

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 share price increased 12.8 percent to USD0.44 as at 30 November 2013, from a closing price of USD0.39 as at 31 October 2013. As a result, the company's share price to NAV discount is currently 51.8 percent compared to 58.0 percent in October.

During November, VNL repurchased and cancelled 300,000 ordinary shares. Since October 2011, the Company has cancelled a total of 20.3 million ordinary shares, representing 4.1% of the total shares in issue prior to the commencement of the share buyback program.

Fund update

On 28 November 2013 in Zurich, Switzerland, VNL held its first Annual General Meeting (AGM). Ahead of the formal AGM, the Investment Manager provided shareholders with an update on the investment environment in Vietnam and the latest developments of the Fund. At the AGM, the shareholders of VNL supported the unanimous recommendations by members of the Board regarding all five resolutions put to vote.

In late October 2013, VNL's The Ocean Villa Beachfront development was awarded a "Highly Commended" award in its category at the South East Asia Property Awards. This will help to support marketing of the Danang Beach Resort project as well as other developments in the portfolio.

On 6 December 2013, VNL announced the proposed issue of up to GBP20.0 million zero dividend preference shares (ZDP shares) at a price of 100 pence per share. On the same day, VinaLand ZDP Ltd published a prospectus to support the issue by way of a placing and offer for subscription (together the "Issue").

The ZDP shares have a term of three years with the final capital entitlement being paid in 2016. The gross redemption yield of the ZDP shares will be determined by way of a book-build, reflecting orders received pursuant to the Issue. Potential investors will be asked to indicate the number of ZDP shares they wish to acquire via the Issue, at different gross redemption yields ranging from 7.0 to 8.0 percent. The Issue orders will then be aggregated and the gross redemption yield set at a point where demand exceeds or equals the Gross Issue Proceeds (being the aggregate value of the ZDP shares issued under the Issue at the Issue Price). The Net Issue Proceeds will be used by VNL to assist in re-financing the Group's project level debt facilities as they mature across its development portfolio, to fund potential capital investments in its project companies as necessary, and for general working capital purposes.

Performance summary*

30 November 2013

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	-1.1%
Total NAV** (USD 'm):	443.7
Share price (USD):	0.44
Market cap (USD 'm):	212.8
Premium/(discount)	-51.8%

* 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	-1.1	-17.1	-34.8	-41.4
Share price	3.5	8.9	-52.3	-5.6

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		-6.3	-12.6	-3.5	1.5
YTD	-11.9	-13.2	2.3	-11.3	

Additional portfolio information

Current assets	32
Divestments	14 full, 1 partial and residential unit sales
Bank debt level	Fund: Nil Projects: 14.0% of NAV
Shares outstanding	479,648,227

Macroeconomic update

In November, month-on-month the consumer price index (CPI) grew by 0.3 percent, continuing the trend of lower inflation from September. Contributing factors to this month's CPI were downward adjustments in fuel price and lacklustre consumer demand. The government reduced the retail price of fuel twice recently, once in October and again in mid-November. Both reductions contributed to the stabilization of transport costs. However, food and foodstuff prices increased 0.62 percent, mostly due to the reduction in crop supply during the current rainy season, somewhat aggravated by typhoon Haiyan. Consumers continued to constrain their expenditure due to a noticeable slowdown in personal income growth.

In November a spike in the unofficial foreign exchange rate was caused by some concern about the higher demand for USD towards year end. Unofficial exchange rates rose to VND21,240 per USD, very close to the upper-band ceiling of 21,246. Much of the increase in demand for USD is the seasonality effect of an increase in imports of consumers goods, which tend to rise in Q4 ahead of the holiday season. However, as the market showed, current USD supply proved to be quite adequate and the market rate soon subsided to around VND21,125.

HSBC's November Purchasing Managers Index (PMI) declined from 51.5 in October to 50.3, reflecting a continued weakness in manufacturing. However, the index has remained above the 50.0 threshold, indicating a net expansion in this sector. Both input and output prices continued to rise in November. Manufacturers input costs increased as a result of a scarcity of raw materials, however, output prices also rose (though not as much) to maintain profit margins.

