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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

For the period ended 31 December 2015, VNL's unaudited net asset value (NAV) was USD391.0 million or USD0.94 per share. This represents a 3.89% increase from a net asset value per share of USD0.90 from its close of business on 30 September 2015. The increase in NAV per share reflects the positive impact of project revaluations, disposal of the NPV project and the ongoing share buyback programme during the fourth quarter of 2015.

VNL's share price increased 12.73% to USD0.62 as at 31 December 2015, from a closing price of USD0.55 as at 30 September 2015. VNL's share price to NAV discount is currently 33.92% compared to 39.10% in September. During the quarter, VNL repurchased and cancelled 12.49 million ordinary shares. Since October 2011, VNL has repurchased and cancelled a total of 84.36 million ordinary shares, representing 16.87% of the total shares in issue prior to the commencement of the share buyback program.

Fund update

Following the Investor Conference on 15 October 2015 in Ho Chi Minh City, the Annual General Meeting (**AGM**) and Extraordinary General Meeting (**EGM**) were held on 24 November 2015 in London, where shareholders met to review the Fund's performance over the past three years and to vote on a revised realization and distribution policy. The shareholders supported the recommendations of the Board regarding all resolutions which were put to a vote at the Company's AGM and EGM.

All resolutions were passed unanimously and in line with the Board's recommendations, 83% of shareholders voted against the continuation of VinaLand at EGM and 75% voted in favour of the Reorganisation Resolutions.

On 24 November 2015, the Investment Manager reported an illustration of the Company's potential realization and distribution profile from now up until 21 November 2016 based on its current pipeline divestment plan which indicated a total estimated divestment value of up to approximately USD165 million. These forecasts are based on project disposals which are now documented and are proceeding with a target to close all exits over the next 12 months. It is important to note that all of these transactions remain subject to conditions precedent and are also subject to the market and buyer risks which are common within Vietnam. Notwithstanding these risks, the Manager is of the view that the previously reported estimated divestment value of up to approximately USD165 million remains realistic and achievable should current market conditions continue.

VNL project revaluations were undertaken for the period ending 31 December 2015 with three projects appraised by international valuation consultants. Additionally, a further eleven projects were also externally appraised as part of the semi-annual update for the interim period. Seven of these projects are located in Ho Chi Minh City and Hanoi, and an additional seven projects are located in the southern and central regions of Vietnam.

In October 2015, VNL announced that it divested its stake in the NPV Project located in Danang. The project is a future development site and was acquired by VNL in 2007 for development into a dual purpose commercial and residential project. The divestment of this project is consistent with the Company's divestment strategy. As a result of the transaction, VNL disposed of its entire 100% stake in the project, at a total valuation 29.4% above the 30 September 2015 unaudited net asset value and 51.7% above the net asset value at the time of VNL's extraordinary meeting (EGM) in November 2012. This transaction will result in net proceeds of USD19.1 million, with the final payment expected by April 2016.

During the last quarter of 2015, developers including VNL were actively pushing to sell units to buyers before year end. Sales continued to pick up for a number of VNL's projects under development, including the Azura (Danang), Ocean Apartments and Ocean Villa Beachfront (Danang Beach Resort) and Dai Phuoc Lotus (Dong Nai). Following a successful re-launch, 100% (46 units) of Ocean Apartment Block A (part of Danang Beach Resort) were sold out and a total of 45 apartments (98%) have been handed over to owners as at 31 December 2015.

Performance summary* 31 December 2015

| | |
|-----------------------------|--------|
| NAV per share** (USD): | 0.94 |
| Change (Quarter-on-quarter) | 3.89% |
| Total NAV** (USD 'm): | 391.0 |
| Share price (USD): | 0.62 |
| Market cap (USD 'm): | 257.7 |
| Premium/(discount) | -33.9% |

* 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 | 3.9 | 2.2 | -9.8 | -31.0 |
| Share price | 12.7 | 6.2 | 61.0 | -37.4 |

Quarterly performance history (% change)

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----|------|------|-------|-------|-------|
| Q1 | -3.3 | -0.4 | -1.0 | -1.7 | 0.7 |
| Q2 | 1.1 | 1.2 | -9.7 | -4.3 | -2.2 |
| Q3 | 0.6 | 0.0 | -1.1 | 0.0 | 0.7 |
| Q4 | 3.9 | 0.0 | -1.0 | -6.3 | -12.6 |
| YTD | 2.2 | 0.8 | -12.4 | -11.9 | -13.2 |

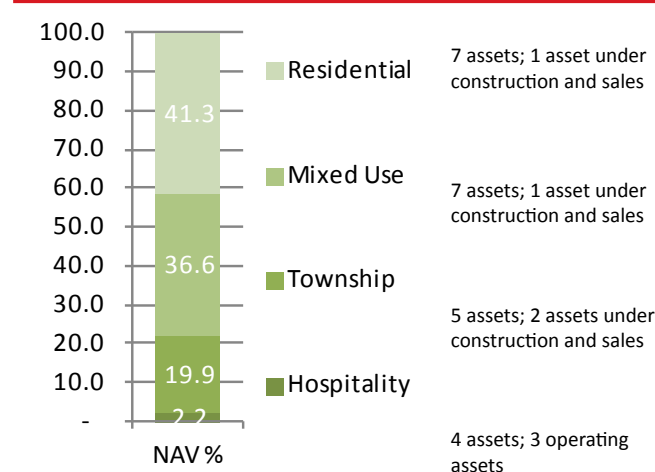
Additional portfolio information

| | |
|--------------------|--|
| Current assets | 23 |
| Divestments | 23 full and residential unit sales |
| Debt | Fund level (ZDPs): 7.6% of NAV Project level (Bank): 20.2% of NAV |
| Shares outstanding | 415,606,062 |

