 September 2011

| | |
|---|----|
| Fund update | 2 |
| Manager comment | |
| Portfolio data | |
| Market update | 5 |
| Macro economy | |
| Real estate market | |
| Top holdings | 7 |
| Note on valuation methodology | 11 |
| Historical financial information | 12 |
| Manager information | 13 |

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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 NAV at the end of September 2011 was USD1.35 per share, a one cent per share gain over the audited NAV of USD1.34 per share at the end of June 2011. The unaudited 30 June 2011 NAV of USD1.38 per share originally announced in early July was revised downward by the audit findings, chiefly due to write-downs in the hospitality sector, where six of the fund's eight hotel assets were adjusted downward to reflect challenging market conditions.

VNL on 26 October announced its FY2011 final results, and shortly thereafter the fund began its share buyback programme. The first buyback announced as part of this programme was a purchase of 100,000 shares at an average price of USD0.72. Shares purchased by the fund will be cancelled, and as a result of this purchase the total number of shares in issue will be 499,867,622.

Residential sales update

During Q3 2011, a total of 71 sales contracts were signed at VNL-invested projects, despite the challenging real estate market conditions. The 71 contracts represent a value of USD18.0 million (Q2 2011: 246 contracts worth USD16.7 million). For 2011 year-to-date, total contracts signed represent a value of USD55.6 million (2010YTD: USD66.2 million). The majority of these sales contracts relate to pre-purchase agreements, whereby home buyers will make staged payments throughout the construction period, with collections occurring over an 18-24 month timeframe. Given the current high cost of debt, revenue from pre-sales is being deployed to pay down debt for initial construction costs and infrastructure.

Although the third quarter saw a decreased volume of sales in terms of unit numbers, the end result is a slightly higher total value given the specific projects involved. The quarter saw a lower volume of unit sales of high-value Norman Estates villas at the Danang Beach Resort, while the second quarter saw a high volume of lower value land lot and foundation packages sold at the My Gia township project in Nha Trang.

During September, VinaLiving launched sales of 'The Point', a 41-villa enclave adjoining the 14th fairway of the golf course at the Danang Beach Resort. Fifty percent of the units have been reserved for sale, sufficient to procure underwriting to proceed with infrastructure construction. The Point's semi-detached villas were launched at a price of USD250-300,000 each, bringing a new, more affordable product to the Danang Beach Resort development. Sales of residential products are expected to slow in Q4 due to the high interest rates and general uncertainty in the Vietnam and global economies.

30 September 2011

NAV **1.35** per share (↑0.7%)

Total NAV: USD675 million

Performance summary

| | Cumulative change: | | | |
|------------------------|--------------------|--------|--------|--------|
| | 30 Sep 11 | 3mth | 1yr | 3yr |
| NAV per share | 1.35 | 0.7% | -4.3% | -14.0% |
| Share price | 0.67 | -14.1% | -17.3% | -38.5% |
| Premium/ (Discount) | (50.4%) | | | |
| Market cap | 335m | | | |
| Total NAV | 675m | | | |

Other information

| | |
|---------------|----------------------------|
| Issued shares | 499,967,622 |
| Fundraisings | 198m in 2006; 395m in 2007 |

Acquisition history

| | |
|--------------|--|
| Total assets | 37 |
| Peak assets | 46 |
| Divestments | 9 + 1 partial, plus residential unit sales |
| Debt | Fund: Nil Projects: 11% of NAV |

Performance history (% change on NAV)

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|-----|-------|-------|--------|-------|-------|
| Q1 | 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 | | -3.5% | 1.5% | -4.5% | 3.2% |
| YTD | -0.7% | 2.3% | -11.3% | 14.8% | 33.8% |

