

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

As at 31 January 2016, VNL's share price decreased 4.8% to USD0.59, from a closing price of USD0.62 as at 31 December 2015. The Company's share price to NAV discount is currently 37.1% compared to 33.9% in December 2015. During January, VNL repurchased and cancelled 3.8 million ordinary shares. Since October 2011, the Company has cancelled a total of 88.2 million ordinary shares, representing 17.6% of the total shares in issue prior to the commencement of the share buyback programme. Since 22 January 2016, VNL has entered a two month close period ahead of the notification of its fiscal year end results for the year ended 31 December 2015.

Fund update

During the first month of 2016, VNL's Azura project in Danang continued to generate some positive residential sales results while Dai Phuoc Lotus in Dong Nai continued to see additional transactions.

In January, Vietnam's macroeconomic landscape continued to provide encouraging results, particularly in the form of increasing Foreign Direct Investment (FDI). Vietnam drew more than USD1.3 billion in newly-registered FDI projects in January, up approximately 101.2% against the same period last year, according to the Ministry of Planning and Investment. The positive sentiment stemming from this was felt in the commercial and residential property markets, with investment capital coming from Singapore, Malaysia, China, and Thailand.

In accordance with the strategy set forth at the 2015 Extraordinary General Meeting (EGM), VNL is continuing its efforts to close project divestments and complete distributions to shareholders. With the improved market confidence being driven by resurgent FDI and residential sales, the Manager remains optimistic about securing and closing project disposals during 2016.

Real estate market update

The Vietnamese property market is entering 2016 with optimism driven by macroeconomic improvements and government policies to open the real estate market. According to the Housing and Real Estate Management Departments, residential prices both in Ho Chi Minh City and Hanoi remained stable during January. The first month of 2016 witnessed a rise in condominium absorption rates, with approximately 1,600 units absorbed in each of the Hanoi and Ho Chi Minh City markets, increases of 1%-3% quarter-on-quarter and 3%-5% year-on-year respectively.

In January, the average rent for the remaining segments including retail, office and landed properties both in Ho Chi Minh City and Hanoi remained stable, according to CBRE Vietnam. Following the announcement of the Trans-Pacific Partnership (TPP) agreement in 2015, many international retail groups are expected to enter the Vietnamese market, particularly investors from Thailand and Japan, providing greater choices for consumers while creating competitive challenges for domestic players. Although domestic retailers still retain the upper hand at this stage, they will need to brace themselves for the competition which is likely to only intensify.

Performance summary*

31 January 2016

NAV per share** (USD):	0.94
Change (Quarter-on-quarter)	3.89%
Total NAV** (USD 'm):	391.0
Share price (USD):	0.59
Market cap (USD 'm):	243.0
Premium/(discount)	-37.1%

* 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	3.9	2.2	-9.8	-31.0
Share price	-1.7	4.6	24.9	-40.4

Quarterly performance history (% change)

	2015	2014	2013	2012
Q1	-3.3	-0.4	-1.0	-1.7
Q2	1.1	1.2	-9.7	-4.3
Q3	0.6	0.0	-1.1	0.0
Q4	3.9	0.0	-1.0	-6.3
YTD	2.2	0.8	-12.4	-11.9

Additional portfolio information

Current assets	23
Divestments	23 full and residential unit sales
Debt	Fund level (ZDPs): 7.6% of NAV Project level (Bank): 20.0% of NAV
Shares outstanding	411,803,109

Manager's comment continued...

The increased availability of bank credit in 2015 was a promising sign for the economy. The challenge for banks moving forward will be to minimize bad loans. In the middle of January 2016, the State Bank of Vietnam announced that they will control property loans to limit risk in 2016. Further clarification and regulation are still required on this new announcement but this comes as yet another policy issued by the central bank to control inflation, maintain macroeconomic stability and accelerate economic growth.

