

VinaLand Limited

Quarterly report 30 June 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 USD560.3 million or USD1.14 per share as at 30 June 2012, a decline of 1.7 percent from USD573.6 million or USD1.16 per share as at 31 March 2012. For the quarter, VNL's share price fell 18.6 percent to close at USD0.48 from USD0.59 as at the end of March. VNL bought and cancelled 4,142,760 shares during the period, bringing the total acquired to 9,002,760, representing 1.8 percent of issued shares. In total VNL has spent USD5.4 million repurchasing its own shares, since the program started, reducing total outstanding shares to 490,964,862.

Fund Update

VNL project revaluations were undertaken for the period ending 30 June 2012 with 17 assets independently appraised by international recognized valuation consultants. The projects revalued include: Danang Beach Integrated Resort, World Trade Centre and Nam Phat in Danang, Ceana in Hoi An, Dai Phuoc Lotus, Binh Duong Township, Phu Hoi City, Aqua City, Hao Khang, HBT Court, Saigon Design Centre, Long Truong, Vina square and HVT in Ho Chi Minh City and surrounding districts, My Gia in Nha Trang, Times Square and Nguyen Du in Hanoi. In aggregate, 6 projects were revised downward in market value, while 9 were revised upward and 2 remained unchanged from the previous quarter. The decline in Fund NAV was primarily due to the continued softening in residential sales and limited activity across the real estate sectors. This has resulted in a USD0.02 reduction in NAV per share.

Vietnam's economy has demonstrated some continued signs of stability resulting in less volatility throughout portions of the real estate market as inflation appears to be under control and the VND/USD exchange rate remains flat. However, as a result of the prolonged tightened monetary policy, Vietnam's economic growth has decelerated. Year to date GDP growth fell to 4.4 percent, below the government's initial target of 6.0 percent for all of 2012. The Prime Minister recently issued a revised target of between 5.2 and 5.7 percent. Taking a midpoint reflection for the year, we believe Vietnam's worst economic problems have been corrected and the groundwork for cautious optimism going forward has been formed.

VNL's initial term will expire in March 2013. During the past twelve months, the Manager and Board have engaged in considerable dialogue with shareholders. We believe this initiative has been extremely beneficial for both Manager and Board to fully understand the views and concerns of shareholders and to provide a forum for the Manager to supply detailed insight into the Vietnam property market, its challenges and VNL's strategy to overcome those challenges. Both the Board and Manager are proposing to visit shareholders during Q3 2012 to outline the VNL's new three year strategy, intended to maximize returns for shareholders following a successful continuation vote.

30 Jun 2012

NAV **1.14** per share (↓1.7%)

Total NAV: USD560.3 million

Performance summary

	Cumulative change:			
	30 Jun 12	3mth	1yr	3yr
NAV per share	1.14	-1.6%	-14.8%	-14.8%
Share price	0.48	-18.6%	-38.5%	-29.4%
Premium/ (Discount)	(57.9%)			
Market cap	236m			
Total NAV	560.3m			

Other information

Outstanding shares	490,964,862
Fundraisings	198m in 2006; 395m in 2007

Portfolio summary

Current assets	36
Divestments	10 full, 1 partial and residential unit sales
Debt level	Fund: Nil Projects: 15% of NAV
Cash balance	Fund: USD10.7m

Performance history (% change on NAV)

	2012	2011	2010	2009	2008	2007
Q1	-1.7%	0.7%	3.0%	-3.3%	12.5%	22.0%
Q2	-1.7%	-2.2%	-0.7%	-9.0%	9.4%	6.1%
Q3		0.7%	3.7%	-0.8%	-2.5%	0.2%
Q4		-12.6%	-3.5%	1.5%	-4.5%	3.2%
YTD	-3.4%	-13.2%	2.3%	-11.3%	14.8%	33.8%

