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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 30 September 2015, VNL's unaudited net asset value (NAV) was USD388.3 million or USD0.903 per share. This represented a 0.56% increase from a net asset value per share of USD0.898 at 30 June 2015.

VNL's share price increased 6.6% to USD0.550 as at 30 September 2015, from a closing price of USD0.516 as at 30 June 2015. VNL's share price to NAV discount is currently 39.1% compared to 42.5% in June. During the quarter, VNL repurchased and cancelled 2.04 million ordinary shares. Since October 2011, the VNL has repurchased and cancelled a total of 71.9 million ordinary shares, representing 14.38% of the total shares in issue prior to the commencement of the share buyback program.

Fund update

VNL project revaluations were undertaken for the period ending 30 September 2015 with five projects appraised by international valuation consultants. Additionally, eight projects were 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 six projects are located in the southern and central regions of Vietnam.

In the third quarter of 2015, VNL's projects received two awards at the inaugural Vietnam Property Awards 2015. The annual awards recognise property industry developers who develop quality new developments with the awards for "Best condominium development in Vietnam" for The Ocean Apartments at Danang Beach Resort and Golf Course, and "Best Villa development (resort) in Vietnam" for The Point at Danang Beach Resort and Golf Course.

On 31 August 2015, VNL announced that it divested its stake in the company that owns the HAS Project located in Quang Nam Province to Hong Kong based investor Chow Tai Fook. The HAS Project has a total area of 986ha which was acquired in 2007 for development into a mixed use township. The transaction resulted in VNL disposing its entire stake in the project, for net proceeds of USD10.5 million, which have all been received. VNL had completed initial investments into the Project, however continuing with such a large scale, long term development would have required significant future capital commitments. Although VNL is exiting the project, VinaCapital will remain involved and will work with Chow Tai Fook to complete the project. The involvement of Chow Tai Fook, along with VinaCapital, will expedite the project, which no doubt will contribute to the development of the Quang Nam province and the central region of Vietnam.

Improved market confidence is creating more demand for development land, including VNL's portfolio, which continues to draw interest from investors. The Manager continues to pursue several disposal opportunities and is negotiating with the objective of securing several exits in Q42015. The primary driver of the real estate sector recovery is the continued increase in liquidity. As this liquidity-driven market momentum continues, VNL is actively working on a number of disposal opportunities, and expects to proceed towards documentation of project disposals in November 2015. Meanwhile, VNL's residential products continued to sell, particularly Dai Phuoc Lotus in Dong Nai, the My Gia project in Nha Trang; The Point, Ocean Apartments, and Azura in Danang. Following its successful re-launch, 100% (46 units) of the Ocean Apartment Block A (a part of Danang Beach Resort) were sold out.

VNL announced the appointment of Mr. Tran Trong Kien as a new Independent Non-executive Director, effective 25 September 2015. Mr. Tran replaced Mr. Daniel McDonald, who resigned from the VNL Board in order to pursue new challenges. Mr. Tran's experience in owning, developing and guiding both property investments and commercial enterprises in Vietnam and the region over the last 20 years will greatly assist VNL as it seeks to develop and realise its property portfolio. As a result, the total number of VNL Board members remains at five.

Finally, VinaCapital held its annual Investor Conference on 15 October 2015, where the post-EGM strategy was discussed in conjunction with the presentation of the VNL update (dated 15 October 2015), which has been posted on the VNL website [here](#). The EGM and AGM will be convened in November 2015.

Performance summary*

30 September 2015

NAV per share** (USD):	0.90
Change (Quarter-on-quarter)	0.56%
Total NAV** (USD 'm):	388.3
Share price (USD):	0.550
Market cap (USD 'm):	235.5
Premium/(discount)	-39.1%

* 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	0.6	-1.6	-18.6	-36.0
Share price	6.5	-1.3	24.6	-32.1

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		0.0	-1.0	-6.3	-12.6
YTD	-1.7	0.8	-12.4	-11.9	-13.2

