



VinaLand Limited

Quarterly report 31 December 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 NAV as at 31 December 2012 was USD516.3 million or USD1.07 per share. This represents a 3.6 percent decline from a net asset value per share of USD1.11 as at close of business on 30 September 2012. During the quarter, VNL's share price declined 12.7 percent to USD0.39 as at 31 December 2012, from USD0.44 on 30 September 2012. During this period, VNL repurchased and cancelled 2.9 million shares under the ongoing share buyback programme. To date, a total of 17.0 million shares have been cancelled, which represents 3.39 percent of the Company's 499,967,622 ordinary shares in issue at the beginning of the share buyback programme.

Fund Update

On 21 November 2012, VNL held an EGM whereby shareholders supported both recommendations put forth by the Board regarding the continuation of the Company. As a result the Special Resolution, which called for the continuation of the Company as presently constituted, was not passed and the Ordinary Resolution to restructure the Company was passed with a two-thirds approval rate. The Ordinary Resolution establishes the framework to restructure the Company including changes to the Company's investment strategy, distribution policy, investment manager's remuneration and improvements in corporate governance. During this new three year term the Company will make no new investments except within existing projects. The Company will instead adopt a new realisation strategy whereby the Company's existing assets will be developed and divested in a controlled, orderly and timely manner. Net proceeds of these realisations will be returned to Shareholders, following the Board's consideration as to the Company's working capital needs.

The fees payable to the Investment Manager, pursuant to the Amended and Restated Investment Management Agreement, have been amended. Management fees have been reduced from 2 per cent. of the NAV to fixed annual amounts for each year of the new three year term (\$8.25 million in year one, \$7.5 million in year two and \$6.5 million in year three). The Investment Manager's entitlement to performance fees has been cancelled; and the payment of accrued but unpaid performance fees (approximately USD28.2 million) is conditional on distributions by the Company to shareholders.

Additionally, the Company will implement a new system of corporate governance, including publishing further details of its policies with respect to Board tenure and appointments, commencing an inaugural annual general meeting in 2013, reducing the Board's membership from seven to five and reviewing its disclosure policies.

31 December 2012

NAV **1.07** per share (↓3.6% q-o-q)
 Total NAV (unaudited): USD516.3 million

Performance summary

	Cumulative change:			
	31 Dec 2012	3mth	1yr	3yr
NAV per share	1.07	-3.6%	-9.4%	-19.6%
Share price	0.39	-12.7%	-42.5%	-51.9%
Premium/ (Discount)	(64.0%)			
Market cap	186.0m			
Total NAV	516.3m			

Other information

Shares outstanding	482,998,227
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: 16% of NAV
Cash balance	Fund: USD6.8m

Performance history (% change on NAV)

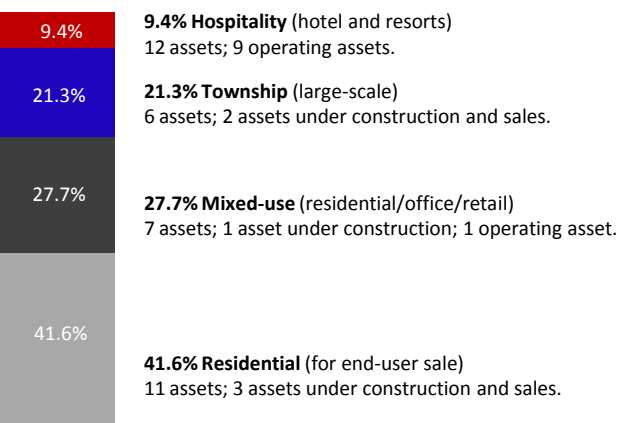
	2012	2011	2010	2009	2008	2007
Q1	-1.7%	0.7%	3.0%	-3.3%	12.5%	22.0%
Q2	-1.7%	-2.2%	-0.7%	-9.0%	9.4%	6.1%
Q3	-2.6%	0.7%	3.7%	-0.8%	-2.5%	0.2%
Q4	-3.6%	-12.6%	-3.5%	1.5%	-4.5%	3.2%
YTD	-9.4%	-13.2%	2.3%	-11.3%	14.8%	33.8%

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Top holdings (31 Dec 12)*

Project	Location	Type	NAV%
Century 21	South	Residential	13.7%
Danang Beach Resort	Central	Residential	13.3%
Pavilion Square	South	Mixed-use	7.8%
Dai Phuoc Lotus	South	Township	6.4%
Times Square Hanoi	North	Mixed-use	5.5%
VinaSquare	South	Mixed-use	5.2%
My Gia	Central	Township	4.8%
Aqua City	South	Township	4.4%
Trinity Park	South	Residential	4.2%
World Trade Centre	Central	Mixed-use	3.9%
Top 10 assets:			69.3%