Top holdings

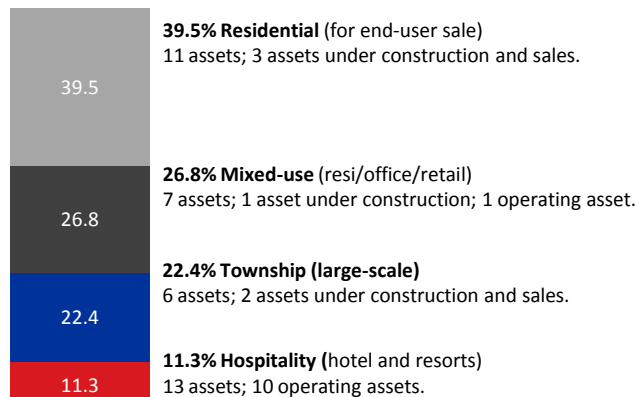
| Project | Location | Type | NAV% |
|---------------------|----------|-------------|------|
| Century 21 | South | Residential | 12% |
| Danang Beach Resort | Central | Residential | 12% |
| Dai Phuoc Lotus | South | Township | 8% |
| Pavilion Square | South | Mixed-use | 7% |
| VinaSquare | South | Mixed-use | 6% |
| Times Square Hanoi | North | Mixed-use | 5% |
| My Gia | Central | Township | 5% |
| Aqua City | South | Township | 4% |
| World Trade Centre | Central | Mixed-use | 4% |
| Trinity Park* | South | Residential | 4% |

* Previously HUD Dong Tang Long.

Top 10 assets: 68%

See [page 7](#) for detailed table on top ten holdings.

Portfolio by sector



Total: 37 assets

Projects carried at cost

| 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 USD81m.

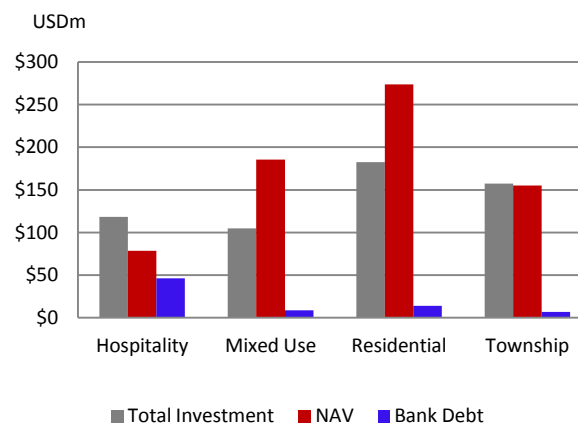
Portfolio breakdown

| Portfolio by geographic location | NAV% |
|----------------------------------|------|
| Hanoi | 7% |
| Central provinces | 28% |
| Ho Chi Minh City region | 65% |

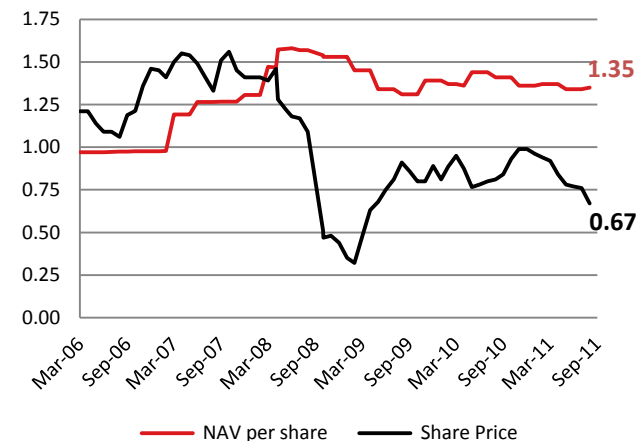
| Valuation breakdown | NAV% |
|---------------------|------|
| Assets held at cost | 12% |
| Assets revalued | 88% |

| Development status | NAV% |
|--------------------------|------|
| Landbanking assets | 8% |
| Planning stage assets | 52% |
| Development stage assets | 31% |
| Operating assets | 9% |

NAV by sector (30 Sep 2011)



NAV and share price performance (30 Sep 2011)



VNL strategy

Background: VNL from 2006-2009 invested in a total of 46 real estate assets across the major urban centres of Vietnam, including operating hotels, office, retail, mixed-use, residential and township projects. Following nine divestments, at 30 September 2011 the fund held 37 assets. Following the acquisition phase, VNL focused on obtaining investment licences and development approvals for its property assets. This process adds value to the assets, allowing either divestment or development to proceed. The licensing phase, however, took longer than initially forecast. Hotel assets acquired were renovated to improve divestment potential.

