

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 1.2% to USD0.521 as at 30 April 2015, from a closing price of USD0.515 as at 31 March 2015. The Company's share price to NAV discount is currently 41.3% compared to 42.0% in March. The share buyback program resumed in April and VNL repurchased and cancelled 100,000 ordinary shares. Since October 2011, the Company has cancelled a total of 68.2 million ordinary shares, representing 13.64% of the total shares in issue prior to the commencement of the share buyback program.

VNL continues to pursue a number of disposals and is currently working on several opportunities simultaneously which is consistent with the Fund's strategy to divest projects and make distributions to shareholders. Negotiations are progressing on a number of pipeline divestment opportunities however closing transactions continues to be a lengthy process with both foreign and local buyers.

Following the positive sales results for the first phase of 'The Point' Villa Project, which is part of the Danang Beach Resort and Golf Course project, VNL officially launched the second phase on 9 April 2015 and has already secured 11 sales reservations out of the 20 units launched. The houses are currently marketed as 'bare shell'; however, a 'completed-unit' package is available at additional costs to the buyers which grants them access to the extensive range of facilities and amenities within the resort.

As a result of the improvement in Vietnam's banking sector and a decline in lending rates, VNL has successfully refinanced existing project level bank debt. As such, VNL has been able to reduce the interest rates from a range of 9%-14% down to 9%-12.5%. These favourable market conditions and the changes in housing laws taking effect 1 July 2015 are anticipated to support the recovery in not only residential sales but also the commercial real estate sector.

Real Estate update

According to the CB Richard Ellis' (CBRE) research, retail and office users are returning to Ho Chi Minh's central business centre and this trend is expected to remain stable until at least mid 2015. Year-to-date, the residential markets in Ho Chi Minh City and Hanoi continue to witness new project launches in both cities, especially in the locations with improving infrastructure systems, such as districts in the south and east of Ho Chi Minh City and the districts west and south east of Hanoi. Residential pricing has continued to target the affordable, smaller-sized market, triggering demand from both owner-occupiers and investors alike.

Performance summary*

30 April 2015

NAV per share** (USD):	0.89
Change (Quarter-on-quarter)	-3.3%
Total NAV** (USD 'm):	383.5
Share price (USD):	0.521
Market cap (USD 'm):	225.1
Premium/(discount)	-41.3%

* 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	-3.3	-2.1	-23.5	-35.2
Share price	-7.6	-5.7	-6.9	-45.1

Quarterly performance history (% change)

	2015	2014	2013	2012	2011
Q1	-3.3	-0.4	-1.0	-1.7	0.7
Q2		1.2	-9.7	-4.3	-2.2
Q3		0.0	-1.1	0.0	0.7
Q4		0.0	-1.0	-6.3	-12.6
YTD	-3.3	0.8	-12.4	-11.9	-13.2

Additional portfolio information

Current assets	25
Divestments	21 full and residential unit sales
Debt	Fund level (ZDPs): 7.3% of NAV Project level (Bank): 19.8% of NAV
Shares outstanding	431,780,220

Macroeconomic update

Vietnam's consumer price index (CPI) increased 1.0% year-on-year during the month of April. As expected, transportation related costs jumped 2.5% month-on-month in conjunction with higher fuel prices, while housing and construction prices rose 0.8% attributable to the administered increase in electricity prices. Notably, food and foodstuffs fell 0.4% month-on-month as popular consumer staples consumption abated following the lunar year-end holidays.

According to HSBC's Vietnam Purchasing Managers Index (PMI) – a composite indicator designed to provide a single figure snapshot of operating conditions in Vietnam's manufacturing economy – posted a mark of 53.5, above the 'no-change' mark of 50.0 in April, the strongest showing of expansion in four years. Both new orders and production increased, mainly driven by lower input costs for materials such as oil, iron and steel. Operating conditions in manufacturing have now strengthened in each of the past 20 months.