Portfolio by sector (31 Dec 12)*



Total: 36 assets

Projects pending final investment licensing (31 Dec 12)*

Project	Location	Type	Site Area (ha)
Long An	South	Township	1,780
Vung Bau	South	Hospitality	238
Trinity Park	South	Residential	34
Green Park Estate	South	Mixed-use	16
Long Truong	South	Residential	20
Hao Khang	South	Residential	5

Total: 6 assets representing NAV of USD64m

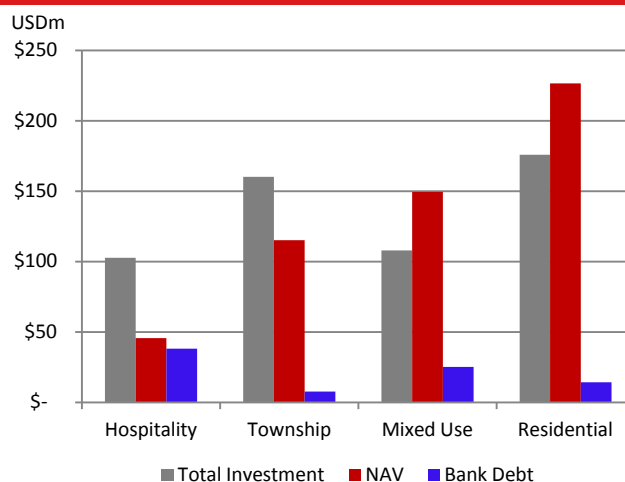
Portfolio breakdown (31 Dec 12)*

Portfolio by geographic location	NAV%
Hanoi region	8.8%
Central region	28.4%
Ho Chi Minh City region	62.8%
Valuation breakdown	
Assets not yet revalued **	11.4%
Assets revalued	88.6%
Development status	
Land banking	6.0%
Planning stage	56.0%
Development stage	31.1%
Operating assets	6.9%

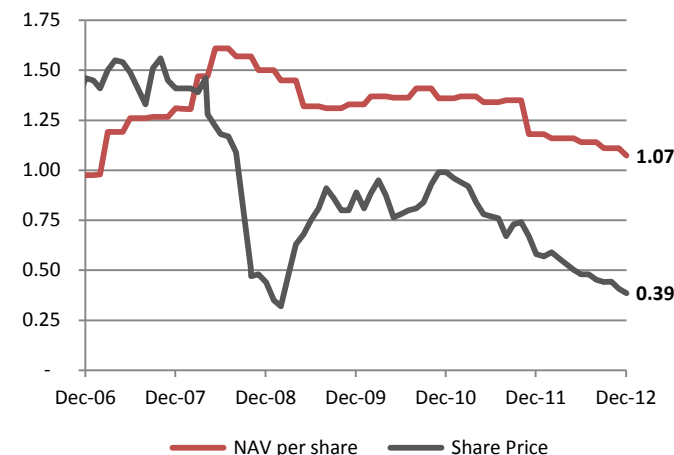
* All NAV and NAV per share data is calculated on a quarterly basis