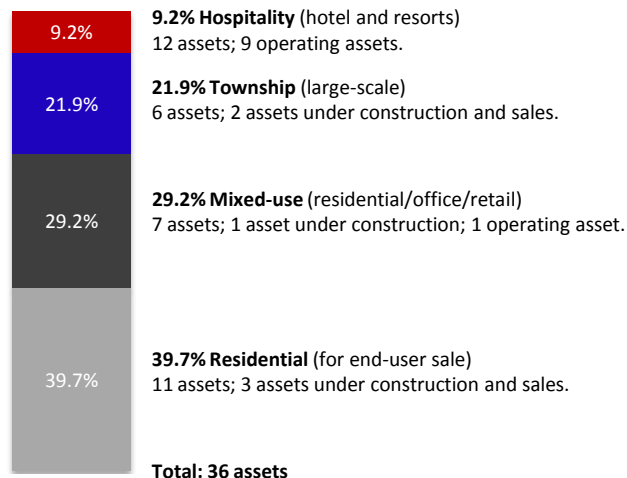
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Top holdings (30 Jun 12)

Project	Location	Type	NAV%
Century 21	South	Residential	12.2%
Danang Beach Resort	Central	Residential	12.0%
Pavilion Square	South	Mixed-use	7.4%
Dai Phuoc Lotus	South	Township	6.7%
Times Square Hanoi	North	Mixed-use	6.0%
VinaSquare	South	Mixed-use	5.9%
My Gia	Central	Township	5.2%
World Trade Centre	Central	Mixed-use	4.8%
Aqua City	South	Township	4.6%
Trinity Park*	South	Residential	3.9%

* Previously HUD Dong Thang Long. **Top 10 assets: 68.8%**

Portfolio by sector (30 Jun 12)



Projects pending final investment licensing (30 Jun 12)

Project	Location	Type	Site Area (ha)
Long An	South	Township	1,780
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	5

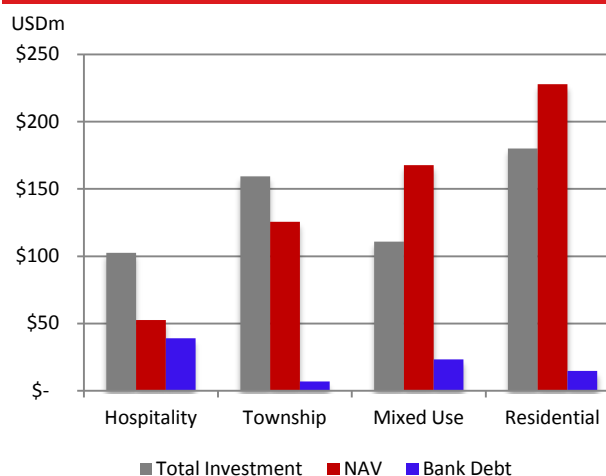
Total: 7 assets representing NAV of USD74m.

Portfolio breakdown (30 Jun 12)

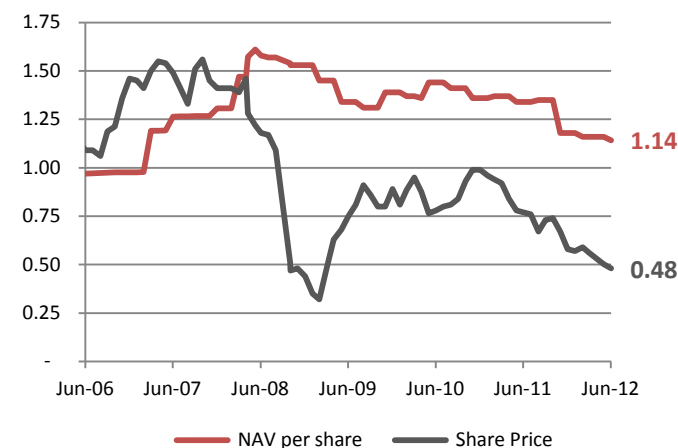
Portfolio by geographic location	NAV%
Hanoi region	9.0%
Central region	28.2%
Ho Chi Minh City region	62.8%
Valuation breakdown	
Assets not yet revalued **	9.3%
Assets revalued	90.7%
Development status	
Land banking	6.2%
Planning stage	54.3%
Development stage	32.7%
Operating assets	6.8%

