

## 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 decreased 8.5% to USD0.516 as at 28 February 2015, from a closing price of USD0.564 as at 31 January 2015. During the month, VNL did not repurchase any shares as the share buyback has been placed on hold, pending an increase in free cash levels. The Company's share price to NAV discount is currently 43.8% compared to 38.6% in January.

## Fund update

VNL is continuing discussions with both foreign and local investors on several pipeline divestment opportunities; however closing transactions remains a lengthy process. Post the Lunar New Year period, there has been an increase in the number of enquiries targeting VNL projects including larger experienced real estate investors and developers.

Recently, VNL announced that it has divested its stake in Sai Gon Quy Nhon Tourism Joint Stock Company which owns the SGT Quy Nhon Hotel located in the Binh Dinh Province in Central Vietnam. The hotel is a Vietnamese accredited 4-star 148-key hotel that was acquired by VNL in 2008. The divestment of this asset is consistent with the Company's strategy to divest hotel assets by the end of the current term. As a result of the transaction, VNL has disposed of its entire 15.0% stake in the project, at a valuation 27.3% above the unaudited 31 December 2014 net asset value of the investment and 24.5% above the net asset value at the time of VNL's extraordinary meeting (EGM) in November 2012. This transaction has resulted in net proceeds of USD630,000 for the Company. At the time of this announcement 100% of the proceeds have been collected.

## Real estate market update

According to real estate firm Savills, during the fourth quarter, approximately 4,100 residential units were sold, an increase of 149.0% year-on-year and was the highest transaction volume since Q4 2010. Savills cited stronger financial support from commercial banks and developers in helping improve buyer confidence, and an improvement in the diversity of products being offered as the main drivers of the increase in sales. VNL has also continued to experience gradual improvement in residential sales in the Danang and Nha Trang projects. It seems Vietnam is again on the radar screen for foreign investors in the real estate market with a majority of these investors coming from Japan, South Korea, Philippines, Singapore, Hong Kong and Malaysia.

According to Cushman and Wakefield, the average, year-to-date price, for grade A apartments remains stable while the Grade B segment increased 1% quarter-on-quarter. To achieve better sales performance, developers have started launching completed projects instead of projects under-construction and are increasingly handing over units as "bare-shell" rather than "finished". For some projects, developers have offered buyers the option to pay 30%-50% of the total unit value for it to be handed over, with the remaining amount paid under-flexible terms and at incentivized interest rates.

## Performance summary\*

28 February 2015

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	0.0%
Total NAV** (USD 'm):	401.6
Share price (USD):	0.52
Market cap (USD 'm):	223.0
Premium/(discount)	-43.8%

\* 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	0.8	-22.2	-31.0
Share price	-11.8	-0.2	-9.4	-36.3

## Quarterly performance history (% change)

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

## Additional portfolio information

Current assets	27
Divestments	20 full and residential unit sales
Debt	Fund level (ZDPs): 6.9% of NAV Project level (Bank): 18.9% of NAV
Shares outstanding	431,880,220

## Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's consumer price index (CPI) fell by -0.05% in February, marking the fourth straight deflationary month and marked the lowest inflation recorded in any February over the past ten years. Once again, the effects of lower prices on transportation related fuel costs were felt throughout the country, as the government has lowered prices 15 times since mid-2014. February also saw the price for food and foodstuffs rise only 0.5% month-on-month, notably during the country's Lunar New Year celebration period, compared to increases of 1.1% and 1.9% in 2014 and 2013, respectively. Consumer demand is expected to drop in March following the big holiday season and therefore, we could continue to see downward pressure on consumer prices.

In February, VND remained quite stable following the State Bank of Vietnam's 1% devaluation in January and despite typical currency instability during the Lunar New Year holiday season. During the month, the SBV reiterated its firm stance on limiting currency depreciation to 2% or less for the year, on the back of steadily increasing foreign currency reserves, presently at approximately USD36.0 billion. However, more recently we are seeing the VND pushing the upper trading limit of the band against the USD. Given that the USD has strengthened against most regional currencies, there is a possibility that the VND may have to weaken sooner so as to support Vietnam's export industries.