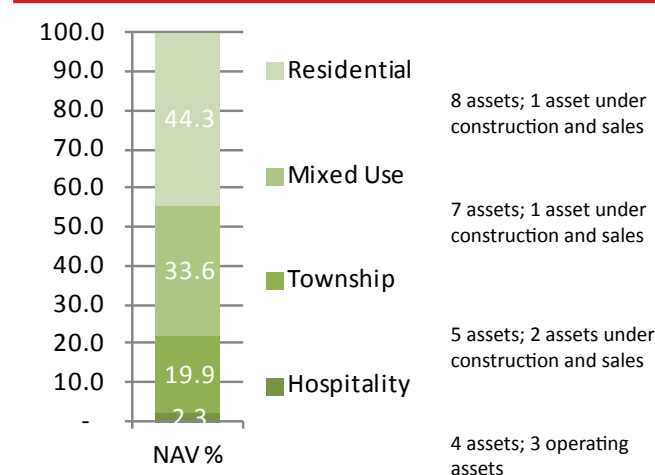
Additional portfolio information

Current assets	24
Divestments	22 full and residential unit sales
Debt	Fund level (ZDPs): 7.5% of NAV Project level (Bank): 19.7% of NAV
Shares outstanding	428,091,266

Top ten investments

Project	Location	Type	% of NAV
Century 21	South	Residential	16.6%
Danang Golf and Beach Integrated Development	Central	Residential	12.9%
Dai Phuoc Lotus	South	Township	8.2%
VinaSquare	South	Mixed Use	8.0%
Pavilion Square	South	Mixed Use	7.6%
Times Square Hanoi	North	Mixed Use	6.4%
Aqua City	South	Township	5.5%
Trinity Park	South	Residential	4.8%
Green Park Estate	South	Mixed Use	4.3%
Capital Square	Central	Mixed Use	3.9%
Total			78.3%

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 USD117.6 million

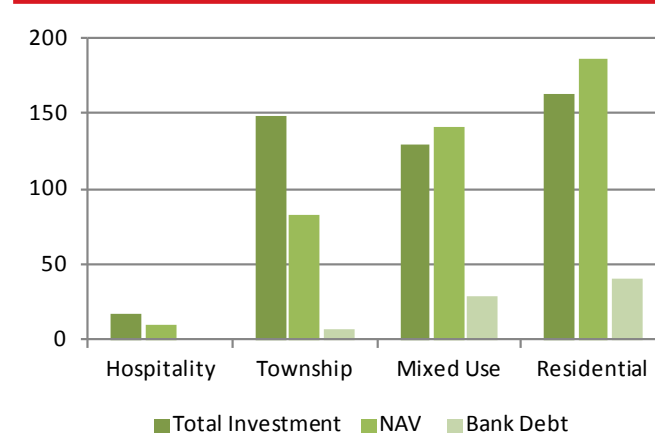
Portfolio breakdown

Portfolio by geographic location	% of NAV
Hanoi region	8.9%
Central region	26.6%
Ho Chi Minh City region	64.5%
Valuation breakdown	
Assets not yet revalued *	4.7%
Assets revalued	95.3%
Development status	
Land banking	7.1%
Planning stage	63.5%
Development stage	28.0%
Operating assets	1.3%

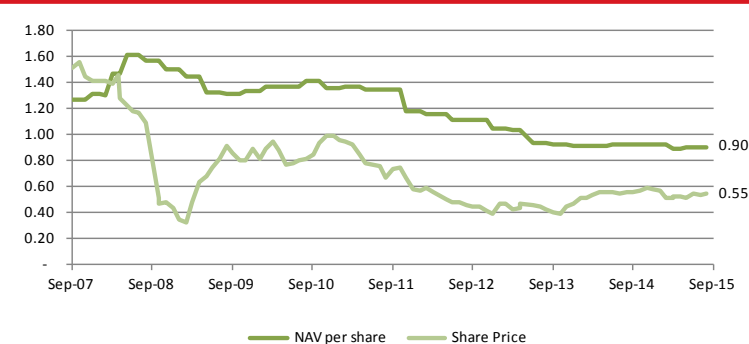
All NAV and NAV per share related data is calculated on a quarterly basis

