

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.

[Click here for VNL's website.](#)

Fund managing director

David Blackhall

Investment 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's comment

VNL's unaudited net asset value (NAV) was USD410.0 million or USD0.92 per share at its close of business on 30 September 2014. This represents no change from a net asset value per share of USD0.92 from its close of business on 30 June 2014. VNL's share price decreased 0.4 percent to USD0.5575 as at 30 September 2014, from a closing price of USD0.56 as at 31 August 2014. The Company's share price to NAV discount is currently 39.3 percent compared to 39.0 percent in July.

During September 2014, VNL repurchased and cancelled 4.1 million ordinary shares. Since October 2011, the Company has cancelled a total of 53.4 million ordinary shares, representing 10.7 percent of the total shares in issue prior to the commencement of the share buyback program.

Fund and market update

VNL project revaluations were undertaken for the period ending 30 September 2014 with four projects appraised by international valuation consultants. Additionally, a further eight projects were also externally appraised as part of the semi-annual update for the interim period. Six of these projects are located in Ho Chi Minh City, one in Hanoi, and five projects in the southern and central region of Vietnam. The results were mixed, demonstrating that while there has been an improvement in general market confidence, this has not flowed through to real estate land valuations, as appraisers are awaiting further sales evidence from recent transactions.

Vietnam's real estate market has seen some signs of improvement with more launches and transactions within the affordable property segment. The villa and townhouse sectors have also had several new launches in the vicinity of future infrastructure development sites around Ho Chi Minh City and Hanoi. Overall confidence does appear to be growing as interest rates and bank liquidity support purchases and investment.

Leveraging on improving residential market sentiment, VNL has implemented a program of re-activation and re-launching of development projects in Danang supported by an extensive marketing and promotional program. This included a sales event held on 19 September 2014 in Ho Chi Minh City promoting the Ocean Apartments and Azura apartments. Additionally, 'The Point', a 40-villa development situated within the Danang Beach Resort & Golf Course project, has secured some early reservations and will be officially launched to the market in late October 2014.

Performance summary*

30 September 2014

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	0.0%
Total NAV** (USD 'm):	410.0
Share price (USD):	0.56
Market cap (USD 'm):	249.0
Premium/(discount)	-39.3%

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

** NAV and NAV per share data are calculated on a quarterly basis

Cumulative change (% change)

	3mth	1yr	3yr	5yr
NAV per share	0.0	-0.2	-32.0	-29.9
Share price	0.7	38.1	-16.8	-38.7

Quarterly NAV per share performance history (% change)

	2014	2013	2012	2011	2010
Q1	-0.4	-1.0	-1.7	0.7	3.0
Q2	1.2	-9.7	-4.3	-2.2	-0.7
Q3	0.0	-1.1	0.0	0.7	3.7
Q4		-1.0	-6.3	-12.6	-3.5
YTD	0.8	-12.4	-11.9	-13.2	2.3

Additional portfolio information

Current assets	27
Divestments	19 full and residential unit sales
Debt	Fund level (ZDP Shares*): 6.5% of NAV Project level (Bank): 17.7% of NAV
Shares outstanding	446,564,080

* Zero Dividend Preference Shares issued 20 December 2013

Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's gross domestic product (GDP) growth reached 6.2 percent in the third quarter of 2014, bringing year-to-date 2014 GDP growth to 5.6 percent. We are starting to see some positive effects from the lowering of the corporate income tax rate from 25 to 22 percent at the beginning of the year. The government continues to support its target of 5.8 percent GDP growth for 2014.

Vietnam's month-on-month consumer price index (CPI) increased 0.4 percent in September, bringing the year-on-year inflation rate to 3.6 percent. Price changes were driven by an increase in education costs (6.8 percent), due to the beginning of the school year. Petroleum prices fell 1.9 percent during the month, reflecting several price cuts over the past several weeks.

FDI disbursements, an important capital inflow and major source of support for the VND, reached USD8.9 billion as of September 2014, up 3.2 percent over the same period last year, while new FDI commitments over the same period fell 17.8 percent behind last year's record, albeit the comparison is skewed as several large commitments were signed late in 2013 for major projects like Samsung's mobile phone and electronics factories.

Year-to-date to September 2014, South Korea remains the highest contributor to FDI with USD3.6 billion registered, followed by Hong Kong, Japan and Singapore. Samsung has the largest investment project registered in 2014 at USD1.0 billion, followed by Dai An Vietnam-Canadian International Hospital worth USD225.0 million and Texhong Hai Ha Industrial Park from China worth USD215.0 million. To date, Samsung has a total registered investment capital of USD8.0 billion for the manufacturing of mobile phones and electronic devices and produces 120 million smart phones, or 30 percent of their worldwide sales, from factories located in Vietnam.

