

VinaLand Limited

Fund update & new strategy

12 October 2016

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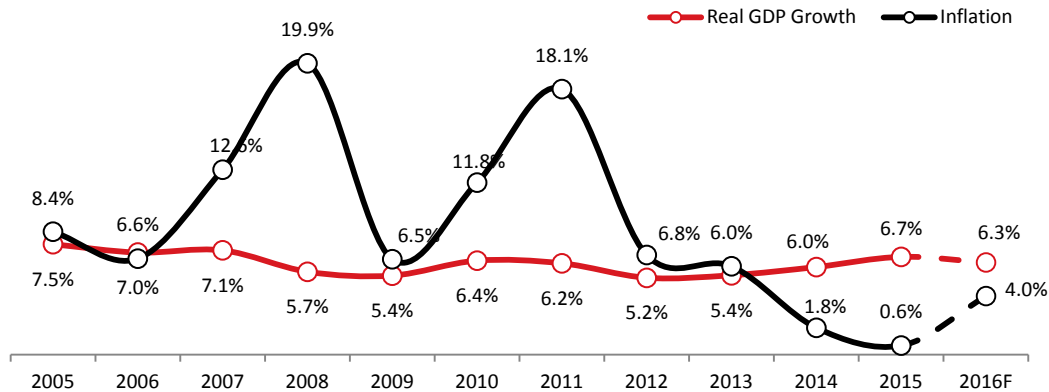
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Vietnam - macroeconomics and real estate sector

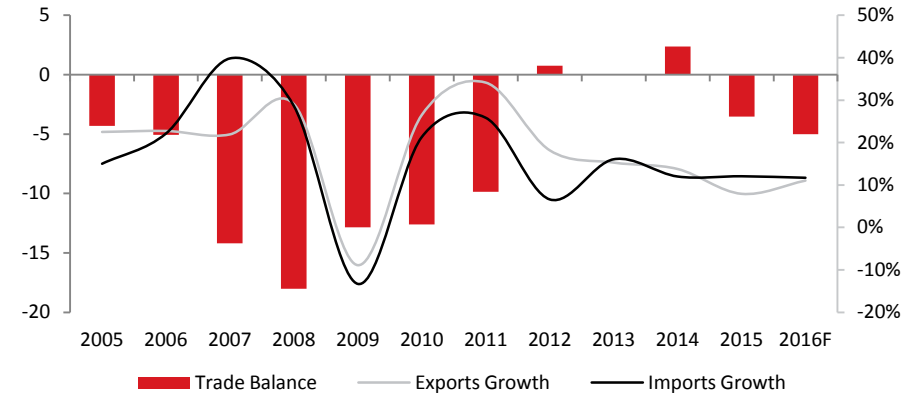
GDP is steady and projected to reach 6.3% by end of 2016. Inflation expected to reach 4% by year end.

GDP growth and inflation



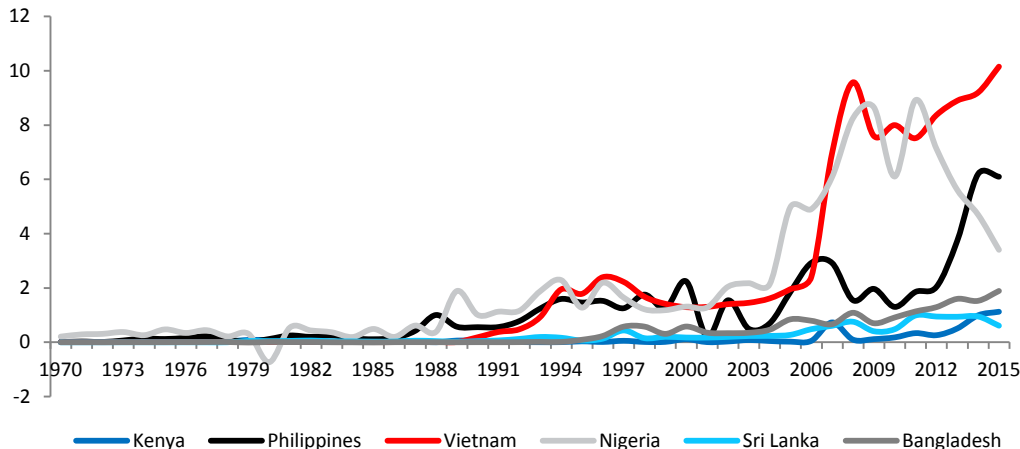
Trade deficit remains manageable

Trade balance (USD billion)



