

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 3.5% to USD0.59 as at 30 November 2014, from a closing price of USD0.57 as at 31 October 2014. The Company's share price to NAV discount is currently 36.3% compared to 38.5% in October.

During November 2014, VNL repurchased and cancelled 3.9 million ordinary shares. Since October 2011, the Company has cancelled a total of 62.6 million ordinary shares, representing 12.5% of the total shares in issue prior to the commencement of the share buyback program.

Fund update

On 28 November 2014, VNL announced that shareholders have supported the unanimous recommendations by members of the Board regarding all six resolutions which were put to a vote at the Company's Annual General Meeting (AGM) held in Copenhagen. As a result of the support by shareholders at the AGM, three of the five Directors have been confirmed to continue in their current capacity as members of the Company's Board of Directors (the remaining two were confirmed at last year's AGM). Additionally, shareholders voted to adopt the financial accounts and to remove the previously existing cap on the amount of shares that can be purchased through the share buyback programme.

Real estate market update

On 25 November 2014, the Vietnamese Government approved the amended Housing Law permitting foreign ownership of properties, effective from 01 July 2015. This legislation is the most recent move by the government to bolster the property market following a housing stimulus program and a low-cost housing loan package. The relaxation of foreign property ownership restrictions will make it easier for foreigners to participate in the residential sector. There are now only two major restrictions imposed on foreigners:

- 50-year leasehold tenure
- Cap on total number of units owned in a condominium tower; 30% of total units / or 250 dwellings in a local precinct.

Performance summary*

30 November 2014

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	0.0%
Total NAV** (USD 'm):	410.0
Share price (USD):	0.59
Market cap (USD 'm):	249.3
Premium/(discount)	-36.3%

* 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	-0.2	-32.0	-29.9
Share price	4.5	31.8	-20.9	-26.9

Quarterly performance history (% change)

	2014	2013	2012	2011	2010
Q1	-0.4	-1.0	-1.7	0.7	3.0
Q2	1.2	-9.7	-4.3	-2.2	-0.7
Q3	0.0	-1.1	0.0	0.7	3.7
Q4		-1.0	-6.3	-12.6	-3.5
YTD	0.8	-12.4	-11.9	-13.2	2.3

Additional portfolio information

Current assets	27
Divestments	19 full and residential unit sales
Debt	Fund level (ZDPs): 6.5% of NAV Project level (Bank): 17.7% of NAV
Shares outstanding	437,365,220

Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's month-on-month consumer price index (CPI) declined 0.2% in November, the second month of deflation over the past twelve months. Notably, deflationary trends are rarely recorded at the end of the year, a result of the holiday rush which typically stimulates increased consumption. As a result, the year-on-year inflation rate declined to 2.6%. The effect of lower global crude oil prices, which fell significantly during the month, put pressure on the transportation sector, which saw a decline in overall prices of 2.8%. The impact on retail sales is favourable as consumers feel an increase in disposable income and can raise their consumption expenditures.

The manufacturing sector improved further in November with HSBC's Purchasing Managers Index (PMI) reaching a level of 52.1, the highest level in five months. For the year, the manufacturing sector, which accounts for 70% of total industrial output, has grown 8.6% over the same period a year ago. We expect manufacturing to improve further in December and January because of an anticipated rise in holiday-related consumption. Going forward the manufacturing sector continues to grow on higher export orders, as evidenced by the country's competitiveness in labor-intensive manufacturing.

Vietnam's currency (VND) came under pressure in November with the official market exchange rate increasing to 21,400 per US Dollar. However, the State Bank of Vietnam (SBV) issued several statements in support of the VND and began selling some of its US Dollar reserves. The SBV's policy is to remain proactive in adjusting exchange rates and is expected to continue its support of the export industries. Strong export demand, which has helped Vietnam record a trade surplus of approximately USD2.0 billion year-to-date, has provided considerable stability of the currency. The SBV anticipates some pressure on the VND in 2015 due to a rising US Dollar, but will maintain its longstanding 2.0% depreciation cap, underpinned by a strong balance of payments position and record high foreign exchange reserves.

Fixed income

On the primary bond market, a total of USD302 million worth of government and government-backed bonds were issued in November, representing a decline of 53.0% from October (USD650 million). On the secondary bond market, trading volume increased 18.9%, with USD3.42 billion worth of bonds transacted for the month. Secondary government bond yields reversed their downtrend, increasing between 45 and 61 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.

[Bloomberg - Need patience investing in Vietnam](#)

[VinaCapital Economic Report - Vietnam's growth prospects: Some analytical observations](#)