** held at cost or below cost

NAV by sector (30 Jun 12)



NAV and share price performance (30 Jun 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 30 June 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 two primary means of divestment have been via the development of residential for-sale products (apartments and landed property) to Vietnamese homebuyers and the wholesale divestment of land or projects under development to local and foreign investors. However, both forms of exit have become increasingly challenging over the past four quarters as buyers have withdrawn from the market. VNL's strategy remains to continue, albeit at a slower pace, with a small number of landed property developments where the market is still supportive. Additionally by pushing forward with some selected developments, VNL is able to demonstrate to investors/sub-developers that the projects are viable and still active. These investors may then purchase larger wholesale parcels of land from VNL township projects, allowing for partial exits. 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. VNL will not start new projects or commit to debt while interest rates remain high.

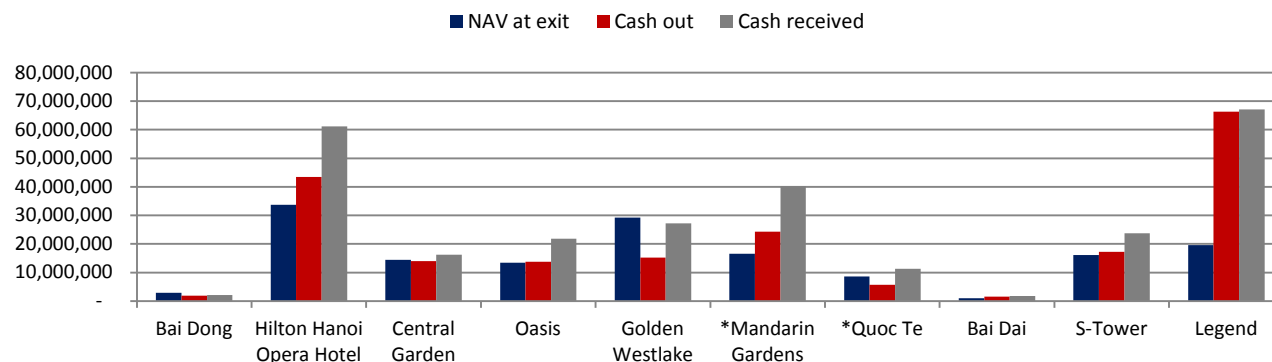
A share buyback programme was initiated in October 2011 and is continuing following feedback from investors as to the most appropriate method of providing distributions. All shares purchased under this programme are cancelled. This buyback program is ongoing as designated by the VNL Board.

Construction Timeline	Type	2012		2013				2014				2015				2016
		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.

* pending receipt of final payment

Inflation has remained in check throughout the second quarter, with year to date CPI reaching just 2.5 percent

Macroeconomic update

One of Vietnam's most longstanding issues; inflation, has subsided dramatically in the first six month's of 2012, a stark contrast to the double digit levels recorded over the past two years. For the month ended 30 June 2012, CPI actually fell by 0.3 percent, marking the first decline since March 2009 and bringing year-to-date inflation to just 2.5 percent. However, one area of the country that continues pricing pressure, is food and food stuffs, which posted a 2.2 percent rise in prices during the month of June. Food and food stuffs are more heavily influenced by global supply and demand and less from domestic pressure which helps to explain why prices in this area have risen faster than other goods and services.

Notably, however, for a second straight quarter, Vietnam's GDP growth failed to eclipse the government's initial full year target of 6.0 percent, finishing the period ended 30 June 2012 at 4.7 percent. However, government officials have quickly began to loosen monetary policy in an effort to mitigate any further reduction in domestic growth. Despite success in reigning in inflation, Vietnam's officials, announced its fifth rate cut for 2012, lowering the refinancing rate 100 bps to 11 percent during the second quarter. The Deputy Prime Minister stated that VND21 trillion will be injected into the economy to stimulate demand and help improve credit growth. Notwithstanding, many banks have remained resistant in refinancing or adjusting loans specifically within the real estate industry.

