

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 declined 2.5 percent to USD0.39 as at 31 October 2013, from the closing price of USD0.40 as at 30 September 2013. As a result, the company's share price to NAV discount is currently 58.0 percent compared to 56.1 percent in September.

During October, VNL repurchased and cancelled 300,000 ordinary shares. Since October 2011, the Company has cancelled a total of 20.0 million ordinary shares, representing 4.0 percent of the total shares in issue prior to the commencement of the share buyback program.

Fund update

In late September 2013, VNL announced its intention of raising additional capital in the form of debt or quasi-debt instruments to refinance existing project loans and commitments and to provide additional working capital in the medium term. The current initiative being explored is a zero dividend preference ("ZDP") share issuance. The Company subsequently conducted a week-long road show in the United Kingdom from 7-11 October 2013 to gauge market interest. The market response was positive and the Company is now proceeding on necessary regulatory procedures to potentially list the ZDP shares on the London Stock Exchange in Q4 2013. Any listing is subject to VNL Board approval of all terms and conditions immediately prior to publication of the prospectus.

On 17 October 2013, VinaCapital held its annual Investor Conference in Ho Chi Minh City where Managing Directors of each Fund provided shareholders with the latest update and future outlook.

Effective 1 November 2013, Mr. Michel Casselman was appointed as the Chairman of the Company. Mr. Casselman replaced Mr. Nicholas Brooke, who has retired as Chairman however, will remain a member of the Board.

As one of the enhancements to the Company's corporate governance arrangements introduced by the Board following the extraordinary general meeting held in November 2012, an annual general meeting (AGM) will be held each year. The Company's inaugural AGM will be held at 11:45am on 28 November 2013, at Haus zum Rueden, Limmatquai 42, 8001, Zurich, Switzerland. Prior to the start of the AGM, the Company will give a presentation to shareholders at 11:00am at the same venue.

Performance summary*

31 October 2013

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	-1.1%
Total NAV** (USD 'm):	443.7
Share price (USD):	0.39
Market cap (USD 'm):	185.4
Premium/(discount)	-58.0%

* 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	-1.1	-17.1	-34.8	-41.4
Share price	-13.2	-13.0	-54.0	-24.3

Quarterly performance history (% change)

	2013	2012	2011	2010	2009
Q1	-1.0	-1.7	0.7	3.0	-3.3
Q2	-9.7	-4.3	-2.2	-0.7	-9.0
Q3	-1.1	0.0	0.7	3.7	-0.8
Q4		-6.3	-12.6	-3.5	1.5
YTD	-11.9	-13.2	2.3	-11.3	

Additional portfolio information

Current assets	32
Divestments	14 full, 1 partial and residential unit sales
Debt level	Fund: Nil Projects: 14.0% of NAV
Shares outstanding	479,948,227

Macroeconomic update

In October, month-on-month consumer price index (CPI) grew by 0.5 percent, a marked improvement from September which saw an increase in various costs associated with education. Additionally, the government's downward adjustment in fuel prices at the beginning of October helped lower overall transportation prices. However, prices for food and foodstuff increased the highest among all CPI components, up 0.86 percent for the month, as a result of flooding in major rice-growing regions which destroyed many future harvests.

For October, the foreign exchange market has continued its year long resiliency, with the VND remaining strong versus the dollar at VND21,120. Usual seasonal patterns have historically indicated a weaker VND towards the year end due to a higher demand for dollars to finance imports and to repay foreign exchange loans undertaken during the year. However, as Vietnam's trade deficit remains extraordinarily low year-to-date, related USD demand has been muted adding to the continued stabilisation of the currency.

In October, there were some signs of tension in the interbank market with overnight interest rates rising to 4.71 percent. As we move into the fourth quarter, many banks are trying to increase credit growth to meet their own lending targets for the calendar year and boost revenues, therefore, they have begun competing for funds and the flow of capital from depositors has not been sufficient to meet this additional lending. Despite this, credit growth has remained limited all year, reaching just 6.5 percent as at 31 October 2013.

