

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 0.76% to USD0.525 as at 29 May 2015, from a closing price of USD0.521 as at 30 April 2015. The Company's share price to NAV discount is currently 40.9% compared to 41.3% in April. During May, VNL repurchased and cancelled 500,000 ordinary shares. Since October 2011, the Company has cancelled a total of 68.7 million ordinary shares, representing 13.74% of the total shares in issue prior to the commencement of the share buyback program.

Fund update

During May, VNL's ongoing residential projects continued to see more activity, with new sales and construction progress, particularly the My Gia project in Nha Trang; The Point, Ocean Apartments and Azura in Danang. Since the official launch of Phase 2 in April 2015, The Point villa project (part of Danang Beach Resort and Golf Course) has completed 12 sales reservations out of 20 overall units. The construction is on schedule and 100% of the villas in Phase 1 have been pre-sold. Completed villas will be delivered to the new owners by Q4 2015.

In May 2015, VNL projects won three awards at the 2015/16 International Property Awards (Asia Pacific Region), which are among the region's most prestigious real estate industry accolades. Nearly 30 countries took part in the 2015/16 International Property Awards and covered residential as well as commercial categories. VNL projects were recognised across the three categories that it had entered, which included the following Awards:

- Best Golf Development in Vietnam for Danang Golf
- Best Residential Development in Vietnam for Dai Phuoc Lotus
- Best Development Marketing in Vietnam for VinaLiving

The Company has engaged Jones Lang Lasalle (JLL) Singapore to market several projects both within Vietnam and regionally with an objective of securing offers from prospective investors. Both JLL and the Manager are continuing to pursue several disposal opportunities and are working with both foreign and local investors. There is evidence that the number of investor enquiries is increasing and this is an indication of improving market sentiment.

Performance summary*

31 May 2015

NAV per share** (USD):	0.89
Change (Quarter-on-quarter)	-3.3%
Total NAV** (USD 'm):	383.5
Share price (USD):	0.525
Market cap (USD 'm):	226.4
Premium/(discount)	-40.9%

* 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	1.7	-5.2	4.5	-40.0

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): 7.4% of NAV Project level (Bank): 19.8% of NAV
Shares outstanding	431,280,220

Real Estate update

According to Savills, the average price of condominiums, retail and office space remain stable, while prices for landed property continues to increase slightly, month-on-month both in Ho Chi Minh City and Hanoi due in part to the new government land costs.

The Ministry of Construction submitted an additional decree to the government in May 2015 which is expected to be finalized in July and stipulates that foreigners can apply to extend their housing ownership by another 50 years following the expiration of the first 50-year lease period. This change in the current housing law is anticipated to support the recovery in not only residential sales but also the commercial real estate sector. Additionally, a new wave of condominium supply is coming to the market in both Ho Chi Minh and Hanoi. As a result, the apartment market will become a bit more competitive as developers seek to pre-sell new stock as buildings are launched.

Macroeconomic update

Vietnam's consumer price index (CPI) increased 1.0% year-on-year during the month of May, driven primarily from an increase in gasoline and electricity prices, which rose from the recent lows, set in March and April. As a result, transportation costs rose by 1.0% month-on-month and housing and construction cost increased by 1.3% month-on-month. Looking forward, the impact of additional increases in administered-prices will likely impact overall inflation further, which supports our opinion that the current modest uptrend in CPI will accelerate slightly over coming months. We continue to project an inflation rate of 3 to 3.5% year-on-year for 2015.

In May, 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 54.8, the highest level the index has reached above the 'no-change' mark of 50.0 since inception. The growth in PMI was mostly attributed to an increase in both output and new orders during the month from higher consumer demand led by a surge in the job creation rate. Manufacturers continued to offset the higher production costs associated with hiring more employees to meet production demands, as input costs for items such as petroleum, iron and steel continue to remain at low levels.

Fixed income

On the primary bond market, a total of USD175.0 million worth of government and government-backed bonds were issued during May 2015, representing a 55.6% reduction from April 2015 (USD394.0 million). This marks the second straight month of tepid demand for government bonds, specifically on the long-end of the yield curve. On the secondary bond market, trading value increased by 11.1% with USD2.63 billion worth of bonds transacted for the month, as yields declined by 4 to 19 basis points along the short-end of the yield curve.

