

## 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 unaudited net asset value (NAV) was USD432.1 million or USD0.91 per share at its close of business on 31 March 2014. This represents a decline of 0.4 percent (due to rounding) from a net asset value per share of USD0.91 from its close of business on 31 December 2013.

VNL's share price increased 2.9 percent to USD0.53 as at 31 March 2014, from a closing price of USD0.52 as at 28 February 2014. As a result, the Company's share price to NAV discount is currently 41.3 percent compared to 43.8 percent at the end of February.

During March, VNL repurchased and cancelled 2,155,000 ordinary shares. Since October 2011, the Company has cancelled a total of 23.5 million ordinary shares, representing 4.7 percent of the total shares in issue prior to the commencement of the share buyback program.

## Fund update

With another interest rate cut implemented by the State Bank of Vietnam at the end of March 2014, the cost of lending is continuing to reduce, which encourages buyers of residential products and underpins further stability in the property sector overall. Recent sales market activity is now demonstrating continued improvement and the level of confidence of both residential developers and buyers after a long period of inactivity is now growing slowly. Interest from international investors looking to enter the Vietnam property market to acquire projects and develop, or acquire operating assets is also increasing as Vietnam's overall outlook is better. Nonetheless, the government's ability to support the property market by strengthening the banking system is crucial for this trend to continue. VNL has seen some improvements in residential sales when compared to last year and the year before, and an increase in marketing and branding activities for our projects is now being implemented for 2014 to capitalise on the market momentum.

The Manager continues discussions on a number of project divestment opportunities while also working on the re-launching of existing residential development projects in Q2 2014 as evidence of improvement in demand for residential products in areas of locations in Danang, Ho Chi Minh City and Nha Trang intensifies.

VNL project revaluations were undertaken for the period ending 31 March 2014 with six projects appraised by international valuation consultants. Additionally, a further four projects were also externally appraised as part of the semi-annual update for the interim period. Five of these projects are located in Ho Chi Minh City, one in Hanoi and three projects in the central region of Vietnam. As a result, two project valuations were adjusted upward due to increasing investor interest and some positive market sentiment in the local area; two projects were adjusted downwards; and six project valuations remained the same.

## Performance summary\*

31 March 2014

NAV per share** (USD):	0.91
Change (Quarter-on-quarter)	-0.4%
Total NAV** (USD 'm):	432.1
Share price (USD):	0.53
Market cap (USD 'm):	253.7
Premium/(discount)	-41.3%

\* 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	-0.3	-11.9	-33.8	-37.4
Share price	13.9	25.7	-43.4	66.4

## Quarterly performance history (% change)

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

## Additional portfolio information

Current assets	30
Divestments	16 full and residential unit sales
Debt	Fund level (ZDPs): 5.8% of NAV Project level (Bank): 16.6% of NAV
Shares outstanding	476,475,227

## Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's gross domestic product (GDP) growth reached 4.9 percent in the first quarter of 2014, the highest level of growth for the same period since 2011. The improved growth picture was supported mainly as the services, industry and construction, and agriculture sectors increased 6.0, 4.7 and 2.4 percent, respectively during the quarter.

Vietnam's month-on-month consumer price index (CPI) fell 0.4 percent in March, bringing the year-on-year inflation rate to 4.4 percent, according to the GSO. In March, food and foodstuff prices (40 percent of the CPI basket) fell by nearly 1.0 percent, while prices related to the housing and construction materials sector declined by 0.7 percent. As a result of the lower than expected rate of inflation to start the year, the government has revised its full year target from 7.0 to 6.0 percent.

During the month, the government applied a reduction to the VND deposit rate cap, moving it from 7.0 to 6.0 percent. However, given the current level of inflation, depositors are earning a real return at the bank. Additionally, the rate caps for the discount and refinancing rates were reduced by 50 basis points and lending rates on the country's priority sectors were lowered to 8.0 from 9.0 percent. These changes should help to improve domestic consumer demand and stimulate the banking industry to loan excess liquidity to businesses in need of working capital.

The exchange rate has continued to remain stable, finishing the month at VND21,125 per USD, nearly unchanged as compared to December 2013. Year-to-date, Vietnam's trade surplus has widened to USD1.0 billion, the highest in several years. Combined with the State Bank of Vietnam's (SBV) estimated USD40.0 billion in foreign reserves, there is a case to be made for continued currency stability against the USD.

## Fixed income

The primary bond market strengthened further following interest rate cuts in March with a total of USD1.7 billion worth of government and government-backed bonds issued, an increase of 41.1 percent compared to February. Short-term bond yields naturally fell in March by an average of 50 basis points compared to February. In the secondary market, the total trading volume for government and government-backed bonds increased 32.3 percent to USD2.2 billion for the month of March. Bond yields in the secondary market also fell by 70 to 80 basis points over the short end of the yield curve.

## Media links

Below is a list of recent articles related to the investment environment in Vietnam and VinaCapital activity.