Top ten investments

| Project | Location | Type | % of NAV |
|--|----------|-------------|--------------|
| Century 21 | South | Residential | 16.6% |
| Danang Golf and Beach Integrated Development | Central | Residential | 12.9% |
| Pavilion Square | South | Mixed Use | 8.3% |
| Dai Phuoc Lotus | South | Township | 8.2% |
| VinaSquare | South | Mixed Use | 8.0% |
| Times Square Hanoi | North | Mixed Use | 6.4% |
| Aqua City | South | Township | 5.5% |
| Trinity Park | South | Residential | 5.1% |
| Capital Square | Central | Mixed Use | 4.7% |
| Green Park Estate | South | Mixed Use | 4.4% |
| Total | | | 80.1% |

Portfolio by sector



Key projects under development

| Project | Location | Type | Site Area (ha) |
|--|----------|-------------|----------------|
| Danang Golf and Beach Integrated Development | Central | Residential | 248.3 |
| Dai Phuoc Lotus | South | Township | 198.5 |
| My Gia | Central | Township | 138.8 |
| Capital Square | Central | Mixed Use | 6.6 |

Total: 4 assets representing a NAV of USD121.0 million

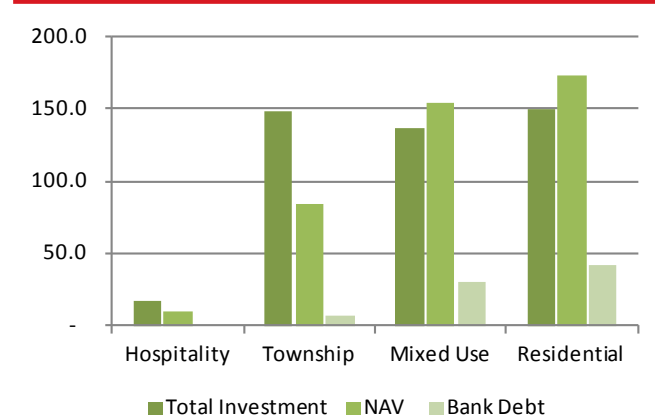
Portfolio breakdown

| Portfolio by geographic location | % of NAV |
|----------------------------------|----------|
| Hanoi region | 10.2% |
| Central region | 23.9% |
| Ho Chi Minh City region | 65.9% |
| Valuation breakdown | |
| Assets not yet revalued * | 4.4% |
| Assets revalued | 95.6% |
| Development status | |
| Land banking | 7.4% |
| Planning stage | 62.5% |
| Development stage | 28.8% |
| Operating assets | 1.3% |

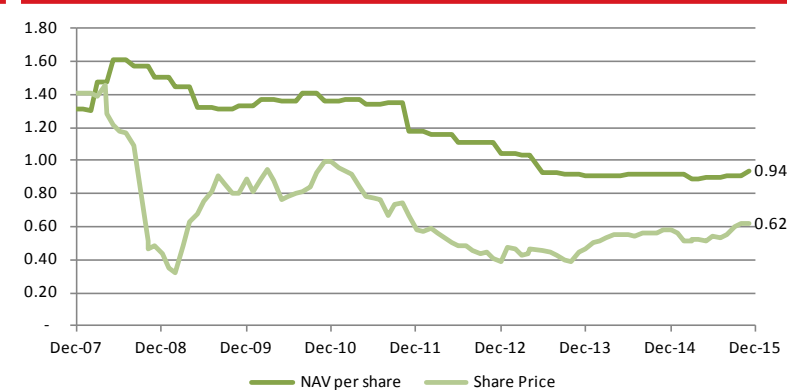
All NAV and NAV per share related data is calculated on a quarterly basis

* held at cost or below cost

NAV by sector



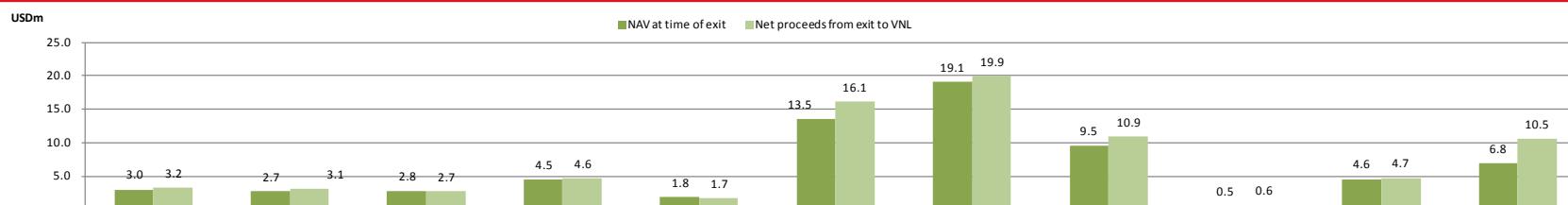
NAV and share price performance



VNL strategy

Current strategy: Following the 2015 Extraordinary General Meeting (EGM), VNL now has up to 12 months (to 21 November 2016) to close on project disposals and complete distributions to shareholders. VNL continues to be in a cash return period and will not make any new investments except where funds are required for existing projects. The Fund seeks to realize assets in the existing portfolio and continue with the development of selected residential or mixed use projects to maximize value. The two primary means of divestment are the development of residential for-sale products (e.g. apartments and landed property) to homebuyers and the disposal of land or projects to local and foreign investors. Both forms of exit have been challenging since 2012 due to real estate market difficulties, however since Q2 2015 the real estate market has been gaining momentum. The improved market confidence and the approval of the 12 month extension at the 2015 EGM will enable the Investment Manager to continue to focus on the ongoing disposals and other divestment opportunities at the best possible valuation to complete distributions to shareholders throughout 2016. At the same time, VNL is pushing forward with ongoing residential developments to capitalise on the improving market confidence and improved liquidity. It is targeting closure of project disposals where a sale at current market value will result in a higher IRR than holding, or continuing to develop, the asset. All of VNL's interests in operating hotels and offices have now been sold except for two small hotels and the focus has shifted to divestment of development land projects. VNL will not commence speculative development of any commercial mixed use projects during the current term.