Fixed income

Bond market activity improved during October as many banks rolled over large portions of their existing bond holdings. For the month, a total of USD660 million worth of government and government-backed bonds were successfully issued. Bonds issued by the State Treasury remained the most favourable and accounted for 68 percent of total offering volume. Additionally, bond yields in the primary market declined moderately between 5 and 25 basis points across the yield curve. The Vietnam Development Bank also raised USD212 million worth of 2- to 10-year bonds during the month with interest rates remaining at between 8.45 and 9.20 percent, respectively.

The secondary bond market also improved in October, with total trading value increasing 32.6 percent to USD610 million from USD460 million in September. As a result, a further decline in yields for these issues took place, falling by 20 to 40 basis points.

Macroeconomic indicators

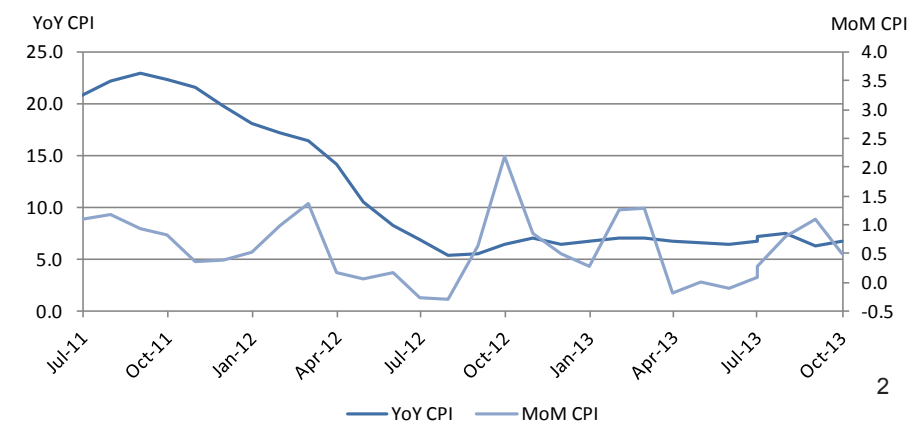
	2012	Oct-13	YTD	Y-o-Y change
GDP growth ¹	5.0%		5.1%	
Inflation	6.8%	0.5%	5.1%	6.7%
FDI (USDbn)	13.0	4.2	19.2	65.5%
Imports (USDbn)	114.3	11.9	108.2	15.2%
Exports (USDbn) ²	114.6	11.7	108.0	15.2%
Trade surplus/(deficit)	0.8	-0.2	-0.2	N/A
Exchange rate (USD/VND) ³	20,855	21,120	1.3%	1.3%
Bank deposit rate (VND)	8.0%	7.5%	-6.3%	-31.8%

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-13	6.63	7.41	7.77	8.60
September-13	6.66	7.85	8.13	8.80

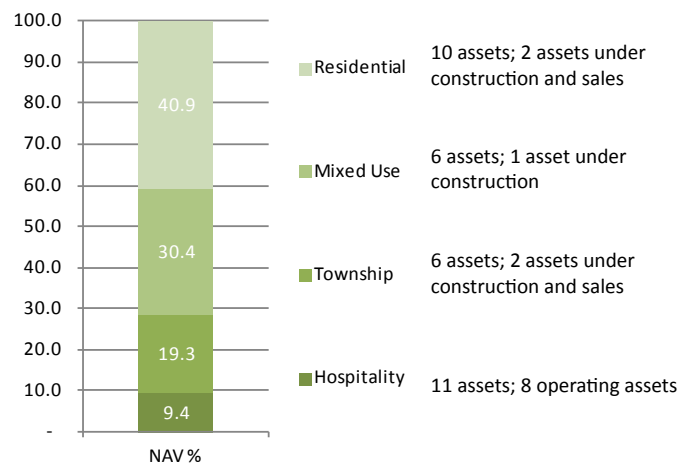
Year-on-year and month-on-month inflation (%)



Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	15.3
Danang Beach Resort	Central	Residential	11.8
Pavilion Square	South	Mixed Use	8.4
Dai Phuoc Lotus	South	Township	7.0
VinaSquare	South	Mixed Use	6.2
Times Square Hanoi	North	Mixed Use	6.1
Aqua City	South	Township	4.5
World Trade Center Danang	Central	Mixed Use	4.3
Trinity Park	South	Residential	4.1
Green Park Estate	South	Mixed Use	4.1
Total			71.6

Portfolio by sector



Key projects under development

Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	260.0
Dai Phuoc Lotus	South	Township	200.7
My Gia	Central	Township	158.0
World Trade Center Danang	Central	Mixed Use	9.0

Total: 4 assets representing a NAV of USD119.8 million

Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	8.7
Central region	25.6
Ho Chi Minh City region	65.6

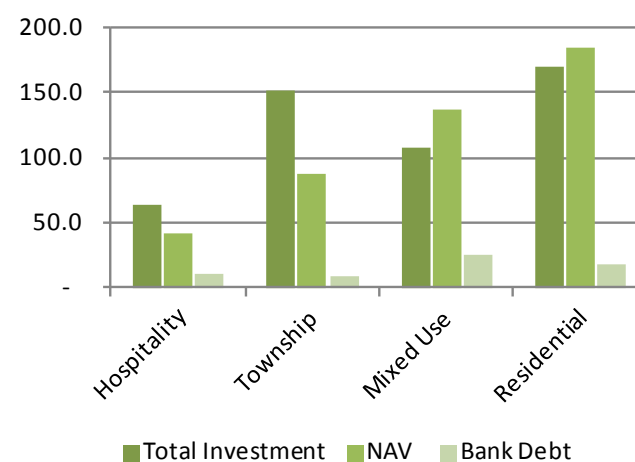
Valuation breakdown	% of NAV
Assets not yet revalued *	8.3
Assets revalued	91.7

Development status	% of NAV
Land banking	7.8
Planning stage	59.0
Development stage	27.1
Operating assets	6.1

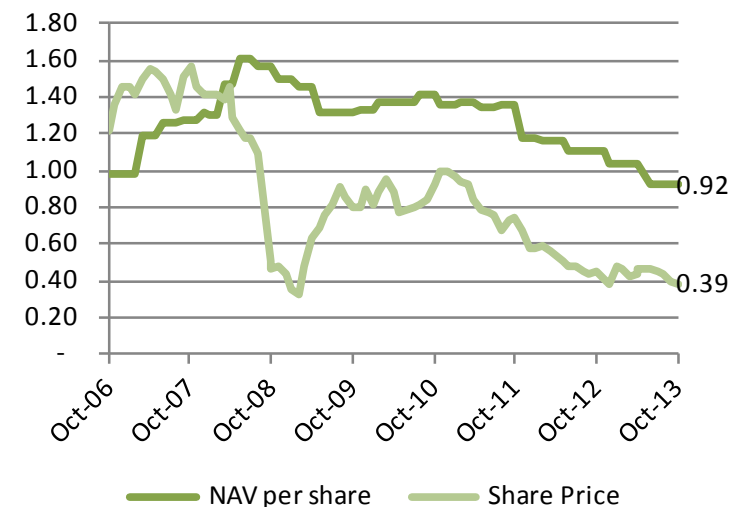
All NAV and NAV per share related data is calculated on a quarterly basis

* held at cost or below cost

NAV by sector



NAV and share price performance



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)
Stanley Chou	Non-executive Director (Independent)
Charles Isaac	Non-executive Director (Independent)

VinaCapital Investment Management (VCIM)

VCIM is the BVI-registered investment manager of VNL.

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

Custodian and Administrator: HSBC Trustee

Brokers: Edmond de Rothschild Securities (Bloomberg: LCFR), Numis Securities (Bloomberg: NUMI)

Lawyers: Lawrence Graham (UK), Maples and Calder (Cayman Islands)

Base and incentive fee: The base fee is fixed at USD8.25 million per annum until 22 November 2013, 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.