* held at cost or below cost

NAV by sector



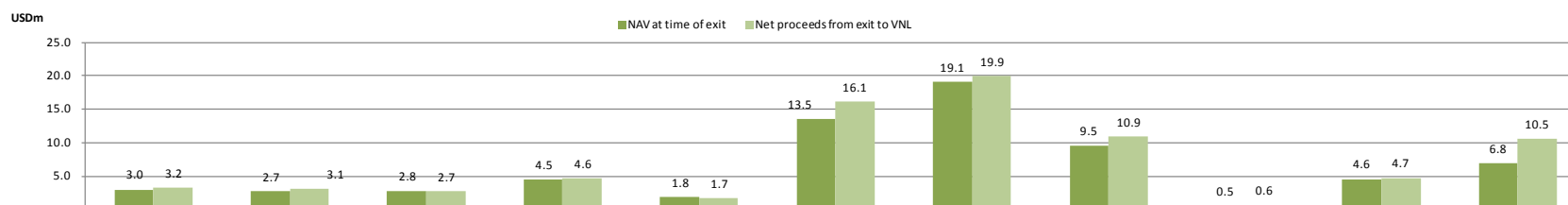
NAV and share price performance



VNL strategy

Current strategy: VNL is now 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 continues 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. VNL's primary objective remains the disposal of projects and with an improved market since Q2 2015, VNL is targeting the closure of several divestments during the remainder of 2015. At the same time, VNL is pushing forward with ongoing residential developments to capitalise on the improving market confidence and improved liquidity. Ongoing development of existing projects helps with cashflow and also demonstrates to investors/sub-developers that the projects are very attractive developments and offer excellent medium-term growth opportunities in the Vietnam property market. 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 however is looking at commencing new residential developments on existing land currently owned by VNL.

VNL divestment history



Pre-EGM

Post-EGM (28 November 2012)

Full Divestments	10 projects divested	Post-EGM (28 November 2012)											Total
		Nguyen Du	Sheraton	Signature 1	Hao Khang	Prodigy	Vina Properties	Hospitality investments	Marie Curie	Saigon Quy Nhon	Vung Bau Phu Quoc	HAS	
Type		Office	Hotel	Land	Land	Hotel	Hotel	Hotel	Land	Hotel	Land	Township	
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	
NAV at exit (USDm)	188.1	3.0	2.7	2.8	4.5	1.8	13.5	19.1	9.5	0.5	4.6	6.8	68.7
Net proceeds to VNL (USDm)	205.5	3.2	3.1	2.7	4.6	1.7	16.1	19.9	10.9	0.6	4.7	10.5	78.0
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%	13.6%
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	58.5
Net proceeds vs. NAV at EGM		-6.1%	15.1%	-3.3%	-7.8%	-31.7%	8.2%	215.3%	24.6%	24.5%	1.6%	36.3%	32.2%

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

* Cost and net proceeds from exit include all transfers of money between the fund and project companies, including dividends, shareholder loans, and capital contributions.

* Net proceed vs NAV at EGM: Net proceeds include adjustments since EGM when comparing to NAV at EGM.

Macroeconomic update

The most significant economic headline occurred when it was announced that the twelve signatory nations to the Trans-Pacific Partnership (TPP) had finally reached a consensus as to the terms of agreement.

The agreement is undoubtedly having a positive influence on investor sentiment towards Vietnam with a promising outlook for equities, while companies will benefit directly from the tariff cuts/reductions on over 18,000 goods. The medium to long term impact of the TPP will see Vietnam's GDP growth accelerate by 1-2% p.a., will strengthen exports, and will positively influence the trade balance and help maintain a stable VND.

TPP news aside, the economy grew 0.2% in the September quarter, taking year-to-date GDP growth to 6.5%, the highest in five years. Year-on-year GDP growth is now running at 6.8%. Vietnam's growth is expected to accelerate through the second half of 2015, underpinned by construction, export-oriented manufacturing and strong foreign direct investment (FDI) inflows.

Inflation hit 0.4% year-to-date which took year-on-year inflation to 0.0%. Our view is that inflation is likely being driven by administered prices rather than market forces as factors such as education, electricity, gasoline and medical costs are regulated. Having inflation under control is vital to the stability of the economy but zero inflation can actually act as a disincentive to invest in growth. It would be encouraging to see inflation increase over time to between 3% and 5% to assist in stimulating the growth of the domestic economy.

