

## 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.

[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 8.5 percent to USD0.51 as at 31 January 2014, from a closing price of USD0.47 as at 31 December 2013. As a result, the company's share price to NAV discount is currently 44.8 percent compared to 49.2 percent in December 2013.

During January, VNL repurchased and cancelled 450,000 ordinary shares. Since October 2011, the Company has cancelled a total of 20.8 million ordinary shares, representing 4.15 percent of the total shares in issue prior to the commencement of the share buyback program.

On 26 – 27 February 2014, the Investment Manager will present an update of the Company to shareholders at the Edmond de Rothschild Emerging Markets Funds 2014 Conference in London. The VNL presentation will provide an update on performance over the last 12 months and VNL's strategy going forward. The presentation will be posted to the Company's website and available for all shareholders to download at the time of the conference.

## Fund update

On 21 January 2014, VNL announced the divestment of its stake in Vina Properties Pte Ltd. which owns a 5-star hotel located in Ho Chi Minh City. The asset is an operating 278-room 5-star hotel which also includes restaurants, an electronic gaming operation, and retail areas. The hotel, which is situated in Ho Chi Minh City between the city centre and the airport, was acquired by VNL in 2007 and refurbished in 2010 to capitalise on the fast growing tourism business in Ho Chi Minh City. The Company's stake in the project resulted in net proceeds of USD16.1 million which is 19.0 percent above the net asset value at 31 December 2013. As a result of the divestment, the Company's debt from the consolidated balance sheet has also been reduced by USD1.7 million. This divestment is consistent with the Company's strategy to divest hospitality assets over the next two years. The proceeds will be utilised to fund future distributions to shareholders and ongoing operating costs.

The 18-hole Dunes Golf Course within VNL's Danang Beach Resort project recently won two awards from the Asian Golf Summit including the "Best Golf Course in Vietnam 2013" and "Top 10 Course Asia Pacific 2013" awards. This will not only improve exposure for the golf course, but also assist in marketing efforts for the Danang Beach Resort project overall.

## Performance summary\*

31 January 2014

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	0.0%
Total NAV** (USD 'm):	439.0
Share price (USD):	0.51
Market cap (USD 'm):	243.2
Premium/(discount)	-44.8%

\* 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	0.0	-11.5	-32.4	-38.7
Share price	31.4	7.4	-48.7	15.3

## Quarterly performance history (% change)

	2013	2012	2011	2010	2009
Q1	-1.0	-1.7	0.7	3.0	-3.3
Q2	-9.7	-4.3	-2.2	-0.7	-9.0
Q3	-1.1	0.0	0.7	3.7	-0.8
Q4	0.0	-6.3	-12.6	-3.5	1.5
YTD	-11.5	-11.9	-13.2	2.3	-11.3

## Additional portfolio information

Current assets	30
Divestments	16 full, 1 partial and residential unit sales
Debt	Fund level (ZDPs): 5.6% of NAV Project level (Bank): 15.1% of NAV
Shares outstanding	479,198,227

## Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's month-on-month consumer price index (CPI) grew by 0.7 percent. Vietnam's January price increases were driven by higher prices for housing and construction materials as well as for apparel, headwear and footwear. Additionally, the country's annual inflation rate fell from 6.0 percent in December to 5.5 percent in January. Inflation has thus fallen below the State Bank of Vietnam's (SBV) target range of between 6.0 and 6.5 percent. However, we believe that price adjustments in healthcare, education and fuel will continue to be the main drivers of pressure throughout the year and project an inflation rate of between 6.5 and 7.0 percent in 2014.

HSBC's January Purchasing Managers' Index (PMI) rose to 52.1, the highest level since April 2011, based on strong growth in output and new orders. This expansion in manufacturing is considered an encouraging sign that Vietnam's economy is gradually improving. We believe that manufacturing will maintain this steady pace of recovery throughout 2014, as foreign direct investment and the export markets continues to expand.