Lack of credit growth continues to weigh on overall business activity

Overall business activity faces continued difficulties, mainly from a lack of access to credit despite the lowered interest rates. Banks have become resistant to offering new loans to domestic companies due to their rising bad debt ratios. According to the State Bank of Vietnam (SBV), new outstanding credit growth has reached just 0.8 percent year to date. This liquidity trap could continue to curb domestic growth throughout the rest of 2012.

VND exchange rate has remained flat for the first half of 2012 at approximately VND21,000

The VND closed the month of June flat at a reference rate of approximately VND20,920 versus the USD for the end of March 2012. For the year the VND has actually appreciated 0.6 percent, as the trade deficit has only reached USD600 million. However, reported inward remittances were down nearly USD500 million during the first half of the year, due to the persistent global economic slowdown, which could assist in foreign currency exchange risk during the second half of 2012.

FDI commitments have fallen 27.7 percent, market remains dominated by Japanese

Another troubling point is that committed foreign direct investment has declined 27.7 percent year-on-year to USD6.4 billion for the first six months. Japanese investors continue to be the leader in FDI into Vietnam making up approximately 65 percent of the nation's total.

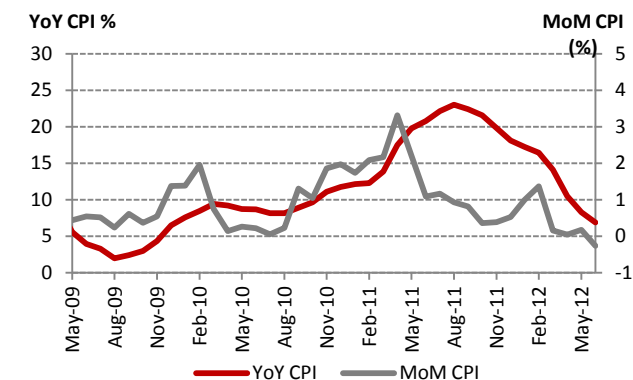
Macro-economic indicators and forecast

	2011	Jun-12	YTD	Y-o-Y change
GDP growth¹	5.9%	4.7%	4.4%	
Inflation	18.1%	-0.26%	2.5%	6.9%
FDI (USDbn)	14.7	1.1	6.4	-27.7%
Imports (USDbn)	105.8	9.9	53.8	6.9%
Exports² (USDbn)	96.3	9.8	53.1	22.2%
Trade deficit (USDbn)	9.5	0.1	0.6	-91.2%
Exchange rate³ (USD/VND)	21,036	20,920	-0.6%	1.3%
Bank deposit rate (VND %)	12.0-14.0%	11.0%	-21.4%	-21.4%

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



Challenging economic conditions and interest rates keep mounting pressure on real estate market

Real estate market

Challenging economic conditions and a high interest rate environment held back Vietnam's real estate market through the first half of 2012. Construction of many residential and commercial projects were suspended or slowed. Tight domestic financing forced some local property developers such as the Vincom group to resort to raising money in the international market through bond offerings. Demand for affordable residential condominiums remains very low while demand for quality landed property developments remained more a little more resilient during the quarter. Additionally, within the hospitality industry, the 3-star hotel segment outperformed the rest of the hotel market.

Vietnam's retail market remains attractive and retailers look to expand operations

Vietnam's difficult economic conditions in conjunction with poor distribution and logistics have brought the country's ranking down in A.T. Kearney's Global Retail Development Index for the fourth consecutive year. However, with the removal of the restriction on 100 percent foreign ownership and the lure of Vietnam's large population, international retailers remain interested in the country including groups such as AEON. Existing retailers like Lotte Mart, Big C, and Saigon Co-op, along with many other general market chains are still working on their short - medium term expansion plans.