Finally, Banks continued to lend into the domestic market with credit growth increasing to 10.2% year-to-date, indicating confidence in Vietnam's economic recovery, but also meaning the State Treasury missed its Q3 issuance targets and is likely to come under pressure to increase its yields or diversify its offerings to products such as zero-coupon bonds.

Real estate market update

As a result of new regulations, the number of new condominium developments continuing to launch in Ho Chi Minh City and Hanoi rose 200% and 112% year-on-year, respectively. According to CBRE Vietnam, an additional 10,114 units in Ho Chi Minh and 9,160 units in Hanoi were launched in Q3. During the first nine months of 2015, condominiums in the mid-to-high end segment provided better margins to developers prompting more developments in this segment. The average selling price decreased slightly by between 1% and 4% quarter-on-quarter in both Ho Chi Minh City and Hanoi due to the dong devaluation but it increased by between 1% and 3% year-on-year. Some concerns remain surrounding demand, and we continue to monitor the absorption rate of new condominium units, however we believe there will be an over-supply of condominiums in some districts of Ho Chi Minh City and Hanoi.

In the third quarter of 2015, the average rent for office projects in Ho Chi Minh City and Hanoi remained stable. Retail rent increased slightly in Ho Chi Minh City (approximately 1% - 3%) while trending down in Hanoi quarter-on-quarter. Increasing supply in both retail and commercial segments through to the end of the year is expected to place continued downward pressure on net effective rentals.

The landed property market both in Ho Chi Minh City and Hanoi continues to demonstrate more activity with new project launches and numerous promotional campaigns. Most of the new projects are located in the fast-developing residential areas which benefit from improving infrastructure conditions. In addition, product offerings are becoming more diverse, with a focus on the shop house product. If managed properly, these typically high-value housing products could potentially act as an investment opportunity besides providing living accommodation value. According to Savills, land purchases in Q3 were down as expectations of fresh supply in Q4 lead buyers to hold off on new purchases. As the result, the absorption rate of land plots decreased slightly quarter-on-quarter. Prices are expected to remain stable in the next few quarters, while developers are expected to bustle with new launches.

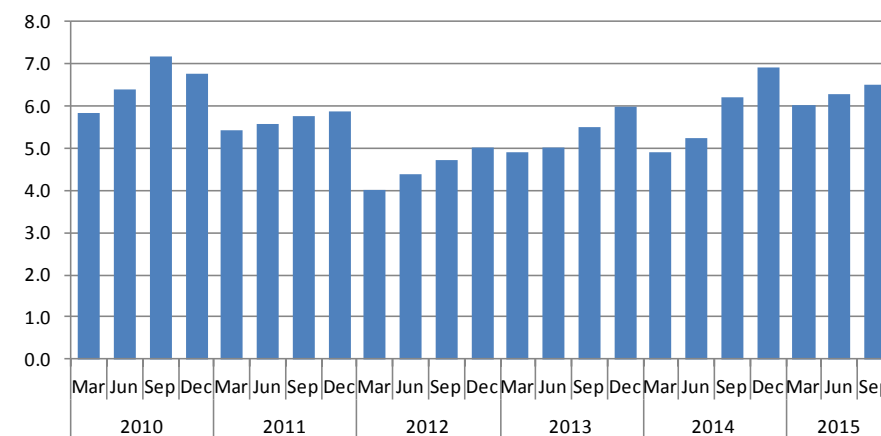
Macroeconomic indicators

	2014	Sep-15	2015 YTD	Year-on-year
GDP growth ¹	6.0%		6.5%	6.8%
Inflation (%YOY)	1.8%	-0.2%	0.4%	0.0%
FDI commitments (USDbn)	20.2	11.7	17.2	53.4%
Imports (USDbn)	148.0	43.1	124.6	24.0%
Exports (USDbn)	150.0	43.1	120.7	17.1%
Trade surplus/(deficit) (USDbn)	2.0	-0.1	-3.9	
Exchange rate (USD/VND) ²	21,450	22,510	-4.9%	
Bank deposit rate (VND)	6.0%	5.0%	-100bps	

Government bond yields (%)