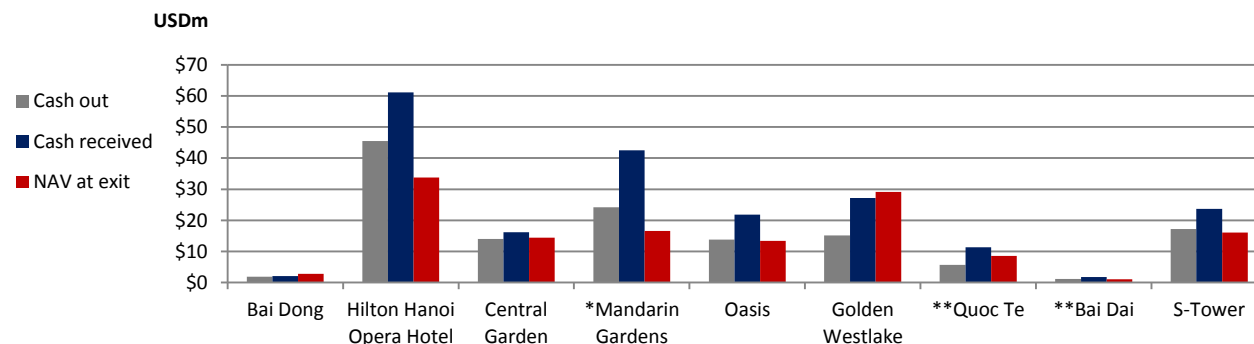
Current strategy: VNL is now in its divestment phase. The primary means of divestment is via the development of residential for-sale products (apartments and landed property) to Vietnamese home-buyers. VNL's strategy in the current market is to use a branded sales approach and to focus on small parcels of land that are part of larger township projects. Other parcels can then be divested following the successful launch of the projects. High inflation and low liquidity has slowed the real estate market in Vietnam, and this may impact sales and divestments in H2 2011.

A second means of divestment is to seek co-investors or equity development partners. Complete divestment of assets will be considered on a case-by-case basis, particularly for mature assets where a sale at current market value will result in a higher IRR than holding or further developing the asset. Mixed-use, city-centre developments will only proceed to the development phase only after pre-commitments are obtained from anchor tenants and/or equity co-investors. This may delay commencement of onsite development at some projects.

A share buyback programme was initiated in late October 2011 after receiving feedback from investors as to the most appropriate method of providing them with distributions. Shares purchased under this programme will be cancelled.

| Development timeline Investment | Type | 2011 | | 2012 | | | | 2013 | | | | 2014 | | | | 2015 | | | |
|------------------------------------|-------------|------|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|
| | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| The Garland | Residential | | | | | | | | | | | | | | | | | | |
| Danang Beach Resort | Residential | | | | | | | | | | | | | | | | | | |
| World Trade Centre Danang | Mixed-use | | | | | | | | | | | | | | | | | | |
| Ceana Villas and Resort | Residential | | | | | | | | | | | | | | | | | | |
| My Gia | Township | | | | | | | | | | | | | | | | | | |
| Dai Phuoc Lotus | Township | | | | | | | | | | | | | | | | | | |
| Hao Khang | Residential | | | | | | | | | | | | | | | | | | |
| VinaSquare | Mixed-use | | | | | | | | | | | | | | | | | | |
| Trinity Park | Residential | | | | | | | | | | | | | | | | | | |
| Pavilion Square | Mixed-use | | | | | | | | | | | | | | | | | | |
| Century 21 | Residential | | | | | | | | | | | | | | | | | | |
| Aqua City | Township | | | | | | | | | | | | | | | | | | |