Also notably, domestic demand continued to recover as February retail sales reported an increase of 10.7% year-on-year, after netting out inflation. The ANZ Bank's Consumer Confidence Index (CCI) for February showed a jump of 6.9 points to 142.3. The CCI is useful in measuring trends in future retail sales and is often correlated with investor confidence in the market as well. As expected, the sharp decline in fuel prices should stimulate spending as consumers have more discretionary income.

According to Saigon Securities (SSI), 143 State-owned enterprises (SOEs) were equitized, compared to the government's goal of 200. However, recently the government has stated that the equitisation of 432 SOEs will be the primary focus of the Steering Committee for Business Innovation and Development during the year. In the first quarter, the committee will focus on determining which enterprises to be equitized, followed by a master plan on restructuring SOEs in the third quarter of 2015 to be submitted to the Prime Minister.

## Fixed income

On the primary bond market, a total of USD1.151 billion worth of government and government-backed bonds were issued during February 2015, representing a decrease of 12.3% from January 2015 (USD1.312 billion). On the secondary bond market, trading value decreased 39.8%, with USD1.602 billion worth of bonds transacted for the month. Secondary government bond yields increased between 3 to 9 basis points on 1, 2, and 3 year g-bonds while decreasing between 5 to 27 basis points on 5, 10, and 15 year g-bonds.

## Macroeconomic indicators

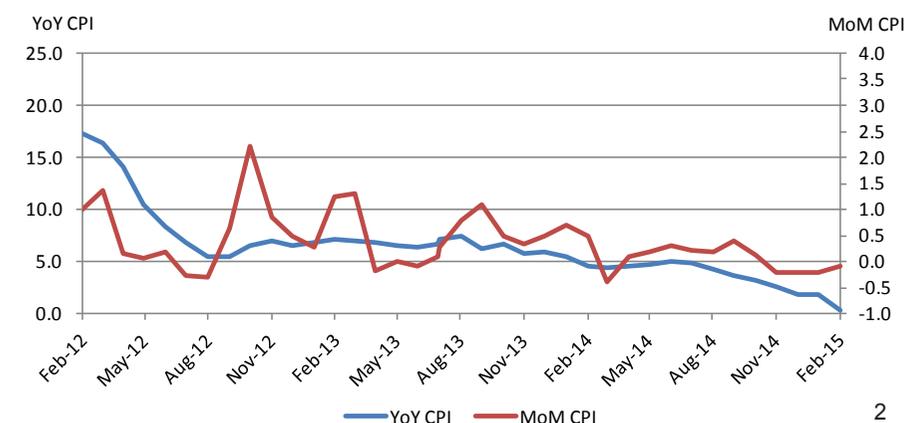
	2014	Feb-15	2015 YTD	Year-on-year
GDP growth <sup>1</sup>	6.0%			
Inflation	1.8%	-0.1%	-0.3%	0.3%
FDI commitments (USDbn)	15.6	0.7	1.2	-22.5%
Imports (USDbn)	148.0	9.3	23.0	16.3%
Exports (USDbn) <sup>2</sup>	150.0	9.6	23.0	8.6%
Trade surplus/(deficit)	2.0	0.3	0.0	
Exchange rate (USD/VND) <sup>3</sup>	21,450	21,385	0.3%	
Bank deposit rate (VND)	6.0%	6.0%	0 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
February-15	4.55	4.71	4.85	5.38
January-15	4.46	4.66	4.82	5.66

