

Monthly update 30 November 2012

## 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 declined 8 percent to USD0.41 as at 30 November 2012, from a closing price of USD0.44 as at 31 October 2012. During November, VNL repurchased and cancelled 1.16 million shares. To date, VNL has cancelled nearly 17 million shares representing 3.4 percent of the Company's 499,967,622 Ordinary Shares in issue prior to the beginning of the share buyback program.

Vietnam's National Assembly ended its last meeting of 2012 outlining the direction for the economy in 2013 which includes a continued goal of stabilizing the macro economy, controlling inflation, and aiming for higher growth. "Breaking the iceberg" in the real estate market is one of the most imperative tasks for 2013 with responsibility given to the Ministry of Construction. The State Bank of Vietnam is also tasked to continue with cleaning up the banking and financial sector throughout the year, ensuring a healthier banking system going forward which should help create liquidity in the property market.

In November, the residential property sector continued to be affected by limited buy side demand from the mass market. Expectation of further price reductions, doubts about the financial capability of developers to complete projects, and nervousness about the state of the economy are among key considerations deterring buyers. Financing is gradually becoming less expensive and more available as banks reduce lending rates to 15 percent with the potential for additional reductions. In the commercial property sector, there is evidence of some activity from foreign and domestic investors looking to acquire assets in Ho Chi Minh City and Hanoi. The perception is that current market valuations represent a good time to enter; however only a few of these deals have progressed or been completed.

VNL has been working on several pipeline divestments over the past few months and continues to make progress in achieving the conditions precedent (CPs) which are primarily Government authority licensing and approvals that are to reflect the entry of new investors. We anticipate these CPs to be finalised in January 2013 for select projects.

On 21 November 2012, VNL held an EGM whereby shareholders supported both recommendations put forth by the Board regarding the continuation of the Company. As a result the Special Resolution, which called for the continuation of the Company as presently constituted, was not passed and the Ordinary Resolution to restructure the Company was passed with a two-thirds approval rate. The Ordinary Resolution establishes the framework to restructure the Company including changes to the Company's investment strategy, distribution policy, investment manager's remuneration and improvements in corporate governance.

30 November 2012

NAV\* **1.11** per share (↓2.6% q-o-q)

Total NAV (unaudited): USD540.3 million

## Performance summary\*\*

	30 Nov 2012	Cumulative change:		
		3mth	1yr	3yr
NAV per share	1.11	-2.6%	-17.6%	-15.1%
Share price	0.41	-9.9%	-44.9%	-49.1%
(Discount)	(63.4%)			
Market cap	196.8m			
Total NAV	540.3m			

## Other information

Shares outstanding 482,998,227

\* NAV and NAV per share data is calculated on a quarterly basis

\*\* Figures in USD. Return percentages are for the period, not annualized.

## Portfolio summary

Current assets	36
Divestments	10 full, 1 partial and residential unit sales
Debt level	Fund: Nil      Projects: 15% of NAV

## Performance history (% change on NAV)

	2012	2011	2010	2009	2008	2007
Q1	-1.7	0.7	3.0	-3.3	12.5	22.0
Q2	-1.7	-2.2	-0.7	-9.0	9.4	6.1
Q3	-2.6	0.7	3.7	-0.8	-2.5	0.2
Q4		-12.6	-3.5	1.5	-4.5	3.2
YTD	-5.8	-13.2	2.3	-11.3	14.8	33.8

**Bond issues in November reached USD705 million, an increase of 80 percent from October.**

## Fixed income

Momentum from October continued into the primary fixed income market throughout November, as a result of ample liquidity in the banking system and persistent low credit growth. In total, USD705 million worth of government and government sponsored bonds was issued during November, an increase of 80 percent over October. As a result, yields declined between 60 - 70bps. For the remainder of 2012, demand for bonds is expected to remain high.

In November, trading activity in the secondary market for government and government sponsored bonds reached USD708 million, an increase of 91 percent from October. Of the total amount traded, 80 percent came from bonds with a tenor of 3 years and below. According to data compiled by Bloomberg, bond yields have declined between 50 - 60bps at the short-end to the yield curve.

