

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

VNL's share price increased 1.3% to USD0.57 as at 31 October 2014, from a closing price of USD0.56 as at 30 September 2014. The Company's share price to NAV discount is currently 38.5% compared to 39.3% in September. During October 2014, VNL repurchased and cancelled 5.3 million ordinary shares. Since October 2011, the Company has cancelled a total of 58.7 million ordinary shares, representing 11.7% of the total shares in issue prior to the commencement of the share buyback program.

Fund update

On 7 November 2014, VNL announced that it will hold its second Annual General Meeting (AGM) at 11:45am CET on 28 November 2014 at the Copenhagen Marriott Hotel, Kalvebod Brygge 5, DK-1560, Copenhagen V, Denmark. All shareholders are welcome to attend, however if you cannot attend the meeting then please make arrangements to vote by proxy well in advance of the AGM. The Directors will be voting their shares in favour of the resolutions and unanimously recommend that shareholders do so as well. A copy of the AGM's Circular and Proxy Form can be obtained by clicking on the following links:

[VNL Circular](#) [VNL Proxy Form](#)

On 16 October 2014, VinaCapital held its annual Investor Conference in Hanoi where Managing Directors of each fund provided shareholders with the latest update and future outlook including an update on the Vietnam macroeconomics and real estate market. Additionally, VNL conducted site visits to two of VNL's projects in Hanoi, the Times Square and Pham Hung Road and were well attended by shareholders.

The Ocean Apartments project, which will comprise of three low-rise towers was re-launched in Q2 2014 and has now achieved sales for approximately 85% of phase 1. Based on the positive sales for the first phase, the second phase is being prepared for a pre-launch in Q1 2015. The Point Villa project, also part of the Danang Golf and Resort project will be VNL's newest premier golf villa enclave at the international award-winning Danang Beach Resort and The Point has now achieved 11 sales reservations out of the first 20 units launched. All villas include three bedrooms, a swimming pool, and exclusive access to a range of facilities and amenities within the Danang Beach Resort. Construction of The Point's infrastructure is nearing completion with the first of the sold homes now under construction and set for delivery in late 2015. This demonstrates some improvement in sales activity for VNL projects in Danang.

The banking sector has continued to demonstrate some signs of improvement with improved liquidity. Local banks are now more willing to lend for real estate investment and development for established developers including VNL. Leveraging off this positive trend, VNL has re-negotiated and secured improved loan terms including lower interest rates for four projects over the past nine months. Liquidity and availability of finance on reasonable terms is essential for the recovery of the real estate market.

Performance summary*

31 October 2014

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	0.0%
Total NAV** (USD 'm):	410.0
Share price (USD):	0.57
Market cap (USD 'm):	249.3
Premium/(discount)	-38.5%

* 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	3.4	46.3	-22.6	-34.3

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	441,225,220

Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's month-on-month consumer price index (CPI) increased just 0.1% in October, bringing the year-on-year inflation rate down to 3.2%. Price increases were subdued due to a slight, 0.2% rise in food and foodstuffs and a decline of 0.1% for transportation costs, reflecting the current state of domestic consumer demand and lower energy costs.

The manufacturing sector improved in October with HSBC's Purchasing Managers Index (PMI) reaching a level of 51.0. The index has now remained above the 50.0 expansion threshold for 14 months in a row, showcasing the continued growth of activity in this sector. New orders have been boosted by export sales which increased at the fastest pace in six months. Additionally, Vietnam's Index of Industrial Production (IIP) showed growth of 7.9% year-on-year for the month of October, while the GSO's reported real retail sales (net of price increases) rose 6.4% from the same period a year ago.

Vietnam's currency continued to be well supported through October, hovering around VND21,250 per USD. The stability of the currency has been underpinned by strong export demand which has helped Vietnam record a trade surplus of USD1.9 billion year-to-date; while other capital inflows, such as overseas remittances, are on track to surpass last year's levels.

As part of the government's program to equitize State-owned enterprises, registration for the IPO of Vietnam Airlines (VNAL) closed on 6 November 2014. Of the 49.0 million shares offered to the public, representing a 3.48% float, VNAL received bids for 49.4 million shares, with 98% registered by 2 domestic institutional investors. No foreign institutional investors registered. Bids started at VND22,300/share, putting the market capitalization of VNAL after its IPO at USD1.5 billion.

Fixed income

On 7 November, the Vietnamese government reached out to international markets, raising USD1.0 billion via a rare, US dollar denominated issue of a 10-year bond at par on a semi-annual coupon of 4.8% (or 243 bps above US Treasuries). This was below the initial target of 5.125% per annum, with bids from foreign investors totalling USD10.6 billion, making it one of the most over-subscribed bond issues in Asia ever.

As for domestic bonds, the primary market rebounded during October, with a total of USD1.04 billion worth of government and government-backed bonds issued, representing an increase of 65.1% from September (USD600 million). On the secondary bond market, trading volume remained constant, with USD2.88 billion worth of bonds transacted for the month. Secondary government bond yields continued their decline, falling between 15 and 49 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.

