



VinaLand Limited

Investment manager's quarterly report 31 March 2013

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Investment manager's quarterly update 31 March 2013

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 Blackhall

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 USD498.5 million or USD1.03 per share as at 31 March 2013. This represents a 1.0 percent decline from an auditor reviewed net asset value per share of USD1.04 as at close of business on 31 December 2012. During Q1 2013, VNL's share price increased 7.7 percent to USD0.42 as at 31 March 2013, from a closing price of USD0.39 as at 31 December 2012. During the period, VNL repurchased and cancelled 1.15 million ordinary shares. As at 31 March 2013, the Company has cancelled a total of 18.1 million ordinary shares, representing 3.62 percent of the total shares in issue prior to the commencement of the share buyback programme.

On 16 January 2013, VNL announced the divestment of its stake in the 30 Nguyen Du property, a small office building located in Hanoi. The Nguyen Du office building is an operating C-grade office building with 2,240 square metres of net leasable area. With the change in the development strategy of VNL in 2011, the property was earmarked as a non-core asset and a buyer was sourced to facilitate an exit. VNL sold its entire 65 percent stake in the project at a valuation 6.5 percent above the current net asset value, resulting in USD3.3 million in net proceeds for the Company. Additional project exits are currently under negotiation between the Manager and prospective investors with the target to close in Q2 2013.

As endorsed by the extraordinary general meeting (EGM) held last November, we are currently working through a range of matters to enhance the Company's corporate governance. As such, the Company's Board of Directors was reduced from seven to five members, with the resignations of Mr. Horst F. Geicke and Mr. Michael Arnold.

Real estate project revaluations

VNL project revaluations were undertaken for the period ending 31 March 2013 with fourteen projects appraised by international valuation consultants. These projects include: Marie Curie, Pavilion Square, Century 21, Thang Loi, Signature 1, and Trinity Park in HCMC, as well as Pham Hung in Hanoi. Additionally, a further seven hotel projects were also externally re-appraised as part of the aforementioned biannual update for the interim period. The outcome was a downward market value adjustment on half, of the properties while the remainder of the project revaluations were unchanged. This was primarily due to the continued softening in the real estate market during the period and no material changes relating to ongoing illiquidity issues and high interest rates. As a result, VNL's NAV per share declined by USD0.01, driven by the combined effect of these revaluations as well as the audit review and consolidation adjustments conducted during the quarter for the period ending 31 December 2012.

31 March 2013

NAV **1.03** per share (↓1.0% q-o-q)

Total NAV (unaudited): USD498.5 million

Performance summary

	31 Mar 2013	Cumulative change:		
		3mth	1yr	3yr
NAV per share	1.03	-1.0%	-10.8%	-24.5%
Share price	0.42	10.1%	-28.2%	-52.1%
Premium/ (Discount)	(59.0%)			
Market cap	202.4m			
Total NAV	498.5m			

Other information

Shares outstanding	481,848,227
Fundraisings	198m in 2006; 395m in 2007

Portfolio summary

Current assets	35
Divestments	11 full, 1 partial and residential unit sales
Debt level	Fund: Nil Projects: 16% of NAV
Cash balance	Fund: USD2.7m

Performance history (% change on NAV)

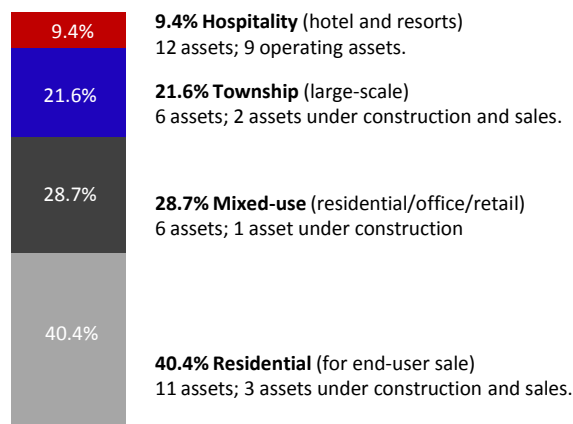
	2013	2012	2011	2010	2009	2008
Q1	-1.0	-1.7	0.7	3.0	-3.3	12.5
Q2		-1.7	-2.2	-0.7	-9.0	9.4
Q3		-2.6	0.7	3.7	-0.8	-2.5
Q4		-3.6	-12.6	-3.5	1.5	-4.5
YTD		-9.4	-13.2	2.3	-11.3	14.8