After a short period of heightened tensions, China related anxieties have subsided especially after the oil rig removal one month ahead of schedule. The visit to China by a high-ranking Vietnamese official also contributed to a normalization of relations. The economic effects have been muted as major indicators such as bilateral trading, investment flows, and state to state contacts, have remained uninterrupted. Latest figures showed that trade flows between the two countries have remained on track and stayed on a par with 2013. Chinese investments in Trans-Pacific Partnership related industries such as fabrics and textiles have shown no signs of being scaled back. We believe the bilateral economic and financial relationships between Vietnam and China are of mutual benefit and sustainable going forward.

Fixed income

The primary bond market witnessed weaker demand during September, with a total of just USD600 million worth of government and government-backed bonds issued, representing a decline of 42.2 percent from August (USD1.04 billion). New bond issues were limited in September and no bonds were offered with less than a five year tenor, given the government has achieved 81 percent of its annual target. The secondary bond market rebounded from last month with trading volume increasing 29.1 percent to USD2.88 billion worth of bonds transacted. Secondary government bond yields continued their decline, falling between 32 and 96 basis points across the yield curve.

Macroeconomic indicators

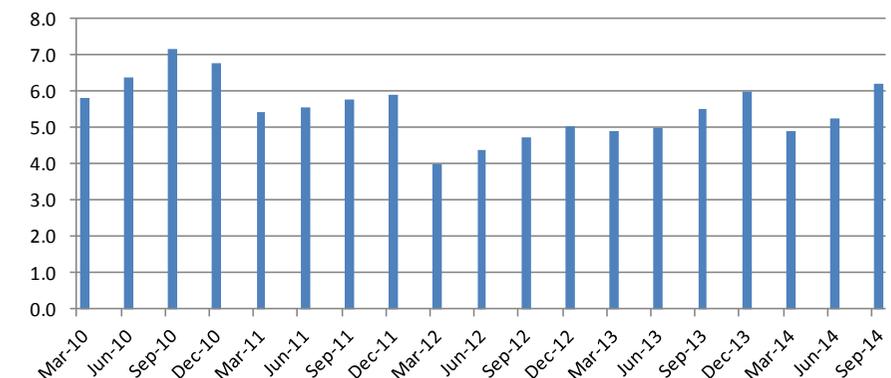
	2013	Sep-14	2014 YTD	Year-on-year
GDP growth ¹	5.4%	6.2%	5.6%	
Inflation	6.0%	0.4%	2.2%	3.6%
FDI (USDbn)	21.6	0.4	7.6	-17.80%
Imports (USDbn)	131.3	13.0	107.2	11.1%
Exports (USDbn) ²	132.2	12.4	109.6	14.1%
Trade surplus/(deficit)	0.9	-0.6	2.4	
Exchange rate (USD/VND) ³	21,115	21,245	-0.6%	
Bank deposit rate (VND)	7.5%	6.5%	-100 bps	

Sources: GSO, SBV, VCB | 1. Annualized rate, updated quarterly 2. Includes gold 3. (-) Denotes a devaluation in the currency, Vietcombank ask rate

Government bond yields (%)

	1yr	2yr	3yr	5yr
August-14	4.65	5.11	5.43	6.42
September-14	4.33	4.67	4.92	5.46

Quarterly GDP growth (%)

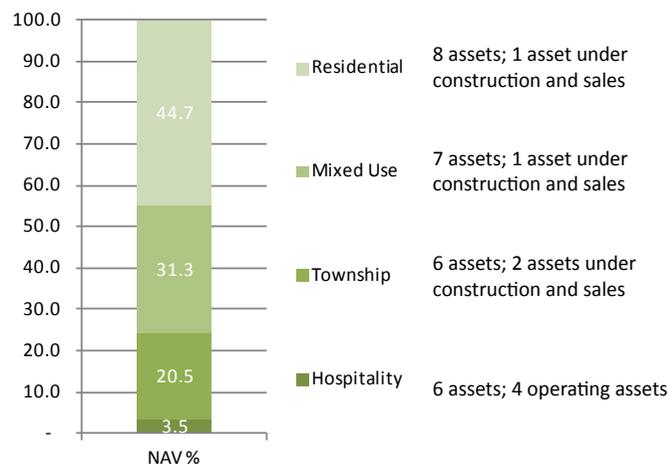


■ Quarterly GDP growth (%)

Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	17.1
Danang Beach Resort	Central	Residential	13.4
Dai Phuoc Lotus	South	Township	7.5
Pavilion Square	South	Mixed Use	7.1
VinaSquare	South	Mixed Use	6.7
Times Square Hanoi	North	Mixed Use	6.2
Aqua City	South	Township	5.1
Trinity Park	South	Residential	4.8
Green Park Estate	South	Mixed Use	4.4
Capital Square*	Central	Mixed Use	4.2
Total			76.4

Portfolio by sector



Key projects under development

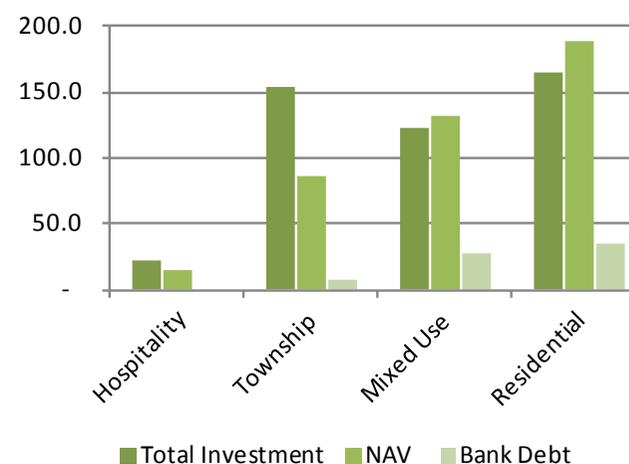
Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	248.3
Dai Phuoc Lotus	South	Township	198.5
My Gia	Central	Township	149.9
Capital Square*	Central	Mixed Use	8.6

Total: 4 assets representing a NAV of USD120.2 million

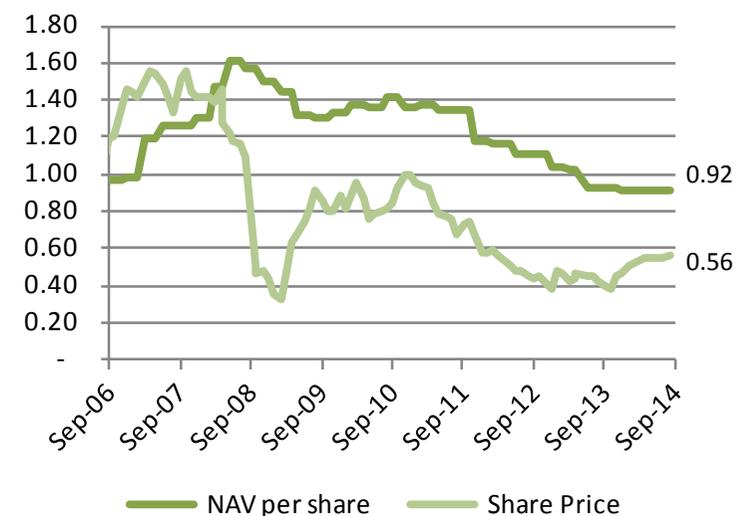
Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	7.5
Central region	29.3
Ho Chi Minh City region	63.1
Valuation breakdown	
Assets not yet revalued **	7.6
Assets revalued	92.4
Development status	
Land banking	8.1
Planning stage	62.0
Development stage	28.5
Operating assets	1.5

NAV by sector



NAV and share price performance



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

* previously known as World Trade Center Danang

** held at cost or below cost

Board of Directors

VNL's Board of Directors is composed entirely of independent non-executive directors.

Member	Role
Michel Casselman	Non-executive Chairman (Independent)
Nicholas Allen	Non-executive Director (Independent)
Nicholas Brooke	Non-executive Director (Independent)
Charles Isaac	Non-executive Director (Independent)
Daniel McDonald	Non-executive Director (Independent)

VinaCapital Investment Management Ltd (VCIM)

Member	Role
Don Lam	Chief Executive Officer
Brook Taylor	Chief Operating Officer
David Blackhall	Managing Director, VNL
Anthony House	Deputy Managing Director, Real estate
Oai Nguyen	Deputy Managing Director, Real estate

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Fund summary

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

Investment manager: VinaCapital Investment Management Ltd

Structure: Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

Auditor: PricewaterhouseCoopers (Hong Kong)

Nominated adviser: Grant Thornton UK LLP

Fund Administrator: HSBC Trustee (Cayman) Limited

Brokers: Edmond de Rothschild Securities (Bloomberg: LCFR), Numis Securities (Bloomberg: NUMI)

Lawyers: Wragge Lawrence Graham & Co (UK), Maples and Calder (Cayman Islands)

Base and incentive fee: The base fee is fixed at USD7.5 million per annum until 22 November 2014, reducing each year thereafter until 22 November 2015. No incentive fees, but the recovery of the accrued incentive fee is linked to distributions to shareholders.

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