Vietnam foreign direct investment inflows are growing at a faster rate than other frontier markets

Net foreign inflows (USD billion)

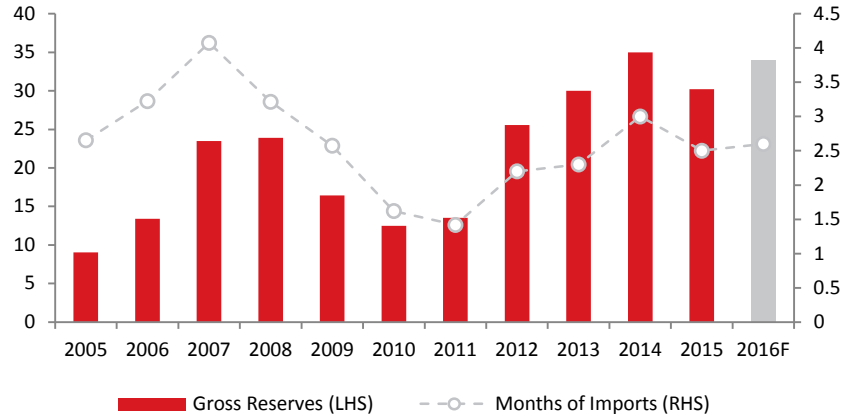


Year	FDI Commitments (USDbn)	FDI Disbursements (USDbn)	No. of Projects
2010	18.6	11	1,237
2011	14.7	11	1,191
2012	13	10.5	1,287
2013	21.6	11.5	1,275
2014	21.9	12.4	1,588
2015	24.1	14.5	2,120
2016F	28.0	16.7	2,546

Source: IMF, ADB, General Statistics Office, Ministry of Planning & Investment, Vietnam Customs.

FX reserves

USD billion

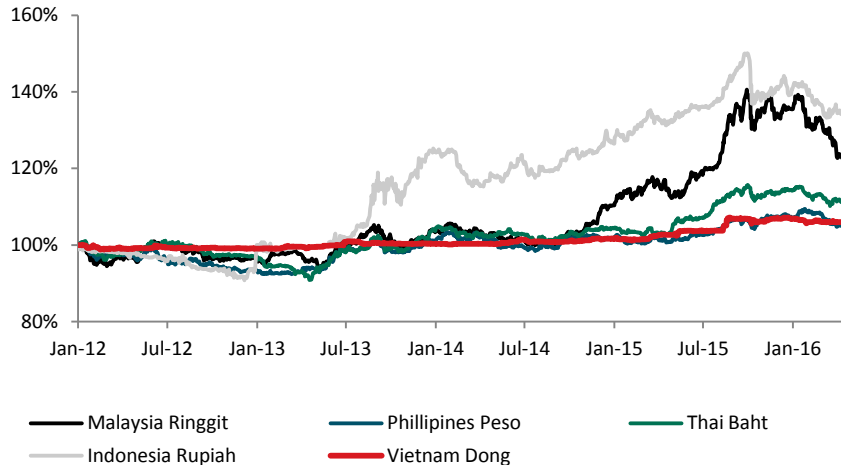


Credit growth is managed closely by the State Bank of Vietnam. Recent indications are that some banks are close to reaching their credit growth limits for 2016. Also indications that credit growth for the real estate sector will be restricted.