VNL divestment history



Pre-EGM

Post-EGM (28 November 2012)

| Full Divestments | 10 projects divested | Nguyen Du | Sheraton | Signature 1 | Hao Khang | Prodigy | Vina Properties | Hospitality investments | Marie Curie | Saigon Quy Nhon | V.B. Phu Quoc | HAS | NPV | Total |
|---|----------------------|-----------|----------|-------------|-----------|---------|-----------------|-------------------------|-------------|-----------------|---------------|----------|---------|--------------|
| Type | | Office | Hotel | Land | Land | Hotel | Hotel | Hotel | Land | Hotel | Land | Township | Land | |
| Exit date | 2009 - 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q4 2013 | Q1 2014 | Q3 2014 | Q3 2014 | Q1 2015 | Q1 2015 | Q3 2015 | Q4 2015 | |
| NAV at exit (USDm) ⁽¹⁾ | 188.1 | 3.0 | 2.7 | 2.8 | 4.5 | 1.8 | 13.5 | 19.1 | 9.5 | 0.5 | 4.6 | 6.8 | 14.8 | 83.5 |
| Net proceeds to VNL (USDm) ⁽²⁾ | 205.5 | 3.2 | 3.1 | 2.7 | 4.6 | 1.7 | 16.1 | 19.9 | 10.9 | 0.6 | 4.7 | 10.5 | 19.1 | 97.1 |
| Net proceeds vs. NAV | 9.3% | 7.9% | 15.1% | -3.3% | 2.8% | -5.5% | 19.2% | 4.5% | 14.3% | 27.3% | 2.9% | 53.5% | 29.4% | 16.4% |
| Debt removed, VNL portion (USDm) | | 0 | 25.0 | | | 4.0 | 1.7 | 6.0 | | | | | | 36.6 |
| NAV at EGM 2012 (USDm) | | 3.4 | 2.7 | 2.8 | 5.0 | 2.5 | 14.9 | 6.3 | 8.7 | 0.5 | 4.1 | 7.5 | 12.4 | 70.8 |
| Net proceeds vs. NAV at EGM (Adjusted) ⁽³⁾ | | -6.1% | 15.1% | -3.3% | -7.8% | -31.7% | 8.2% | 215.3% | 24.6% | 24.5% | 1.6% | 36.3% | 51.7% | 35.6% |

⁽¹⁾ All "NAV at exit" figures above are based on most recent audited numbers prior to the exit date.

⁽²⁾ Net proceeds from exit include all transfers of money between the fund and project companies, including dividends, shareholder loans, and capital contributions.

⁽³⁾ Adjusted with investments/return since EGM 2012 for comparison purpose

Macroeconomic update

Vietnam's macroeconomic story in 2015 was one of increasing globalisation, continued foreign direct investment, rising consumer confidence and a resurgent property market. Looking back on the year, one of the premier storylines was the conclusion of negotiations surrounding the Trans-Pacific Partnership (TPP), a free trade agreement that may one day have a dramatic economic impact on Vietnam. While this was a major milestone in itself, the next step will be ratification by each member state for the agreement to come into effect. The government of Vietnam has stated their intentions to officially sign the agreement in February 2016. The TPP has already reignited significant FDI inflows to the country, with FDI disbursements up 17.4% to USD14.5 billion from 2014, and commitments at USD22.8 billion, their highest level in six years.

Domestic consumption and credit growth on the rise

This year was also characterised by a reappearance of consumer confidence and an increase in domestic wealth, with the General Statistics Office of Vietnam (GSO) announcing that GDP per capita increased roughly 2.8% to USD2,109. This was fuelled by a number of factors including a rise in property values as well as inflation of just 0.6% year-on-year, aided by low commodity and energy prices. According to the GSO, domestic consumption rose 9.1% year-on-year, the Services sector expanded 6.3%, and total retail sales of consumer goods and services grew 9.5%. The Purchasing Managers Index also finished the year on a positive note, reaching 51.3 in December.

In addition, increased lending played a role in the recovery, with overall credit growth reaching 18% driven by 23-25% growth in property loans. According to CBRE Vietnam, condominium prices market-wide rose 4.4% year-on-year in Ho Chi Minh City, alongside surges in both project sales and new launches which grew 98% and 122%, respectively. Heightened activity in the property market has been a boon to the Industrial and Construction segment, which, according to the GSO, grew 9.6% year-on-year. In all, 2015 proved to be a year of promise for Vietnam, with GDP growth coming in at 6.7%, the strongest performance in the past five years.

Currency pressures remain

Currency devaluation remains our key focus for the coming year where we will see the Vietnam dong (VND) under pressure to decline in value. An interesting piece of news came about at the start of the new year when the State Bank of Vietnam (SBV) announced they would be moving to a new mechanism for determining a daily reference rate for the VND versus the US dollar, adopting a "managed float" for the currency movements. This comes as a far cry from their longstanding policy of strict, ad hoc management of the reference rate which would at times see large, one-off changes in the official rates after a divergence from the free-market rate. While we expect the VND to devalue 3-5% in 2016, this new policy should allow devaluation to take place gradually, as opposed to the sudden, significant devaluations of the past.