** held at cost or below cost

NAV by sector (31 Dec 12)*



NAV and share price performance (31 Dec 12)*



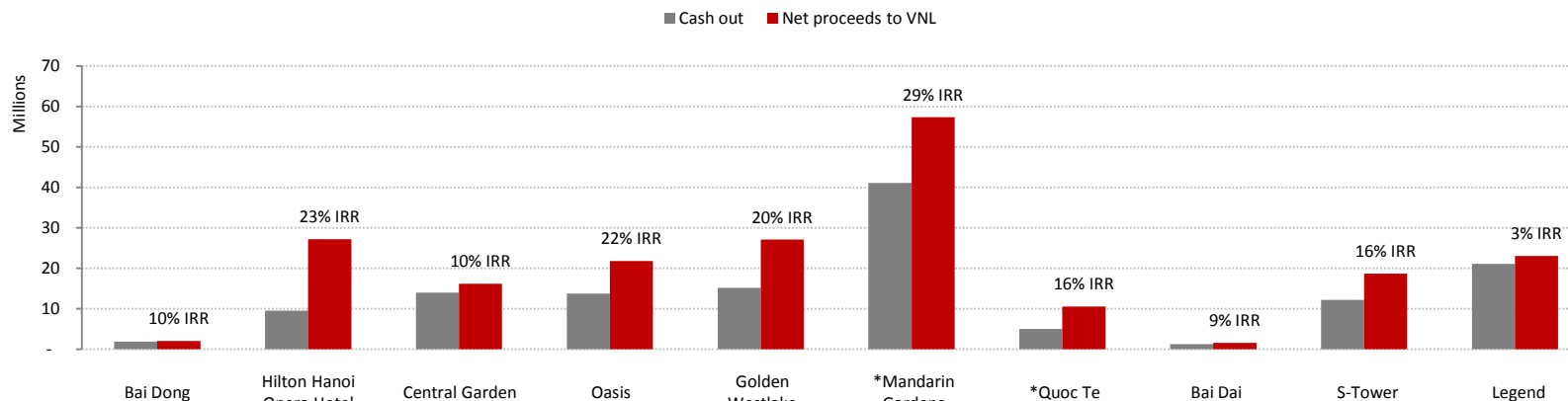
VNL strategy

Background: VNL from 2006-2009 invested in a total of 46 real estate projects across the major urban centres of Vietnam, including operating hotels, residential, retail, office, mixed-use and township/land banking projects. The Fund has since divested ten projects and holds 36 projects as at 31 December 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 cash return period and will not make any investments, except where funds are required for existing projects. The Fund will seek to realise assets in the existing portfolio and continue with the development of selected projects to maximize value. 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 divestment of land or projects under development to local and foreign investors. However, both forms of exit have become increasingly challenging over the past twelve months 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 developments and are excellent medium term opportunities to gain exposure in the Vietnam property market. 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 development without securing a new investor or obtaining debt at an acceptable cost.

A share buyback programme was initiated in October 2011 and is continuing following feedback from investors that it is the most appropriate method of providing distributions at this time. All shares purchased are cancelled. The buyback program is ongoing and executed at the discretion of the VNL Board.

VNL projects fully divested



	Bai Dong	Hilton Hanoi Opera Hotel	Central Garden	Oasis	Golden Westlake	*Mandarin Gardens	*Quoc Te	Bai Dai	S-Tower	Legend	Total
NAV at exit	2.8	33.8	14.5	13.4	29.2	49.2	8.6	1.0	16.1	19.5	188.1
Net proceeds to VNL	2.1	27.2	16.2	21.8	27.2	57.3	10.6	1.6	18.7	23.1	205.7
Net proceeds vs. NAV	-27%	-19%	12%	63%	-7%	17%	23%	56%	16%	18%	9%

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

Cash out and Net proceeds includes all transfers of money between the fund and project companies, including dividends, shareholder loans, and capital contributions. NAV at exit is taken as the quarterly NAV prior to the exit date.

* Pending receipt of final payment. IRR calculation based on projected cash flows.

Updated IRR for Legend due to dividend payments and for Quoc Te, Bai Dai due to updated cash flow projections.

Vietnam's GDP grew at the slowest pace since 1999, increasing just 5.0 percent for 2012.

Macroeconomic update

According to the General Statistic Office (GSO), Vietnam's gross domestic product increased 5.4 percent in the final quarter of 2012, bringing the full year to 5.0 percent. This represents the weakest annual economic expansion since 1999 and came as a result of the State Bank of Vietnam's (SBV) focus on keeping inflation at manageable levels compared to previous years. However there is a sign the economy is improving as inventory level growth has begun to slow. In the fourth quarter inventory levels increased just 20 percent, far lower than a peak of 35 percent during the second quarter.

The Purchasing Managers Index (PMI), a reflection of future production plans, as calculated by HSBC, rose to an average of 49.5 in Q4 2012 from 46.9 in Q3 2012. The increase is small but notably is a change in direction for expected national output. It was assisted by large discounts offered by businesses to sell excess merchandise over the final months of the year, which has translated into a pick-up in market demand.

CPI reached 6.8 percent year-on-year for 2012.

The consumer price index increased 0.27 percent in December, month-on-month, bringing the full year figure to 6.8 percent, a drastic change from an inflation rate of 18.1 percent recorded in 2011. During the month, prices for food and foodstuffs remained unchanged, while prices for transportation increased 0.3 percent.

Vietnam's central bank cut policy and deposit rate caps by 1 percent.