	1yr	2yr	3yr	5yr
June-15	5.05	5.45	5.85	6.45
September-15	5.15	5.50	6.10	6.90

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

New Housing Law and Real Estate Business Law, both effective 1 July 2015

After a long-awaited legislative breakthrough, the passage of these two laws established a more transparent legal framework to help protect home buyers and increase the confidence of foreign investors. However, two months after the effective date of the revised regulations on Real Estate Business Law and Housing Law, both developers and purchasers still face multiple challenges in implementing the new regulations due to administrative requirements and limited procedural guidelines. Although further clarification is still required on new regulations, relaxing foreign ownership and guaranteed credit are helping to boost demand for the real estate market. There has been a 30% increase in foreign investor enquiries in the residential market since July 2015. The amendments are considered a good move by the Vietnamese authorities and will help Vietnam's property market become more competitive within the region.

Vietnam Dong has depreciated nearly 5% so far this year.

The State Bank of Vietnam (SBV) devalued the dong (VND) by 1% against the dollar on 19 August 2015, its third adjustment so far this year, while simultaneously widened the trading band to 3% from 2% previously. In the short term, Foreign Exchange (FX) risk has risen and is impacting some Foreign Indirect Investment (FII) flows. The dong devaluation could potentially create pressure on interest rates, pushing them higher over time. The devaluation of the VND has reduced the opportunity for an interest rate cut by the central bank, and subsequently commercial bank rates. However, the impact on the real estate market is expected to be modest currently, especially as the property market is largely fuelled by domestic demand and dominated by domestic supply. Policy initiatives like the relaxing of the foreign ownership regulations and subsidized credit are also helping to expand the real estate demand pool. Developers that have survived the downturn period have emerged stronger and more innovative, having reconfigured their strategy and products offerings, thereby further stimulating demand.

Condominium sector

The number of new condominiums continuing to launch in Ho Chi Minh City and Hanoi rose 200% and 112% year-on-year, respectively. According to CBRE Vietnam, an additional 10,114 units in Ho Chi Minh and 9,160 units in Hanoi were launched in the third quarter. During the first nine months of 2015, condominiums in the mid-to-high end segment providing better margins to developers prompting more activity in this segment. The average selling price decreased by between 1% and 4% quarter-on-quarter in both Ho Chi Minh City and Hanoi due to the dong devaluation, but it increased by between 1% and 3% year-on-year. The Manager holds some concerns about the net absorption rate of these ongoing launches, as it appears there will be an over-supply in some districts in Ho Chi Minh City and Hanoi, and we continue to monitor the situation.

Landed property sector

Landed property market both in Ho Chi Minh City and Hanoi continues to demonstrate improvement with new project launches and numerous promotional campaigns. Most of the new projects are located in fast-developing residential areas, which are benefitting from improving infrastructure conditions. In addition, product offerings are becoming more diverse, with a focus on the shop house product. If managed properly, these typically high-value housing products could act as an investment opportunity, and widen interest from the owner-occupier market. According to Savills, due to limited supply of land plots in Q3 recent buyers have held off making purchases as they anticipate greater supply in Q4 2015. As the result, the absorption rate of land plots decreased slightly quarter-on-quarter. Prices are expected to remain stable in the next few quarters, while developers are expected to be active with new launches.

Office and Retail sector

In Q3 the average rent for office projects in Ho Chi Minh City and Hanoi remained stable. Retail rent increased slightly in Ho Chi Minh City (approximately 1% - 3%) while trending down in Hanoi quarter-on-quarter. Increasing supply in both retail and commercial segments through to the end of the year is expected to place continued downward pressure on net effective rentals. However, new supply will come online in the next quarter and landlords may soften their rents slightly in an effort to reduce vacancy rates, making the office and retail market more competitive.

New amendments on Foreign Housing Ownership and Real Estate Business Law.

Dong devaluation, the third adjustment so far this year.

An additional 19,274 condominium units both in Ho Chi Minh and Hanoi were launched in the third quarter.

Landed property market both in Ho Chi Minh City and Hanoi continues to demonstrate more activities with new project launches and numerous promotional campaigns.

