

Monthly update 30 November 2011

## 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.

[View VNL details.](#)  
[Download VNL factsheet.](#)

## Fund managing director

David Henry

## 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 comment

VNL's share price rose one cent to USD0.74 at the end of November 2011, compared to the end of October 2011. November saw VNL initiate its share buyback programme. A total of 725,000 shares were purchased and cancelled by 30 November 2011, leaving the fund with 499,242,622 shares in issue.

## Real estate market update

Vietnam's real estate market continues to struggle as a result of the high interest rates needed to combat high inflation. The past month has seen a further deterioration in the property sector, with market activity slowing notably. A number of Vietnamese banks are over-exposed to real estate lending, and other long-term loans, and this is now affecting their cashflow. In addition, developers are being squeezed by government actions to further restrict lending to the real estate sector. Both developers and home buyers are finding it extremely difficult to secure loans, and interest rates remain above 20 percent.

Although CPI inflation has peaked and the year-on-year rate is in a declining trend, interest rates are likely to remain high into 2012 to ensure inflation is brought under control. Government policy statements have made it clear that fighting inflation will remain the priority in 2012. The property market is a casualty of this approach, and over the past month the signs of distress are starting to appear among Vietnamese developers. Condominium prices have already declined, and for the first time we are now seeing land prices soften which will be reflected in the year-end project revaluations.

VNL has no debt at the fund level, and debt at the project company level amounts to only 11 percent of NAV which is relatively low when compared to many peer property companies and funds. The majority of VNL's existing debt is with Vietnamese banks, with approximately 60 percent of debt in VND and 40 percent in USD. The interest rate on the USD loans is much lower at approximately 6%, while the VND debt is at approximately 19% and the fund is seeking to negotiate improved terms where possible. The deteriorating global macro situation makes negotiating with international banks more difficult, while Vietnamese banks have also reduced lending to the property sector over recent months. VNL is seeking to divest assets and projects with both Vietnamese and foreign investors however this is becoming increasingly difficult. Over the past month several divestment negotiations have stalled or stopped due to buyers losing confidence in both global and Vietnamese economic conditions, as well as their own source of funding drying up. VNL is continuing to manage fund cash flow prudently.

30 November 2011

NAV **1.35** per share (↑0.7%) q-o-q

Total NAV: USD675 million

## Performance summary\*

	31 Oct 11	Cumulative change:		
		3mth	1yr	3yr
NAV per share	1.35	0.7%	-4.3%	-14.0%
Share price	0.74	-2.6%	-20.4%	-49.0%
Premium/ (Discount)	(45.2%)			
Market cap	369m			
Total NAV	675m			

## Other information

Issued shares	499,242,622
Fundraisings	198m in 2006; 395m in 2007

\* Figures in USD. Return percentages are gross, not annualised.

## Acquisition history

Total assets	37
Peak assets	46
Divestments	9 full + 1 partial, plus residential unit sales
Debt	Fund: Nil    Projects: 11% of NAV

## Performance history (% change on NAV)

	2011	2010	2009	2008	2007
Q1	0.7%	3.0%	-3.3%	12.5%	22.0%
Q2	-2.2%	-0.7%	-9.0%	9.4%	6.1%
Q3	0.7%	3.7%	-0.8%	-2.5%	0.2%
Q4		-3.5%	1.5%	-4.5%	3.2%
YTD	-0.7%	2.3%	-11.3%	14.8%	33.8%

## Macro and capital markets update

### Pressure on VND easing

Vietnam's macro economy showed stability in November, with the pressure on the VND brought under control by the State Bank. The interbank rate stabilised at around VND20,800 per USD, while the open market rate strengthened at the end of November to VND21,200 per USD, from a high of VND21,800 set in October.

CPI inflation for November was 0.39 percent month-on-month, or 19.8 percent year-on-year. Though the figure is higher than October's 0.36 percent, it is down significantly from the April month-on-month peak of 3.32 percent, and August's year-on-year peak of 23 percent. Food prices were the main contributor to inflation in November, rising 3.3 percent month-on-month, while transportation costs benefitted from a drop in gasoline prices. As the holiday celebrations draw near, analysts expect the CPI for December to increase by 0.5 -0.6 percent, with inflation for 2011 full-year of 18-19 percent.

### Trade deficit falls again

The trade deficit continues to show positive trends, as the November figure fell to USD700 million, from USD800 million in October. The full year trade deficit is now expected at USD10-11 billion, an improvement from USD13 billion in 2010. Furthermore, the year end saw a surge in remittances from overseas Vietnamese, with inflows now projected to reach USD9 billion this year, a USD1 billion rise compared to 2010.