Growth to continue through 2016

Looking ahead, the SBV expects credit growth to climb another 18-20% this year, with money supply (M2) growth expected to be lower at 16-18%, reversing a trend in recent years where we have witnessed money supply growth higher than credit growth. Based on our own analysis, we see this as an effort on the part of the SBV to keep liquidity injections moderate and forestall any resurgence of inflation. With that in mind, the SBV anticipates inflation to remain controlled at below 5%, which combined with the continuation of credit growth, will fuel investment and help maintain what Bloomberg projects to be the second-fastest growing economy in the world in 2016.

Macroeconomic indicators

| | 2014 | Dec-15 | 2015 YTD | Year-on-year |
|--------------------------------------|--------|--------|----------|--------------|
| GDP growth ¹ | 6.0% | | 6.7% | 6.7% |
| Inflation (%) | 1.8% | 0.0% | 0.6% | 0.6% |
| FDI commitments (USDbn) | 20.2 | 2.5 | 22.8 | 12.5% |
| FDI disbursements (USDbn) | 12.4 | 1.3 | 14.5 | 17.4% |
| Imports (USDbn) | 148.0 | 14.5 | 165.6 | 11.9% |
| Exports (USDbn) | 150.0 | 14.2 | 162.4 | 8.2% |
| Trade surplus/(deficit) (USDbn) | 2.0 | (0.3) | (3.2) | |
| Exchange rate (USD/VND) ² | 21,450 | 22,450 | -4.7% | |
| Bank deposit rate (VND) | 6.0% | 5.0% | -100bps | |

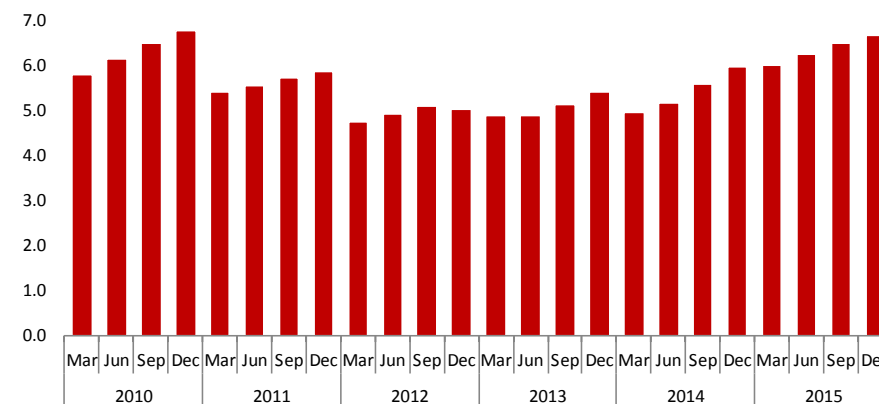
Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly 2. (-) Denotes a devaluation in the currency, Vietcombank ask rate

Government bond yields (%)

| | 1yr | 2yr | 3yr | 5yr |
|-----------|------|------|------|------|
| 30-Nov-15 | 4.85 | 5.35 | 5.95 | 6.65 |
| 31-Dec-15 | 4.88 | 5.22 | 5.74 | 6.55 |

Source: Bloomberg

Quarterly GDP growth (%)



Sources: GSO, SBV, VCB | 1. Annualized rate, updated quarterly 2. Includes gold

3. (-) Denotes a devaluation in the currency, Vietcombank ask rate

In 2015 Vietnam recorded a GDP growth rate of 6.9%, surpassing the government's 6.2% target set early in the year

Vietnam's real estate market in 2015

Vietnam's GDP growth was 7.0% in Q4 2015, increasing from a revised target of 6.5% set in Q3 2015. Overall, Vietnam recorded a GDP growth rate of 6.9% in 2015, surpassing the government's 6.2% target set early in the year. Vietnam's real estate market in 2015 reaped the benefits from the favourable market conditions including the strong macro economy, numerous free trade agreements and healthy foreign direct investment (FDI). Newly imposed policies regarding the Housing Law, Real estate Business Law, and Investment and Enterprises Law together with a significant decrease in the lending interest rate positively supported Vietnamese real estate in 2015. Following the government's strong monetary and legal policies over last year, the expansion of real estate demand is expected to continue in 2016.

Condominium sector

The year also marked a firm recovery in the residential market with strong launches, positive sales volume and improved prices, particularly in mid to high-end properties. According to CBRE Vietnam, an additional 41,787 units in Ho Chi Minh City and 28,200 units in Hanoi were launched in 2015, a rise of 122% and 70% year-on-year, respectively. The average selling price increased approximately 4% year-on-year in both Ho Chi Minh City and Hanoi, and in the medium term the market should still be able to absorb new supply. However, inventory reductions also showed positive momentum in 2015, and net absorption increased approximately 90% year-on-year in both Ho Chi Minh City and Hanoi. Provided the economy continues to perform at its current pace, Vietnam's ongoing trends of urbanization, decreasing household size and expanding young population will continue to underwrite property demand through 2016.

Landed property sector

CBRE reported no significant changes in prices within this segment in 2015. Prices are expected to remain stable over the next few quarters while developers are expected to be active with new launches. In 2015, landed properties such as villas and townhouses began to evolve to suit the mass market. Savvy developers are now building gated estates with great facilities that provide attractive residential models. This segment is mostly dominated by owner occupiers, with fewer investors and speculators than in years past, which in turn has provided lower exposure to debt, and has created a healthier development model. This asset class also continues to benefit greatly from improvements in infrastructure as it draws the 'mortgage belt' closer to the city.

Retail and Office sector

According to a Savills report, many foreign developers are now entering the retail market with their own brands and models. Prime retail entries in 2015 included Vingroup, AEON, Lotte and VivoCity, with many more in the convenience space. The coming year will see more contemporary spaces added with new retail formats such as Takashimaya shopping mall in Ho Chi Minh City's Saigon Centre.