Credit growth finished the year at 6.5 percent, much lower than the SBV's initial target of 15 – 17 percent. Conversely, as a result of high deposit rates total deposits increased by 20.3 percent in 2012 and as such, the VND strengthened versus the USD. Credit growth should improve in 2013 if interest rate caps continue to fall. In late December, Vietnam's central bank cut policy and deposit rate caps by 1 percent. As a result the refinancing rate and deposit rate cap fell to 9 percent and 8 percent respectively.

Vietnam's trade balance finished the year at a USD780 million surplus.

Vietnam's economy received a mixed review regarding its government backed bonds and the banking industry. Moody's cut foreign and local currency bond ratings from B1 to B2, citing the troubled banking sector, non performing loan balances and weak overall economic performance. However, Standard & Poor raised Vietnam's Banking Industry Country Risk Assessment (BICRA) from a score of 10 up to 9, based on improved macroeconomic stability and the government's implementation of Resolution 11.

Vietnam's trade balance finished the year at a USD780 million surplus, a huge difference from a year ago which finished at a USD9.5 billion deficit. The surplus recorded for 2012 was mainly attributable to increased production and business activity from many of Vietnam's foreign direct investment industries. For example, Samsung Electronics which has a factory in Northern Vietnam contributed to nearly USD7.0 billion in total exports for the year.

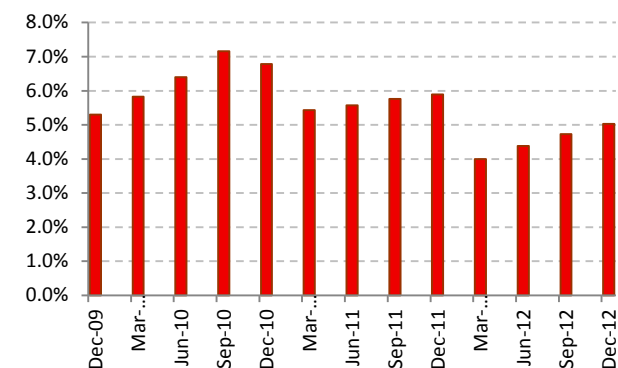
Macro-economic indicators and forecast

	2011	Dec-12	YTD	Y-o-Y change
GDP growth ¹	5.9%	5.40%	5.0%	5.0%
Inflation	18.1%	0.27%	6.8%	6.8%
FDI (USDbn)	14.7	0.8	13.0	-15.3%
Imports (USDbn)	105.8	10.6	114.3	7.1%
Exports ² (USDbn)	96.3	10.4	114.6	18.3%
Trade deficit (USDbn)	9.5	0.2	-0.8	-
Exchange rate ³ (USD/VND)	21,036	20,855	-0.9%	0.1%
Bank deposit rate (VND %)	12.0-14.0%	8.0%	-42.9%	-42.9%

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.

Quarterly GDP growth



Source: General Statistics Office (GSO)

Project Revaluations

VNL project revaluations were undertaken for the period ending 31 December 2012 with eight projects appraised by international valuation consultants. These projects include: Nam Phat in Da Nang, VinaSquare, Long Truong, Saigon Design Centre, and The Garland in HCMC, Binh Duong Township in Binh Duong province and Aqua City and Phu Hoi City in Dong Nai province. Additionally, a further ten projects were also externally re-appraised by valuation consultants as part of a six monthly update for the interim period. The outcome was a downward market value adjustment on the majority of these projects. The results, which were primarily due to the continued softening in the real estate market over the past quarter, with ongoing illiquidity and a high cost of mortgage financing, resulted in a USD0.04 reduction in the Company's NAV per share as at 31 December 2012.

Real estate market

The condominium sector continued to be very slow during the fourth quarter as prices decreased across most segments. Promotions such as vouchers, overseas holidays, gold, lending rate support, and discounts on upfront payments were offered in an effort to improve sales. However prospective buyers seem hesitant to make purchases due to expectations of further price reductions. The market sentiment continues to put pressure on partially constructed projects which are now unable to complete and attract buyers. Nearly all condominium transactions occurred within the mid-end and affordable segments of the market. Although interest rates have fallen in recent months, it is expected that market liquidity will take time to improve and show a positive effect on sales.

Villa and townhouse sales also remain very slow; however, there is more activity in this segment than in condominiums. Jones Lang LaSalle (JLL) reported that asking prices on villa and townhouses have fallen 2 percent quarter-on-quarter and between 4-9 percent from a year ago. Overall take-up rates have declined; however, landed properties developed by established developers in prime locations still attracted some buyers. For example, the My Phu 3 project in District 7 developed by the Phu My Hung Corporation in early Q4 2012 has sold over 70 percent of its offerings. Three new land plot projects were launched in the fourth quarter, bringing another 185 units to the market. Land plot sales have received some improved interest due to their affordable pricing, especially when compared to completed units.