[Financial Times - Mondelez to buy stake in Vietnamese snack company Kinh Do](#)

[VinaCapital Economic Report – The SBV's FX policy: An assessment](#)

[Barron's Asia – Good Morning, Vietnam](#)

Macroeconomic indicators

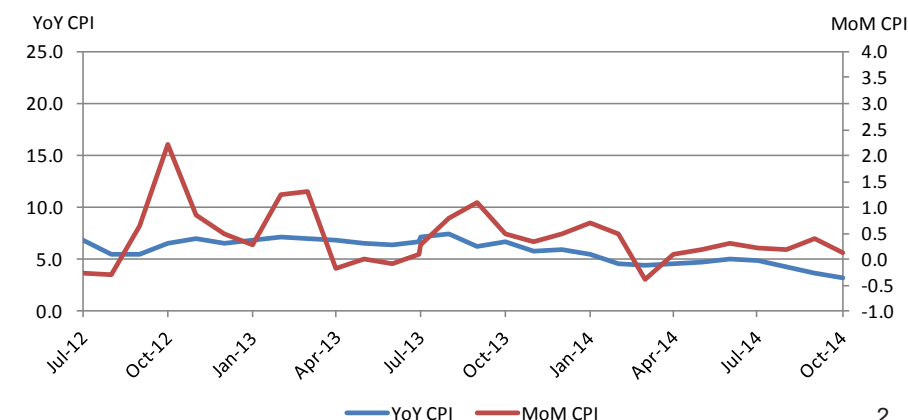
	2013	Oct-14	2014 YTD	Year-on-year
GDP growth ¹	5.4%		5.6%	
Inflation	6.0%	0.1%	2.3%	3.2%
FDI commitments (USDbn)	21.6	2.3	13.7	-28.8%
Imports (USDbn)	131.3	13.6	121.3	11.2%
Exports (USDbn) ²	132.2	13.2	123.2	13.4%
Trade surplus/(deficit)	0.9	-0.4	1.9	
Exchange rate (USD/VND) ³	21,115	21,255	-0.7%	
Bank deposit rate (VND)	7.5%	6.5%	-100 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
September-14	4.33	4.67	4.92	5.46

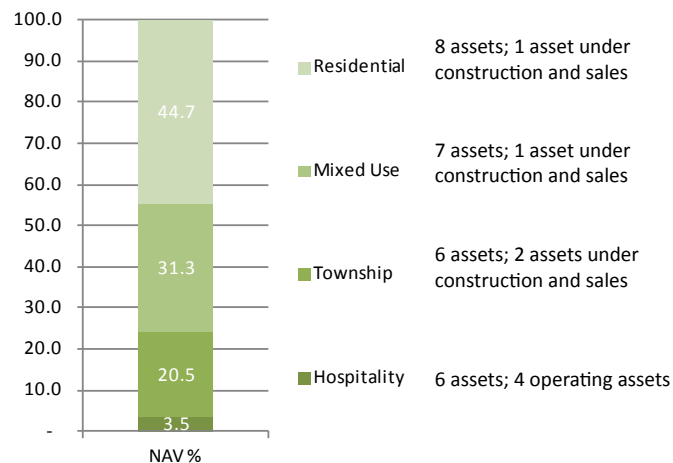
Year-on-year and month-on-month inflation (%)



Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	17.1
Danang Beach Resort	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

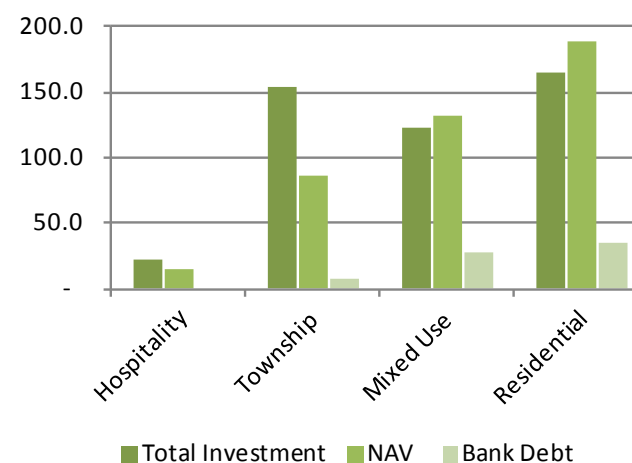
Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	248.3
Dai Phuoc Lotus	South	Township	198.5
My Gia	Central	Township	149.9
Capital Square*	Central	Mixed Use	8.6

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

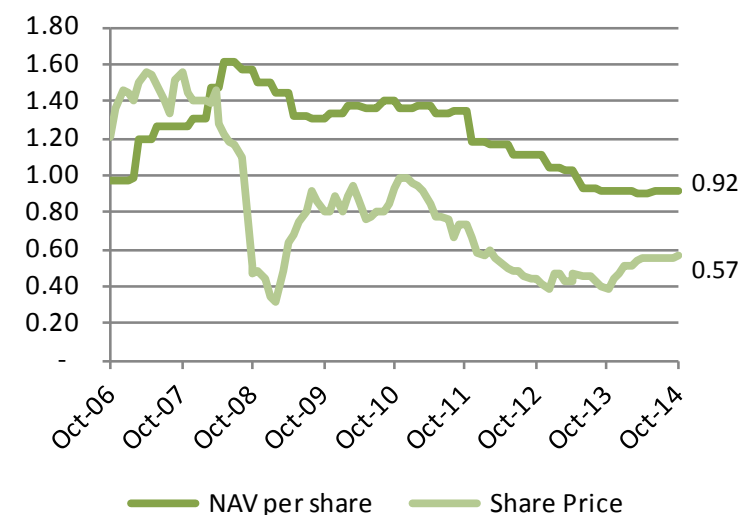
Portfolio breakdown

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

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, legal or tax 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 either of the Companies and legal, regulatory, credit, 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 either of the Companies or VinaCapital Investment Management Ltd or 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 either 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.