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Top holdings (31 Mar 13)*

Project	Location	Type	NAV%
Century 21	South	Residential	13.2%
Danang Beach Resort	Central	Residential	12.0%
Pavilion Square	South	Mixed-use	7.8%
Dai Phuoc Lotus	South	Township	6.9%
VinaSquare	South	Mixed-use	6.2%
Times Square Hanoi	North	Mixed-use	5.7%
My Gia	Central	Township	4.8%
Aqua City	South	Township	4.6%
Trinity Park	South	Residential	4.3%
World Trade Centre	Central	Mixed-use	4.1%
Top 10 assets:			69.6%

Portfolio by sector (31 Mar 13)*



Total: 35 assets

Projects pending final investment licensing (31 Mar 13)*

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 USD61m

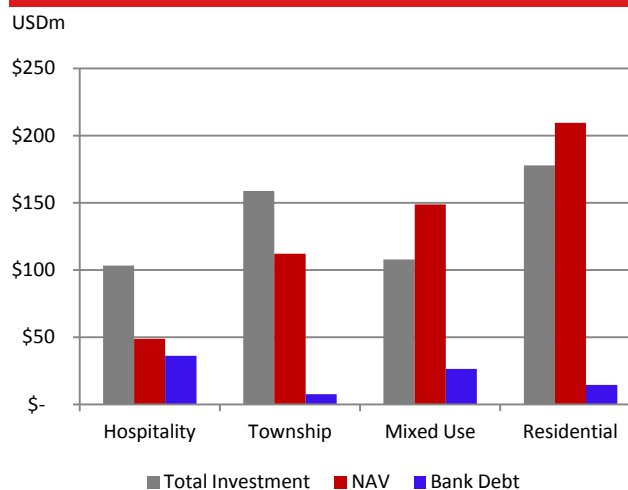
Portfolio breakdown (31 Mar 13)*

Portfolio by geographic location	NAV%
Hanoi region	8.2%
Central region	27.3%
Ho Chi Minh City region	64.5%
Valuation breakdown	
Assets not yet revalued **	9.8%
Assets revalued	90.2%
Development status	
Land banking	5.6%
Planning stage	57.5%
Development stage	30.4%
Operating assets	6.5%

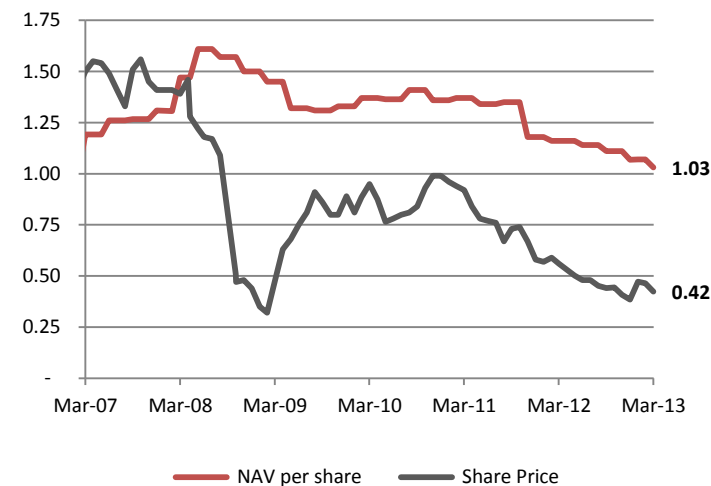
* All NAV and NAV per share data is calculated on a quarterly basis

** held at cost or below cost

NAV by sector (31 Mar 13)*



NAV and share price performance (31 Mar 13)