## Macroeconomic update

**Vietnam's CPI increased just 0.5 percent in November, bringing year to date inflation to 6.5 percent.**

During the month of November, Vietnam's consumer price index (CPI) rose by just 0.5 percent from the previous month, far less than in October (0.9 percent) and September (2.2 percent). As a result, year to date CPI is now up 6.5 percent. The much lower than expected inflation numbers was a result of a 0.1 percent decline in food and food stuff prices, which accounts for nearly 40 percent of the overall basket of goods used to calculate the index. However, leading the way again, was a 5.2 percent price increase in healthcare services, which compared with a year ago was up 45 percent.

**HSBC's PMI reached 50.5 in November, indicating the potential for an increase in production.**

The Purchasing Managers Index (PMI), a reflection of future production plans, as calculated by HSBC, rose from 48.7 in October to 50.5 in November. The increase is small but notably is a change in direction for expected national output. It was assisted by large discounts offered by businesses to sell excess merchandise over the past several months, which has translated into a pick-up in market demand. The index climbed over 50, indicating an expectation for output increases going forward.

**Credit growth for the year has reached only 4.2 percent.**

With inflation moderating faster than expected, interest rates are moving down accordingly. Additionally, with a continued weakness in demand, businesses are not borrowing as much and therefore, not placing any added pressure on lending rates to rise. However, The State Bank of Vietnam (SBV) continued its policy of promoting credit growth with limited success. As at 20 November 2012, credit growth for the year reached 4.2 percent while growth in M2 and deposits have reached 15.3 and 16.0 percent, respectively.

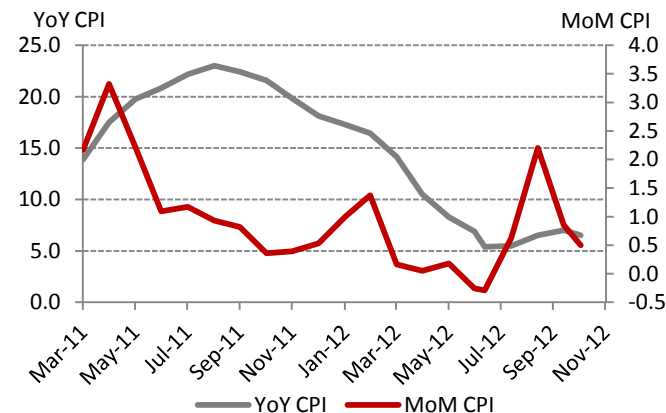
## Macro-economic indicators and forecast

	2011	Nov-12	YTD	Y-o-Y change
<b>GDP growth<sup>1</sup></b>	5.9%		4.7%	
<b>Inflation</b>	18.1%	0.47%	6.5%	7.1%
<b>FDI (USDbn)</b>	14.7	1.7	12.2	-21.4%
<b>Imports (USDbn)</b>	105.8	10.3	104.0	6.8%
<b>Exports<sup>2</sup> (USDbn)</b>	96.3	10.2	104.0	18.4%
<b>Trade deficit (USDbn)</b>	9.5	0.1	0.0	N/A
<b>Exchange rate<sup>3</sup> (USD/VND)</b>	21,036	20,870	-0.8%	0.2%
<b>Bank deposit rate (VND %)</b>	12.0-14.0%	9.0%	-35.7%	-35.7%

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

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

## Inflation Rates



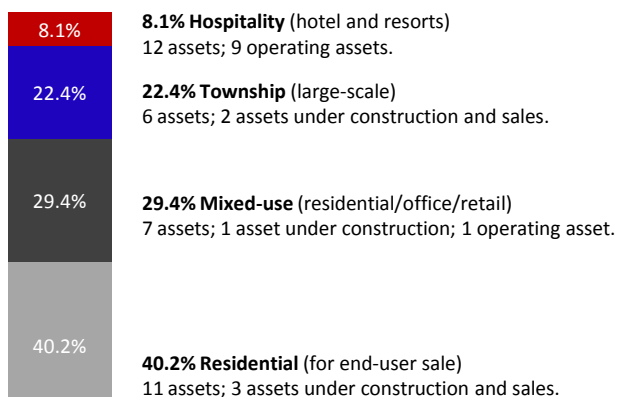
Monthly update 30 November 2012

## Top holdings (30 Sep 12)\*

Project	Location	Type	NAV%
Danang Beach Resort	Central	Residential	12.2%
Century 21	South	Residential	12.2%
Pavilion Square	South	Mixed-use	7.4%
Dai Phuoc Lotus	South	Township	6.8%
Times Square Hanoi	North	Mixed-use	6.1%
VinaSquare	South	Mixed-use	6.0%
My Gia	Central	Township	5.3%
World Trade Centre	Central	Mixed-use	4.7%
Aqua City	South	Township	4.7%
Trinity Park	South	Residential	4.0%