Office demand is rising as domestic firms expand and more foreigners enter the market. Most renewals and expansion enquiries this year came from tenants in Central Business District (CBD) areas, while relocation enquiries were mainly derived from companies in non-CBD areas.

By the end of Q4 2015, the average asking price for rent in the retail and office sectors both in Ho Chi Minh City and Hanoi increased slightly quarter-on-quarter (approximately 1% - 3%) due to the positive outlook of the economy. While the lack of new supply currently holds the market in balance, new supply will come online in the next three years and landlords may soften their rents slightly in an effort to reduce vacancy rates and make the office and retail market more competitive.

An additional 69,987 condominium units were launched both in Ho Chi Minh and Hanoi in 2015

In 2015, the landed property began to evolve to suit the mass market

Improving confidence in retail and office sectors; however over supply will exist both in Hanoi and Ho Chi Minh in the next 3 years

Top 10 investments

| Investment | Location | Sector | VNL ownership | VOF ownership | Site area (ha) | Project NAV (USD mil) | % of NAV | Bank debt (VNL portion, USD mil) ¹ | Projected future investments through 2016 (VNL portion, USD mil) ² | Current status |
|--|----------|-------------|---------------|---------------|----------------|-----------------------|----------|---|---|----------------|
| Century 21 | South | Residential | 75.0% | 25.0% | 30.1 | 69.9 | 16.6% | 32.0 | 0.0 | Planning |
| Danang Golf and Beach Integrated Development | Central | Residential | 75.0% | 25.0% | 248.3 | 54.2 | 12.9% | 9.9 | 0.0 | Development |
| Pavilion Square | South | Mixed Use | 90.0% | 0.0% | 1.4 | 34.8 | 8.3% | 29.6 | 11.6 | Planning |
| Dai Phuoc Lotus | South | Township | 54.0% | 18.0% | 198.5 | 34.4 | 8.2% | 0.0 | 3.7 | Development |
| VinaSquare | South | Mixed Use | 46.5% | 15.5% | 3.1 | 33.7 | 8.0% | 0.0 | 0.1 | Planning |
| Times Square Hanoi | North | Mixed Use | 65.0% | 0.0% | 4.0 | 27.0 | 6.4% | 0.0 | 0.0 | Planning |
| Aqua City | South | Township | 40.0% | 0.0% | 250.2 | 23.2 | 5.5% | 0.0 | 0.0 | Planning |
| Trinity Park | South | Residential | 75.0% | 25.0% | 33.7 | 21.5 | 5.1% | 0.0 | 0.0 | Planning |
| Capital Square ⁴ | Central | Mixed Use | 63.6% | 21.2% | 6.6 | 19.6 | 4.7% | 0.0 | 10.4 | Development |
| Green Park Estate | South | Mixed Use | 62.9% | 33.9% | 15.7 | 18.7 | 4.4% | 0.0 | 0.0 | Planning |
| Total of top 10 investments | | | | | | 337.1 | 80.1% | 71.5 | 25.8 | |
| Remaining investments | | | | | | 83.5 | 19.9% | 7.3 | 0.2 | |
| Total portfolio | | | | | | 420.6 | 100.0% | 78.8 | 26.0 | |

1. Bank debt: VNL's portion of current outstanding bank finance at the local investment (project) vehicle.

2. Projected future investments through to 2016: Projected remaining equity payments from VNL. These projections are subject to change should local authorities amend policies relating to licencing approvals and capital contributions or should debt be utilized instead of capital or should an investment partner not participate. Some of the Projected future investments may not apply should VNL sell or choose not to proceed to develop the property.

3. Century 21: economic interest of VNL and VOF in this project.

4. Capital Square is broken down into three separate phases (excluding a partial divestment of phase 1). The ownership percentages of this project reflect the total NAV of three phases, which are owned by the funds.

Century 21

Century 21 was acquired in 2006 because of its prime location close to a new traffic corridor to the CBD. The Thu Thiem tunnel, part of the Ho Chi Minh City East-West Highway, opened in November 2011 and has made the site much more accessible to the city's CBD. The project site is 100% cleared.

In Q4 2011, the Century 21 Nam Rach Chiec project received a 1:500 master plan parameters approval and Investment Licence. The revised 1:500 master plan in-principal approval was received in Q2 2014 and VNL received the detailed 1:500 master plan approval in Q3 2014.

The Long Thanh Dau Giay Highway running in front of the site has been completed. The 19km Metro Line No. 2 (An Suong – Thu Thiem), which is approximately 2-3 km southwest of the site, broke ground and is expected to be operating by 2020. The completion of Long Thanh Dau Giay highway and the expected completion of Metro Line No.2 will significantly improve access to the site. Infrastructure, community and urban planning advantages will make District 2 a key development centre for Ho Chi Minh City. **VNL is working with a potential investor regarding divestment of the site.**

Danang Golf and Beach Integrated Development

The Danang Golf and Beach Integrated Development project was acquired in mid 2006. Following a partial divestment of a sub site, the project now comprises two parcels, a 28.5ha beachfront and a 220ha inland lot separated by the coastal highway. The project broke ground in January 2008 with construction of an 18-hole golf course, The Dunes, designed by golf legend Greg Norman. The golf course and clubhouse opened in April 2010. A number of residential projects have been successfully developed including The Ocean Villas, The Dune Residences and Ocean Apartment Block A. These initial residential phases are now sold out.

During the last quarter of 2015, the project continued to see increased activity with new transactions and construction progress. Following the successful re-launch, 100% (46 units) of Ocean Apartment Block A (part of Danang Beach Resort) were sold out and a total of 45 apartments (98%) have been handed over to owners as at 31 December 2015.