VNL projects fully divested



| Exit Date | Q2 2009 | Q2 2009 | Q2 2009 | Q2 2010 | Q4 2009 | Q4 2009 | Q4 2010 | Q2 2011 | Q3 2011 |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Exit IRR | 10% | 21% | 10% | 32% | 22% | 20% | 20% | 17% | 16% |

Above excludes partial divestment of Danang World Trade Centre Phase 1: 49% sale with exit IRR of 262%

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

** Under Contract: pending conclusion of conditions precedent

Market update

Macro economy

The third quarter of 2011 saw continued high inflation, with CPI growth peaking in August at 23.0 percent year-on-year. Month-on-month inflation is trending down due to moderating food prices (the largest component of the CPI basket), and inflation should end the year at around 18 percent.

Lending rates yet to decline

Interest rates remain high despite a State Bank campaign to lower lending rates. The State Bank has enforced the 14 percent cap on VND deposits at all banks, and hopes to bring lending rates down to 17-19 percent. Most banks have not yet complied, as their funds were raised at 18-19 percent prior to the enforcement of the cap. As such, a meaningful lowering of lending rates will probably not emerge until early 2012. The high interest rates, reflecting high inflation, had a notable impact on production during the quarter. GDP growth for Q3 2011 was 6.1 percent annualised, far below the average of 7.1 percent annualised for this quarter in recent years. For the first nine months of 2011, annualised GDP growth was 5.8 percent. The last quarter is traditionally strong in terms of consumer spending and production, so the full-year figure should reach the government's 6.0 percent target. Growth below the seven percent average for 2000-2010 is likely to continue into 2012, as government statements indicate that the tight fiscal and monetary policies will continue.

Gold price spikes until imports increased

Q3 2011 saw the world gold price increase rapidly due to a flight from the USD and euro. The domestic gold price in Vietnam followed the upward trend, and speculative pressures inside Vietnam pushed the gold price even higher than the international price. The gap between the domestic and international price reached as high as USD200 per ounce, before falling back to a gap of USD50 per ounce after increased gold imports were permitted. The instability in the gold price was quickly transmitted to the FX market. Due to the surge in demand for USD to buy gold, the open market exchange rate increased beyond the upper trading band, putting depreciation pressure on the VND. In response, the State Bank raised the VND reference rate using its crawling peg approach, while maintaining the trading band fixed at +/- one percent.

Q4 should see economic challenges moderate

The challenging economic climate of the past quarter should improve slightly in Q4. Moderate GDP growth means demand pull factors on inflation will be minimal, allowing inflation to continue its downtrend. Stability has returned to the FX market, for now, and any depreciation for the remainder of the year should be minimal, likely under one percent. It will take time for these improvements to filter through to the economy, particularly the property sector, and conditions are expected to remain challenging for many businesses.

