

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's comment

VNL's share price increased 2.4 percent to USD0.43 as at 30 April 2013, from a closing price of USD0.42 as at 31 March 2013. During the month, VNL repurchased and cancelled 550,000 ordinary shares. Since October 2011, the Company has cancelled a total of 18.7 million ordinary shares, representing 3.73 percent of the total shares in issue prior to the commencement of the share buyback program.

Real estate market update

The month of April saw little improvement in Vietnam's property market with residential prices continuing their downward trend. Developers face persistent difficulties in financing projects, while unit sales are slow and debt remains expensive.

It is widely held that government policies will be critical in successfully fixing this protracted situation. The proposed Vietnam Asset Management Company for resolving banks' non-performing loans (NPLs) and a USD1.4 billion interest rate subsidy package for low-income housing buyers are still under consideration, but finalization has yet to materialize. The Manager is currently in discussions with several local banks to renegotiate existing project loans, in addition to sourcing alternative offshore debt facilities.

On 9 May 2013, VNL announced the divestment of its stake in the Sheraton Nha Trang Hotel & Spa located in Nha Trang City, Khanh Hoa province. The hotel was an operating asset with 284 rooms and opened in March 2010 following a protracted construction period. The hotel site which is situated on the central beach strip of Nha Trang was acquired by VNL in 2006 to develop a modern hotel and capitalise on the fast growing tourism business in central Vietnam. VNL sold the asset at an enterprise value of USD42 million with the purchaser assuming the majority of the existing bank debt of approximately USD38 million. VNL's 66.7 percent stake in the project resulted in net proceeds to VNL of USD3.1 million which is 17.1 percent above the asset's carrying value. The divestment reduces debt from the consolidated balance sheet of VNL and also removes VNL's future funding commitments related to this asset due to hotel operating shortfalls of the hotel. The proceeds will be utilized to cover the continuation of the share buyback programme and operating costs.

31 March 2013

NAV* **1.03** per share (↓1.0% q-o-q)

Total NAV (unaudited): USD498.5 million

Performance summary**

	30 Apr 2013	Cumulative change:		
		3mth	1yr	3yr
NAV per share	1.03	-1.0%	-11.2%	-24.8%
Share price	0.43	-8.2%	-22.5%	-54.3%
Premium/ (discount)	(57.9%)			
Market cap	208.8m			
Total NAV	498.5m			

Other information

Shares outstanding 481,298,227

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

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

Portfolio summary

Current assets	34
Divestments	12 full, 1 partial and residential unit sales
Debt level	Fund: Nil Projects: 12% of NAV

Performance history (% change on NAV per share)

	2013	2012	2011	2010	2009	2008
Q1	-1.0	-1.7	0.7	3.0	-3.3	12.5
Q2		-4.3	-2.2	-0.7	-9.0	9.4
Q3		0.0	0.7	3.7	-0.8	-2.5
Q4		-6.3	-12.6	-3.5	1.5	-4.5
YTD		-11.9	-13.2	2.3	-11.3	14.8

Vietnam's consumer price index remained unchanged at an annual rate of 6.6 percent during the month of April.

The official exchange rate saw the VND depreciate slightly to VND20,960 per USD in April.

Primary bond activity fell dramatically, with just USD386 million worth of government bonds issued in April.

Macroeconomic update

Vietnam's April consumer price index remained essentially unchanged month-on-month, representing a 6.6 percent increase from a year ago, according to the General Statistics Office (GSO). The aggregate price for food and foodstuffs declined by 0.9 percent month-on-month in April, while health care costs and hospital fees increased in only a few provinces across the country. Notably, there is an absence of demand pull pressure on prices due to a broad reduction in consumer spending. As a result, many retail companies are offering large discounts in order to reduce elevated inventory levels.

In April, the official exchange rate rose slightly to VND20,960 per USD from VND20,855 as at 31 December 2012. However, on the unofficial (grey) market, the exchange rate reached VND21,400, in conjunction with the widening spread between domestic and world gold prices. In order to improve USD reserves, the State Bank of Vietnam (SBV) purchased USD3.2 billion on the open market, obtaining the USD30.0 billion threshold which covers approximately 12 weeks of imports.

During the month, Vietnam's Ministry of Planning and Investment (MPI) stated that achieving the previously expected 2013 GDP growth rate of 5.5 percent is unlikely. Additionally, HSBC's Purchasing Managers' Index rose marginally to 51.0 in April from 50.8 in March. This forecast suggests that economic growth will remain muted unless major reforms are implemented in the banking system to unblock credit flow. However, Vietnam's monthly imports consisted mostly of heavy machinery and equipment used as intermediate inputs for production. Therefore, Vietnam could witness an increase in production for both domestic consumption and exports in the second half of the year.