There were further transactions in the Ocean Villa K-series beachfront project (part of Danang Beach Resort) in Q4 2015, resulting in 95% being sold out. Phase 1 infrastructure and common area landscaping of The Point (part of Danang Golf Course) was completed on 30 November 2015. Buyer handovers of the bare-shell villas of The Point's first phase commenced in August 2015 with 6 handed over as at 31 December 2015 while the second phase is under construction together with the site's infrastructure. **VNL is working with a potential investor regarding divestment of the site.**

Project summary

| | |
|-----------------------------|--|
| Sector | Residential and retail |
| Area | 30ha; approved GFA 511,203 sqm |
| Location | District 2, Ho Chi Minh City |
| History | Acquired in June 2006 Site cleared and compensated in June 2008 Revised 1:500 master plan in-principal approval received in Q2 2014 Received detailed 1:500 master plan approval in Q3 2014 |
| Investment rationale | A 30ha site located along new infrastructure corridor in a new desirable suburban area. |

Project summary

| | |
|-----------------------------|--|
| Sector | Residential (integrated resort residential) |
| Area | 248.5 ha |
| Location | Danang, Central Vietnam |
| History | Acquired in June 2006, cleared site, under development Investment licence received in December 2006 Ground breaking in January 2008 Dunes Golf course opened in April 2010 Beach resort parcel: 1:500 master plan received in June 2011, revised in December 2013 Golf course parcel: 1:500 revised master plan received in December 2012 |
| Investment rationale | A unique mixed used, seaside integrated resort with golf course well located along the coastal road of Danang City, the third largest city in Vietnam. |

Pavilion Square

Pavilion Square is a mid to high end 'for sale' freehold residential project with a retail centre located in the city centre of District 1 of Ho Chi Minh City. The project was acquired in January 2007 and the investment licence was obtained in the same year. The revised planning parameters with a smaller retail area were approved by the authorities in December 2012 and the revised 1:500 master plan approval was received in Q4 2013.

Site compensation is underway and approximately 80% is completed. The land clearance is expected to be complete by Q2 2016. **In conjunction with the expected completion of land compensation, the Manager is working with a potential investor regarding divestment of the site.**

Dai Phuoc Lotus

Dai Phuoc Lotus Township was acquired due to its attractive location on an island in a future suburban region adjacent to Ho Chi Minh City. The resort-style residential environment, with transport by both road and boat available to Ho Chi Minh City, will attract second homebuyers as well as young families.

The strategy is to develop the first of six zones of the 200ha site in conjunction with partial wholesale divestment to co-investors. The first phase of development commenced with Zone 5, comprising 332 villas. All infrastructure work pertaining to Zone 5 has been completed including the Prosperity Lake adjacent to the display villas.

This project won the "Best Residential Development in Vietnam" award at the Asia Pacific Property Awards in Kuala Lumpur on 8 May 2015. Meanwhile, 223 sale and purchase agreements were signed out of 332 villas launched as at 31 December 2015, and 186 villas have been handed over to buyers. The revision of the 1:500 Master Plan of Zone 4 was submitted and received comments from the authorities in November 2015. The design was amended and resubmitted in December with in-principal approval and Dong Nai People's Committee approval expected in February 2016. The master plans of other zones will be revised for submission and approval in 2016, and the Manager will submit the revised Investment License application in February 2016 to amend the development schedule. Overall, the speed of lot and villa sales have been slow to improve during 2015, however the last quarter has shown some improvement.

Approval to sell "land plots" for Zone 5 was received from the Dong Nai People's Committee on 12 November 2015 with sales previously secured under "Deposit Agreements" immediately converted to Sale Purchase Agreements. The approval is expected to attract more purchasers and improve the sales volume of Dai Phuoc.

Project summary

| | |
|-----------------------------|--|
| Sector | Mixed-use (residential and retail) |
| Area | 1.4ha; approved GFA 156,402 sqm |
| Location | District 1, HCMC |
| History | Acquired in January 2007 Investment licence received in 2007 Revised 1:500 master plan approval received in Q4 2013 Compensation 80% completed. Expected completion of compensation in Q2 2016. |
| Investment rationale | The site is well-located for mid to high end residential towers with modern facilities offering freehold residential units in District 1. |

Project summary

| | |
|-----------------------------|--|
| Sector | Township (integrated residential) |
| Area | 198.5ha, estimated GFA 1.2m sqm |
| Location | Dong Nai Province, near HCMC |
| History | Acquired in June 2007. Investment licence received in May 2007 Construction and sales of Zone 5 villas underway Sports and recreation centre, CBD link road, all Zone 5 infrastructure completed Working with partner to revise 1:500 master plans Approval to sell land plots for Zone 5 was approved in Nov 2015 |
| Investment rationale | The site lies in the fast-growing eastern region adjacent to HCMC and will benefit from the completed transport infrastructure roll-out in Districts 2 and 9. |

VinaSquare

VinaSquare was acquired in May 2007 due to its prime location in Chinatown (District 5) of Ho Chi Minh City. The project is a mixed-use residential, retail, hotel and serviced apartment development. The Investment licence was obtained in October 2008 and the 1:500 master plan was approved in October 2010.

The demolition of the old factory buildings on the site was completed in Q4 2011 and the site is fully cleared. The amended investment license was issued in Q2 2015 and the revised Land Use Right Certificate was obtained in Q3 2015. **VNL is working with a potential investor regarding divestment of the site.**

Times Square Hanoi

TimeSquare is positioned in a strategic location with excellent exposure opposite the National Convention and Exhibition Centre, which has hosted many national and regional events since opening in 2006. Additionally, the location is within a new urban development in western Hanoi, often considered as the city's future CBD. Given this high-profile location, the project has considerable potential as a future landmark development.