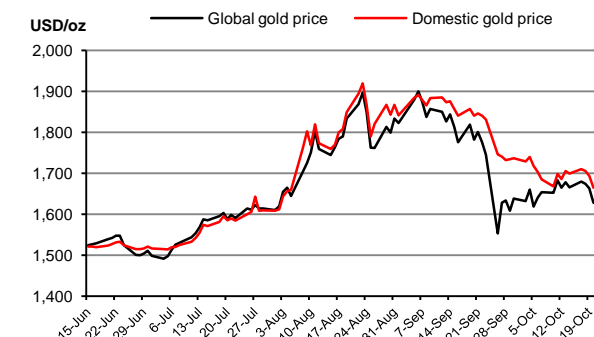
Macro-economic indicators and forecast

| | 2010 | Sep-11 | YTD | Y-o-Y change |
|--|------------|------------|-------|--------------|
| GDP growth¹ | 6.78% | | 5.6% | -17.8% |
| Inflation | 11.75% | 0.8% | 16.6% | 22.4% |
| FDI (USDbn) | 18.6 | 0.8 | 9.9 | -18.9% |
| Imports (USDbn) | 84 | 9.3 | 76.9 | 26.9% |
| Exports² (USDbn) | 71.63 | 8.3 | 70.0 | 35.4% |
| Trade deficit (USDbn) | 12.4 | 1.0 | 6.9 | -19.6% |
| Exchange rate³ (USD/VND) | 19,500 | 20,830 | 6.8% | 6.8% |
| Bank deposit rate (VND %) | 12.0-14.0% | 12.0-14.0% | n/a | n/a |

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 vs international gold price in 2011



Residential market slows in HCM City

Developers search for ways to attract buyers

Retail rents down in HCM City; stable in Hanoi

Hotels hit slow season; 5-star market strong

Real estate market

The real estate market continues to be challenged by oversupply and sluggish demand across all sectors. The office sector vacancy rate is rising, while retail rents are falling and residential developers are struggling to maintain their prices. High inflation and deposit rates continue to keep home-buyers on the sidelines. While not all hotels have seen improved operating numbers, the hotel market in general is recovering in terms of visitor numbers.

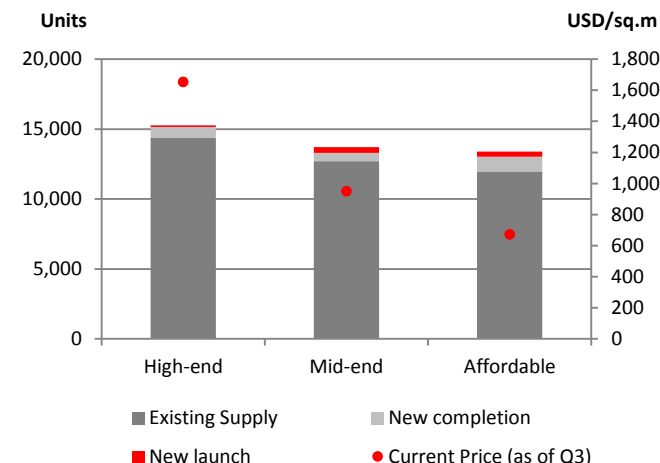
Condominium primary market prices in Ho Chi Minh City are under pressure, as secondary market prices have dropped. The quarter saw significant quarter-on-quarter growth in units completed, with 2,444 units handed over, or 6.2 percent of total supply. Phu My Hung launched Canh Vien 3 in August, with 116 condos or 78 percent of the project sold out. This is not typical of the market as a whole, however, and other developers were forced to offer significant discounts and incentives to generate sales.

In the office sector, the quarter saw three new Grade-B buildings launched, one in Hanoi and two in Ho Chi Minh City. Grade A rents continued their long-term slide, but with less of a decline than the previous quarter. Grade B rents also fell, however absorption rates were high, with Ho Chi Minh City office absorption up 38.9 percent compared to the previous quarter, mainly due to an increase in owner occupied space.

The retail market saw increased occupancy in Ho Chi Minh City, to an average of 87 percent. CBD and non-CBD rents were flat, however, at an average of USD109/sq.m and USD49/sq.m, respectively. This was an increase of 13 percent year-on-year for CBD rents, but a decrease of 11 percent year-on-year for non-CBD areas. The declining rents in peripheral areas reflect slower retail sales for the last few months as a result of high inflation.