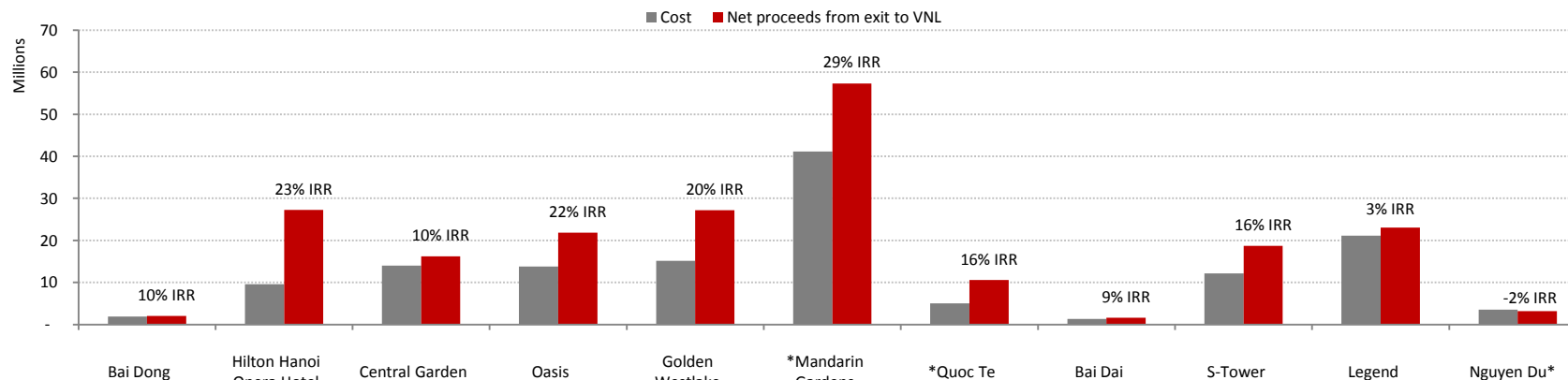
VNL strategy

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 11 projects and holds 35 projects as at 31 March 2013. 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	Nguyen Du*	Total
NAV at exit	2.8	33.8	11.0	13.4	29.2	49.2	8.6	1.0	16.1	19.5	3.0	191.1
Net proceeds to VNL	2.1	27.2	13.3	21.8	27.2	57.3	10.6	1.6	18.7	23.1	3.2	208.9
Net proceeds vs. NAV	-27%	-19%	21%	63%	-7%	17%	23%	56%	16%	18%	7%	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 consumer price index slowed to an annual increase rate of 6.6 percent during 1Q 2013.

Q1 2013 GDP growth slowed to 4.9 percent and was mostly attributable to exports.

Vietnam recorded a trade surplus of USD500 million during the period.

Vietnam's currency remained stable at approximately VND20,900 per USD.

Macroeconomic update

Vietnam's consumer price index (CPI) slowed to 6.6 percent in the first quarter, on a year-on-year basis, mainly attributable to food and foodstuff prices increasing just 1.8 percent during the same period. In March, the State Bank of Vietnam (SBV) cut main policy rates by 100bps, therefore, the refinance and discount rates have been lowered to 8.0 and 6.0 percent, respectively, while caps on deposit rates were lowered to 7.0 percent. This is a signal that the central bank is continuing to support the economy by stimulating growth.

First quarter GDP figures showed that the Vietnamese economy expanded by 4.9 percent, mainly driven by exports. The foreign direct investment sector continues to be an important driver of growth as the government implements policies to improve domestic demand. During the quarter, foreign direct investment disbursement figures reached USD2.7 billion. Additionally, registered capital soared to USD6.0 billion in 1Q 2013, mainly as a result of a commitment of USD2.8 billion for the Nghi Son oil refinery and USD2.0 billion for a new Samsung factory in Thai Nguyen. Japan remained the largest investor out of 31 countries and territories investing in Vietnam in the first quarter, having newly registered and expanded capital of over USD3.2 billion.

According to the General Statistics Office (GSO), Vietnam's trade deficit in March was approximately USD300 million. However, for the first three months of the year, the country recorded a trade surplus of nearly USD500 million based on USD29.7 billion of exports. Many exported commodities, including seafood, coffee, crude oil, wood and wooden products, garments and footwear, recorded an export turnover of over USD1.0 billion in Q1 2013.

In March, the SBV also demonstrated its ability to stabilise the foreign exchange market following the disturbance caused by an increase in demand for USD to cover imports during February's lunar holiday season. The SBV intervened by selling sufficient official dollar reserves to maintain the longstanding exchange rate of approximately VND20,900 per USD.