In the United States, there seems to be some opposition from within the Senate that could prevent the quick approval of the 12-country, free-trade agreement known as the Trans-Pacific Partnership (TPP). The delay in this free-trade agreement could have a deep impact on Vietnam. According to a published report by the East West Center titled, "[The Trans Pacific Partnership and Asia-Pacific integration: A quantitative Assessment](#)", Vietnam is estimated to see a 14.3% boost to GDP (as a % of baseline GDP) as a result of the benefits of TPP, the most of any single country in the agreement.

Fixed income

On the primary bond market, a total of USD394.0 million worth of government and government-backed bonds were issued during April 2015, representing a decline of 51% from March 2015 (USD810.0 million) as investors shied away from purchasing bonds as yields rose throughout the month, especially longer-term issues. On the secondary bond market, trading value decreased 42.6%, with USD2.364 billion worth of bonds transacted for the month, as yields increased between 10 and 39 basis points along the yield curve.

Media links

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

[Business Times Singapore - Vietnam banks say 'I do' as government forces arranged marriages](#)

[Reuters - Vietnam, South Korea seal FTA, target doubling of trade](#)

[TheStreet.com - Vietnam moving to let foreign investors buy control of companies](#)

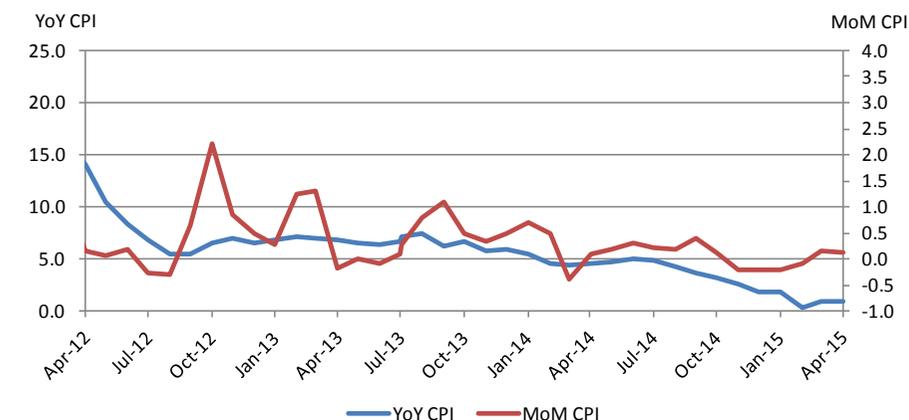
Macroeconomic indicators

	2014	Apr-15	2015 YTD	Year-on-year
GDP growth ¹	6.0%		6.0%	
Inflation	1.8%	0.1%	0.0%	1.0%
FDI commitments (USDbn)	15.6	0.8	2.6	17.1%
Imports (USDbn)	148.0	14.4	53.4	19.3%
Exports (USDbn)	150.0	13.8	50.1	6.6%
Trade surplus/(deficit)	2.0	-0.6	-3.4	
Exchange rate (USD/VND) ²	21,450	21,630	-0.8%	
Bank deposit rate (VND)	6.0%	5.5%	-50 bps	

Government bond yields (%)