Current over supply in the mid level condominium market, while quality landed properties in good locations are attracting some interest from buyers

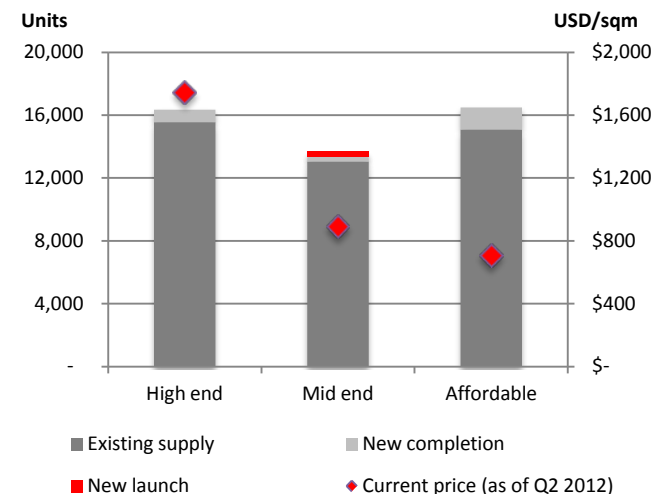
In HCMC, Q2 2012 witnessed 354 condominium units of new supply, a mere 7 percent of what came online in the same quarter last year. However, unit prices remained flat as developers refused to reduce prices, instead opting to offer various incentives and payment options to boost sales. In Hanoi, 1,730 new condominium units were launched during the quarter, 25 percent of that in Q2 2011. Secondary market prices for condominiums fell significantly with a reported 11.3% decrease year-on-year.

With inflation subsiding, interest rates coming down, and residential prices stabilizing, buyers are expected to shift from depositing savings in banks towards investing in real estate. However, the improving mood has not yet translated into sales as buyers are still psychologically reluctant. There remains an over supply of condominiums across the country while quality landed properties with very good locations continued to generate some interest fro buyers over the past quarter.

The hospitality sector has experienced mixed results for the quarter

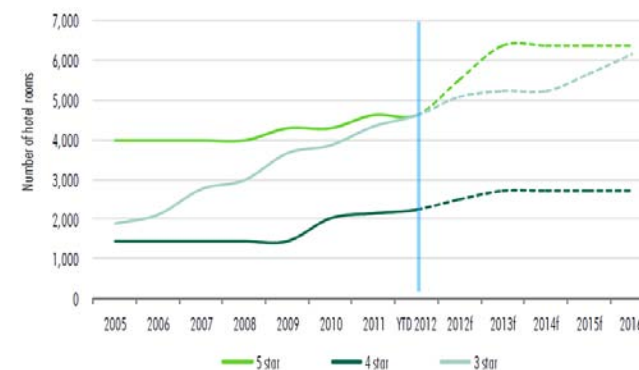
According to CBRE, during H1 of 2012, 3.4mil foreigners visited Vietnam, a 14 percent increase year-on-year. In Hanoi, due to seasonal factors selected 3-star hotels were in demand during the high season and achieved positive growth while higher end hotels saw decreases in average daily rate on a year-on-year basis, specifically a 15.9 percent decrease for 4-star hotels and a 6.8 percent decrease for 5-star hotels. In HCMC, future new supply will impact the hospitality sector, with an estimated 2,581 new rooms coming online throughout 2012 and 2013, given these projects are actually completed. Overall, there are mixed result across the hotel sector and VNL assets are experiencing similar results.