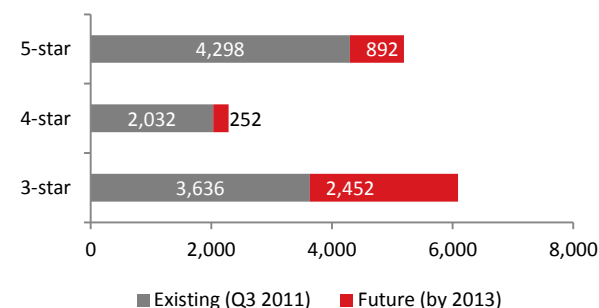
The hotel market showed some positive signs due to an increase in international arrivals, which totaled 4.3 million for the first nine months of 2011, a year-on-year gain of 15.5 percent. In Ho Chi Minh City, the occupancy rates for three- to five-star hotels experienced some growth, but mixed results were also reported as room rates came under pressure due to new supply. With the tourism high season approaching, it is hoped that performance will improve as Vietnam is viewed as a safe, secure and affordable holiday destination.

HCM City condominium market, Q3 2011



Source: CBRE Vietnam

HCMC Supply of 3-5 star hotels, Q3 2011



Source: CBRE Vietnam

| 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 | 75.0% | 25.0% | 30 | 12% | 85m | - | - | Planning underway |
| 2 | Danang Beach Resort | Central | Residential | 75.0% | 25.0% | 260 | 12% | 82m | 14m | - | Construction and sales underway |
| 3 | Dai Phuoc Lotus | South | Township | 54.0% | 18.0% | 200 | 8% | 54m | - | 7m | Construction and sales underway |
| 4 | Pavilion Square | South | Mixed-use | 90.0% | 0.0% | 1.4 | 7% | 50m | 4m | 8m | Land compensation underway |
| 5 | VinaSquare | South | Mixed-use | 46.5% | 15.5% | 3.1 | 6% | 42m | - | - | Planning underway |
| 6 | Time Square Hanoi | North | Mixed-use | 65.0% | 0.0% | 4 | 5% | 36m | - | 5m | Planning underway |
| 7 | My Gia | Central | Township | 53.25% | 17.75% | 158 | 5% | 35m | 7m | 0 | Construction and sales underway |
| 8 | Aqua City | South | Township | 40.0% | 0.0% | 250 | 4% | 30m | - | 0 | Planning underway |
| 9 | World Trade Centre | Central | Mixed-use | 75.0% | 25.0% | 9 | 4% | 28m | 5m | 13m | Construction and sales underway |
| 10 | Trinity Park | South | Residential | 75.0% | 25.0% | 34 | 4% | 27m | - | 4m | Planning underway |
| Total of top 10 Investments (USD million) | | | | | | | 68% | 468m | 30m | 36m | |
| Remaining Investments (USD million) | | | | | | | 32% | 225m | 46m | 91m | |
| Total portfolio (USD million) | | | | | | | 100% | 693m | 76m | 127m | |

- 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 utilised 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.



VNL holds a 75% stake in Century 21 valued at USD85m

Century 21

Century 21 was acquired in 2006 because of its location close to a new traffic corridor to the CBD that will open in November 2011, in an area of District 2 quickly becoming one of Ho Chi Minh City's main residential suburbs. The project involves two separate components – the resettlement housing component and developing the 30ha site itself. An Investment Licence application and a revised 1:500 masterplan have been submitted for approval. Financing for the development of the first phase will be obtained following approval of the masterplan.

The strategy is to develop and divest part of the residential portion, and divest other elements including the resettlement component. On-site work will not commence until a co-investment partner is secured or market conditions improve. The surrounding area, District 2, has seen improvements to infrastructure which has created interest among domestic and foreign investors. VNL intends to obtain the Investment License and 1:500 masterplan approval by Q4 2011. Preliminary infrastructure plans are being designed and VNL is in preliminary discussions with two potential co-investment partners for both the residential Phase 1 and commercial Phase 2.