Macroeconomic update

In stark contrast to the turmoil seen in global capital markets in January, the economic momentum of 2015 carried over into January 2016, with robust consumption and low inflation. Domestic consumption ramped up in preparation for the Lunar New Year holidays, with retail sales, a proxy for popular demand, rising 11.7% in nominal terms and 11.0% in real terms. Among consumption components, garments and food recorded the highest growth, 12.9% and 11.5%, respectively.

Manufacturing and FDI continue to climb

The Nikkei Purchasing Managers Index climbed on the back of new orders to 51.5 from 51.3 the previous month. The Index of Industrial Production rose moderately by 5.9% due mainly to seasonal factors. The manufacturing sector (70% of industrial production) continued to expand by 8.2%. FDI, which hit USD23.5bn in 2015, continued to grow strongly in January, with new commitments surging 101% to USD1.3bn, and actual disbursements increasing by 23.1% to USD800mn.

Low inflation and stable currency

The CPI for January came in at 0.8% year-on-year and 0.0% month-on-month, despite year-end seasonal pressures. While there was some minor pricing pick-up in food, housing and construction and education, these were more than offset by a major decline in transportation due to multiple cuts in gasoline prices. Low inflation means that interest rates can be kept low, giving the State Bank of Vietnam (SBV) room to ease monetary policy to support GDP growth and the equity market if necessary. The foreign exchange market stabilised considerably in January, and both the in-bank and free-market exchange rates have moved below the upper band, indicating a balance of supply and demand. Looking ahead, the SBV expects the VND to trade within a narrow range for the rest of Q1.

Vietnam's new leadership will continue reforms

The Party held its 12th Congress in Hanoi during the month, selecting the country's leadership for the next five years. This year's session drew greater foreign interest and commentary than past congresses, with rumours and speculation about what was supposedly occurring behind the scenes. Regardless, we believe the new leadership is committed to continuing economic reforms and building on the achievements the country has made to date, including privatisation of state owned enterprises. There remains a great deal of work to be done for Vietnam to fully capitalise on the strong momentum it currently has going for it, but we are cautiously optimistic that the government fully appreciates that and will not let pass another opportunity to make significant progress.

Macroeconomic indicators

	2015	Jan-16	2016 YTD	Year-on-year
GDP growth ¹	6.7%			
Inflation (%)	0.6%	0.0%	0.0%	0.8%
FDI commitments (USDbn)	22.8	1.3	1.3	101.3%
FDI disbursements (USDbn)	14.5	0.8	0.8	23.1%
Imports (USDbn)	165.6	14.0	14	2.9%
Exports (USDbn)	162.4	13.8	13.8	1.7%
Trade surplus/(deficit) (USDbn)	(3.2)	(0.2)	(0.2)	
Exchange rate (USD/VND) ²	22,450	22,285	-0.7%	
Bank deposit rate (VND)	5.0%	5.0%	0	

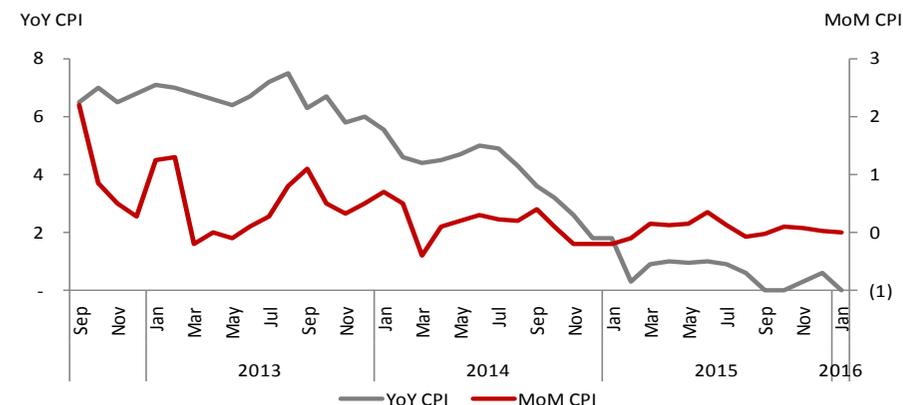
Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate

Government bond yields (%)

	1yr	2yr	3yr	5yr
31-Dec-15	4.88	5.22	5.74	6.55
29-Jan-16	4.97	5.26	5.78	6.52

Source: Bloomberg

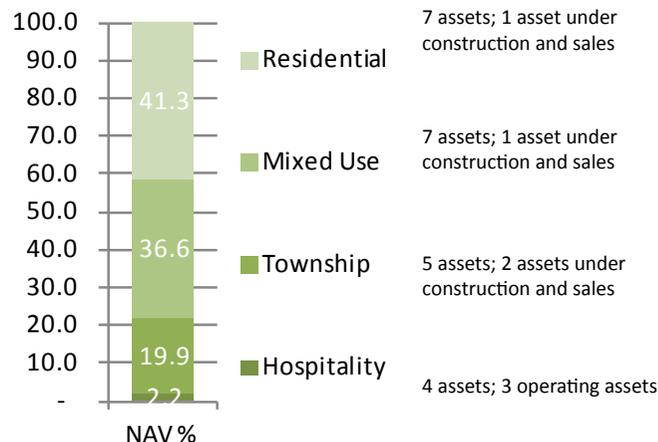
Year-on-year and month-on-month inflation (%)



Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	16.6%
Danang Golf and Beach Integrated Development	Central	Residential	12.9%
Pavilion Square	South	Mixed Use	8.3%
Dai Phuoc Lotus	South	Township	8.2%
VinaSquare	South	Mixed Use	8.0%
Times Square Hanoi	North	Mixed Use	6.4%
Aqua City	South	Township	5.5%
Trinity Park	South	Residential	5.1%
Capital Square	Central	Mixed Use	4.7%
Green Park Estate	South	Mixed Use	4.4%
Total			80.1%

Portfolio by sector



Key projects under development

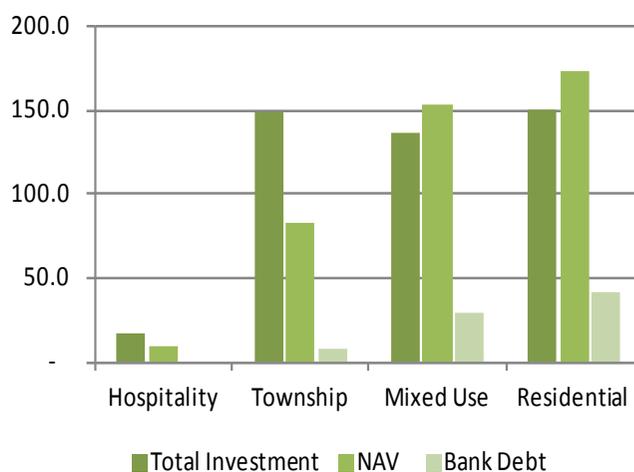
Project	Location	Type	Site Area (ha)
Danang Golf and Beach Integrated Development	Central	Residential	248.3
Dai Phuoc Lotus	South	Township	198.5
My Gia	Central	Township	138.8
Capital Square	Central	Mixed Use	6.6

Total: 4 assets representing a NAV of USD121.0 million

Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	10.2%
Central region	23.9%
Ho Chi Minh City region	65.9%
Valuation breakdown	
Assets not yet revalued *	4.4%
Assets revalued	95.6%
Development status	
Land banking	7.4%
Planning stage	62.5%
Development stage	28.8%
Operating assets	1.3%

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)
Tran Trong Kien	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
Contact	
Jonathon Trewavas	Investor Relations ir@vinacapital.com +848-3821-9930 www.vinacapital.com
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Fund summary

Fund launch: 22 March 2006, new one year term commenced 21 November 2015.

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/custodian: Standard Chartered Bank (Singapore & Vietnam)

Registrar and Transfer Agency: Orangefield (Cayman) Limited

Brokers: 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 USD6.9 million per annum until 21 November 2016. 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.