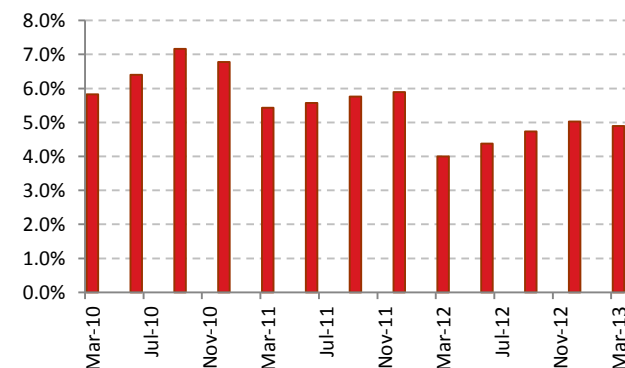
Macro-economic indicators and forecast

	2012	Q1 2013	YTD	Y-o-Y change
GDP growth¹	5.0%	4.9%	4.9%	-
Inflation	6.8%	2.4%	2.4%	6.6%
FDI (USDbn)	13.0	6.0	6.0	63.6%
Imports (USDbn)	114.3	29.2	29.2	-32.9%
Exports² (USDbn)	114.6	29.7	29.7	-30.8%
Trade surplus/(deficit) (USDbn)	0.3	0.5	0.5	-16.7%
Exchange rate³ (USD/VND)	20,855	20,960	0.3%	0.2%
Bank deposit rate (VND, %)	8.0%	7.0%	0.0%	-41.7%

Sources: GSO, SBV, VCB.

¹ Annualized rate, updated quarterly. ² Includes gold. ³ Vietcombank ask rate

Quarterly GDP growth



Source: GSO

Real estate market

The first quarter of 2013 witnessed the introduction of several new government policies to support the property market. In March, the SBV issued a draft circular to provide VND30,000 billion (USD1.4 billion) to support low interest loans for low income home buyers and developers. Short-term VND deposit rate caps were also reduced from 8.0 to 7.0 percent in an effort to divert some consumer savings into properties. The proposed establishment of a state-led asset management company (VAMC) to deal with non-performing loans (NPLs) in the banking system has not been approved, given further refinements are required from related ministries and government bodies. While the government is continuing to finalise an effective solution, NPLs continue to impact commercial banks negatively and hinder their ability to lend or reduce interest rates. As a result, lending rates are still sitting at around 15.0 percent for real estate related loans, resulting in an extremely challenging environment for financing and re-financing of real estate projects. However, we believe these initiatives are not likely to be adequate enough to materially improve the current property market. The Manager is currently working with several local banks to renegotiate existing project bank loans in addition to exploring alternative offshore debt facilities that could either be based on project companies or a facility at Fund level.

According to Jones Lang LaSalle and CB Richard Ellis (CBRE), the residential sector experienced some improvement in demand volume during the previous quarter; however, selling prices continued to either fall or remain flat at best. The majority of the apartment and landed home units purchased were lower/mid market and either completed or were scheduled to be handed over during 2013. Prices have been under pressure as developers compete across most sub sectors, causing many to continue to offer various incentives to stimulate demand. For the full year, condominium sales are expected to remain slow across the country with completed projects faring slightly better. There is growing interest in the affordable and mid-end segments (USD600 - USD1,000 per sqm) and it is expected that more products in these segments will be introduced later this year. Despite the decline in interest rates, market liquidity will take time to improve and enforce a positive impact on residential sales.

In both primary and secondary markets, prices of villas and townhouses are still trending down and sales rates are slow. It is expected that the landed property sector will recover faster than the condominium sector given Vietnamese buyers generally prefer landed houses. Demand remains steady for the medium priced villa market (including bare shell products), especially for good quality projects with reputable developers, good quality, and a good living environment with green space and amenities. While some developers have been able to sell units and hold prices firm, others have reduced prices or changed their sales strategy. Additionally, land plot projects are gaining more interest due to their affordability.

New concept or strategically located retail centres such as Vincom Center A and Pandora City in Ho Chi Minh (HCMC) are still attracting tenants. Consistent leasing activity throughout new projects has slightly increased occupancy rates within the central business district (CBD). Despite the difficult economic conditions which have impacted consumer spending over the past 12 months, Vietnam still offers favorable demographics and rising consumer disposable incomes, which have maintained the interest of large foreign retail brands waiting to enter the market. Food and beverage, daily necessities, and entertainment related retailers are expected to continue driving the market in 2013.