November saw a 40-point plunge for the VN Index, which closed the month at 381 points. This was a loss of 9.5 percent in USD terms, making November the third-worst performing month this year. In comparison, the MSCI Asia ex-Japan and MSCI Emerging Market indices dropped 8.4 and 6.7 percent, respectively, as the market continued its jitters on concerns over European debt.

### VN Index trailing P/E at 8.4x

Trading value and volume on both Vietnam's stock exchanges dropped 11.2 and 5.4 percent month-on-month in November, with USD600 million and 1 billion shares changing hands. As of 30 November, the VN Index traded at a trailing P/E of 8.4x, with a combined market cap of USD28.1 billion on Vietnam's two exchanges. Foreign investors were net buyers of USD6.6 million during November, compared to net selling of USD0.4 million the previous month. Significant corporate actions in November included Vinamilk announcing plans to buy back 75,390 shares, Eximbank issuing 179 million shares as a dividend bonus at a ratio of 100:17, and Innovative Technology Development Corp (ITD) gaining approval to list 11.6 million shares on HOSE.

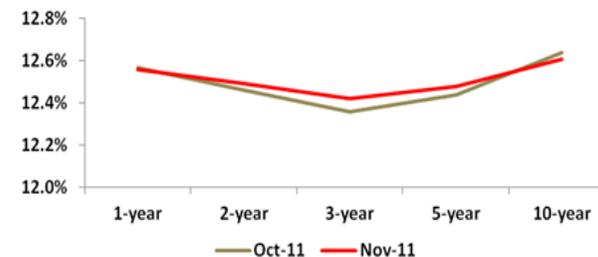
## Macroeconomic indicators and forecast

	2010	Nov-11	YTD	Y-o-Y change
<b>GDP growth<sup>1</sup></b>	6.8%		5.8%	-14.5%
<b>Inflation</b>	11.8%	0.4%	17.5%	19.8%
<b>FDI (USDbn)</b>	18.6	1.4	12.7	16.2%
<b>Imports (USDbn)</b>	84	9.3	96.1	26.4%
<b>Exports<sup>2</sup> (USDbn)</b>	71.6	8.6	87.2	34.7%
<b>Trade deficit (USDbn)</b>	12.4	0.7	8.9	-17.6%
<b>Exchange rate<sup>3</sup> (USD/VND)</b>	19,500	21,011	7.7%	7.7%
<b>Bank deposit rate (VND %)</b>	12.0-14.0%	12.0-14.0%	n/a	n/a

Note: GDP figure updated quarterly. Exchange rate is Vietcombank ask rate at end of period. Sources: GSO, SBV, VCB.

<sup>1</sup> Annualised rate. <sup>2</sup> Includes gold. <sup>3</sup> State Bank central rate.

## Bond yield curve



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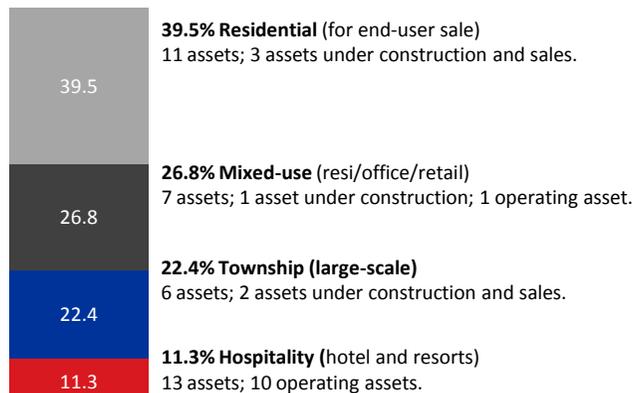
## Top holdings (30 Sep 11)

Project	Location	Type	NAV%
Century 21	South	Residential	12%
Danang Beach Resort	Central	Residential	12%
Dai Phuoc Lotus	South	Township	8%
Pavilion Square	South	Mixed-use	7%
VinaSquare	South	Mixed-use	6%
Times Square Hanoi	North	Mixed-use	5%
My Gia	Central	Township	5%
Aqua City	South	Township	4%
World Trade Centre	Central	Mixed-use	4%
Trinity Park*	South	Residential	4%

\* Previously HUD Dong Tang Long.

