

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 share price increased 3.8 percent to USD0.55 as at 30 April 2014, from a closing price of USD0.53 as at 31 March 2014. The Company's share price to NAV discount is currently 39.1 percent compared to 41.3 percent in March.

During the month of April, VNL repurchased and cancelled 2.6 million ordinary shares. Since October 2011, the Company has cancelled a total of 26.1 million ordinary shares, representing 5.2 percent of the total shares in issue prior to the commencement of the share buyback program.

Market and fund update

On 24 April 2014, the Manager held an official launch event in Hanoi for the redesigned and rebranded Ocean Apartments, formerly The Cham Condominiums at the Danang Beach Resort project. The development includes 46 modern-designed condominiums of 1-2 bedrooms ranging from 71 to 133 square meters in size. The Ocean Apartments allows residents to access all facilities within the award-winning Danang Beach Resort and connected golf course. The launch of the initial release was entirely sold out by early May and the second release is scheduled to be launched in July 2014. Construction will commence in June 2014 and the timing coincides with the improving market in Danang since early this year.

VinaLand Limited projects were recently honoured with two awards at the 2014 Asia Pacific Property Awards, which are among the world's most prestigious real estate industry accolades. Along with joint venture partner Nordica, one of the largest private real estate groups in Denmark, the 5-Star award for Best Residential High-Rise Development - Vietnam was given for the Azura Luxury Apartment Building in the central city of Danang. VNL's Beachfront Enclave - Ocean Villas luxury residential project won the Highly Commended Residential Development – Vietnam award. The Beachfront Enclave is part of the Ocean Villas estate within Danang Beach Resort, incorporating 114 free-standing villas on beachfront land.

Recent political tension between Vietnam and China over the placement of a Chinese deep-sea oil rig in disputed waters of the East Sea (South China Sea), near the Paracel Islands has caused a significant sell-off in Vietnamese equity. To date, the VN Index stands at approximately 524.0, falling 9.3 percent from the end of April alone. However, month-to-date, foreign money managers have purchased over USD50.0 million worth of securities in May, following a net purchase of USD74.6 million in April. It is worth noting; VNL's portfolio consists of real estate developments; the values of which should not rapidly change due to the volatility we are witnessing in the listed equity markets.

Performance summary*

30 April 2014

NAV per share** (USD):	0.91
Change (Quarter-on-quarter)	-0.4%
Total NAV** (USD 'm):	432.1
Share price (USD):	0.55
Market cap (USD 'm):	261.8
Premium/(discount)	-39.1%

* 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	-0.4	-11.9	-33.8	-37.4
Share price	8.9	27.4	-39.9	15.1

Quarterly performance history (% change)

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

Additional portfolio information

Current assets	30
Divestments	16 full and residential unit sales
Debt	Fund level (ZDPs): 5.8% of NAV Project level (Bank): 16.6% of NAV
Shares outstanding	473,895,727

Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's month-on-month consumer price index (CPI) increased 0.1 percent in April, bringing the year-on-year inflation rate to 4.5 percent. For the month, food and foodstuff prices (40 percent of the CPI basket) increased slightly by 0.2 percent, while transportation related prices rose by 0.3 percent, the most by any group in the index. Despite these minute increases in consumer prices for April, recent price hikes for gasoline and diesel fuel will likely impact May and June inflation figures.

According to HSBC Vietnam, its Purchasing Managers Index (PMI) reached 53.1 in April 2014, a level not reached since April 2011. This marks the seventh straight monthly rise in the PMI index and a substantial spike from 51.3 in March, providing further evidence of the improving manufacturing environment within Vietnam's economy. Domestic consumption should improve if new orders, employment rates and disposable incomes continue to rise.