The number of foreigners travelling to Vietnam totalled 1.8 million in Q1 2013, a 6.2 percent decline compared to the same period last year, impacted by tighter travelling budgets due to the persistent global economic slowdown. Nevertheless, CBRE expects that more international hotel brands will enter the market in 2013. They believe several merger and acquisition deals could occur, especially in the luxury segment, with local investors potentially being more active than foreign companies. Hotels situated in prime locations such as the CBD areas of Hanoi and HCMC are expected to see an improvement in their daily rates from 2012.

The government has taken several measures during Q1 2013 to support the real estate market.

Condominium sales are expected to remain muted for 2013.

Landed property is expected to stabilise and recover quicker than condominiums.

Foreign retailers remain interested in Vietnam.

Hotels: Local investors expected to be more active in buying luxury brand hotels.

VNL top ten holdings											
	Investment	Location	Sector	VNL ownership	VOF ownership	Site area (ha)	% of VNL NAV	VNL NAV (USD)	Bank debt (VNL Portion) (USD)	Outstanding VNL investment commitments (USD)	Current status
1	Century 21	South	Residential	75.0%	25.0%	30.1	13.2%	68.3	-	0.8	Planning / licensing underway
2	Danang Beach Resort	Central	Residential	75.0%	25.0%	260.0	12.0%	62.2	13.8	3.0	Construction and sales underway
3	Pavilion Square	South	Mixed Use	90.0%	0.0%	1.5	7.8%	40.3	17.0	7.0	Land compensation underway
4	Dai Phuoc Lotus	South	Township	54.0%	18.0%	200.7	6.9%	35.8	-	4.2	Construction and sales underway
5	VinaSquare	South	Mixed Use	46.5%	15.5%	3.1	6.2%	32.1	-	0.7	Planning / licensing underway
6	Times Square Hanoi	North	Mixed Use	65.0%	0.0%	4.0	5.7%	29.6	-	-	Planning / structuring underway
7	My Gia Township	Central	Township	53.3%	17.8%	158.0	4.8%	24.9	7.5	3.7	Construction and sales underway
8	Aqua City	South	Township	40.0%	0.0%	250.2	4.6%	23.9	-	0.1	Land bank - Planning/ basic infrastructure
9	Trinity Park	South	Residential	75.0%	25.0%	33.7	4.3%	22.5	-	1.1	Planning/ licensing (partial exit negotiations ongoing)
10	World Trade Centre	Central	Mixed Use	61.0%	20.3%	9.0	4.1%	21.3	10.9	12.1	Construction and sales underway
Total of top 10 Investments (USD million)							69.6%	361.1	49.1	32.7	
Remaining Investments (USD million)							30.4%	157.8	37.6	10.9	
Total portfolio (USD million)							100.0%	518.9	86.7	43.6	

- 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 USD 68m

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 Q2 2013 with expected approval in Q3 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 to be submitted in Q2 2013. Approval expected in Q3 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 USD 62m

Danang Beach Resort

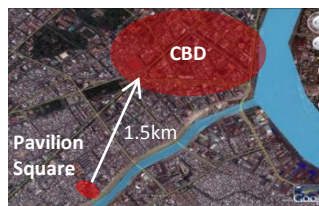
The 260ha site comprising two parcels, a 50ha beachfront and a 210ha inland lot separated by the coastal highway, was acquired in mid 2006. The project broke ground in Jan 2008 with construction of an 18-hole golf course, The Dunes Course, designed by internationally renowned golf legend Greg Norman. 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 Q1 2013, sales were very challenging due to the depressed market and low real estate buyer confidence. In addition to sales, the development team has also focused on managing villa handovers and revenue collections. To date, 72.0 percent of the 198 villas launched have been sold per the following breakdown: Ocean Villas: 93 of 93 sold, Beach Front: 10 of 17 sold, Dunes Residences: 12 of 15 sold, The Point: 23 of 40 reserved with deposit.

