

## 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 2.0 percent to USD0.52 as at 28 February 2014, from a closing price of USD0.51 as at 31 January 2014. As a result, the company's share price to NAV discount is currently 43.8 percent compared to 44.8 percent in January.

During February, VNL repurchased and cancelled 568,000 ordinary shares. Since October 2011, the Company has cancelled a total of 21.3 million ordinary shares, representing 4.27 percent of the total shares in issue prior to the commencement of the share buyback program.

## Fund update

On 24 February 2014, VNL announced that the Board of Directors has appointed Mr. Daniel McDonald as a new Independent Non-executive Director, effective 19 February 2014. Mr. McDonald has replaced Mr. Stanley Chou, who has resigned from the VNL Board. Mr. Chou was elected as a Non-executive Director in 2011 and was a member of VNL's Valuation Committee. The VNL Board therefore continues to comprise of five Independent Non-executive Directors. As such, Mr. McDonald has also been appointed as a new Independent Non-executive Director to the Company's subsidiary, VinaLand ZDP Ltd.

On 26 – 27 February 2014, the Manager presented an update on the Company to shareholders at the Edmond de Rothschild Emerging Markets Funds 2014 Conference in London. One-on-one meetings with shareholders were also conducted involving members of the Board and the Manager. The VNL presentation provided an update of Vietnam's macroeconomic and real estate market conditions and the future outlook, as well as VNL's performance over the last twelve months and its strategy going forward. A copy of the presentation can be found by clicking [here](#).

Vietnam's economy is continuing to recover gradually with improved macroeconomic indicators, primarily as a result of the aggressive steps taken by the government to curb inflation, stabilise the exchange rate, and gradually tackle the banking sector's non-performing loans. As such, the real estate market has slowly begun to show some signs of improvement over recent months with new launches and transactions. The Investment Manager has witnessed an increase in the number of inquiries from both local and foreign investors looking to re-enter the real estate market. Although during the month it was announced that third party offer discussions have ceased, negotiations on project divestment opportunities are ongoing.

## Performance summary\*

28 February 2014

NAV per share** (USD):	0.92
Change (Quarter-on-quarter)	0.0%
Total NAV** (USD 'm):	439.0
Share price (USD):	0.52
Market cap (USD 'm):	247.7
Premium/(discount)	-43.8%

\* 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	16.6	11.6	-46.1	47.9

## 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 and residential unit sales
Debt	Fund level (ZDPs): 5.6% of NAV Project level (Bank): 15.1% of NAV
Shares outstanding	478,630,227

## Macroeconomic update

According to the General Statistics Office (GSO), Vietnam's month-on-month consumer price index (CPI) grew by just 0.5 percent in February, which equates to 4.6 percent year-on-year. This represents the lowest rate of inflation in over five years. The price of food and foodstuffs (40 percent of the CPI basket) remained moderate because of ample supply and a lack of weather related crop damage. The price of gasoline increased slightly by 1.2 percent, reflecting a government policy to spread administered price increases throughout the entire year.

The exchange rate continued its run of nearly two years of stability, finishing the month at VND21,110 per USD, unchanged as compared to January. There continues to be no foreseeable upward pressure on the foreign exchange rate. The State Bank of Vietnam (SBV) is now estimated to have approximately USD40.0 billion in foreign reserves, which would cover four months of imports. Vietnam is currently running with an approximate USD250 million trade surplus year-to-date, with an expectation that the overall balance of payments will remain in surplus throughout 2014.

The overall economy has started the year off in fairly good shape. HSBC's Purchasing Managers Index (PMI) was 51.0 in February and has remained above 50.0 for six consecutive months, which implies expansion in the manufacturing sector. Exports have been dominated by foreign direct investors who have set up operations in Vietnam, representing 60.0 percent of total exports. We believe that Vietnam's economy will continue to stabilize and follow a slow-to-moderate growth pattern, defined as an annual increase in real GDP at approximately 5.5 to 6.0 percent.

## Fixed income

The primary bond market strengthened again in February with a total of USD1.2 billion worth of government and government-backed bonds issued, an increase of 16.0 percent compared to January. Short-term bond yields fell in February by 44 to 62 basis points compared to January. In the secondary market, the total trading volume for government and government-backed bonds increased 24.0 percent to USD1.7 billion for the month of February. Bond yields in the secondary market also fell by 30 to 40 basis points over the short end of the yield curve, falling by only 5 basis points for long-term issues.