	1yr	2yr	3yr	5yr
April-15	5.13	5.33	5.50	5.83
March-15	4.76	4.97	5.11	5.48

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



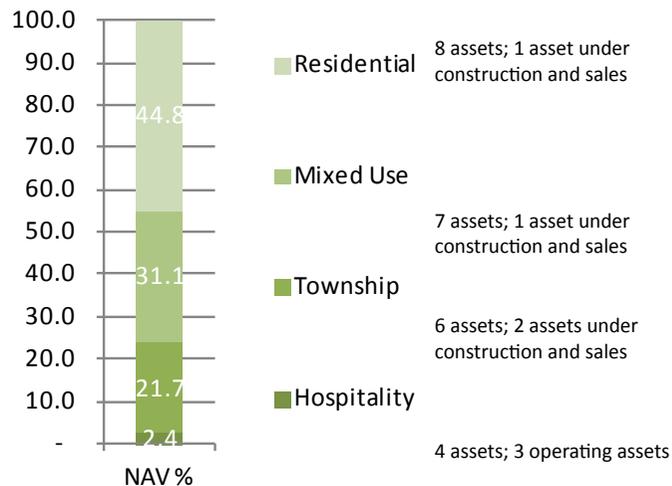
Sources: GSO, SBV, VCB

1. Annualized rate, updated quarterly 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate

Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	16.3%
Danang Golf and Beach Integrated Development*	Central	Residential	14.0%
Dai Phuoc Lotus	South	Township	8.1%
VinaSquare	South	Mixed Use	7.1%
Pavilion Square	South	Mixed Use	6.7%
Times Square Hanoi	North	Mixed Use	6.3%
Aqua City	South	Township	5.3%
Trinity Park HUD	South	Residential	5.0%
Green Park Estate	South	Mixed Use	4.5%
Capital Square	Central	Mixed Use	3.9%
Total			77.3%

Portfolio by sector



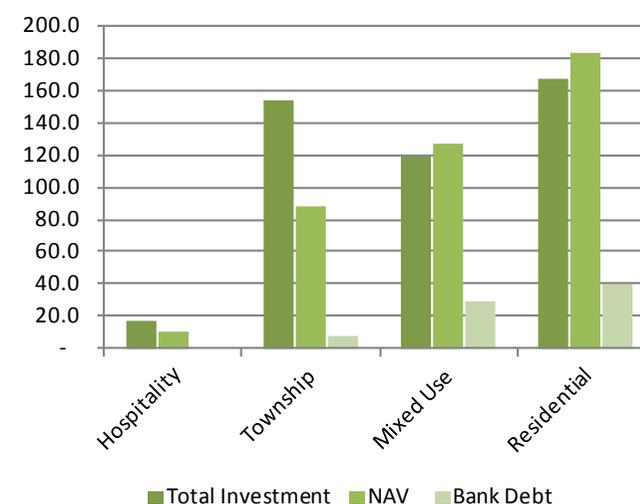
Key projects under development

Project	Location	Type	Site Area (ha)
Danang Golf and Beach Integrated Development	Central	Residential	248.3
Dai Phuoc Lotus	South	Township	198.5
My Gia	Central	Township	149.9
Capital Square**	Central	Mixed Use	6.6
Total: 4 assets representing a NAV of USD120.1 million			

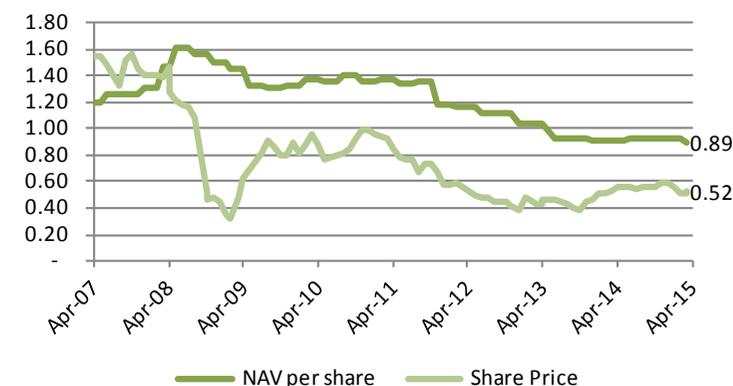
Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	7.9%
Central region	29.2%
Ho Chi Minh City region	62.9%
Valuation breakdown	
Assets not yet revalued ***	6.7%
Assets revalued	93.3%
Development status	
Land banking	7.4%
Planning stage	61.8%
Development stage	29.3%
Operating assets	1.4%

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 Danang Beach Resort ** 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.