The continuing strategy is to proceed with full sale 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 USD 40m

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 62 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 a 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 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 62% 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 USD 36m

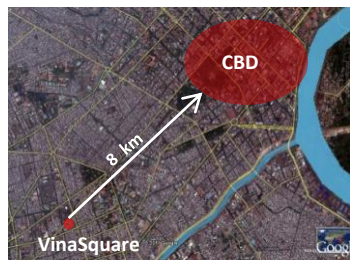
Dai Phuoc Lotus

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 72 percent (169 of 235) of the villas released have been sold. The first 66 villas have been handed over to buyers. 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, construction of the sports and recreation centre has commenced with Phase 1 due for completion by end of Q2 2013.

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. Sports and recreational facilities under construction with Phase 1 due for completion by end Q2 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 46.5% stake in VinaSquare with a value of USD 32m

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 Q3 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, 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 Q3 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 65% stake in Times Square Hanoi with a value of USD 30m

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 for partial or full exit of this 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.



VNL holds a 53.3% stake in My Gia with a value of USD 25m

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 August 2012. The Land Use Right (LUR) certificate for parcels 1 through 5 will be available in Q2 2013.

In Q1 2013, 15 new sales were closed with majority being sold during January. This is the result of several marketing activities at year end and around the Vietnamese Tet holiday. In conjunction with sales, the project team has also focused on managing progress payments and contract terminations. To date, 495 of 730 land plots launched (68 percent) 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 USD 24m

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 has been agreed and will be implemented in the next quarter. 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 centres 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 USD 23m

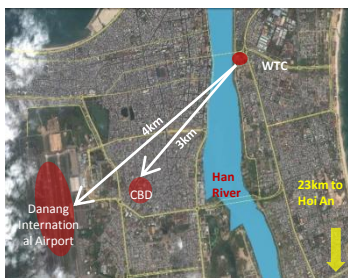
Trinity Park

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 Q3 2013 which will take approximately six to twelve 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. VNL is currently in discussions with two potential co-investors to provide equity and become a joint venture partner for this development.

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 Q3 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 61% stake in World Trade Center Danang with a value of USD 21m

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 licenses 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. In Q1 2013, nine new sales were closed, taking total sales to 83 out of 225 units launched (37.0 percent). Additionally, the Azura apartments have also been marketed for long term lease and 19 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 currently negotiating divestment opportunities on select land parcels within the project.

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 45% apartments sold or leased. Retail Centre planned for Phase 2 on hold. Currently negotiating divestment of 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 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

Nicholas Brooke (Chairman)
Nicholas Allen
Stanley Chou

Historical financial information

Years ended 30 June	2008	2009	2010 (*)	2011 (*)	2012
Statement of Income (USD'000)					
Total income from ordinary activities	379,172	-157,130	143,293	154,278	-42,696
Total expenses from ordinary activities	-101,415	-58,057	-64,650	-110,434	-98,304
Operating profit before income tax	277,757	-215,187	78,643	43,844	-141,000
Income tax expense	-29,574	13,564	-11,190	-3,354	-8474
Profit for the year	248,183	-201,623	67,453	40,490	-149,474
Minority interests	-80,485	72,194	17,754	25,747	-50585
Profit attributable to ordinary equity holders	167,698	-129,429	49,699	14,743	-98,889
Statement of financial position (USD'000)					
Total assets	1,228,373	1,097,051	1,260,218	1,318,847	1,134,262
Total liabilities	-43,846	-436,522	-587,523	-655,508	-587,914
Net assets	804,527	660,529	672,695	663,339	546,348
Share information					
Basic earnings per share (cents per share)	0.34	-0.26	0.1	0.03	-0.2
Share price as 30 June	1.22	0.68	0.77	0.77	0.48
Ordinary share capital (thousand shares)	499,968	499,968	499,968	499,968	493,488
Market capitalization at 30 June (USD'000)	609,960	339,978	384,975	384,975	236,874
Net asset value per ordinary share (USD)	1.61	1.32	1.35	1.33	1.11
Ratio					
Return on average ordinary shareholder's funds	33.50%	-25.90%	9.90%	2.90%	-16.8%
Total expense ratio (% of NAV)	2.38%	2.31%	2.36%	2%	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 VinaCapital 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)
Michel Casselman	Director (Independent)
Stanley Chou	Director (Independent)
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 Blackhall	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