

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; town-ship (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 3.4% to USD0.56 as at 30 January 2015, from a closing price of USD0.58 as at 31 December 2014. The Company's share price to NAV discount is currently 38.6% compared to 36.4% in December. During January 2015, VNL repurchased and cancelled 2.54 million ordinary shares. Since October 2011, the Company has cancelled a total of 68.1 million ordinary shares, representing 13.6% of the total shares in issue prior to the commencement of the share buyback program.

Fund update

On 26 February 2015, the Investment Manager will present an update of the Company to shareholders at the Edmond de Rothschild Emerging Markets Funds Conference 2015 in London. The presentation will provide an update on the past year's performance and VNL's strategy for the next 12 months. Additionally, the presentation will be posted to the Company's website following the conference and available for all shareholders to download.

VNL is continuing discussions with prospective investors on a number of pipeline divestment opportunities however closing transactions remains a lengthy process with both foreign and local buyers. VNL has sold a parcel of land in the Capital Square project (formerly known as World Trade Centre) in Danang City to VinGroup, a large retail developer and mall operator. The acquirer has a proven track record in the development of commercial projects in Hanoi and HCMC and is progressing quickly on the Danang site with the retail mall's four storey super-structure almost complete. It is understood that the opening is planned for early Q3 2015 which is very good news for our adjacent Phase 2 and Phase 3 land as the centre will generate considerable business activity in this precinct and will have a positive impact on demand for residential stock on the Azura project and also our adjoining Phase 2 site.

Real estate market update

Vietnam is again on the radar screen for foreign investors, and for real estate the majority of these foreign investors are Asian based, including Japan, South Korea, Philippines, Singapore, Hong Kong and Malaysia. Local (Vietnamese) investors and developers are also more active now as liquidity continues to improve and interest rates gradually trend down. Residential projects are again being launched and HCMC developer reports on pre-sales support an improvement in market confidence which is consistent with increasing sales on VNL's Danang Beach Resort project.

Performance summary*

31 January 2015

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	0.0%
Total NAV** (USD 'm):	401.6
Share price (USD):	0.56
Market cap (USD 'm):	245.0
Premium/(discount)	-38.6%

* 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	-0.2	11.1	-2.8	-36.6

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): 6.8% of NAV Project level (Bank): 18.3% of NAV
Shares outstanding	431,880,220

Macroeconomic update

According to the General Statistics Office (GSO), Vietnam began 2015 with a deflationary month as the consumer price index (CPI) fell by -0.2% in January, after similar declines in November (-0.27%) and December 2014 (-0.24%). Three consecutive months of a decline in the CPI (November, December, and January) broke a long-standing pattern of inflation always trending higher during the year-end holiday months. It also turned out to be the lowest price increase of any January in the past 17 years, causing the year-on-year inflation to fall to 0.94%. The major reason still lies in the continuing impact of repeated gasoline price cuts as a result of the decline in global crude oil prices, causing transportation costs to fall by 3.96% month-on-month.

Analyzing the major factors underlying inflation, we take note of a lack of demand-pull pressures due to weak purchasing power of consumers in spite of holiday celebrations. There has also been some cost-push pressure from publicly-subsidized goods, such as gasoline and electricity; while food and foodstuffs have seen little increase in pricing due to ample domestic supplies (good harvests). Going forward, the above factors will continue to operate and keep inflation moderate, and thus could be favourable for equity and bond markets.

In January, Vietnam's currency (VND) was devalued by the State Bank of Vietnam (SBV) by 1% by raising the reference rate from 21,246 to 21,459. While most economists had expected such a move during the first quarter of 2015, it came earlier than consensus estimates. There was no fundamental deterioration in recent months that led the SBV to depreciate the VND. The trade balance ended 2014 with a robust surplus, foreign direct investment (FDI) disbursements and overseas remittances remained strong, while interbank VND rates rose in the final quarter of 2014, suggesting that VND liquidity was not excessively loose. We take note that the VND is inconvertible as per SBV policy. It is not subject to speculative trading flows on international markets (as compared to the regional peers) and is influenced more by Vietnam-specific economic fundamentals which are presently supportive of a stable currency. The SBV has made a commitment to keep the VND depreciation to 2% or less. Its decision was made before the full impact of a stronger dollar (driven by lower oil price) was fully appreciated. However, the SBV does have the wherewithal in terms of foreign exchange reserves to keep up with this commitment.

Fixed income

On the primary bond market, a total of USD1.3 billion worth of government and government-backed bonds were issued during January 2015, representing a decline of 12.3% from December 2014 (USD1.5 billion). On the secondary bond market, trading value decreased 40.4%, with USD2.677 billion worth of bonds transacted for the month. Secondary government bond yields decreased between 25 and 58 basis points across the yield curve.