Supply in Ho Chi Minh City retail space increased significantly in Q4 2012, due to the opening of new shopping centers such as Vincom Center A and Pandora City. However, rental rates improved as strong leasing activity in new properties pushed up the occupancy rate on investment-grade space in the CBD. Slow construction progress for several projects will likely cause further pricing volatility in the near term. Fueling this trend are the foreign retailers entering the Vietnam market, thanks to its large young population with rising disposable income. During the year, many new foreign brands entered the Vietnam market for the first time including Sisley, Christian Dior, Banana Republic and Burger King. The market also witnessed expansion from digital retailers such as Samsung, Sony, Blackberry, and HTC.

The hotel sector had a difficult year in 2012, with occupancy and room rates falling by 3 and 7 percent year-on-year, respectively, according to Savills. Foreigner arrivals increased a modest 8 percent from last year. Difficult global and domestic economic conditions have significantly muted demand for both business and leisure travel. In Q4 2012, foreigner arrivals dropped 2 percent from a year ago, which impacted demand for 4-5 star hotels.

Revaluations resulted in a USD0.04 reduction in the Company's NAV per share as at 31 December 2012.

Condominium, villa and townhouse sales remain slow while land plots received some interests.

Retail property sector improved slightly in Q4.

Less foreigner arrivals impacted hotel performance.

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	13.7%	74.1	-	0.8	Planning / licensing underway
2	Danang Beach Resort	Central	Residential	75.00%	25.00%	260.0	13.3%	72.1	14.4	1.7	Construction and sales underway
3	Pavilion Square	South	Mixed Use	90.00%	0.00%	1.5	7.8%	42.2	14.8	13.5	Land compensation underway
4	Dai Phuoc Lotus	South	Township	54.00%	18.00%	200.7	6.4%	34.6	-	4.2	Construction and sales underway
5	Times Square Hanoi	North	Mixed Use	65.00%	0.00%	4.0	5.5%	29.7	-	-	Planning / structuring underway
6	VinaSquare	South	Mixed Use	46.50%	15.50%	3.1	5.2%	27.9	-	0.9	Planning / licensing underway
7	My Gia Township	Central	Township	53.25%	17.75%	158.0	4.8%	25.7	6.6	3.2	Construction and sales underway
8	Aqua City	South	Township	40.00%	0.00%	250.2	4.4%	24.0	-	0.2	Land bank - Planning/ basic infrastructure
9	Trinity Park	South	Residential	75.00%	25.00%	33.7	4.2%	22.6	-	1.1	Planning/ licensing. (partial exit negotiations ongoing)
10	World Trade Centre	Central	Mixed Use	75.00%	25.00%	9.0	3.9%	21.2	11.1	13.7	Construction and sales underway
Total of top 10 Investments (USD million)							69.3%	374.3	46.9	39.3	
Remaining Investments (USD million)							30.7%	166.0	37.1	16.3	
Total portfolio (USD million)							100.0%	540.2	84.1	55.6	

- 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\$74m

Century 21

Century 21 was acquired in 2006 because of its prime 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. The project site is 100% compensated and cleared. In Q4 2011, the Century 21 Nam Rach Chiec project received a 1:500 Master planning parameters approval and Investment License. The revised master plan which converts a portion of condominium land to more commercial land was approved in principle by the Ho Chi Minh City's People's Committee in December 2012. The detailed 1:500 Master plan is to be submitted in Q1 2013 with expected approval in Q2 2013.

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. Negotiations are ongoing with an international school operator to lease completed school facilities as well as with Japanese and Korean retail investors to divest the commercial site.

Project summary

Sector	Residential (24ha) and commercial (6ha)
Area	30.1ha; approved GFA 526,778 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 in Dec 2011. Revised master plan approved by DPA and principally approved by HCMC People's Committee Detailed master plan is to be submitted in Q1 2013. Approval expected in Q2 2013.
Investment rationale	A 30ha site located along new infrastructure corridor in a new desirable suburban area.