HCM City condominium market, Q2 2012



Source: CBRE Vietnam

HCM City 3-5 star hotel future supply, 2012-2016



Source: CBRE Vietnam

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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	12.2%	70.0	-	0.9	Planning / licensing underway
2	Danang Beach Resort	Central	Residential	75.00%	25.00%	260.0	12.0%	68.8	14.6	2.1	Construction and sales underway
3	Pavilion Square	South	Mixed Use	90.00%	0.00%	1.5	7.4%	42.4	11.4	4.5	Land compensation underway
4	Dai Phuoc Lotus	South	Township	54.00%	18.00%	200.7	6.7%	38.6	-	4.2	Construction and sales underway
5	Times Square Hanoi	North	Mixed Use	65.00%	0.00%	4.0	6.0%	34.3	-	0.0	Planning / structuring underway
6	VinaSquare	South	Mixed Use	46.50%	15.50%	3.1	5.9%	34.1	-	0.5	Planning / design underway
7	My Gia Township	Central	Township	53.25%	17.75%	158.0	5.2%	30.0	6.8	-	Construction and sales underway
8	World Trade Centre	Central	Mixed Use	75.00%	25.00%	9.0	4.8%	27.8	12.0	11.2	Construction and sales underway
9	Aqua City	South	Township	40.00%	0.00%	250.2	4.6%	26.3	-	0.2	Land bank - Planning/ basic infrastructure
10	Trinity Park	South	Residential	75.00%	25.00%	33.7	3.9%	22.6	-	1.1	Planning/ licensing underway
Total of top 10 Investments (USD million)							68.8%	394.9	44.9	24.7	
Remaining Investments (USD million)							31.2%	178.8	39.0	21.3	
Total portfolio (USD million)							100.0%	573.7	83.9	46.0	

- 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 with a value of 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; approved GFA 822,781 sqm
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 with a value of USD\$69m

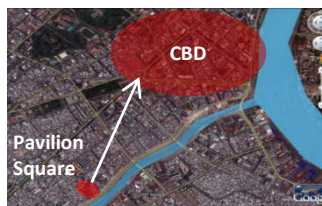
Danang Beach Resort

The 260ha site comprising two parcels, a 50ha beachfront and a 210ha inland ha 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 early sales, including The Ocean Villas, The Cham, The Dune Residences, Norman Estates and the Point Residences comprising a total of 229 villas and 45 condominiums.

In conjunction with sales, VNL has focused its attention on managing payment schedules for buyers to minimise defaults. Despite the difficult environment and high interest rates, sales have been challenging. For the Ocean Villas which commenced in 2009, 90 out of 93 non-beach front and 10 out of 17 beach-front launched units have been sold. For the Dune Residences, 12 out of 15 launched units have been sold with handovers beginning in May 2012. In addition, 16% of the launched units of the remaining projects have been sold.

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 1:500 revised master plan is submitted and awaiting approval
Investment rationale	Integrated resort with golf course well located along the coastal road of Danang City, the third largest city in Vietnam. Develop a golf course and other amenities to assist with marketing of residential property.



VNL holds a 90% stake in Pavilion Square with a value of USD42m

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 60 percent complete. Clearance has proven to be an issue and has significantly delayed the progress of this project. However, over the last six months, progress has been made in obtaining clearance. VNL expects to complete compensation by Q1 2013. The Investment Committee approved a new development concept in H1 2012 to enable the new schematic design to be submitted for approval with 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; approved GFA 162,680 sqm
Location	District 1, HCM City.
History	<ul style="list-style-type: none"> Acquired in Jan 2007; Investment Licence received in 2007. Compensation 60% completed. Expected completion of compensation in Q4 2012. Planning parameters approved, Concept Design & 1/500 MP revision to be submitted.
Investment rationale	The site is well-located for a landmark retail and residential development offering freehold residential units.



VNL holds a 54% stake in Dai Phuoc Lotus with a value of USD39m

Dai Phuoc Lotus

The Dai Phuoc Lotus Township was acquired due to 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 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 73 percent (169 of 230) of the villas released have been sold. Sales over the past quarter have slowed considerably as the overall market for residential real estate softened further. The construction phase is flexible in that it can be slowed down in line with selling rates. To help bolster unit sales, a community sports and recreation centre will commence construction in Q3 2012 in combination with a recently completed golf course located on the island, owned and operated by a Korean group, used as an additional marketing tool to promote our project.

