

## 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

For the period ended 31 March 2015, VNL's unaudited net asset value (NAV) was USD383.5 million or USD0.89 per share. This represented a 3.3% decrease from a net asset value per share of USD0.92 on 31 December 2014. The NAV per share of USD0.89 reflects the impact of the increase in Government land tax costs announced by the Hanoi and Ho Chi Minh City People's Council on 29 December 2014 and came into effect on 1 January 2015. During January 2015, the Company announced that it would undertake a thorough review of how the increase in Government land costs would impact the market price of both residential land and any flow through effect on commercial land. Subsequently, the Manager with the assistance of independent advisors undertook a comprehensive review of the entire VNL portfolio to identify projects that may be impacted by the new land use costs and to quantify the impact, if any. After the completion of this review it was concluded that the impact of the change was a net reduction of 4% of the 31 March 2015 NAV per share. However, the resultant effect of both the impact due to the increased land tax and the first quarter of 2015 project revaluations (details below) was an overall reduction in the NAV per share of only 1.6%.

VNL's share price declined 0.2% to USD0.515 as at 31 March 2015, from a closing price of USD0.516 as at 28 February 2015. The Company's share price to NAV discount is currently 42% compared to 43.8% in February 2015. 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. No shares were purchased by the Company during March 2015.

## Fund update

VNL project revaluations were undertaken for the period ending 31 March 2015 with six projects appraised by international valuation consultants. Additionally, a further seven projects were also externally appraised as part of the semi-annual update for the interim period. Five of these projects are located in Ho Chi Minh City and eight projects in the southern and central regions of Vietnam. The results demonstrated that there has been some improvement in market confidence, and this has now been recognised by the valuation appraisers.

During the month, VNL announced that it divested its stake in the Vung Bau Project located in Phu Quoc District, in the southern Province of Kien Giang, Vietnam. The Vung Bau Project has a total area of 267.8ha which was acquired by VNL in 2008 for development into a mixed use hotel resort complex. The divestment of this asset is consistent with the Company's ongoing divestment strategy. As a result of the transaction, VNL has disposed of its entire 55.0% stake in the project, at a valuation 2.9% above the unaudited 31 December 2014 net asset value of the investment and 1.6% 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 USD4.7 million for the Company.

## Performance summary\*

31 March 2015

NAV per share** (USD):	0.89
Change (Quarter-on-quarter)	-3.3%
Total NAV** (USD 'm):	383.5
Share price (USD):	0.515
Market cap (USD 'm):	222.4
Premium/(discount)	-42.0%

\* 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	-11.8	-3.3	-12.7	-41.8

## 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): 19.9% of NAV
Shares outstanding	431,880,220

## Real estate market update

According to CB Richard Ellis (CBRE) Vietnam, in Q1 2015, the average rent for retail and office projects both in Ho Chi Minh City and Hanoi remained stable. However new supply, both in office and the retail segments are forecast to open and complete construction by the end of this year and this will apply downward pressure on net effective rentals for the next 12 months. The average selling prices of mid-end condominiums remains stable while the high-end segment increased slightly by 1-2% quarter-on-quarter both in Ho Chi Minh City and Hanoi. Landed property is a traditionally favourite by the Vietnamese as both a home and for investment. According to Savills, the absorption rate of land plots increased slightly in Q1 2015. The revised housing laws, which will remove some restrictions on foreign ownership, are expected to reinforce both developers and buyers' confidence in the market.

In the residential market of the city of Danang, developers are now pricing their projects more realistically than in the past and are reaching buyer expectations. Developers are now offering discount packages, incentives or annual guaranteed returns for an upfront payment, rather than reducing their asking price by 3- 5% as was the case in previous quarters to encourage more sales. For second home villas, those priced between USD300,000 to USD350,000 per unit recorded better sales than higher end projects with prices above USD500,000. VNL projects in Danang and Nha Trang have experienced improved sales volumes over Quarter 1 and this trend is expected to continue.

## Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's gross domestic product (GDP) increased 6.0% in March, well ahead of the economist's consensus forecast of 5.6% and represented the strongest first quarter growth in seven years. All three major segments of the economy contributed to the surge in domestic output, with industrial production, manufacturing and services increasing 8.4%, 9.5% and 5.8% year-on-year, respectively. Domestic demand also continued to show signs of improvement as retail sales increased 9.2% year-on-year during the first quarter of 2015, after adjusting for inflation.