VNL holds a 75% stake in Danang Beach Resort with a value of USD72m

Danang Beach Resort

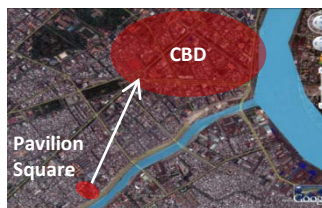
The 260ha site comprising two parcels, a 50ha beachfront and a 210ha inland lot separated by the coastal highway, was acquired in mid 2006. The project broke ground in Jan 2008 with construction of an 18-hole golf course, The Dunes Course, designed by internationally renowned golf legend Greg Norman. 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 projects have been developed and achieved good early sales, including The Ocean Villas, The Cham Condominium, The Dune Residences, Norman Estates and the Point Residences.

In Q4 2012, very few sales were closed as the market remains depressed due to lack of buyer confidence. In conjunction with sales, the development team has also focused on managing villa handovers and revenue collections. To date, 84 percent of the 202 villas launched are now sold per the following breakdown: Ocean Villas: 93 of 93 sold, Beach Front: 10 of 17 sold, with 2 further deposits, Dunes Residences: 12 of 15 sold, The Point: 24 of 40 reserved with deposit.

The continuing strategy is to proceed with full sale out of remaining villa stock, and seek investment partners for a partial or full exit of future development parcels.

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 2006. Ground breaking in Jan 2008 Dunes Golf course opened in Apr 2010 Beach resort parcel: 1:500 master plan in June 2011 Golf course parcel: 1:500 revised master plan in Dec 2012
Investment rationale	Unique mixed used, seaside integrated resort with golf course well located along the coastal road of Danang City, the third largest city in Vietnam. Plan to 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 of Ho Chi Minh City, this mid to higher-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. Over the last quarter, some progress has been made in obtaining clearance and planning approvals. VNL expects to complete compensation by Q4 2013. The revised planning parameters with smaller retail area were approved by the authorities in December 2012 and the revised 1:500 Master plan is to be submitted.

Following the expected completion of compensation for the residential parcel and market improvement, 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 however proving to be very difficult at this time. VNL will not begin construction until the market conditions improve and cost of debt reduces to an acceptable level.

Project summary

Sector	Mixed-use (residential and retail).
Area	1.4ha; approved GFA 162,199 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 2013. Revised planning parameters approved in Dec 2012. Revised 1:500 master plan to be submitted.
Investment rationale	The site is well-located for mid high end residential towers with modern facilities offering freehold residential units.



VNL holds a 54% stake in Dai Phuoc Lotus with a value of USD35m

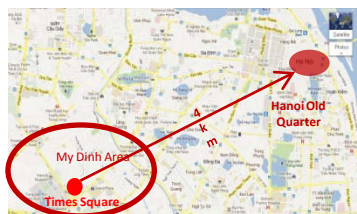
Dai Phuoc Lotus

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

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. To date 73 percent (169 of 230) of the villas released have been sold. The first 25 villas were handed over to buyers during Q4. Sales have however, slowed considerably as the overall market for residential real estate continued to soften during the quarter. 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 soon in combination with the Jeong San Golf Course located on the Dai Phuoc Island, which is owned and operated by a Korean group.

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. Construction and sales of Zone 5 townhouses underway. Master plan of marina club completed. Design of sport and recreational facilities ongoing with construction of Phase 1 facilities having commenced in Jan 2013
Investment rationale	The site lies in the fast-growing eastern region adjacent to Ho Chi Minh City and will benefit from the completed transport infrastructure roll-out in District 2 and 9.

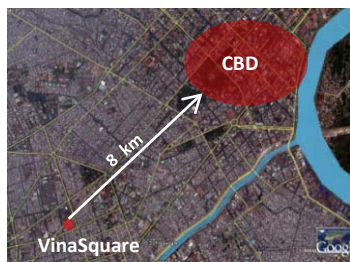


VNL holds a 65% stake in Times Square Hanoi with a value of USD30m

Times Square Hanoi

The site is positioned in a strategic location with excellent exposure opposite the National Convention and Exhibition 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 as 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 recent changes in the administrative framework for the area surrounding Times Square, a new planning certificate is now required and the revised master plan is to be re-submitted. Approval for the revised master plan is expected in Q3 2013. Licensing delays coupled with a slow property market have pushed back the commencement and a new strategy is now in place.

This development will comprise a regional shopping centre, a 24-storey office building, a 240-key hotel/serviced apartment building, and three 54-58 storey residential towers totaling over 1,900 apartments. The strategy is to secure a long-term commitment from an international retail mall operator and seek to divest all or part of this land parcel to facilitate an early exit. Discussions with several foreign retail groups are ongoing. To date, a foreign retail group has expressed interest in acquiring a completed retail podium and preliminary due diligence is ongoing.