Macroeconomic indicators

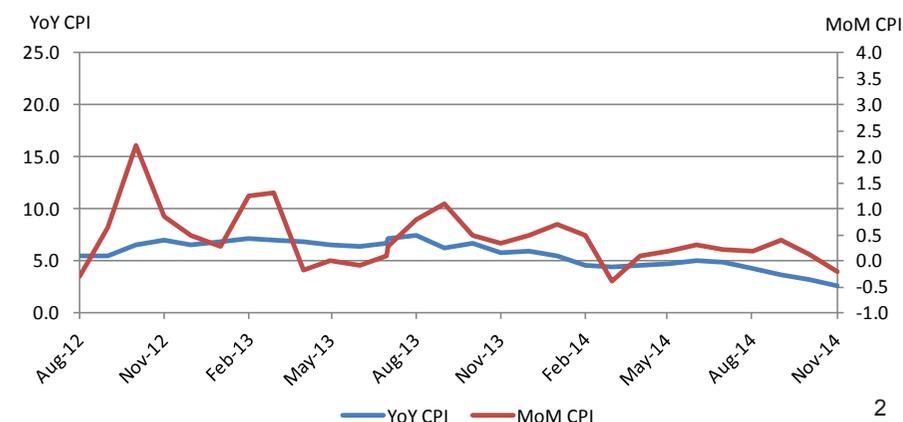
	2013	Nov-14	2014 YTD	Year-on-year
GDP growth ¹	5.4%			
Inflation	6.0%	-0.2%	2.0%	2.6%
FDI commitments (USDbn)	21.6	3.5	13.4	-2.7%
Imports (USDbn)	131.3	13.5	135.0	12.6%
Exports (USDbn) ²	132.2	13.2	137.0	13.7%
Trade surplus/(deficit)	0.9	-0.3	2.0	
Exchange rate (USD/VND) ³	21,115	21,400	-1.3%	
Bank deposit rate (VND)	7.5%	6.0%	-150 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
October-14	3.84	4.26	4.62	5.14
November-14	4.37	4.73	5.08	5.84

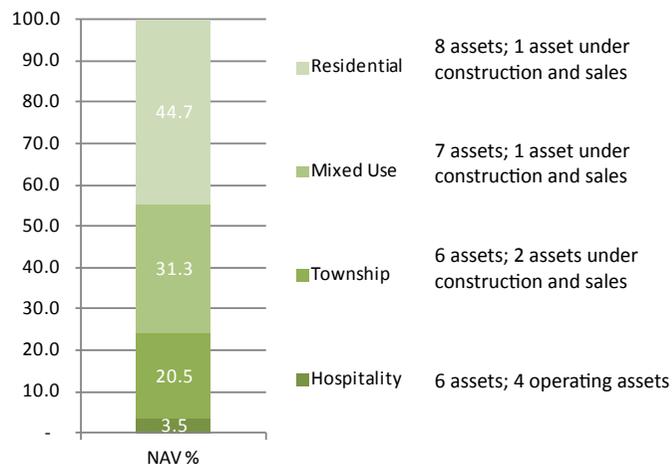
Year-on-year and month-on-month inflation (%)



Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	17.1
Danang Beach Resort 220ha	Central	Residential	13.4
Dai Phuoc Lotus	South	Township	7.5
Pavilion Square	South	Mixed Use	7.1
VinaSquare	South	Mixed Use	6.7
Times Square Hanoi	North	Mixed Use	6.2
Aqua City	South	Township	5.1
Trinity Park	South	Residential	4.8
Green Park Estate	South	Mixed Use	4.4
Capital Square	Central	Mixed Use	4.2
Total			76.4

Portfolio by sector



Key projects under development

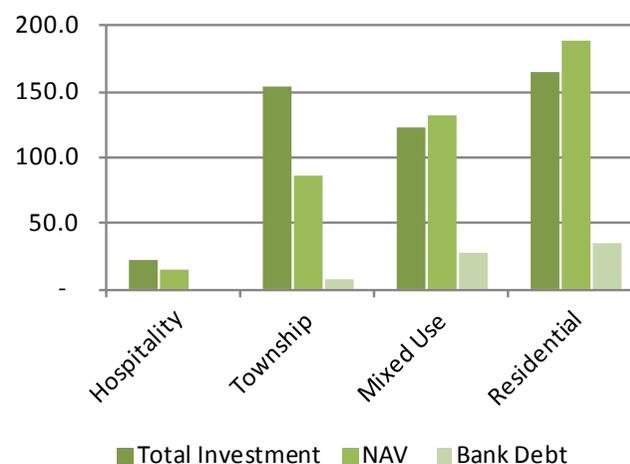
Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	248.3
Dai Phuoc Lotus	South	Township	198.5
My Gia	Central	Township	149.9
Capital Square*	Central	Mixed Use	8.6

Total: 4 assets representing a NAV of USD120.2 million

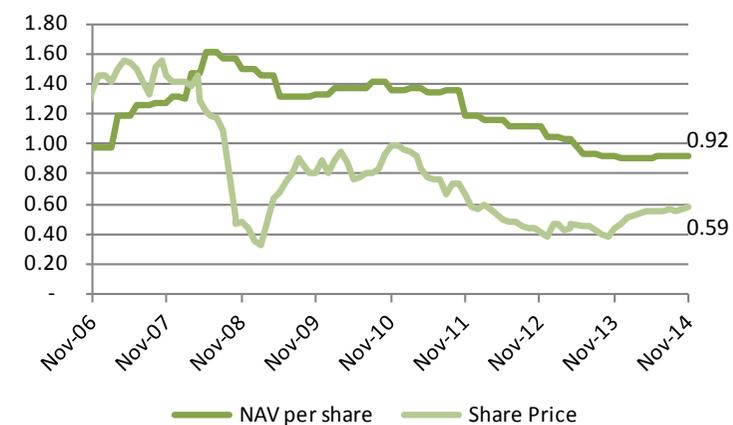
Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	7.5
Central region	29.3
Ho Chi Minh City region	63.1
Valuation breakdown	
Assets not yet revalued **	7.6
Assets revalued	92.4
Development status	
Land banking	8.1
Planning stage	62.0
Development stage	28.5
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.