Media links

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

[VNC - Falling oil price and rising dollar: Impact on VND](#)

[VNC - Prospects for deflation in Vietnam](#)

Macroeconomic indicators

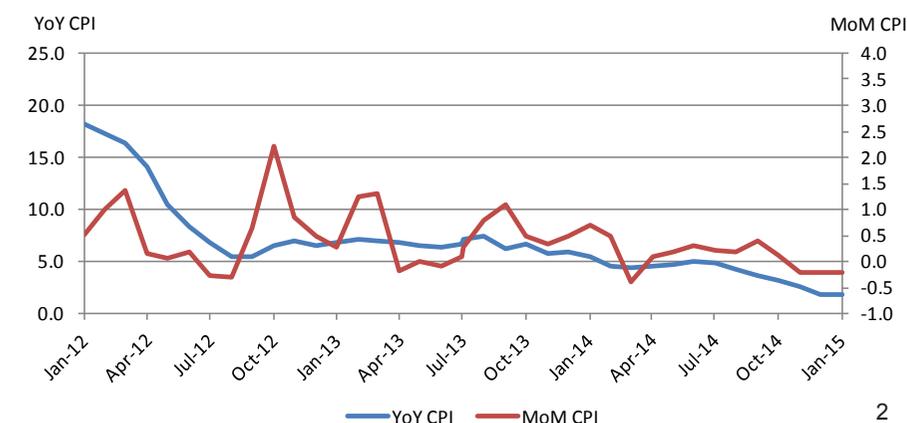
	2014	Jan-15	2015 YTD	Year-on-year
GDP growth ¹	6.0%			
Inflation	1.8%	-0.2%	-0.2%	1.8%
FDI commitments (USDbn)	15.6	0.3	0.3	85.8%
Imports (USDbn)	148.0	13.4	13.4	35.5%
Exports (USDbn) ²	150.0	12.9	12.9	9.7%
Trade surplus/(deficit)	2.0	-0.5	-0.5	
Exchange rate (USD/VND) ³	21,450	21,365	0.4%	
Bank deposit 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
December-14	4.76	5.04	5.22	6.23
January-15	4.46	4.66	4.82	5.66

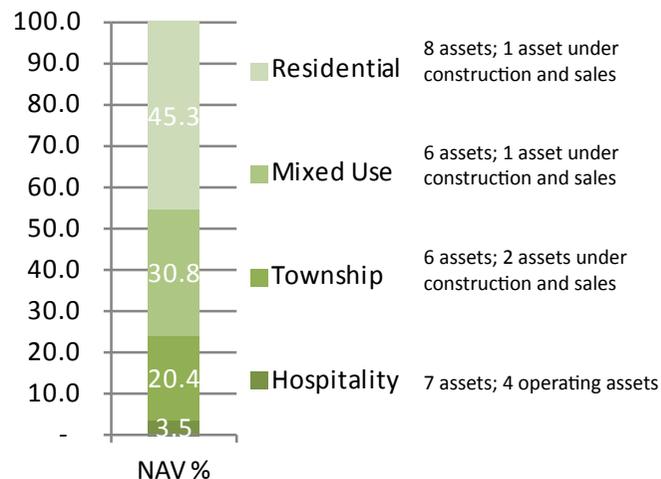
Year-on-year and month-on-month inflation (%)



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%
Total			76.7%

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

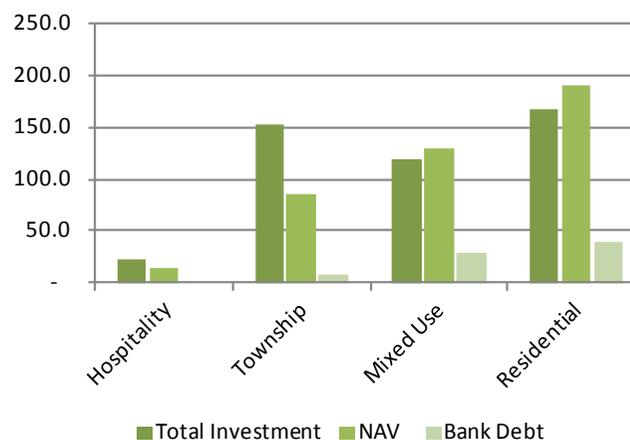
Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	7.6%
Central region	28.7%
Ho Chi Minh City region	63.7%

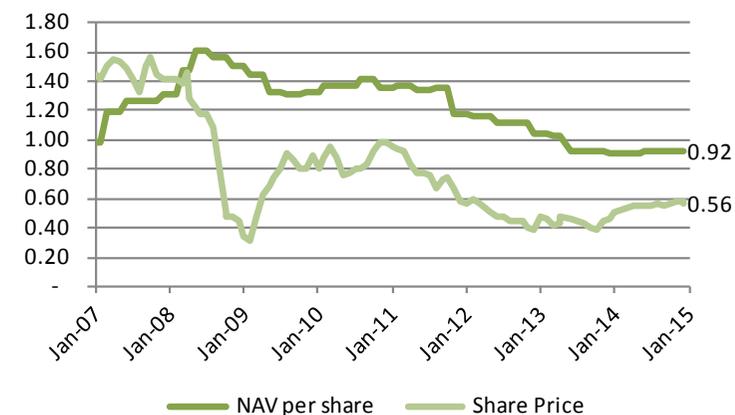
Valuation breakdown	% of NAV
Assets not yet revalued **	7.6%
Assets revalued	92.4%

Development status ***	% of NAV
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.