In January, the exchange rate remained at approximately VND21,115 per USD, representing a 1.2 percent increase from VND20,855 per USD a year ago. Remittances from overseas Vietnamese which generally spike during the Lunar New Year holiday and inflows from foreign investment have helped stabilise the currency in January. There has been little to no upward pressure on the foreign exchange rate and therefore, the SBV has been able to enter the market and purchase USD with the intention of building up its reserves and helping the export markets.

## Fixed income

The primary bond market remained strong in January with a total of USD1.0 billion worth of government and government-backed bonds issued, an increase of 26.0 percent compared to December. Bonds issued by the State Treasury remained the most favourable and accounted for 57.0 percent or USD581.0 million of total issued volume.

Bond yields continued their move lower in January with two- to five-year issues falling by 21 to 33 basis points compared to their last issues in December. In January, the Vietnam Development Bank successfully issued USD414 million worth of two- to ten-year VDB bonds at yields approximately 25 to 45 basis points lower than in December.

In the secondary market, the total trading volume for government and government-backed bonds fell to USD1.4 billion for the month of January, approximately 41.0 percent less than what exchanged hands in December. Despite a continuing decline in bond yields, which fell by 5 to 20 basis points along the yield curve, demand was restricted ahead of the Lunar New Year holiday.

## Macroeconomic indicators

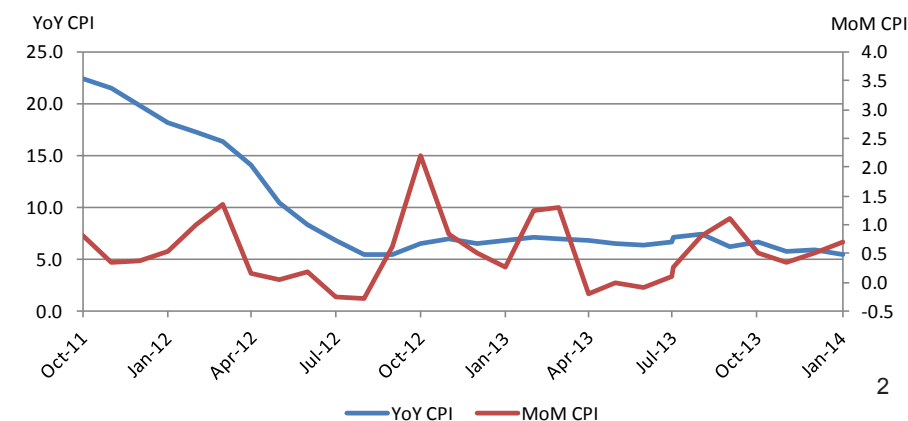
	2013	Jan-14	YTD	Y-o-Y change
GDP growth <sup>1</sup>	5.4%			
Inflation	6.0%	0.7%	0.7%	5.5%
FDI (USDbn)	21.6	0.2	0.2	-33.3%
Imports (USDbn)	131.3	10.4	10.4	5.1%
Exports (USDbn) <sup>2</sup>	132.2	10.3	10.3	2.0%
Trade surplus/(deficit)	0.9	-0.1	-0.1	
Exchange rate (USD/VND) <sup>3</sup>	21,115	21,113	-0.0%	1.2%
Bank deposit rate (VND)	7.5%	7.5%	-50 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
December-13	6.41	6.93	7.39	8.31
January-14	6.20	6.90	7.28	8.25

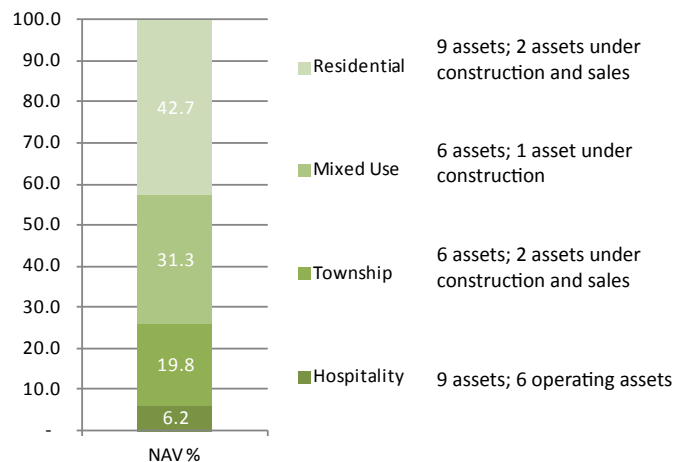
## Year-on-year and month-on-month inflation (%)



## Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	15.8
Danang Beach Resort	Central	Residential	12.8
Pavilion Square	South	Mixed Use	8.7
Dai Phuoc Lotus	South	Township	7.4
VinaSquare	South	Mixed Use	6.4
Times Square Hanoi	North	Mixed Use	6.2
Aqua City	South	Township	4.6
World Trade Center Danang	Central	Mixed Use	4.4
Trinity Park	South	Residential	4.3
Green Park Estate	South	Mixed Use	4.2
<b>Total</b>			<b>74.7</b>

## Portfolio by sector



## Key projects under development

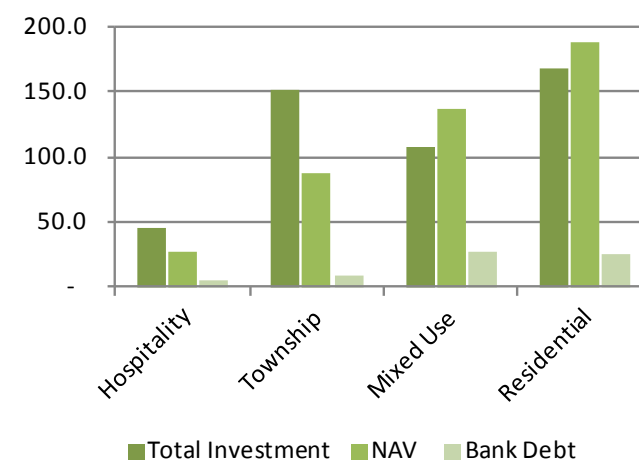
Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	260.0
Dai Phuoc Lotus	South	Township	200.7
My Gia	Central	Township	158.0
World Trade Center Danang	Central	Mixed Use	9.0

**Total: 4 assets representing a NAV of USD122.5 million**

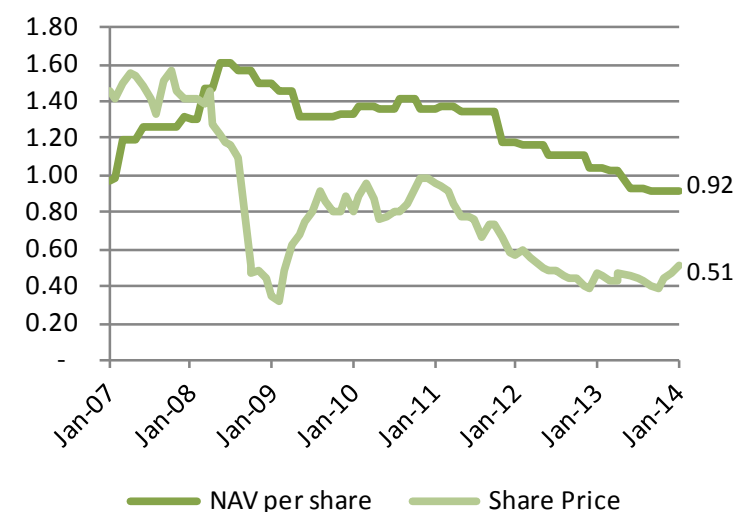
## Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	8.6
Central region	27.1
Ho Chi Minh City region	64.3
Valuation breakdown	
Assets not yet revalued *	8.2
Assets revalued	91.8
Development status	
Land banking	7.6
Planning stage	60.8
Development stage	28.6
Operating assets	3.0

## 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)
Stanley Chou	Non-executive Director (Independent)
Charles Isaac	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

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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.