**Top 10 assets: 69.4%**

## Portfolio by sector (30 Sep 12)\*



**Total: 36 assets**

## Projects pending final investment licensing (30 Sep 12)

Project	Location	Type	Site Area (ha)
Long An	South	Township	1,780
Vung Bau	South	Hospitality	238
Trinity Park	South	Residential	34
Green Park Estate	South	Mixed-use	27
Long Truong	South	Residential	20
Hao Khang	South	Residential	5

**Total: 6 assets representing NAV of USD67m**

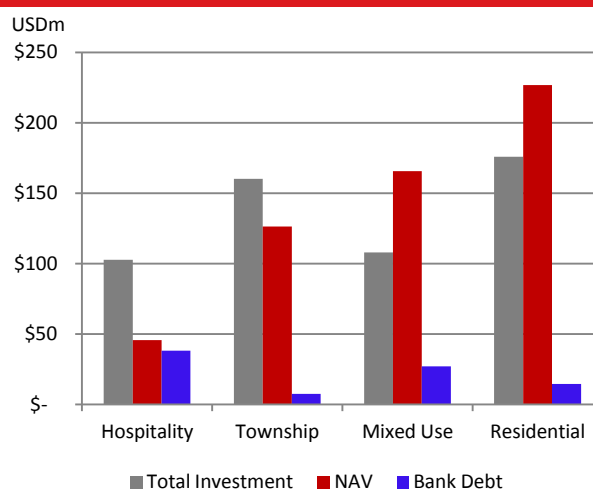
## Portfolio breakdown (30 Sep 12)\*

Portfolio by geographic location	NAV%
Hanoi region	8.2%
Central region	28.9%
Ho Chi Minh City region	63.0%
Valuation breakdown	
Assets not yet revalued **	9.6%
Assets revalued	90.4%
Development status	
Land banking	6.3%
Planning stage	55.0%
Development stage	32.1%
Operating assets	6.6%

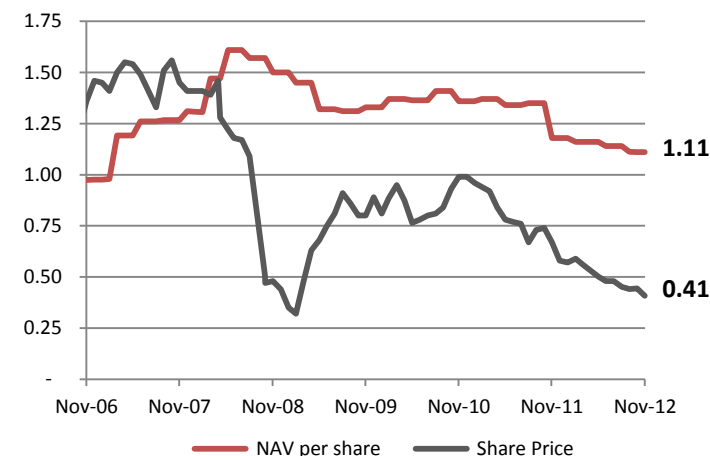
\* All NAV and NAV per share data is calculated on a quarterly basis

\*\* held at cost or below cost

## NAV by sector (30 Sep 12)\*



## NAV and share price performance (30 Nov 12)\*



Monthly update 30 November 2012

## 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>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, new three year term commenced 22 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

**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

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 fixed at USD8.25 million per annum until 21 November 2013, reducing each year thereafter until 21 November 2015. There are no performance fees, but the recovery of the accrued performance fee is linked to distributions to shareholders.

**Investment manager:** VinaCapital Investment Management Ltd

**Investment policy:** The Fund is now in a three year 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 their value.

**Investment focus by geography:** All existing investments are located in Vietnam. There will be no new investments during the current cash return period.