Fixed income

Risk appetite for the primary bond market declined slightly in November driven by improved credit growth (7.21 percent as at 30 November 2013) and concern over a larger budget deficit, which was adjusted from 4.8 to 5.3 percent of GDP. In November, a total of USD735.2 million worth of government and government-backed bonds were issued, a decline of 16.0 percent compared to USD875.9 million (revised from USD660.0 million) in the previous month. Short-term bond yields increased slightly by 10 basis points compared to October. Five- and ten-year bond yields remained flat at 8.50 and 8.89 percent, respectively drawing less interest from bond investors. Additionally, the government successfully issued USD57.4 million worth of fifteen-year government bonds at a 9.00 percent yield. The Vietnam Development Bank (VDB) also issued USD160.7 million worth of two- to five-year bonds, with five-year VDB bond yield increasing 35 basis points to reach 9.45 percent.

In the secondary market, activity was more robust in November, bolstered by a moderate increase in bond yields. Approximately USD909.4 million worth government and government-backed bonds exchanged hands in November, an increase of 12.0 percent compared to total trading volume in October. Short-term bond yields stayed relatively flat over the month while long-term bond yields increased slightly by 5 to 10 basis points compared to previous month.

Macroeconomic indicators

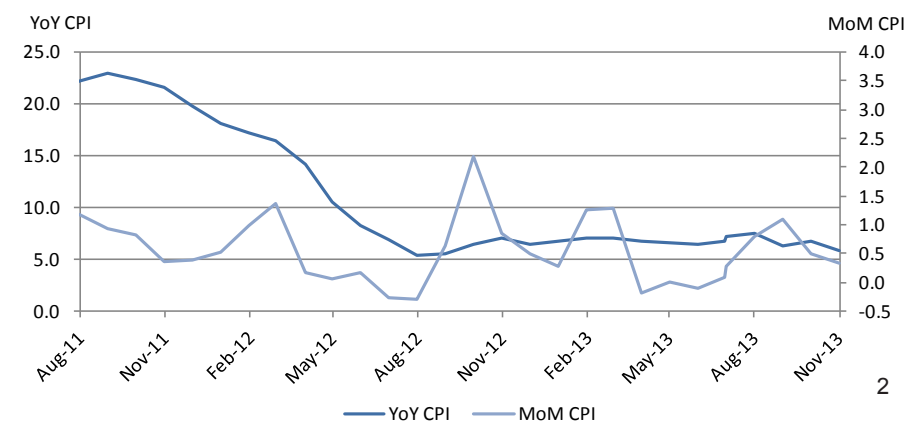
	2012	Nov-13	YTD	Y-o-Y change
GDP growth ¹	5.0%		5.1%	
Inflation	6.8%	0.3%	5.5%	5.8%
FDI (USDbn)	13.0	1.6	20.8	54.2%
Imports (USDbn)	114.3	12.2	121.1	18.9%
Exports (USDbn) ²	114.6	12.3	121.0	16.5%
Trade surplus/(deficit)	0.8	0.1	-0.1	
Exchange rate (USD/VND) ³	20,855	21,120	1.3%	1.3%
Bank deposit rate (VND)	8.0%	7.5%	-6.3%	-31.8%

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
October-13	6.63	7.41	7.77	8.60
November-13	6.70	7.50	7.90	8.65

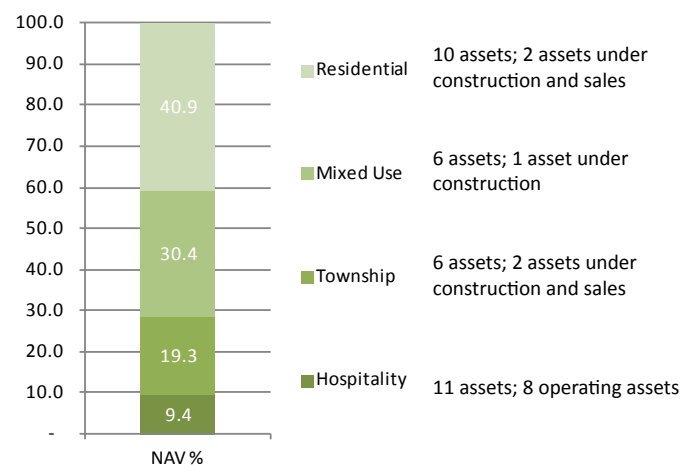
Year-on-year and month-on-month inflation (%)



Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	15.3
Danang Beach Resort	Central	Residential	11.8
Pavilion Square	South	Mixed Use	8.4
Dai Phuoc Lotus	South	Township	7.0
VinaSquare	South	Mixed Use	6.2
Times Square Hanoi	North	Mixed Use	6.1
Aqua City	South	Township	4.5
World Trade Center Danang	Central	Mixed Use	4.3
Trinity Park	South	Residential	4.1
Green Park Estate	South	Mixed Use	4.1
Total			71.6

Portfolio by sector



Key projects under development

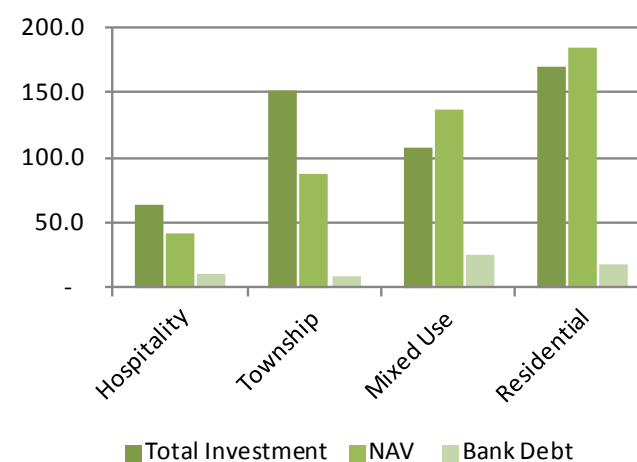
Project	Location	Type	Site Area (ha)
Danang Beach Resort	Central	Residential	260.0
Dai Phuoc Lotus	South	Township	200.7
My Gia	Central	Township	158.0
World Trade Center Danang	Central	Mixed Use	9.0

Total: 4 assets representing a NAV of USD119.8 million

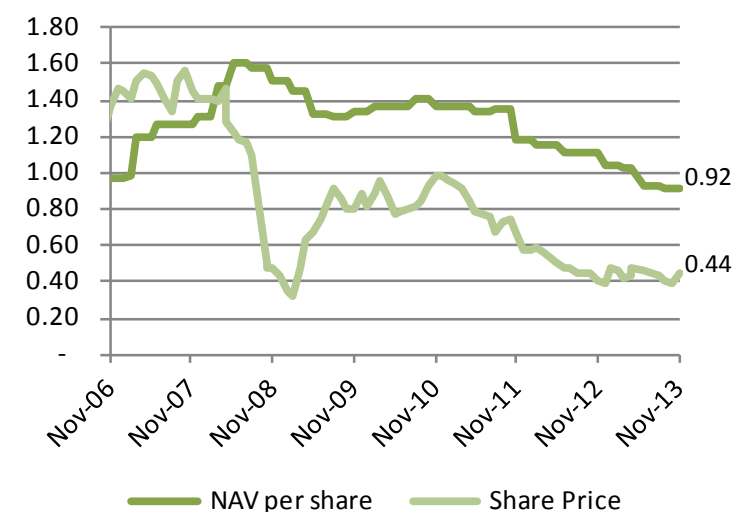
Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	8.7
Central region	25.6
Ho Chi Minh City region	65.6
Valuation breakdown	
Assets not yet revalued *	8.3
Assets revalued	91.7
Development status	
Land banking	7.8
Planning stage	59.0
Development stage	27.1
Operating assets	6.1

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 USD8.25 million per annum until 22 November 2013, 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.