

## 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 9.1% to USD0.60, from a closing price of USD0.55 as at 30 September 2015. The Company's share price to NAV discount is currently 33.6% compared to 39.1% as at 30 September 2015. During October, VNL repurchased and cancelled 1.65 million ordinary shares. Since October 2011, the Company has cancelled a total of 73.5 million ordinary shares, representing 14.71% of the total shares in issue prior to the commencement of the share buyback program.

## Fund update

During October, VNL announced that it divested its stake in the NPV Project located in Danang. The project is a future development site and was acquired by VNL in 2007 for development into a dual purpose commercial and residential project. The divestment of this project is consistent with the Company's strategy to divest selected assets by the end of the current term. As a result of the transaction, VNL has disposed of its entire 100% stake in the project, at a total valuation 29.4% above the 30 September 2015 unaudited net asset value and 51.7% 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 USD19.1 million, of which the first tranche of USD15.8 million was received by VNL in October with the second and final payment to be received by no later than the long stop date of 31 October 2016.

VinaCapital held its annual Investor Conference on 15 October 2015, where the post-November 2015 EGM strategy was discussed. Following further shareholder interaction the VNL Board issued a Circular for both the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) which will be held on 24 November 2015 in London U.K. For the EGM, the VNL Board is recommending to shareholders to vote **AGAINST the Continuation** Special Resolution No 1, and **FOR the Reorganisation** Ordinary Resolution No 2. Please refer to all details set out in the AGM and EGM Circulars. These Circulars and Proxy Forms have also been posted on the VNL website.

The VNL Board encourages all shareholders to vote and shareholders are invited to attend the AGM and EGM which will be held at the Institute of Directors, 116 Pall Mall, London SW1Y 5ED.

The Manager continues to work on several disposal opportunities and is optimistic that sufficient divestments will be contracted by 21 November 2015 that will close and proceeds will be collected during the period December 2015 to November 2016. The current business environment in Vietnam remains stable and should liquidity in the real estate sector continue at current levels into 2016 then the ability to reach closure on forecast project disposals is achievable. The maximum 12 month extension (Reorganisation Resolution) proposed by the VNL Board, if passed at the EGM will enable the Investment Manager to continue to focus on disposals in a controlled and orderly manner, which will enable distributions to shareholders. Please refer to the EGM Circular for details which is available on the VNL website.

## Performance summary\*

31 October 2015

NAV per share** (USD):	0.90
Change (Quarter-on-quarter)	0.56%
Total NAV** (USD 'm):	388.3
Share price (USD):	0.600
Market cap (USD 'm):	255.9
Premium/(discount)	-33.6%

\* 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	0.6	-1.6	-18.6	-36.0
Share price	10.1	6.2	35.2	-28.6

## Quarterly performance history (% change)

	2015	2014	2013	2012	2011
Q1	-3.3	-0.4	-1.0	-1.7	0.7
Q2	1.1	1.2	-9.7	-4.3	-2.2
Q3	0.6	0.0	-1.1	0.0	0.7
Q4		0.0	-1.0	-6.3	-12.6
YTD	-1.7	0.8	-12.4	-11.9	-13.2

## Additional portfolio information

Current assets	23
Divestments	23 full and residential unit sales
Debt	Fund level (ZDPs): 7.5% of NAV Project level (Bank): 19.9% of NAV
Shares outstanding	426,441,266

## Real estate market update

During October, prices remained stable across all segments including residential and commercial markets. Developers are actively pushing to sell units to buyers before year end resulting in a number of new condominiums being launched in both Ho Chi Minh City and Hanoi. Concerns remain about the net absorption rate of these ongoing launches, yet undeterred developers continue to use flexible payment terms and incentives to attract buyers. According to CBRE Vietnam, property inventory figures are showing only a slight downward trend while inventory reductions continue to show positive momentum in the real estate market.