Top 10 investments

Investment	Location	Sector	VNL ownership	VOF ownership	Site area (ha)	NAV (USD mil)	% of NAV	Bank debt (VNL portion, USD mil) ¹	Projected future investments through 2015 (VNL portion, USD mil) ²	Current status
Century 21	South	Residential	75.0%	25.0%	30.1	69.9	16.6%	31.1	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
Dai Phuoc Lotus	South	Township	54.0%	18.0%	198.5	34.3	8.2%	0.0	0.0	Development
VinaSquare	South	Mixed Use	46.5%	15.5%	3.1	33.7	8.0%	0.0	1.1	Planning
Pavilion Square	South	Mixed Use	90.0%	0.0%	1.4	31.8	7.6%	28.4	7.1	Planning
Times Square Hanoi	North	Mixed Use	65.0%	0.0%	4.0	27.0	6.4%	0.0	0.1	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	20.3	4.8%	0.0	0.0	Planning
Green Park Estate	South	Mixed Use	62.9%	33.9%	15.7	17.9	4.3%	0.0	5.0	Planning
Capital Square 4	Central	Mixed Use	61.7%	20.6%	6.6	16.3	3.9%	0.0	3.5	Development
Total of top 10 investments						328.7	78.3%	69.3	16.8	
Remaining investments						91.2	21.7%	7.2	1.0	
Total portfolio						419.9	100.0%	76.6	17.8	

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

2. Projected future investments through to 2015: 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 which is part of the Ho Chi Minh City East-West Highway, running from the South West to the North East of the city, opened in November 2011. The opening of the tunnel 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 planning 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 is completed and is now open to the public. 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. The surrounding District 2 area has seen improvements to its infrastructure, which has created interest amongst both domestic and foreign investors. **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 28.5 ha 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.

In Q3 2015, the project continued to see more activities with new transactions and construction progress. Following the successful re-launch, 100% (46 units) of Ocean Apartment Block A (a part of Danang Beach Resort) has been sold. Buyer handovers commenced on 5 July and a total of 28 apartments (61%) have been handed over to owners as at 30 September 2015. The owners will start receiving their Pink Books, first starting in Q1 2016.

There were further transactions in Phase 1 and 2 of The Point villa project (part of Danang Golf Course) in Q3 2015, resulting in 29 sales out of 40 overall units. Phase 1 infrastructure and common area landscaping is on program for completion by the end of October 2015. Buyer handovers of the bare-shell villas of the first phase commenced in August 2015 with 4 handed over as at 30 September 2015 while the second phase is under construction together with the sites infrastructure.

On 8 May 2015, The Danang Golf and Beach Integrated Development project received the international award for "Best Golf Development in Vietnam" at the Asia Pacific Property Awards in Kuala Lumpur. On 14 August 2015, the project continued to obtain two awards at the inaugural Vietnam Property Awards 2015 including Best condo development for The Ocean Apartments and Best Villa development (resort) for The Point.

During the first nine months of 2015, overall macroeconomic factors and real estate sector continued to improve and there is evidence that the number of investor enquiries is increasing.

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.

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. Soft sales began in April 2010 with an official sales launch in April 2011 together with the opening of the show villas. The sports and recreation centre and the CBD link road was completed and opened in Q4 2013 on schedule which resulted in the strongest sales since the project launch. All infrastructure works to Zone 5 were completed including the Prosperity Lake adjacent to the display villas.

The project also won the “Best Residential Development in Vietnam” award at the Asia Pacific Property Awards in Kuala Lumpur on 8 May 2015. During the first nine months of 2015, 217 sales and purchase agreements were signed out of 332 villas launched. 179 villas have been handed over to buyers and 123 Pink Books have been issued to owners as at 30 September 2015 with a further 19 targeted to be completed in Q4 2015. The revision of the 1:500 Master Plan of Zone 4 was submitted to authorities dated 5 May 2015 and received the final comments from authorities on the 10 September 2015. The amended design was resubmitted and expects to obtain the final approval of Dong Nai Province People’s Committee in Q4 2015. The master plans of other zones will be revised for submission and approval from 2016.

Events are scheduled on site in October leading up to a major sales event on 24 October at which we should expect to obtain new deposit agreements for both land plots as well as land and house packages.

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 were 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.**

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
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.

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.