Fixed income

In contrast to the previous month, the primary bond market in April was quiet, with only a total of USD386 million worth of State Treasury and government-backed bonds issued, compared to USD1.6 billion in March. While yields for 2- and 5-year bonds remained stable, yields on 3-year bonds fell slightly by 15 bps.

In the secondary market, bond activity was robust, with a total of USD1.7 billion worth of government and government-backed bonds exchanging hands, an increase of 36.0 percent, month-on-month.

Macro-economic indicators and forecast

	2012	Apr 2013	YTD	Y-o-Y change
GDP growth¹	5.0%	4.89%	4.9%	-
Inflation	6.8%	0.02%	2.4%	6.6%
FDI (USDbn)	13.0	2.2	8.2	91.0%
Imports (USDbn)	114.3	10.7	40.2	-7.6%
Exports² (USDbn)	114.6	9.7	39.4	-6.2%
Trade surplus/(deficit) (USDbn)	0.3	-1.0	-0.8	33.3%
Exchange rate³ (USD/VND)	20,855	20,960	-0.5%	-0.4%
Bank deposit rate (VND, %)	8.0%	7.5%	-6.25%	-37.5%

Sources: GSO, SBV, VCB.

¹ Annualized rate, updated quarterly. ² Includes gold. (-) denotes a devaluation in the currency ³ Vietcombank ask rate

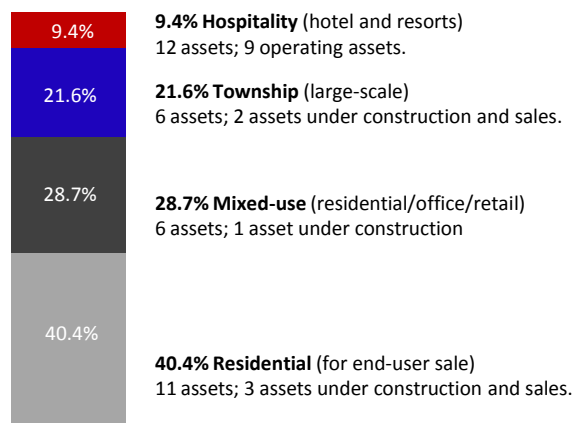
Govt bond yields	1 yr	2 yr	3 yr	5 yr
March 2013	6.75%	7.54%	7.75%	8.38%
April 2013	6.85%	7.35%	7.68%	8.43%

Source: Bloomberg

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 (including the Sheraton Nha Trang)

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

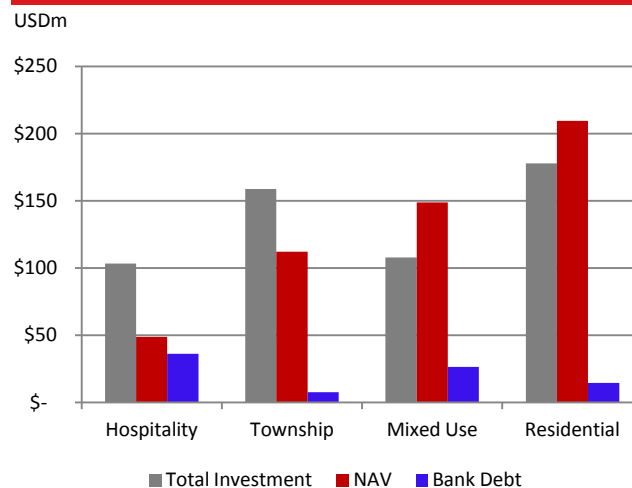
Portfolio breakdown (31 Mar 13)*

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%

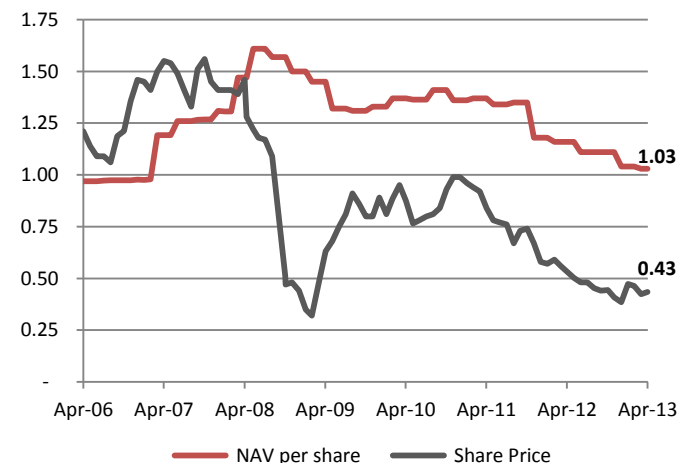
* All NAV and NAV per share data is calculated on a quarterly basis

** held at cost or below cost

NAV by sector (31 Mar 13)*



NAV and share price performance (30 Apr 13)



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 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	
David Dropsey	Investor Relations/Communications ir@vinacapital.com +848-3821-9930 www.vinacapital.com

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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 advisor (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.