Vietnam's consumer price index (CPI) increased 0.9% year-on-year during the month of March. Increased domestic demand has allowed some retailers to push up the prices for certain items, for instance, food and foodstuffs recorded a 2.8% year-on-year increase in March. Additionally, the prices for building materials increased slightly by 0.2%, implying that the housing sector is starting to show further signs of recovery.

## Fixed income

On the primary bond market, a total of USD810 million worth of government and government-backed bonds were issued during March 2015, representing a decline of 30% from February 2015 (USD1.15 billion). On the secondary bond market, trading value increased 157%, with USD4.12 billion worth of bonds transacted for the month. Secondary government bond yields increased between 10 and 26 basis points on 1, 2, 3 and 5-year g-bonds while declining between 4 and 15 basis points on the long end of the yield curve.

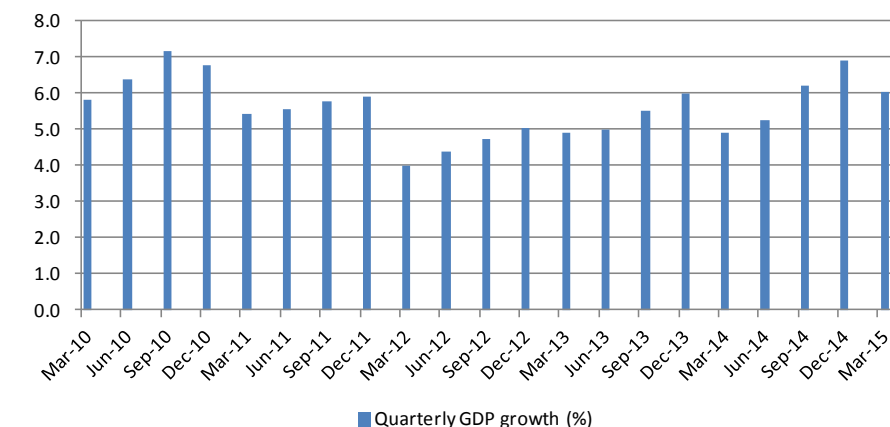
## Macroeconomic indicators

	2014	Mar-15	2015 YTD	Year-on-year
GDP growth <sup>1</sup>	6.0%	6.0%		
Inflation	1.8%	0.2%	-0.1%	0.9%
FDI commitments (USDbn)	15.6	1.2	1.8	-44.9%
Imports (USDbn)	148.0	13.3	37.5	16.3%
Exports (USDbn) <sup>2</sup>	150.0	12.7	35.7	6.9%
Trade surplus/(deficit)	2.0	-0.6	-1.8	
Exchange rate (USD/VND) <sup>3</sup>	21,450	21,590	-0.6%	
Bank deposit rate (VND)	6.0%	5.5%	-50 bps	

## Government bond yields (%)

	1yr	2yr	3yr	5yr
February-15	4.55	4.71	4.85	5.38
March-15	4.76	4.97	5.11	5.48

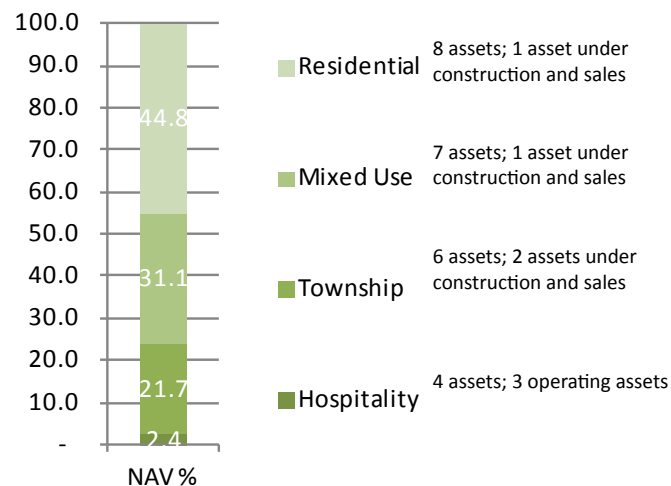
## Quarterly GDP growth (%)



## Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	16.3%
Danang Beach Resort	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%
<b>Total</b>			<b>77.3%</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 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%

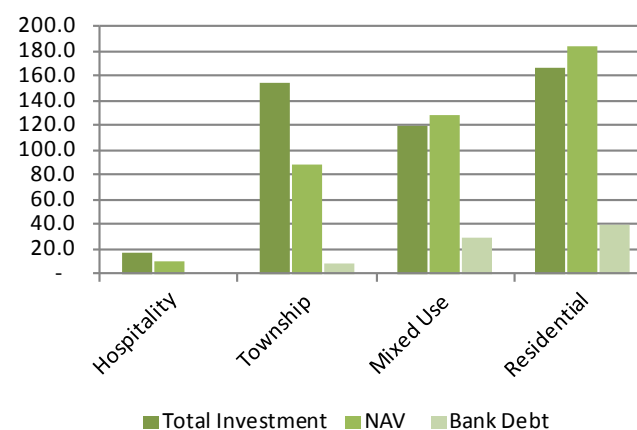
  

Valuation breakdown	% of NAV
Assets not yet revalued **	6.7%
Assets revalued	93.3%

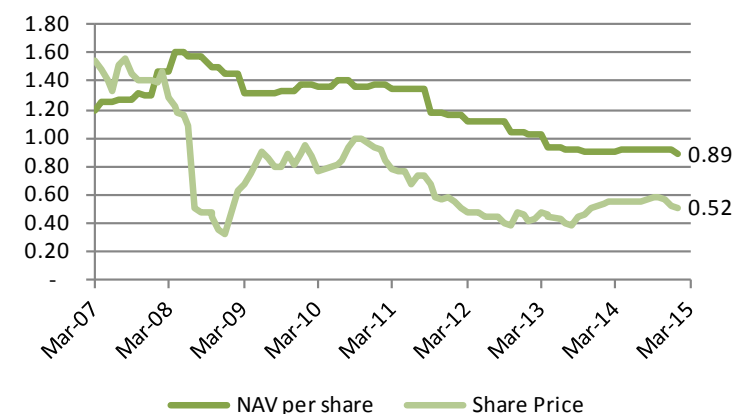
  

Development status	% of NAV
Land banking	7.4%
Planning stage	61.8%
Development stage	29.3%
Operating assets	1.4%

## 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 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

### Contact

David Dropsey  
Investor Relations/ Communications  
ir@vinacapital.com  
+848-3821-9930  
www.vinacapital.com

Brokers  
Edmond de Rothschild Securities  
+44 (0)20 7845 5960  
funds@lcf.co.uk

Numis Securities  
+44 (0)20 7260 1327  
funds@numis.com

## Important Information

This document, and the material contained therein, is not intended as an offer or solicitation for the subscription, purchase or sale of securities in VinaCapital Vietnam Opportunity Fund Limited, VinaLand Limited or Vietnam Infrastructure Limited (each a "Company"). Any investment in any of the Companies must be based solely on the Admission Document of that Company or other offering document issued from time to time by that Company, in accordance with applicable laws.

The material in this document is not intended to provide, and should not be relied on for accounting, regulatory, insurance, legal, tax or other type of advice or investment recommendations. Potential investors are advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of investment in any of the Companies and legal, regulatory, financial, tax and accounting aspects in relation to their particular circumstances.

The securities of the Companies have not been and will not be registered under any securities laws of the United States of America nor any of its territories or possessions or areas subject to its jurisdiction and, absent an exemption, may not be offered for sale or sold to nationals or residents thereof.

No undertaking, representation, warranty or other assurance, express or implied, is given by or on behalf of the Companies or VinaCapital Investment Management Ltd or its affiliates and any of their respective directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this document and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise.

No warranty is given, in whole or in part, regarding the performance of any of the Companies. There is no guarantee that investment objectives of any of the three Companies will be achieved. Potential investors should be aware that past performance may not necessarily be repeated in the future. The price of shares and the income from them may fluctuate upwards or downwards and cannot be guaranteed.

This document is intended for the use of the addressee and recipient only and should not be relied upon by any persons and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purposes, without the prior written consent of VinaCapital Investment Management Ltd.

## 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.