Project summary

Sector	Township (integrated residential)
Area	200.7ha, approved GFA 1,758,975 sqm
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. Construction and sales 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 65% stake in Times Square Hanoi with a value of USD34m

Times Square Hanoi

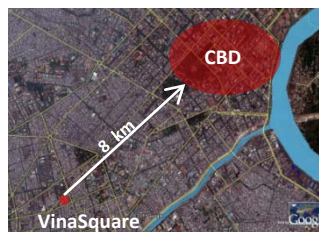
The site is positioned in a strategic location with excellent exposure opposite the National Conference Centre, which has been hosting many national and regional events since opening in 2006. Additionally the location is within a new urban development in western Hanoi, often considered the city's future 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 submitted 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, estimated GFA 350,000 sqm
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 46.5% stake in VinaSquare with a value of USD34m

VinaSquare

VinaSquare was acquired due to 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, comprising 1,285 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 on acceptable terms.

Relocation of the factory was 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 will consider the construction of a display centre to test the market for pre-sales. Management 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 278,748 sqm.
Location	District 5, HCM City.
History	<ul style="list-style-type: none"> Acquired in May 2007; Investment Licence received in Oct 2008; Land Use Right received in Feb 2009. 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 surrounded by mainly low-rise buildings.



VNL holds a 53.25% stake in My Gia with a value of USD30m

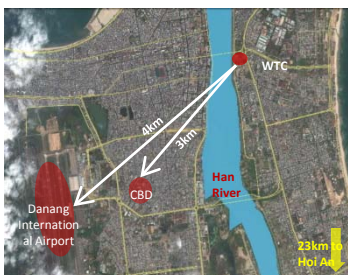
My Gia Township

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 1,405 land lots. Currently, landfill work on Parcel 2 is 95 percent completed. Infrastructure construction began in April 2012, and is expected to be completed by Q4 2012. In December 2010, sales soft launch events were held in Hanoi and HCM City. To date, 488 housing units have been sold out of the 659 units launched (74 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 nine months, sales have slowed considerably with a number of buyers having difficulty making progress payments, which VNL is continually 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 95 % compensated. Construction permit received for Parcel 2. Sales launched in Dec 2010.
Investment rationale	The first modern township site in Nha Trang, a fast-growing tourism destination.



VNL holds a 62% stake in World Trade Center Danang with a value of USD28m

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 allow 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 Azura Tower is essentially complete with the first phase of handovers taking place in Q2 2012. The last 3 months has seen a slight increase in enquiries for sales as the building reaches completion. The Retail Centre in Phase 2 is now in the schematic design stage, and seeking tender offers for Design & Construct delivery to start in Q1 2013. Pre-lease commitments have now reached 65 percent without any formal marketing. The retail centre is targeted to open in Q4 2014.

Project summary

Sector	Mixed-use (commercial and residential)
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, due for completion in June 2012, - currently 25% of apartments sold. Retail Centre secured 65% pre-lease commitment, at schematic design. Target completion Q4 2014. Hotel site in negotiation for site sale or JV.
Investment rationale	Located in the City Centre of Danang City, fronting on Han River.



VNL holds a 40% stake in Aqua City with a value of USD26m

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 Cleared and fully compensated site
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 75% stake in Trinity Park with a value of 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 2012 the strategy remains the same. The project's planning will follow the successful sales and exit from The Garland villa project, a smaller VNL development also located in District 9.

Ownership of the project was restructured so that VNL and VOF have a combined 100 percent stake. Basic infrastructure on site has helped to facilitate the separation of land use rights for the parcel. VNL is currently seeking a co-investor to provide equity and become a JV partner for the development. A soft-sales launch has been put on hold, and will only commence when property market conditions improve, however, this is a project VNL is planning to commence in Q4 2012 as the product mix will suit the current market.

Project summary

Sector	Residential (including school).
Area	33.7ha, estimated GFA 277,900 sqm
Location	District 9, Ho Chi Minh City.
History	<ul style="list-style-type: none"> Acquired in Nov 2007. 1:500 masterplan approved in May 2007; Investment Licence application submitted. Site is cleared and fully compensated. Partial infrastructure in place.
Investment rationale	High long-term demand for mid-range, landed residential housing in District 9, following the 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 Information briefs page of the VNL website: [VNL Information briefs](#)

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

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 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
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