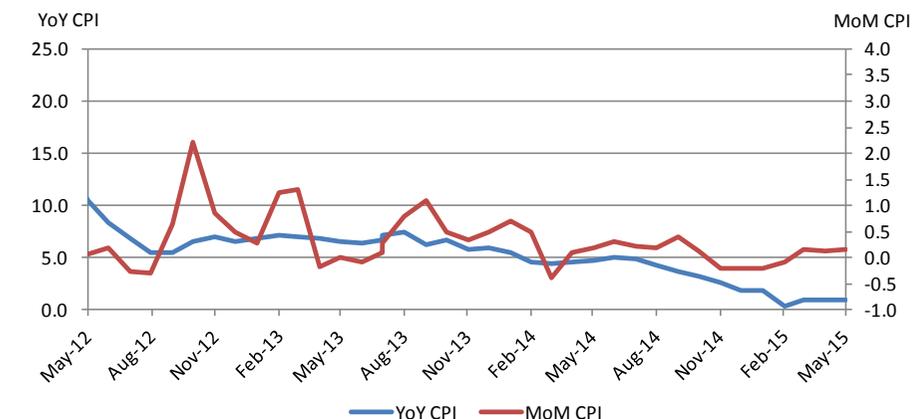
Macroeconomic indicators

	2014	May-15	2015 YTD	Year-on-year
GDP growth ¹	6.0%		6.0%	
Inflation	1.8%	0.2%	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) (USDbn)	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
May-15	4.94	5.29	5.56	5.98

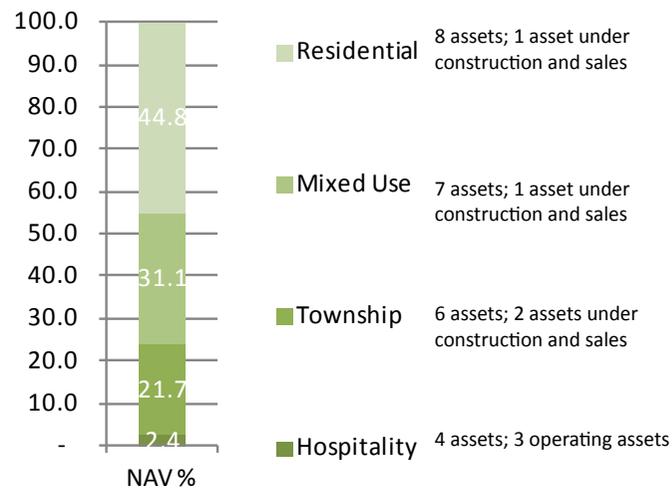
Year-on-year and month-on-month inflation (%)



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

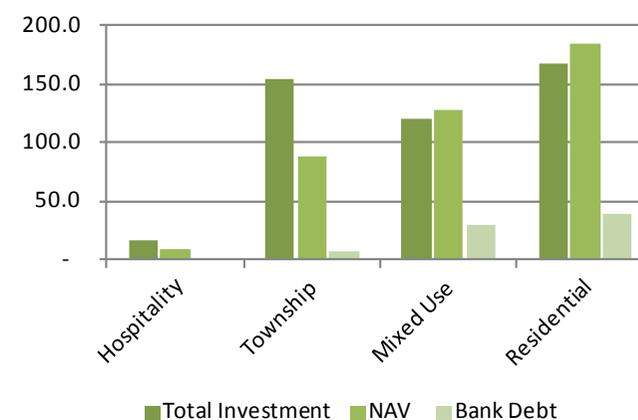
Project	Location	Type	Site Area (ha)
Danang Golf and Beach Integrated Development	Central	Residential	248.3
Dai Phuoc Lotus	South	Township	198.5
My Gia	Central	Township	149.9
Capital Square**	Central	Mixed Use	6.6

Total: 4 assets representing a NAV of USD120.1 million

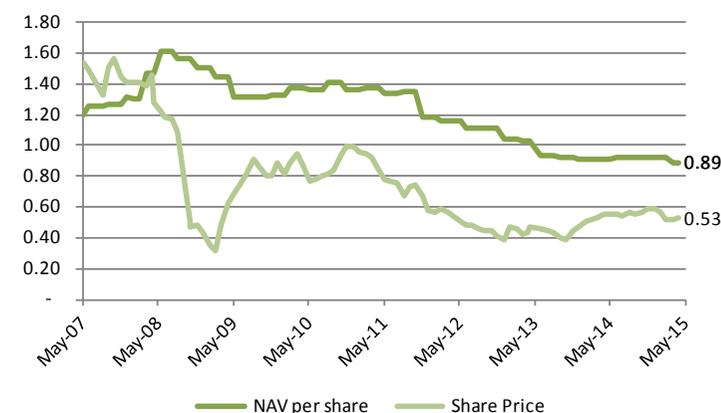
Portfolio breakdown

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.