VNL holds a 46.5% stake in VinaSquare with a value of USD28m

VinaSquare

VinaSquare was acquired in 2007 due to its prime 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, retail, hotel and serviced apartment development. The Investment License was obtained in Oct 2008 and the Land Use Right certificate received in Feb 2009. Demolition of the old factory buildings was completed in Q4 2011. Currently the site is fully cleared and a site office has been in place since April 2012. Transfer of the Land Use Right to the JV company is undergoing. Application for basic design approval of the residential portion has been submitted to the authority with an expected approval by Q2 2013.

Due to market conditions, a soft-sales launch has been put on hold. The development will not commence on the residential portion until the market improves and/or an equity partner is secured to jointly develop. Discussions are underway with potential investors seeking to take a stake in this development project.

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. 1:500 Master plan approved in Mar 2010. New planning certificate required and revised master plan to be re-submitted. Expected approval in Q3 2013.
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.

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 Master plan approved in Oct 2010. Demolition of factory buildings completed in Q4 2011. Application of basic design submitted with expected approval in Q2 2013.
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 USD26m

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.

The 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 complete. Infrastructure construction began in April 2011, with phase 1 completed recently. The revised master plan with larger areas allocated for townhouses was approved in Aug 2012. LUR on parcel 2 is ongoing (70 percent completed) and registration for parcels 1, 3, 4, 5 are in progress.

In Q4 2012, sales remained slow but have improved significantly compared to the previous quarter. In total, 14 new sales contracts were recorded with 8 sales closed in December. This is the result of increased year-end marketing activities for the project. However, there were also a number of buyers having difficulty making progress payments leading to some terminated contracts, which is continually being managed. To date, 67 percent of the 702 land plots launched have been sold. The strategy is to proceed slowly with development and sales in Parcel 2 and divest the remaining parcels.

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. Revised 1:500 Master plan approved in Aug 2012.
Investment rationale	The first modern township site in Nha Trang, a fast-growing tourism destination.



VNL holds a 40% stake in Aqua City with a value of USD24m

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 part of an emerging industrial park zone, which is surrounded by the Dong Nai River, approximately 45 minutes from the centre of Ho Chi Minh City.

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. In February 2012, VNL received the 1:500 Master plan approval. 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 to a land area of 125ha. The demerger plan is under discussion and expected to be agreed by Q2 2013. The design for the earthworks has been completed and once restructuring is finalised, preliminary earthworks could begin for basic infrastructure, but will be dependent on current market conditions.

The development master plan includes affordable housing, schools, hotels, offices and shopping centers in addition to a marina, parks and waterways. VNL is also seeking an investment partner or sub-developer to join this project.

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 Partially cleared and compensated site LUR obtained for 83ha residential and 16ha public and commercial land
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

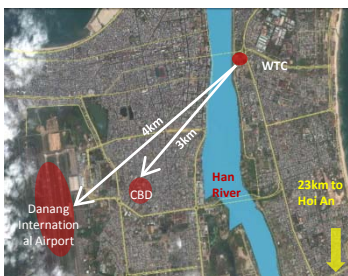
Trinity Park

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.

The 1:500 Master plan was approved in May 2007. Basic infrastructure on site has helped to facilitate the separation of land use rights for the parcel. VNL is planning to commence infrastructure works in Q1 2013 which will take approximately six months, in order to obtain the Land Use Right Certificate (LURC). This time period will also allow the development team to assess the market before launching any low rise residential product. Upon the issuance of LURC in the nominated VinaCapital's project company name, the Investment License application will be submitted. VNL is currently in discussions with two potential co-investors to provide equity and become a JV partner for the development. This is a project that would be able to commence in 2013 under current market conditions.

Project summary

Sector	Residential (including school).
Area	33.7ha, estimated GFA 343,058 sqm
Location	District 9, Ho Chi Minh City.
History	<ul style="list-style-type: none"> Acquired in Nov 2007. 1:500 master plan approved in May 2007 Site is cleared and fully compensated. Infrastructure works planned to commence in Q1 2013. Upon issuance of LURC, Investment Licence will be submitted.
Investment rationale	Sound long-term demand for mid-range, landed residential housing in District 9, following the success of The Garland product.