Project summary

| | |
|-----------------------------|---|
| Sector | Residential (25ha) and retail (5ha). |
| Area | 30ha; 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 Licence application submitted Dec 2010. Revised masterplan submitted and awaiting approval. |
| Investment rationale | The 30ha site lies in a new suburban area that will be connected to the CBD by a tunnel due to open in November 2011. |



VNL holds a 54% stake in Dai Phuoc Lotus valued at USD54m

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 home buyers 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. Construction and sale of the 332 townhouses comprising Zone 5 is underway, with 65 percent of the ground floor concrete slabs now complete. Some 160 of the 332 houses have sold to date (Phase 4 with last 90 villas expected to launch in Q1 2012). The next phase will see land lot sales instead of completed townhouses. 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 future land and house sales.

Project summary

| | |
|-----------------------------|--|
| Sector | Township. |
| Area | 200ha. |
| 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 masterplan 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 USD50m

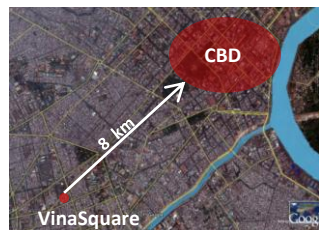
Pavilion Square

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 40 percent complete. The residential portion of clearance is expected to finish by Q2 2012, and the commercial area by Q3 2012. The schematic design has been submitted and is pending approval by the authorities.

VNL intends to complete compensation of the residential parcel, and when the market improves to commence pre-sales of the apartments and start construction. However this is subject to adequate cashflow and completed pre-sales. The fund will also seek to divest the retail component. Sourcing of potential investors is now underway.

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 46.5% stake in VinaSquare valued at USD42m

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 had factory land available at low cost. 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.

Relocation of the existing factory is currently in progress and due to be completed by Q4 2011. Subject to market conditions in Q1 2012, construction could commence on the display centre to test the market for pre-sales. Subject to suitable conditions the soft sales launch could begin in late Q2 2012. 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 existing factory buildings commenced Q1 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 53.25% stake in My Gia valued at USD35m

My Gia

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 out, 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 prices.

The infrastructure design is complete for Parcel 2, and a display village will open in October 2011. In December 2010, sales soft launch events were held in Hanoi and HCM City. To date, 587 lots have been reserved out of the 638 that were released. 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. The fund intends to begin construction of house foundations on reserved lots, and will submit a revised 1:500 masterplan for subsequent parcels by November 2011. Sales trends in are being monitored closely given the market slowdown.

Project summary

| | |
|-----------------------------|--|
| Sector | Township. |
| Area | 158ha. |
| 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 75% stake in Trinity Park valued at USD27m

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.

VNL is now designing the infrastructure on the site to facilitate sale of residential lots and houses, and will seek a co-investor to jointly develop landed property packages. The ownership has been restructured so that VNL and VOF together have a 100-percent ownership stake, and the revised Investment Licence application has been submitted and is awaiting approval. Upon completion of the infrastructure design, the soft sales launch will only commence when market conditions improve.

Project summary

| | |
|-----------------------------|---|
| Sector | Residential (including school). |
| Area | 33ha. |
| 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 successful 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 ten 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 licence 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 two or more valuations 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 30 June 2011.

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

Valuation committee

VNL has a valuation committee composed of independent non-executive members of the board of directors of the fund, and chaired by an independent director. The valuation committee meets quarterly, or as needed, to review asset valuations and the process used to determine asset valuations.

VNL Valuation Committee

Michael Arnold (chair)

Nicholas Brooke

| 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 capitalisation 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 average ordinary share holder's funds | 0.1% | 11.6% | 33.5% | -25.9% | 9.7% | -1% |
| Investment management fees/average 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 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.

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

| | |
|------------------------|---|
| Michael L. Gray | Investor Relations/Communications ir@vinacapital.com +848-3821-9930 www.vinacapital.com |
|------------------------|---|

Brokers

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Numis Securities
+ 44 (0)20 7260 1327, www.numiscorp.com

| | |
|--------------------------|----------------------------------|
| Nominated advisor | Grant Thornton Corporate Finance |
| Auditor | Grant Thornton (Cayman Islands) |
| Internal auditor | PricewaterhouseCoopers (Vietnam) |
| Custodian | HSBC Trustee |