During the month, the State Bank of Vietnam (SBV) announced that foreign reserves have reached USD35.0 billion and its latest projections suggest that the current balance of payments for 2014 is at a positive USD10.0 billion. Due to these stronger external positions, the SBV is maintaining its goal to depreciate the VND currency against the USD approximately 1.0 percent. The foreign exchange market has continued its prolonged period of extreme stability. At the end of April, the free market rate was nearly in-line with the official bank rate for purchasing USD, implying a very low level of risk for the local currency.

Fixed income

The primary bond market was subdued in April, with a total of USD533 million worth of government and government-backed bonds issued, a decline of 68.2 percent compared to March. Short and long term bond yields remained relatively stable, after falling by an average of 50 basis points in March. In the secondary market, the total trading volume for government and government-backed bonds declined 27.1 percent to USD1.64 billion for the month of April. Despite the weaker demand, bond yields in the secondary market fell by 10 to 20 basis points over the short end of the yield curve.

Media links

Below is a list of recent articles related to the investment environment in Vietnam and VinaCapital activity.

[Bloomberg: Vietnam's Stock Rout Puts Top Fund Manager in Buying Mode](#)

[Wall Street Journal: Vietnam's market hit by clampdown on margin lending](#)

[Bloomberg: Rushed IPOs Mean Missed Vietnam State Share Sale Goals](#)

[Wall Street Journal: Vietnam's Surging Stock Market Shows Its Soft Spot](#)

Macroeconomic indicators

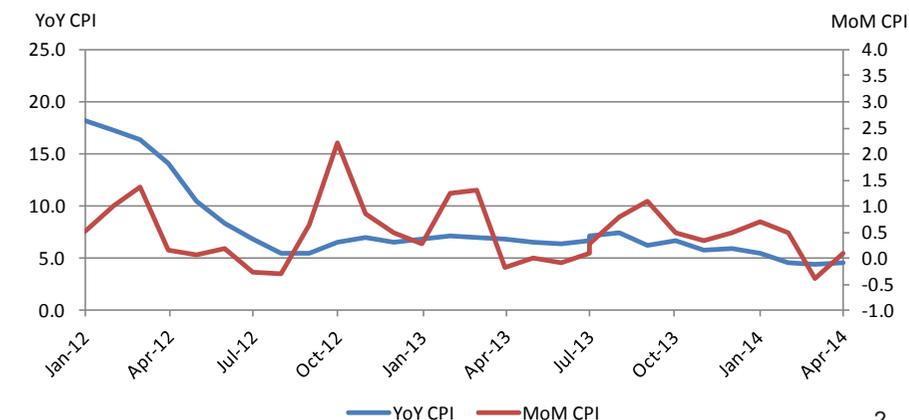
	2013	Apr-14	2014 YTD	Year-on-year
GDP growth ¹	5.4%			
Inflation	6.0%	0.1%	0.9%	4.5%
FDI (USDbn)	21.6	1.2	3.2	-34.60%
Imports (USDbn)	131.3	12.6	45.1	13.7%
Exports (USDbn) ²	132.2	12.2	45.7	16.9%
Trade surplus/(deficit)	0.9	0.4	0.6	
Exchange rate (USD/VND) ³	21,115	21,115	0.0%	-0.78%
Bank deposit rate (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
April-14	4.82	5.60	6.15	7.19
March-14	4.90	5.75	6.33	7.19

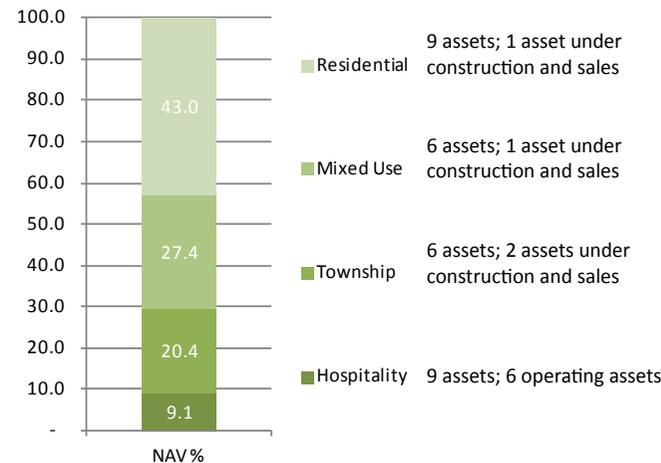
Year-on-year and month-on-month inflation (%)



Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	16.0
Danang Beach Resort	Central	Residential	12.3
Dai Phuoc Lotus	South	Township	7.7
Times Square Hanoi	North	Mixed Use	6.3
VinaSquare	South	Mixed Use	5.9
Pavilion Square	South	Mixed Use	5.3
Aqua City	South	Township	5.1
Trinity Park	South	Residential	4.7
Green Park Estate	South	Mixed Use	4.3
World Trade Center Danang	Central	Mixed Use	4.1
Total			71.7

Portfolio by sector



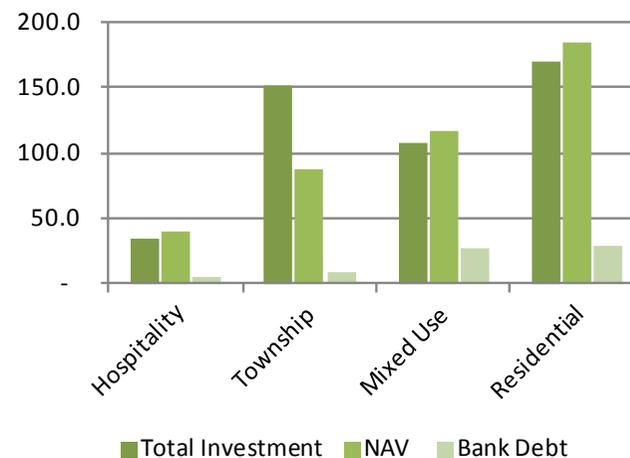
Key projects under development

Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	260.0
Dai Phuoc Lotus	South	Township	200.7
My Gia	Central	Township	158.0
World Trade Center Danang	Central	Mixed Use	9.0
Total: 4 assets representing a NAV of USD116.9 million			

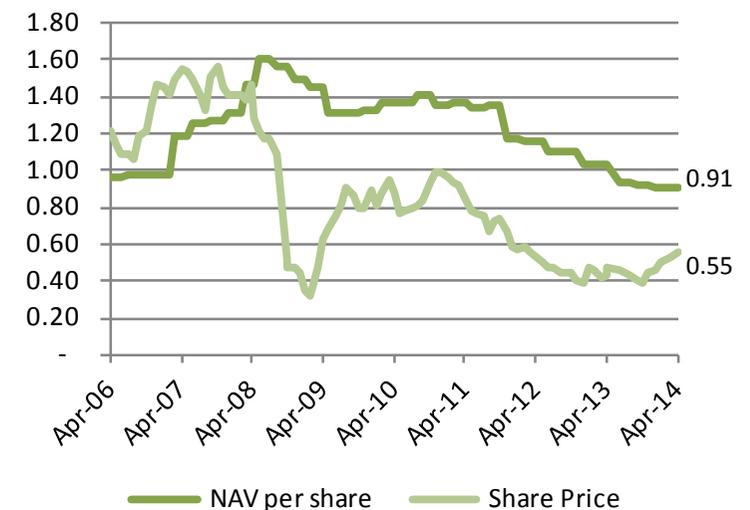
Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	11.4
Central region	26.3
Ho Chi Minh City region	62.3
Valuation breakdown	
Assets not yet revalued *	7.6
Assets revalued	92.4
Development status	
Land banking	7.9
Planning stage	59.1
Development stage	27.3
Operating assets	5.8

NAV by sector



NAV and share price performance



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

* 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 (VCIM)

VCIM is the BVI-registered investment manager of VNL.

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: Lawrence Graham (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.