

Monthly update 31 January 2013

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 Blackhall

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 increased 20.5 percent to USD0.47 as at 31 January 2013, from a closing price of USD0.39 as at 31 December 2012. As a result, the share price to NAV discount narrowed to 55.8 percent in January from 64.0 percent a month ago. Identifiable factors driving the recent positive movement in the share price are the elimination of the long standing uncertainty regarding the future of VNL and its strategy following the extraordinary general meeting (EGM) held on 21 November 2012 and the removal of selling pressure from investors reducing their holdings. The Company's new strategy is currently being implemented by both the Board of Directors and the Manager as part of the shareholder approved reorganization.

During January, VNL repurchased and cancelled 0.55 million shares, of which the Company has cancelled a total of 17.5 million shares (3.50 percent) since the beginning of the programme in October 2011.

On 15 January 2013, VNL announced the divestment of its stake in the 30 Nguyen Du property, a small office building located in Hanoi. The Nguyen Du office building is an operating asset with 2,240 square metres of net leasable area which was originally acquired by VNL in 2008 for future redevelopment into an inner city boutique hotel. However, subsequent to this acquisition the market experienced a significant increase in the number of 3 star hotels being developed in central Hanoi and the building continued to maintain around 90 percent occupancy during this time. The Investment Manager decided to retain the asset as an operating C-grade office building. With the change in the development strategy of VNL in 2011, the property was earmarked as a non-core asset and a buyer was sourced to facilitate an exit. VNL sold its entire 65 percent stake in the project at a valuation 6.5 percent above the current net asset value, resulting in USD3.3 million in net proceeds for the Company.

On 18 January 2013, Mr. Horst F. Geicke resigned as a member of the Board with immediate effect to pursue his other business interests.

Additionally, Mr. David Blackhall, has been appointed the role of Managing Director for VNL's investment manager, VinaCapital Investment Management Ltd, effective 1 February 2013.

Mr. Blackhall replaced David Henry who is leaving VinaCapital to pursue career opportunities in Australia. Mr. Blackhall joined VinaCapital in 2007 and has 28 years experience in property, design and construction, with the last 20 years in real estate fund and asset management.

Many shareholders are familiar with Mr. Blackhall who was an integral part of the investment management team working on the reorganization of VNL, leading up to the EGM held in November 2012 where a new three-year strategy was passed by shareholders.

31 December 2012

NAV* **1.07** per share (↓3.6% q-o-q)

Total NAV (unaudited): USD516.3 million

Performance summary**

	31 Jan 2013	Cumulative change:		
		3mth	1yr	3yr
NAV per share	1.07	-3.6%	-9.4%	-19.6%
Share price	0.47	6.5%	-18.5%	-46.9%
(Discount)	(55.8%)			
Market cap	228.0m			
Total NAV	516.3m			

Other information

Shares outstanding 482,448,227

* 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	35
Divestments	11 full, 1 partial and residential unit sales
Debt level	Fund: Nil Projects: 16% 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	-3.6	-12.6	-3.5	1.5	-4.5	3.2
YTD	-9.4	-13.2	2.3	-11.3	14.8	33.8

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January CPI increased 1.25 percent month-on-month, a 7.1 percent increase from a year ago.

Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's January consumer price index rose 1.25 percent month-on-month, representing a 7.1 percent increase from a year ago. Pricing pressure generally occurs ahead of the Lunar New Year, however the primary driver for the January CPI figure came as a result of a 7.7 percent month-on-month increase in health care. Prices for food and foodstuffs, which represents approximately 40 percent of the CPI calculation, rose by just 0.3 percent. Government policy is still focused on keeping inflation at a reasonable rate to mitigate its effect on the markets as it did from 2010 through 2011.

Vietnam recorded a USD200 trade surplus for the month of January.

In January Vietnam recorded a USD200 million trade surplus to begin the year. This initial surplus, however, was smaller than the revised figures in December 2012 (USD500 million surplus), as imports increased 15 percent month-on-month, while exports grew just 3.6 percent. This notable rise in imports is attributable to the strong demand for overseas goods preceding the Lunar New Year in February.

In January, the exchange rate remained unchanged at VND20,865 per USD. The State Bank of Vietnam has successfully kept the currency from depreciating versus the USD for the past 13 months, as a result of robust capital inflows from foreign direct investment (USD11 billion) and remittances (USD10 billion), a trade surplus for all of 2012, and a balance of payments surplus of approximately USD10 billion.

Fixed income

Primary bond activity fell by nearly 50 percent in January compared to December 2012.

Within Vietnam's primary bond market, only USD646 million worth of government and government sponsored bonds were issued in January, a 50 percent decline from December 2012. The average yield rate increased 40 bps on short term (2- and 3-year) and 35 bps on 5-year State Treasury bonds. Demand for fixed income is expected to remain strong throughout 2013, which should lead to lower bond yields in the coming months.

The secondary market was active in January given the shortage in demand within the primary market. A total of USD1.5 billion worth of government and government sponsored bonds exchanged hands, an increase of 15 percent from December 2012. Over 62 percent of all bond activity occurred in short to medium term bonds (3 years and below) and according to data compiled by Bloomberg, yields declined between 40 to 70bps for all bonds from the previous month.

Macro-economic indicators and forecast

	2012	Jan-13	YTD	Y-o-Y change
GDP growth¹	5.0%	-	-	-
Inflation	6.8%	1.25%	1.25%	7.1%
FDI (USDbn)	13.0	0.3	0.3	-25.0%
Imports (USDbn)	114.3	9.9	9.9	42.3%
Exports² (USDbn)	114.6	10.1	10.1	43.2%
Trade surplus/(deficit) (USDbn)	0.3	0.2	0.2	-
Exchange rate³ (USD/VND)	20,855	20,865	0.0%	0.2%
Bank deposit rate (VND, %)	8.0%	8.0%	0.0%	-4.0%

Sources: GSO, SBV, VCB.