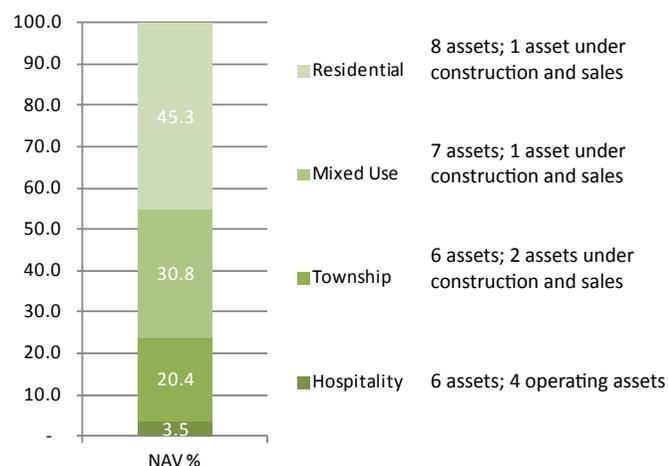
## Year-on-year and month-on-month inflation (%)



## Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	17.1%
Danang Beach Resort 220ha	Central	Residential	13.7%
Dai Phuoc Lotus	South	Township	7.7%
Pavilion Square	South	Mixed Use	7.5%
VinaSquare	South	Mixed Use	6.9%
Times Square Hanoi	North	Mixed Use	6.1%
Aqua City	South	Township	5.1%
Trinity Park	South	Residential	4.6%
Green Park Estate	South	Mixed Use	4.4%
Capital Square	Central	Mixed Use	3.6%
<b>Total</b>			<b>76.7%</b>

## Portfolio by sector



## Key projects under development

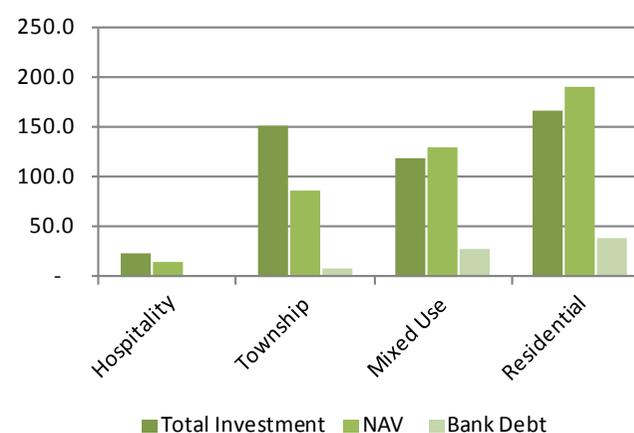
Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	248.3
Dai Phuoc Lotus	South	Township	198.5
My Gia	Central	Township	149.9
Capital Square*	Central	Mixed Use	6.6

**Total: 4 assets representing a NAV of USD118.1 million**

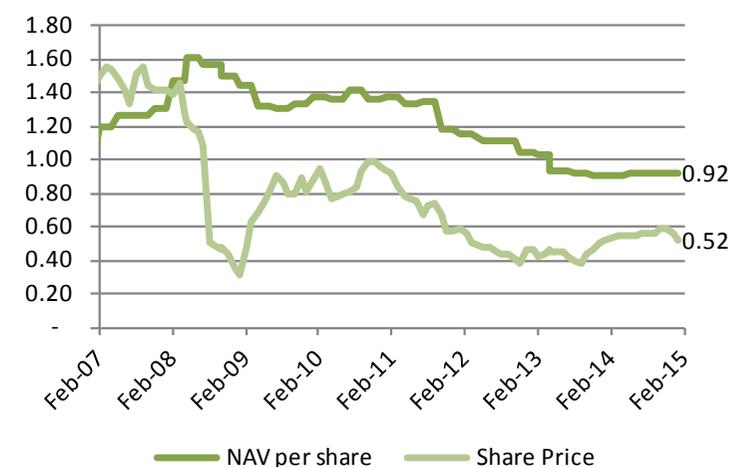
## Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	7.6%
Central region	28.7%
Ho Chi Minh City region	63.7%
<b>Valuation breakdown</b>	
Assets not yet revalued **	7.6%
Assets revalued	92.4%
<b>Development status</b>	
Land banking	8.0%
Planning stage	62.5%
Development stage	27.9%
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.