Percentage

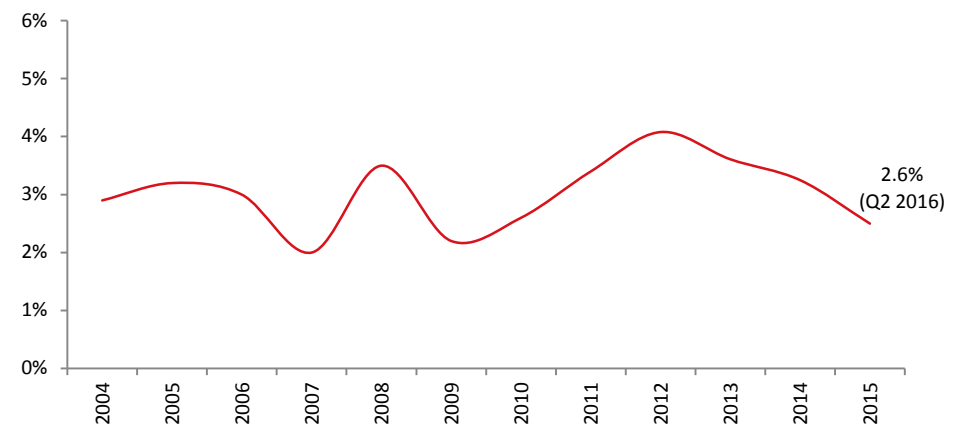


The VND remains one of the more stable currencies against the USD compared to regional peers and Brexit in June 2016 has not impacted on the VND currency



According to the Government non-performing loans have declined since 2012. (However indications are that bank lending into real estate investment and development in 2017 will be restricted to promote further reduction in NPL's)

Percentage



Source: General Statistics Office, State Bank of Vietnam.

Major Indicators	Unit	2012A	2013A	2014A	2015A	2016F
GDP growth	%	5.0	5.4	6	6.7	6.0 – 6.3
CPI	%	6.8	6	1.8	0.6	3.0 – 4.0
Trade Deficit /Surplus	USD bn	0.3	0.9	2	-3.5	-5
<i>Exports</i>	USD bn	114.6	132.2	150.1	162	180
<i>Imports</i>	USD bn	114.3	131.3	148.1	165	185
FDI Commitments	USD bn	13.0	21.6	20.2	23	23.0 – 28.0
FDI Disbursement	USD bn	10.5	11.5	12.4	14	13.0 – 17.0
Credit Growth	%	7.0	11	12.6	17.2	18 – 20
FX Reserves	USD bn	26.0	32	35	30	35 - 40
SBV Refinancing Rate		9.0	7	6.5	6.5	6.5
<i>Deposit Rate</i>	%	8.0	7	5.5	6	6.0 – 6.5
<i>Lending Rate</i>	%	12.0 – 15.0	8.0 - 12.0	11.0 – 12.0	9.0 – 11.0	9.0 – 11.5
USD/VND (market rate)		20,880	21,190	21,580	22,660	22,500 – 23,000

Source : GSO, MPI, SBV

Consensus forecast from ADB, WB, EIU, HSC, HSBC, JP Morgan, Citi, Govt

- ✓ **LIQUIDITY** : Bank lending into the real estate sector has assisted the market recovery and credit growth will reach 18-20% by year end
- ✓ **INFLATION** : CPI is expected to reach 3-4% by year end
- ✓ **INTEREST RATES** : lending rates reached a plateau at 9-11%
- ✓ **CURRENCY FX** : remains stable and expected to continue
- ✓ **FDI COMMITMENTS** : could reach USD 17 billion by year end
- ✗ **NPL's** : taking longer to resolve than anticipated however factored into the market risks
- ✓ **OVERALL CONFIDENCE** : remains good



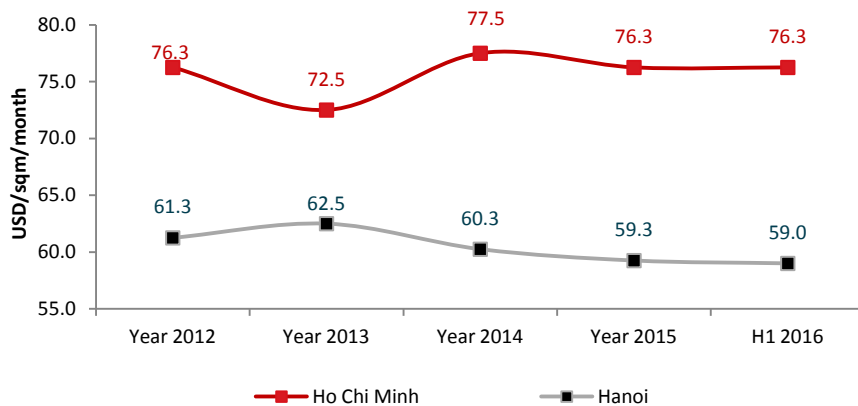
Retail: softer performance.