Project summary

| | |
|-----------------------------|--|
| Sector | Mixed-use (residential, retail, office and hotel) |
| Area | 3.1ha; estimated GFA 278,748 sqm |
| Location | District 5, HCMC |
| History | Acquired in May 2007 Investment licence received in October 2008 1:500 master plan approved in October 2010 Revised investment license received in Q2 2015 and LURC obtained in Q3 2015 |
| Investment rationale | The project will serve HCMC's Chinatown, a crowded commercial and residential area surrounded by mainly low-rise buildings. |

Project summary

| | |
|-----------------------------|---|
| Sector | Mixed-use (residential, retail, hotel and office) |
| Area | 4.0ha, estimated GFA 308,510 sqm |
| Location | Pham Hung Road, My Dinh area |
| History | Acquired in Q1 2007 Investment licence received in May 2008 and final revised in July 2010 1:500 master plan approved in March 2010 |
| Investment rationale | A high profile site located in a strategic location in the heart of the city's future second CBD, opposite National Convention and Exhibition Centre. |

Aqua City

Aqua City was purchased in 2006 as a strategic acquisition along the North East corridor leading to the new Long Thanh international airport in Dong Nai Province. The site is part of an emerging industrial park zone, which is surrounded by the Dong Nai River, approximately 45 minutes from the centre of Ho Chi Minh City. Since acquisition, VNL has been working with a local partner to construct the main access roads to the site with further road work required. In February 2012, the project received its 1:500 master plan approval. The development master plan includes affordable housing, schools, hotels, offices and shopping centres in addition to a marina, parks and waterways.

Given the extensive infrastructure in the area including key projects such as the completed Ho Chi Minh-Long Thanh-Dau Giay Highway, the upcoming Long Thanh Airport and the upgrades to National Highway 1, Dong Nai Province, the site's locality, is now attracting investor interest across a range of industries including real estate development. **With increased deal activity in the surrounding areas, it is envisaged that the Aqua City project will attract attention from local and foreign investors.**

Trinity Park

Trinity Park was acquired in 2007 in order to serve the high demand in Ho Chi Minh City for mid-range housing. The project's planning follows the successful sales and exit from The Garland Villa project, a smaller VNL development also located in District 9 of Ho Chi Minh City. The 1:500 master plan for the project was approved in May 2007, while infrastructure on site is under construction.

The residential market in Ho Chi Minh City is enjoying strong supply and rates of absorption. Given the lack of land availability for residential development in the city's central districts, recent developments have tended to concentrate on neighbouring areas such as District 2 and 9. **VNL's strategy is now under review with consideration given to commencing the development of infrastructure which will create further options for VNL.**

Project summary

| | |
|-----------------------------|--|
| Sector | Township (residential, retail, office and hotel) |
| Area | 250.2 ha |
| Location | Dong Nai Province, bordering on District 9 of HCMC |
| History | Acquired in 2006 1:2000 master plan approved in December 2008 1:500 master plan approved in February 2012 |
| Investment rationale | A riverfront township bordering on District 9 of HCMC. The project will provide affordable mass housing units in a modern living township to serve the extended catchment of HCMC's north east area. |

Project summary

| | |
|-----------------------------|--|
| Sector | Residential (including school) |
| Area | 33.7ha, estimated GFA 343,058 sqm |
| Location | District 9, HCMC |
| History | Acquired in November 2007 1:500 master plan approved in May 2007 Site cleared and fully compensated Infrastructure system is under-construction |
| Investment rationale | Sound long-term demand for mid-range, landed residential housing in District 9, following the success of The Garland product. |

Capital Square

Capital Square Danang was acquired in 2006 given its central, riverfront location in the fast growing city of Danang. The project was partially exited in 2008 via a co-investment with a European investor for a portion of Phase 1 (2.5ha). The restructuring process to split the 9ha site into three separate investment licenses was successfully completed in June 2012, allowing greater flexibility in development or divestment.

In 2009, the project broke ground on the first residential tower, Azura. The Azura Tower reached completion in September 2012 and as a result has seen a marked increase in sales activity.

In 2015 VNL divested the rest of Phase 1 to a retail mall developer, and the construction of a new shopping mall was completed and opened officially on 30 June 2015. This retail center has acted as a catalyst to drive residential demand for VNL's adjoining sites. Phases 2 and 3 of the project consist of residential apartment towers and connecting public spaces. As at 31 December 2015, VNL has signed sales and purchase agreements for approximately 94% of the Azura Tower (211 sold out of 225 units) and 199 units (88%) handed over to buyers. **The Manager expects to sell down all remaining unsold stock by Q2 2016.**

Green Park Estate

The Green Park Estate project site was acquired in 2006 given its strategic location in a densely populated suburb near Ho Chi Minh City's Tan Son Nhat International Airport and only 10km from the city's CBD. This 15.7ha site has excellent exposure with over 300 metres of frontage onto Truong Chinh Street, a major arterial road with a future Metro Rail Transit (MRT) route running alongside. Currently the site is used for textile factories and warehouses. Site clearance and relocation work is in progress.