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 77% is completed. A new compensation plan was issued so there will not be any eviction until the new compensation plan is agreed with the residents. As a result, the Manager anticipates that the land clearance will be delayed until Q2 2016.

In conjunction with the expected completion of land compensation, the Manager 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 second CBD. Given this high-profile location, the project has considerable potential as a future landmark development.

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 77% 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	Mixed-use (residential, retail, hotel and office)
Area	4.0ha, estimated GFA 308,510 sqm
Location	Pham Hung Road, My Dinh area – future second CBD
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

AquaCity was purchased in 2006 as a strategic acquisition along the North East corridor leading to the new Long Thanh international airport in Dong Nai. 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 HCMC. 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.

The infrastructure systems in the surrounding areas have seen significant improvements which have created interests amongst both domestic and foreign investors. With increased deal activity in the surrounding areas, it is envisaged that the Aqua City project will attract more 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. The 1:500 master plan for the project was approved in May 2007. Infrastructure system on site is under-construction and on program for completion.

With the improving real estate market and strong growth in residential sales in District 2 and District 9 of Ho Chi Minh City, the VNL 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 on progress.
Investment rationale	Sound long-term demand for mid-range, landed residential housing in District 9, following the success of The Garland product.

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.

Capital Square

Capital Square Danang ("the Project") was acquired in 2006 given its central, river front location in the fast growing city of Danang. The Project comprises residential apartment towers, a 4/5 star hotel, serviced apartments, a retail mall and other commercial uses and connecting public spaces. The Project was partially exited in 2008 via a co-investment with a European investor for a portion of Phase 1 (2.5ha). The revised master plan of Phase 1, which comprised more residential areas was approved in August 2012, and the restructuring process to split the 9ha site into 3 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. As at 30 September 2015, VNL has signed sales and purchase agreements for approximately 89% of the tower (200 sold out of 225 units) and 183 units (81%) handed over to buyers. We expect to sell down all remaining unsold stock by the end of December 2015.

Previously, VNL had divested the land portion of Phase 1, excluding the Azura Tower, to VinGroup who is a well known local developer and retail mall specialist. VinGroup completed the construction of a new shopping mall which opened officially on 30 June 2015. **In accordance with improved market in Danang, this retail center is creating excellent adjacent amenity and has acted as a catalyst to drive residential demand for VNL's adjoining sites including the Azura Tower.**

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

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 89% 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

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
Statement of Income (USD'000)					
Total income from ordinary activities	143,293	154,278	-42,696	-28,712	32,940
Total expenses from ordinary activities	-64,650	-110,434	-98,304	-102,896	(65,386)
Operating profit before income tax	78,643	43,844	-141,000	-131,608	(32,446)
Income tax expense	-11,190	-3,354	-8474	15,175	5,026
Profit for the year	67,453	40,490	-149,474	-116,433	(27,420)
Minority interests	17,754	25,747	-50585	-26296	(3,227)
Profit attributable to ordinary equity holders	49,699	14,743	-98,889	-90,137	(24,193)
Statement of financial position (USD'000)					
Total assets	1,260,218	1,318,847	1,134,262	929,344	929,839
Total liabilities	-587,523	-655,508	-587,914	-482,566	-509,705
Net assets	672,695	663,339	546,348	446,778	420,134
Share information					
Basic earnings per share (cents per share)	0.10	0.03	-0.20	-0.19	-0.05
Share price as 30 June	0.77	0.77	0.48	0.46	0.55
Ordinary share capital (thousand shares)	499,968	499,968	493,488	481,298	458,727
Market capitalization at 30 June (USD'000)	384,975	384,975	236,874	221,397	252,300
Net asset value per ordinary share (USD)	1.35	1.33	1.11	0.93	0.92
Ratio					
Return on average ordinary shareholder's funds	9.9%	2.9%	-16.8%	-15.4%	-4.2%
Total expense ratio (% of NAV)	2.36%	2.00%	2.39%	2.15%	2.31%

(*) 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 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/custodian: Standard Chartered Bank (Singapore & Vietnam)

Registrar and Transfer Agency: Orangefield (Cayman) Limited

Brokers: Edmond de Rothschild Securities (Bloomberg: LCFR), 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 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.