VNL holds a 62% stake in World Trade Center Danang with a value of USD21m

World Trade Center

The project was acquired in 2006 given its central, river front location in the fast growing city of Danang. The project comprises residential apartment towers, a 4/5 star 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. The project was partially exited in 2007 via a co-investment with a European investor for a portion of Phase 1 (2.5ha). In 2009, the project broke ground on the first residential tower, Azura. The Azura Tower reached completion in September 2012 with only 30% apartments sold due to the stagnant real estate market since 2011.

The revised master plan of Phase 1 which comprises more residential areas was approved in Aug 2012, and company restructuring process to split the 9ha site into 3 separate Investment Licences was successfully completed in August 2012, allowing greater flexibility in development or divestment. Since completion, the Azura project has seen a marked increase in sales activity, resulting in 9 new sales in Q4 2012 taking total sales to 76 of 225, and this momentum has continued into the new year. In addition, Azura apartments have been marketed for long term lease and 17 apartments have now been leased since completion.

Future projects on the WTC site have been placed on hold due to the slow real estate market, and lack of market liquidity to fund projects. VNL is now reviewing various potential exit strategies for individual plots or entire site divestment.

Project summary

Sector	Mixed-use (commercial and residential)
Area	9.0ha; approved GFA 519,000sq.m.
Location	Danang City, on the river side opposite City Centre
History	<ul style="list-style-type: none"> Acquired in Q3 2006. Investment License received in July 2007. Phase 1 (2.5ha) partially exited with a European investor in 2008. Revised master plan of Phase 1 approved in Aug 2012. Azura residential apartment tower completed Sep 2012, and currently 40% apartments sold or leased. Retail Centre planned for Phase 2 on hold. Currently negotiating divestment for selected land parcels within the project.
Investment rationale	Prime site location in the City Centre of Danang City, with direct frontage to the Han River, 5 minutes drive to East Sea beach

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 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 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	2007	2008	2009	2010 (*)	2011 (*)	2012
Statement of Income (USD'000)						
Total income from ordinary activities	78,612	379,172	-157,130	143,293	154,278	-42,696
Total expenses from ordinary activities	-28,390	-101,415	-58,057	-64,650	-110,434	-98,304
Operating profit before income tax	50,222	277,757	-215,187	78,643	43,844	-141,000
Income tax expense	-245	-29,574	13,564	-11,190	-3,354	-8,474
Profit for the year	49,976	248,183	-201,623	67,453	40,490	-149,474
Minority interests	-15,341	-80,485	72,194	17,754	25,747	-50,585
Profit attributable to ordinary equity holders	34,635	167,698	-129,429	49,699	14,743	-98,889
Statement of financial position (USD'000)						
Total assets	71,090	1,228,373	1,097,051	1,260,218	1,318,847	1,134,262
Total liabilities	-112,218	-43,846	-436,522	-587,523	-655,508	-587,914
Net assets	628,872	804,527	660,529	672,695	663,339	546,348
Share information						
Basic earnings per share (cents per share)	0.12	0.34	-0.26	0.10	0.03	-0.20
Share price as 30 June	1.49	1.22	0.68	0.77	0.77	0.48
Ordinary share capital (thousand shares)	499,968	499,968	499,968	499,968	499,968	493,488
Market capitalization at 30 June (USD'000)	744,952	609,960	339,978	384,975	384,975	236,874
Net asset value per ordinary share (USD)	1.26	1.61	1.32	1.35	1.33	1.11
Ratio						
Return on average ordinary share holder's funds	11.6%	33.5%	-25.9%	9.9%	2.9%	-16.8%
Total expense ratio	2.35%	2.38%	2.31%	2.36%	2.40%	2.39%

(*) Restatement of 30 June 2010 and 30 June 2011 figures, please refer to note 2.30 of the consolidated financial statements for the year ended 30 June 2012 for reference.

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, new three year term commenced 21 November 2012.

Term of fund

Originally seven years, but now subject to shareholder vote for continuation every three years.

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

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 fixed at USD8.25 million per annum until 22 November 2013, reducing each year thereafter until 22 November 2015. No performance fees, but the recovery of the accrued performance fee is linked to distributions to shareholders.

Investment manager: VinaCapital Investment Management Ltd

Investment policy: The Fund is now in a cash return period and will not make any investments, except where funds are required for existing projects. The Fund will seek to realise assets in the existing portfolio and continue with the development of selected projects to maximize value.

Investment focus by geography: All existing investments are located in Vietnam. There will be no new investments during the current cash return period.

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)

* Mr Geicke resigned from the Board on 18 January 2013

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

** Mr Blackhall became MD, responsible for VNL on 31 January 2013.