Project summary

| | |
|-----------------------------|---|
| Sector | Mixed-use (commercial and residential) |
| Remaining Area | 6.6 ha |
| Location | Danang City, on the river side opposite City Centre |
| History | Acquired in Q3 2006 Investment licence received in July 2007 Phase 1 has total of 2.5ha which partially exited with a European investor in 2008. Revised master plan of Phase 1 approved in August 2012 Azura residential apartment tower completed September 2012, and currently 94% apartments sold. |
| Investment rationale | A prime site located in the city centre of Danang City, with direct frontage to the Han River, 5 minutes drive to East Sea beach |

Project summary

| | |
|-----------------------------|---|
| Sector | Residential & commercial (proposed) |
| Area | 15.7 ha |
| Location | Tan Phu District , HCMC |
| History | Acquired in Q1 2006 Currently used as textile factories and warehouses Site clearance and relocation work in progress |
| Investment rationale | Strategically located in a densely populated suburb near HCMC's Tan Son Nhat International Airport |

The manager update section provides investors with information on the policies and practices of VinaCapital Investment Management, Ltd. (VCIM), as well as updates on VinaCapital relevant to the performance of its investment funds.

Valuation and NAV calculation

The accurate and fair valuation of assets held in fund portfolios is a central component of fund management. VCIM follows international best practices whenever possible in its valuations process.

Relevant dates

VNL's financial year-end is 30 June. Audited annual results must be announced within six months of this date. Interim results at 31 December receive an auditor review and must be announced within three months of this date. VNL calculates its unaudited NAV quarterly, and this is announced within fifteen days of the quarter's end. The Fund issues monthly, quarterly, and annual report with audited final results.

The methods used to value different assets:

Real estate holdings

Real estate projects are initially valued at cost. Once an investment license is obtained, or by way of other arrangements VNL has a legal entitlement to an investment property, the investment property is revalued. Investment properties are revalued at annually and may be revalued more frequently if the investment manager or valuation committee believes there has been a material change in the value of a property. The valuation process consists of obtaining at least one appraisal for each property from independent third-party valuation companies. The valuations are reviewed by the valuation committee as the basis for the final valuation approved by the board. At the end of each quarter, the manager reviews all real estate investments for possible

impairment based on internal calculations. If there is evidence of impairment an independent valuation will be obtained to assess the need for any adjustment in the value of the property.

All other assets and liabilities are recorded at their respective fair value or cost as required by the International Financial Reporting Standards.

More information on valuation is available on the Investing policy page of the VNL website:

[VNL Information briefs](#)

Audit and Valuation committees

VNL has two separate audit and valuation committees composed of independent, non-executive members of the board of directors of the fund, and chaired by an independent director. Both committees meet quarterly.

VNL Audit Committee

Nicholas Allen (Chairman)

Charles Isaac

Michel Casselman

VNL Valuation Committee

Nicholas Brooke (Chairman)

Nicholas Allen

Tran Trong Kien

Historical financial information

| Years ended 30 June | 2010 (*) | 2011 (*) | 2012 | 2013 | 2014 | 2015 |
|--|-----------|-----------|-----------|----------|----------|----------|
| Statement of Income (USD'000) | | | | | | |
| Total income from ordinary activities | 143,293 | 154,278 | -42,696 | -28,712 | 32,940 | 34,218 |
| Total expenses from ordinary activities | -64,650 | -110,434 | -98,304 | -102,896 | -65,386 | -44,567 |
| Operating profit before income tax | 78,643 | 43,844 | -141,000 | -131,608 | -32,446 | -10,349 |
| Income tax expense | -11,190 | -3,354 | -8,474 | 15,175 | 5,026 | -8,067 |
| Profit for the year | 67,453 | 40,490 | -149,474 | -116,433 | -27,420 | -18,416 |
| Minority interests | 17,754 | 25,747 | -50,585 | -26,296 | -3,227 | 3,851 |
| Profit attributable to ordinary equity holders | 49,699 | 14,743 | -98,889 | -90,137 | -24,193 | -22,267 |
| Statement of financial position (USD'000) | | | | | | |
| Total assets | 1,260,218 | 1,318,847 | 1,134,262 | 929,344 | 929,839 | 840,022 |
| Total liabilities | -587,523 | -655,508 | -587,914 | -482,566 | -509,705 | -448,831 |
| Net assets | 672,695 | 663,339 | 546,348 | 446,778 | 420,134 | 391,191 |
| Share information | | | | | | |
| Basic earnings per share (cents per share) | 0.10 | 0.03 | -0.20 | -0.19 | -0.05 | -0.05 |
| Share price as 30 June | 0.77 | 0.77 | 0.48 | 0.46 | 0.55 | 0.52 |
| Ordinary share capital (thousand shares) | 499,968 | 499,968 | 493,488 | 481,298 | 458,727 | 430,132 |
| Market capitalization at 30 June (USD'000) | 384,975 | 384,975 | 236,874 | 221,397 | 252,300 | 223,669 |
| Net asset value per ordinary share (USD) | 1.35 | 1.33 | 1.11 | 0.93 | 0.92 | 0.91 |
| Ratio | | | | | | |
| Return on average ordinary shareholder's funds | 9.9% | 2.9% | -16.8% | -15.4% | -4.2% | 4.0% |
| Total expense ratio (% of NAV) | 2.36% | 2.00% | 2.39% | 2.15% | 2.31% | 2.56% |

(*) Restatement of 30 June 2010 and 30 June 2011 figures, please refer to note 2.30 of the consolidated financial statements for the year ended 30 June 2012 for reference.

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) |
| Tran Trong Kien | Non-executive Director (Independent) |

VinaCapital Investment Management Ltd (VCIM)

| 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 one year term commenced 21 November 2015.

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/custodian: Standard Chartered Bank (Singapore & Vietnam)

Registrar and Transfer Agency: Orangefield (Cayman) Limited

Brokers: Numis Securities (Bloomberg: NUMI)

Lawyers: Wragge Lawrence Graham & Co (UK), Maples and Calder (Cayman Islands)

Base and incentive fee: The base fee is fixed at USD6.9 million per annum until 21 November 2016. 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.