[VinaCapital Economic Report: Potential impact of the Ukraine situation on Vietnam markets](#)

[VinaCapital Economic Report: A second opportunity to get SOE equitisation right](#)

[Wall Street Journal: Vietnam shines as neighbors await export bounce](#)

## Macroeconomic indicators

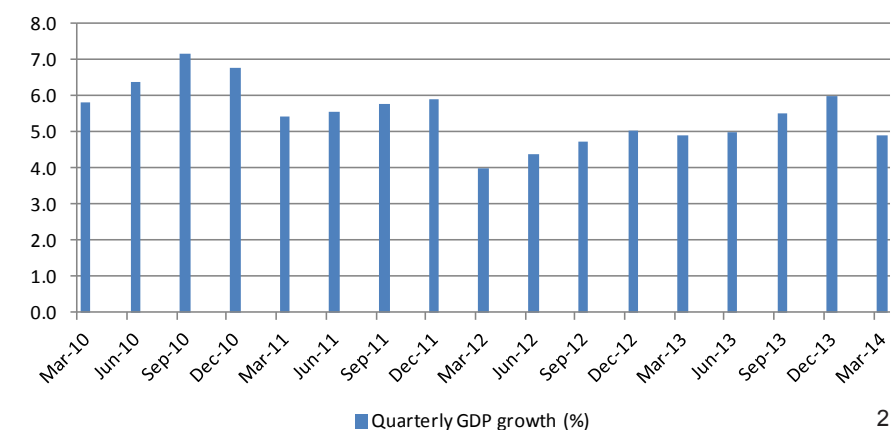
	2013	Mar-14	2014 YTD	Year-on-year
GDP growth <sup>1</sup>	5.4%	4.9%	4.9%	
Inflation	6.0%	-0.4%	0.8%	4.4%
FDI (USDbn)	21.6	1.2	2.0	-38.6%
Imports (USDbn)	131.3	12.3	32.3	12.2%
Exports (USDbn) <sup>2</sup>	132.2	12.0	33.3	14.6%
Trade surplus/(deficit)	0.9	-0.3	1.0	
Exchange rate (USD/VND) <sup>3</sup>	21,115	21,125	-0.05%	-0.02%
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
February-14	5.88	6.50	7.00	7.96
March-14	4.90	5.75	6.33	7.19

## Quarterly GDP growth (%)



## Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	16.0
Danang Beach Resort	Central	Residential	12.3
Dai Phuoc Lotus	South	Township	7.7
Times Square Hanoi	North	Mixed Use	6.3
VinaSquare	South	Mixed Use	5.9
Pavilion Square	South	Mixed Use	5.3
Aqua City	South	Township	5.1
Trinity Park	South	Residential	4.7
Green Park Estate	South	Mixed Use	4.3
World Trade Center Danang	Central	Mixed Use	4.1
<b>Total</b>			<b>71.7</b>

## Portfolio by sector



## Key projects under development

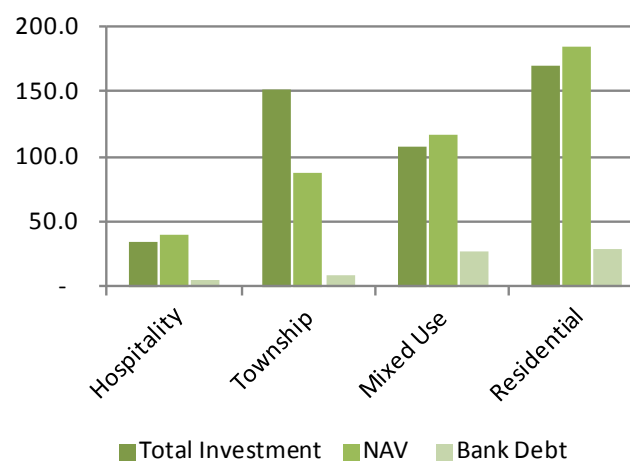
Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	260.0
Dai Phuoc Lotus	South	Township	200.7
My Gia	Central	Township	158.0
World Trade Center Danang	Central	Mixed Use	9.0

**Total: 4 assets representing a NAV of USD116.9 million**

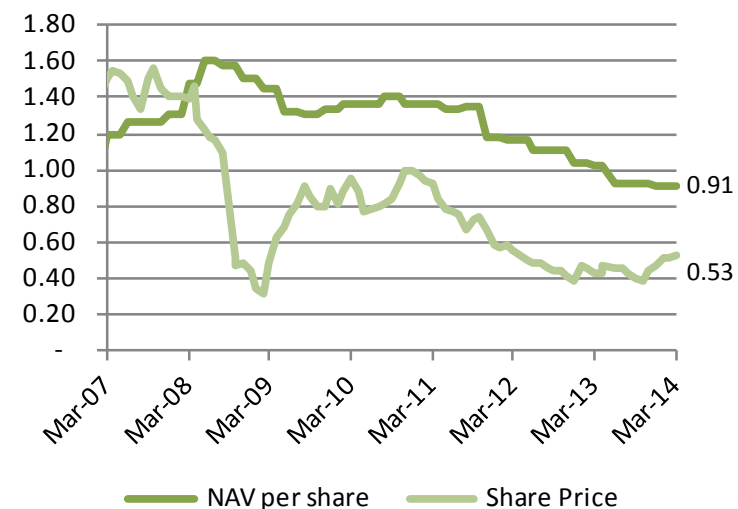
## Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	11.4
Central region	26.3
Ho Chi Minh City region	62.3
Valuation breakdown	
Assets not yet revalued *	7.6
Assets revalued	92.4
Development status	
Land banking	7.9
Planning stage	59.1
Development stage	27.3
Operating assets	5.8

## NAV by sector



## NAV and share price performance



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

\* 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 (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

### 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

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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:** Lawrence Graham (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.