## Media links

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

[Forbes: Vietnam's Market Emerging Again With Vietnam Opportunity Fund's Andy Ho](#)

[VinaCapital Market prospects for 2014](#)

## Macroeconomic indicators

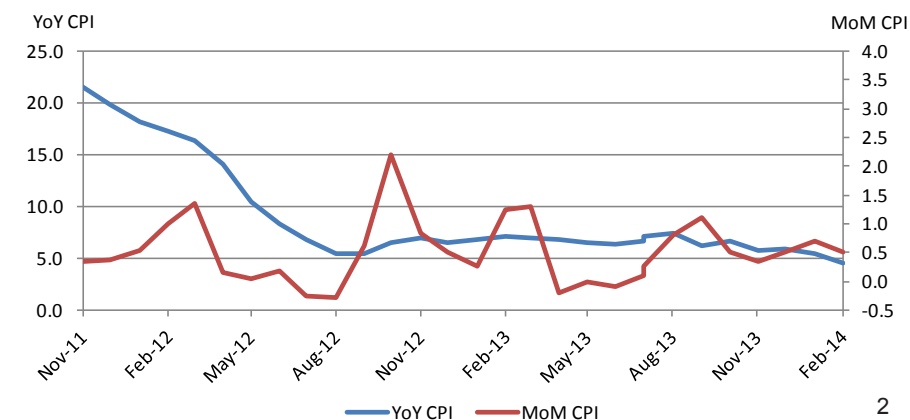
	2013	Feb-14	2014 YTD	Year-on-year
GDP growth <sup>1</sup>	5.4%			
Inflation	6.0%	0.5%	1.2%	4.6%
FDI (USDbn)	21.6	0.6	0.8	-19.0%
Imports (USDbn)	131.3	10.8	20.8	17.0%
Exports (USDbn) <sup>2</sup>	132.2	9.6	21.1	12.3%
Trade surplus/(deficit)	0.9	-1.2	0.3	
Exchange rate (USD/VND) <sup>3</sup>	21,115	21,120	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
February-14	5.88	6.50	7.00	7.96
January-14	6.20	6.90	7.28	8.25

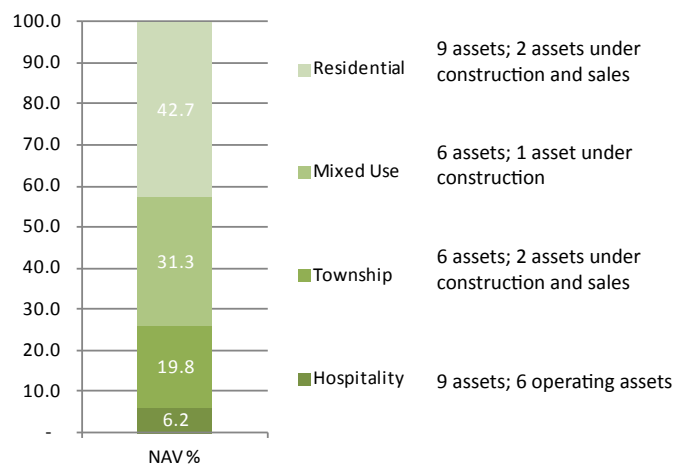
## Year-on-year and month-on-month inflation (%)



## 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	% of NAV
Assets not yet revalued *	8.2
Assets revalued	91.8

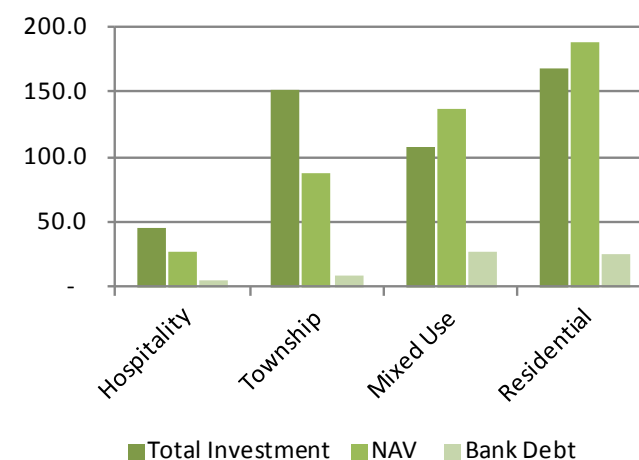
  

Development status	% of NAV
Land banking	7.6
Planning stage	60.8
Development stage	28.6
Operating assets	3.0

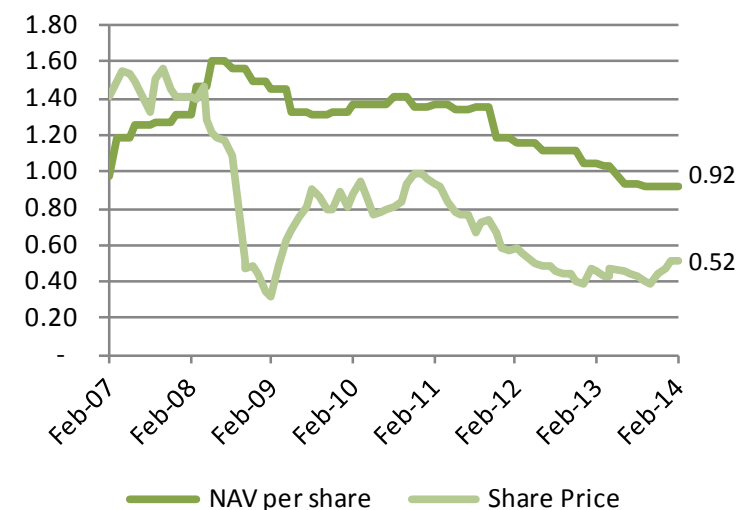
All NAV and NAV per share related data is calculated on a quarterly basis

\* held at cost or below cost

## NAV by sector



## NAV and share price performance



## 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

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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.