The major news item in October was the signing of the Trans-Pacific Partnership (TPP) agreement. On October 5<sup>th</sup>, twelve Pacific Rim countries including Vietnam, reached a historic deal on the sweeping trade liberalization pact after five years of negotiation. The deal will cut trade barriers and set common standards for member countries that comprise 40% of the world's economy and over half of global production. TPP membership will bring with it rewards similar to those associated with World Trade Organization (WTO) membership for Vietnam. It is too early to determine how the TPP will impact the property market, however the market has already witnessed more investors from Japan, Malaysia, US and other TPP members seeking real estate investment opportunities in Vietnam. In addition, TPP will no doubt create a larger need for development of commercial and residential projects, as well as industrial parks and infrastructure such as roads, ports and improved connecting services.

## Macroeconomic update

Vietnam has proven to be uniquely resilient to the economic slowdown affecting the ASEAN region; October's economic data indicates that after a short period of volatility, Vietnam is showing signs of regaining its stability as manufacturing expanded again and consumer confidence rose.

The Nikkei Vietnam Purchasing Managers Index (PMI) recovered to expansionary territory in October, hitting 50.1 after last month's 49.5. This modest growth is despite China's ongoing slowdown, as its PMI (49.8) remained flat for the third consecutive month. Vietnam also outperformed the regional average in this regard, surpassing Taiwan (47.8), South Korea (49.2) and Malaysia (48.1).

Vietnam's domestic sector was able to pick up the slack in maintaining GDP growth as the trade deficit grew to USD4.1 billion. The ANZ-Roy Morgan Vietnam Consumer Confidence Index for October saw consumer sentiment increase to 141.1, exceeding the average score of 135.9 and reflected in an increase of 10.7% in retail sales for the month. This growth was no doubt assisted by inflation remaining at 0.0% year-on-year in October.

Positive news emerged for equity markets in October, as the government announced that it will divest all of its shares in ten key businesses held by the State Capital Investment Corporation, including premier names like Vinamilk and FPT Corp. While the announcement was largely detail free, these divestments could bring as much as USD4 billion back to a government that has been hamstrung by an inability to meet bond issuance targets.

Overall, the Vietnamese economy showed signs of stability in October, despite negative influences from external markets. This can be attributed to a continued resurgence within the country's domestic sector, and we have yet to see how long the domestic market can support reduced competitiveness of non-FDI exports and we will likely see ongoing pressure on domestic trade and manufacturing through to the end of 2015. In the long run however, the positive forces, namely FDI, numerous FTAs and the ongoing process of SOE reform, have positioned Vietnam to be able to weather the current challenges facing in Asia.

## Macroeconomic indicators

	2014	Oct-15	2015 YTD	Year-on-year
GDP growth <sup>1</sup>	6.0%		6.5%	6.81%
Inflation (%YOY)	1.8%	0.1%	0.5%	0.0%
FDI commitments (USDbn)	20.2	2.1	19.3	40.8%
FDI disbursements (USDbn)	12.4	2.2	11.8	16.3%
Imports (USDbn)	148.0	14.5	138.7	14.1%
Exports (USDbn)	150.0	14.4	134.6	8.8%
Trade surplus/(deficit) (USDbn)	2.0	(0.1)	(4.1)	
Exchange rate (USD/VND) <sup>2</sup>	21,450	22,360	-4.2%	
Bank deposit rate (VND)	6.0%	5.0%	-100bps	

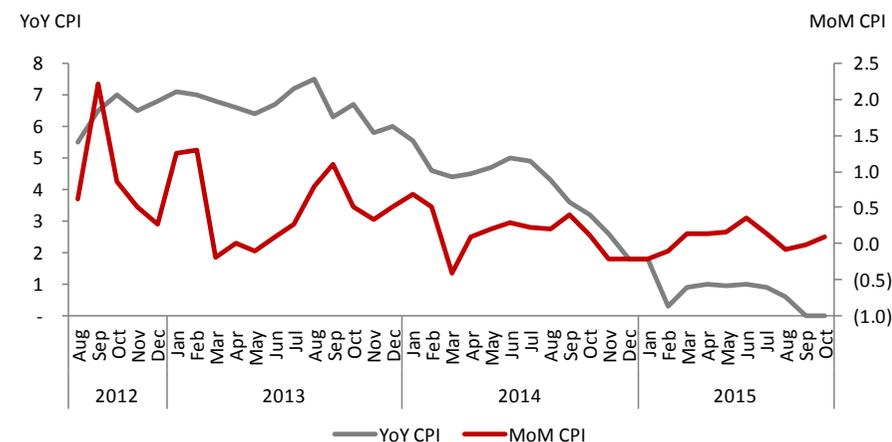
Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate

## Government bond yields (%)

	1yr	2yr	3yr	5yr
30-Sep-15	5.15	5.50	6.10	6.90
30-Oct-15	5.10	5.40	6.00	6.75

Source: Bloomberg

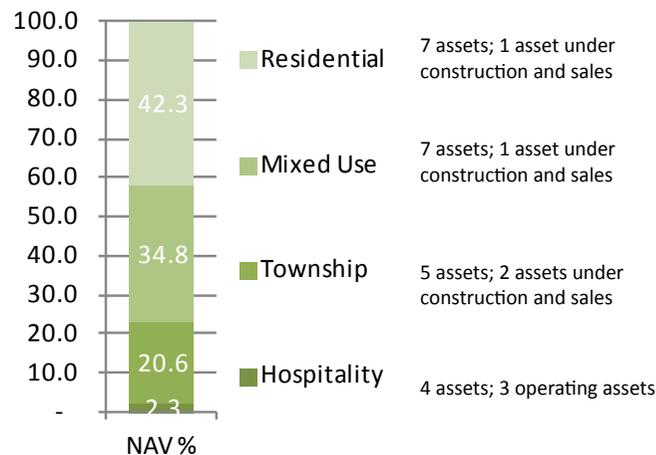
## Year-on-year and month-on-month inflation (%)



## Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	17.3%
Danang Golf and Beach Integrated Development	Central	Residential	13.4%
Dai Phuoc Lotus	South	Township	8.5%
VinaSquare	South	Mixed Use	8.3%
Pavilion Square	South	Mixed Use	7.9%
Times Square Hanoi	North	Mixed Use	6.7%
Aqua City	South	Township	5.7%
Trinity Park HUD	South	Residential	5.0%
Green Park Estate	South	Mixed Use	4.4%
Capital Square	Central	Mixed Use	4.0%
<b>Total</b>			<b>81.1%</b>

## 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	138.8
Capital Square	Central	Mixed Use	6.6

**Total: 4 assets representing a NAV of USD117.6 million**

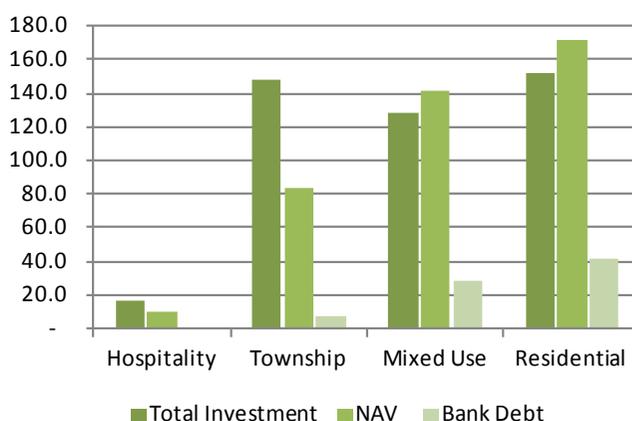
## Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	9.2%
Central region	23.9%
Ho Chi Minh City region	66.9%
<b>Valuation breakdown</b>	
Assets not yet revalued *	4.4%
Assets revalued	95.6%
<b>Development status</b>	
Land banking	7.4%
Planning stage	62.2%
Development stage	29.0%
Operating assets	1.4%

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)
Charles Isaac	Non-executive Director (Independent)
Tran Trong Kien	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

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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/custodian:** Standard Chartered Bank (Singapore & Vietnam)

**Registrar and Transfer Agency:** Orangefield (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.