¹ Annualized rate, updated quarterly. ² Includes gold. ³ Vietcombank ask rate

Govt bond yields	1 yr	2 yr	3 yr	5 yr	10 yr
December 2012	8.4%	8.8%	9.1%	9.6%	10.2%
January 2013	7.8%	8.4%	8.6%	8.9%	9.5%

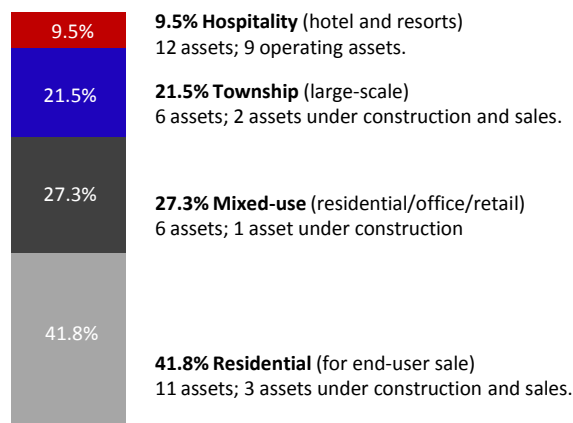
Source: Bloomberg

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Top holdings (31 Dec 12)*

Project	Location	Type	NAV%
Century 21	South	Residential	13.8%
Danang Beach Resort	Central	Residential	13.4%
Pavilion Square	South	Mixed-use	7.9%
Dai Phuoc Lotus	South	Township	6.4%
Times Square Hanoi	North	Mixed-use	5.5%
VinaSquare	South	Mixed-use	5.2%
My Gia	Central	Township	4.8%
Aqua City	South	Township	4.5%
Trinity Park	South	Residential	4.2%
World Trade Centre	Central	Mixed-use	3.9%
Top 10 assets:			69.7%

Portfolio by sector (31 Dec 12)*



Total: 35 assets

Projects pending final investment licensing (31 Dec 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	16
Long Truong	South	Residential	20
Hao Khang	South	Residential	5

Total: 6 assets representing NAV of USD64m

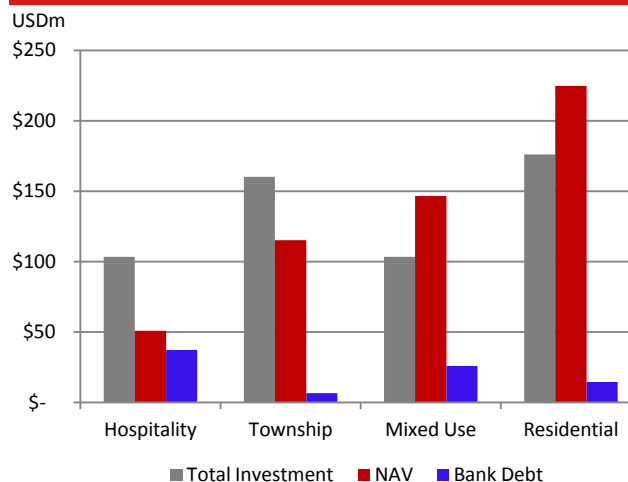
Portfolio breakdown (31 Dec 12)*

Portfolio by geographic location	NAV%
Hanoi region	8.2%
Central region	28.6%
Ho Chi Minh City region	63.2%
Valuation breakdown	
Assets not yet revalued **	11.5%
Assets revalued	88.5%
Development status	
Land banking	6.0%
Planning stage	56.3%
Development stage	31.3%
Operating assets	6.4%

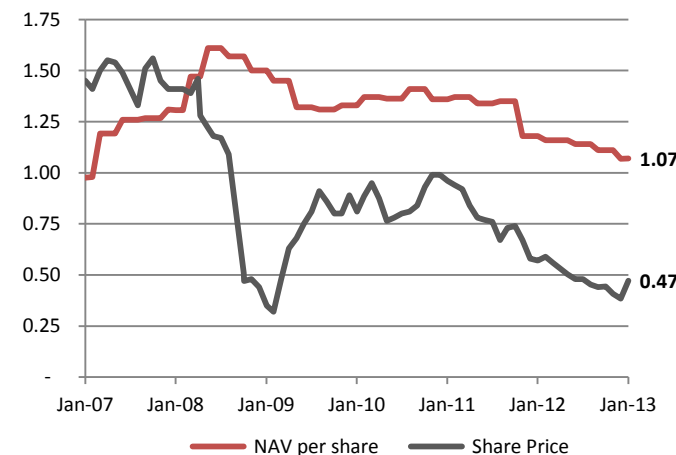
* All NAV and NAV per share data is calculated on a quarterly basis

** held at cost or below cost

NAV by sector (31 Dec 12)*



NAV and share price performance (31 Jan 13)



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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.

Nicholas Brooke	Chairman (Independent)
Nicholas Allen	Director (Independent)
Michael Arnold	Director (Independent)
Michel Casselman	Director (Independent)
Stanley Chou	Director (Independent)
Charles Isaac	Director (Independent)

VinaCapital

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

Don Lam	Chief Executive Officer
Brook Taylor	Chief Operating Officer
David Blackhall	Managing Director, Real estate
Anthony House	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

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

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 22 November 2013, reducing each year thereafter until 22 November 2015. 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 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 focus by geography: All existing investments are located in Vietnam. There will be no new investments during the current cash return period.