- Total retail supply both in HCMC and Hanoi increased 13% and 22% YOY, respectively.
- Average rent and occupancy: dropped slightly.
- Expansion of foreign retailers continues in H1 2016.
- Modern supermarkets continue to increase i.e Co.op mart (from 50 supermarkets in 2010 to 84), Vimart (expanded to 50 supermarkets within 2 years), Big C (from 12 supermarkets in 2010 to 33).
- Additional 190,000sqm of new supply will come online in H2 2016 both in Ho Chi Minh City and Hanoi.

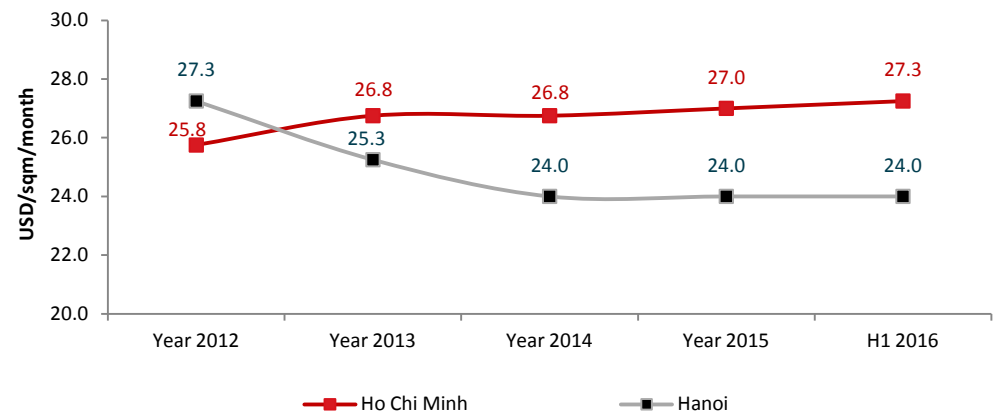
Continued increase in office supply in H2 2016 expected to place downward pressure on net effective rents in 2017

- H1 2016: Limited new supply.
- Average rent: increased 1% – 4% YOY in 2016.
- During 2016 occupancy improved across Grade A and B.
- Small tenancies of 100sqm-300sqm remain the most sought after by office tenants.
- Additional 177,000sqm of new supply will come online in H2 2016 both in Ho Chi Minh City and Hanoi.

Average Retail Rents in Hanoi and Ho Chi Minh City (CBD and Non-CBD)¹
From 2012 to H1 2016



Average Office Rents in Hanoi and Ho Chi Minh City (Grade A and B)
From 2012 to H1 2016



Source: CBRE and Savills Vietnam

¹Retail rents are the average ground floor asking rent, exclusive of VAT and serviced charge.

Condominiums

- New supply, H1 2016: 17,815 units launched in HCMC while 10,238 units launched in Hanoi, up 13% and 1% YOY, respectively.
- Sales, H1 2016: dropped 14% in HCMC however increased 7% YOY in Hanoi.
- Primary asking prices in Q2 2016 dropped 0.3% YOY in HCMC but increased 2.4% YOY in Hanoi.
- **New supply from H2 2016 – 2018: approx 140,000 new units (HCM and Hanoi).**