**Top 10 assets: 68%**

## Portfolio by sector (30 Sep 11)



**Total: 37 assets**

## Projects carried at cost (30 Sep 11)

Project	Location	Type	Site Area (ha)
Long An	South	Township	1,925
Hoi An South	Central	Township	1,538
Vung Bau	South	Hospitality	238
Trinity Park	South	Residential	34
Green Park Estate	South	Mixed-use	24
Long Truong	South	Residential	20
Hao Khang	South	Residential	4.8

**Total: 7 assets representing NAV of USD81m.**

## Portfolio breakdown (30 Sep 11)

Portfolio by geographic location	NAV%
Hanoi	7%
Central provinces	28%
Ho Chi Minh City region	65%

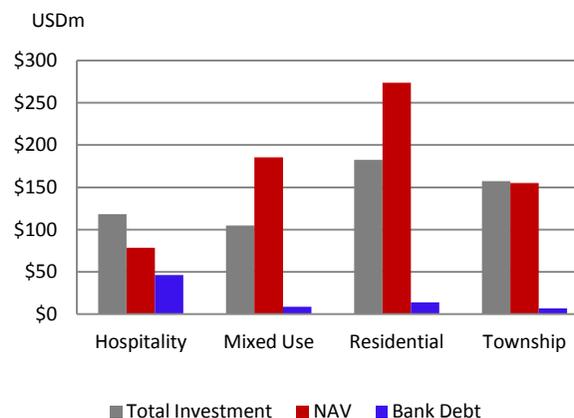
  

Valuation breakdown	NAV%
Assets held at cost	12%
Assets revalued	88%

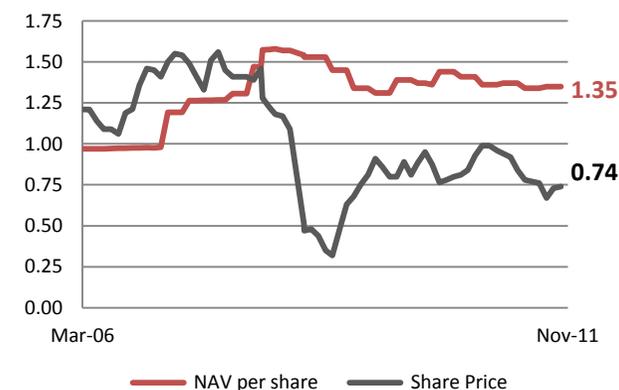
  

Development status	NAV%
Landbanking assets	8%
Planning stage assets	52%
Development stage assets	31%
Operating assets	9%

## NAV by sector (30 Sep 2011)



## NAV and share price performance (30 Nov 2011)



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## VNL Board of Directors

VinaLand Limited (VNL) is led by a Board of Directors composed of a majority of independent non-executive directors.

<b>Nicholas Brooke</b>	Chairman (Independent)
<b>Nicholas Allen</b>	Director (Independent)
<b>Michael Arnold</b>	Director (Independent)
<b>Michel Casselman</b>	Director (Independent)
<b>Stanley Chou</b>	Director (Independent)
<b>Horst Geicke</b>	Director
<b>Charles Isaac</b>	Director (Independent)

## VinaCapital

VinaCapital Investment Management Ltd (VCIM) is the investment manager of VNL.

<b>Don Lam</b>	Chief Executive Officer
<b>Brook Taylor</b>	Chief Operating Officer
<b>David Henry</b>	Managing Director, Real estate
<b>David Blackhall</b>	Deputy Managing Director, Real estate
<b>Jonathan Campbell</b>	Deputy Managing Director, Real estate
<b>Anthony House</b>	Deputy Managing Director, Real estate

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## Fund summary

VinaLand Limited ("VNL") is a closed-end fund trading on the AIM Market of the London Stock Exchange. Download the VNL Factsheet at [www.vinacapital.com](http://www.vinacapital.com)

### Fund launch

22 March 2006

### Term of fund

Seven years and then subject to shareholder vote for continuation

### Fund domicile

Cayman Islands

### Legal form

Exempted company limited by shares

### Structure

Single class of ordinary shares trading on the AIM market of the London Stock Exchange plc.

### Auditor

PricewaterhouseCoopers (Hong Kong)

### Nominated advisor (Nomad)

Grant Thornton Corporate Finance

### Custodian and Administrator

HSBC Trustee

### Brokers

LCF Edmond de Rothschild Securities (Bloomberg: LCFR)  
Numis Securities (Bloomberg: NUMI)

### Lawyers

Lawrence Graham (UK)  
Maples and Calder (Cayman Islands)

### Management and performance fee

Management fee of 2 percent of NAV. Performance fee of 20 percent of total NAV increase after achieving the higher of an 8 percent compound annual return and the high watermark

**Investment manager:** VinaCapital Investment Management Ltd

**Investment policy:** Medium to long term capital gains with some recurring in come through investment in the following real estate sectors: Office; Residential; Retail; Township/Industrial (large scale); and Hospitality and Leisure.

**Investment focus by geography:** Greater Indochina comprising: Vietnam (minimum of 70 percent), Cambodia, Laos, and southern China.