Landed Property¹

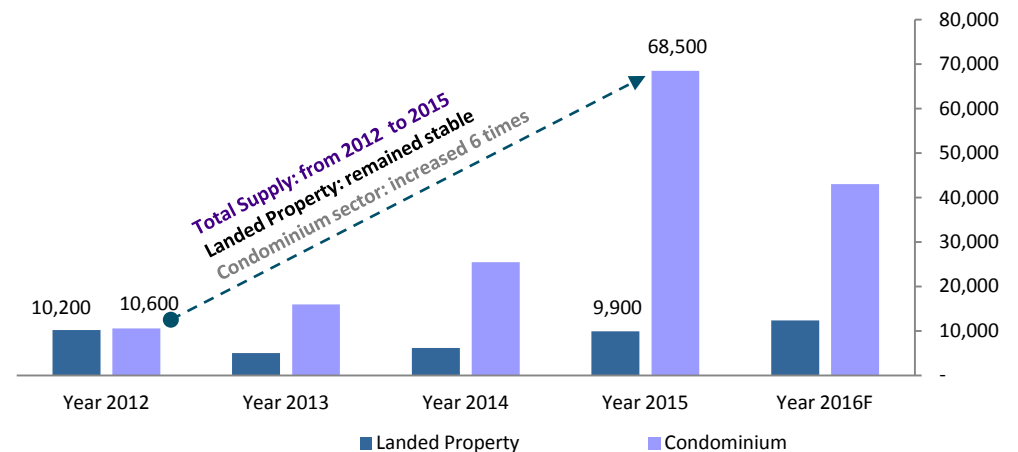
- New supply, H1 2016: 2,340 units launched in HCMC and 1,234 units launched in Hanoi, up 25% YOY.
- Average sales both in HCMC and Hanoi, H1 2016: up approx. 110% YOY with the townhouse segment accounting for 65% of total transactions.
- Primary asking prices, Q2 2016: up approx. 2% - 3% YOY.
- **New supply from H2 2016 – 2018: approx 40,000 units (HCMC and Hanoi)**

Landed Property: New supply has not increased significantly since 2012. Landed properties have become more affordable and are competing with high-end apartments as the preferred dwelling choice for Vietnam’s affluent class.

Condominium: Even with the decreases in condo launches, there is a sense that the condo market remains over supplied which may impact prices and inventory movement in the near future.

Total Supply of Landed Property and Condominium sector

From 2012 to 2016

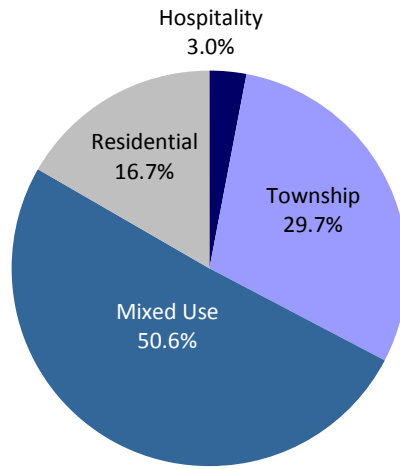


VNL - Fund performance
- November 2012 to present

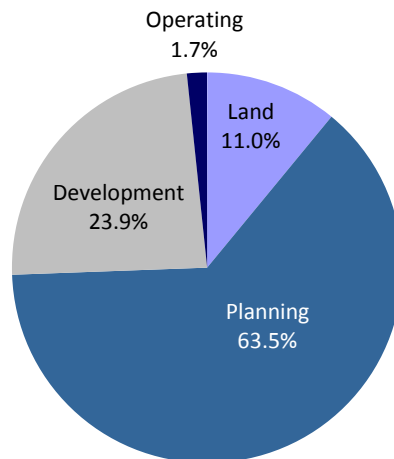
Fund summary		
NAV:	USD 326.4m	(30 Sept 2016)
	USD 361.4m (pre USD35.1m capital return)	
NAV per share:	USD 0.86	(30 Sept 2016)
	USD 0.95 (pre USD35.1m capital return)	
Share price:	USD 0.67	(06 Oct 2016)
	USD 0.76 (pre USD35.1m capital return)	
Discount:	-21.50%	(06 Oct 2016)
Market cap:	USD 255.6m	(06 Oct 2016)
Total shares outstanding:	379,323,461	(06 Oct 2016)

Portfolio summary	
Current assets:	19
Divestments:	27 full , 2 partial
Debt:	<ul style="list-style-type: none"> - Fund level (ZDP) : 9.7% NAV - Project level (Bank): 12.1% NAV - ZDP redemption USD 32.1m, payable 19 December 2016
Fund Cash balance:	USD 46.7m (excl. ZDP) USD 15.6m (ZDP)
	<ul style="list-style-type: none"> - Share Buy-back USD 60.1m 22 Nov 2012 to 06 Oct 2016 - Capital return from share premium account USD 35.1m paid June 2016 - Total distributions 22 Nov 2012 to 06 Oct 2016 : USD 95.2m - Further distributions via a share buyback will be ongoing, with a distribution via tender proposed for year end 2016

NAV by sector

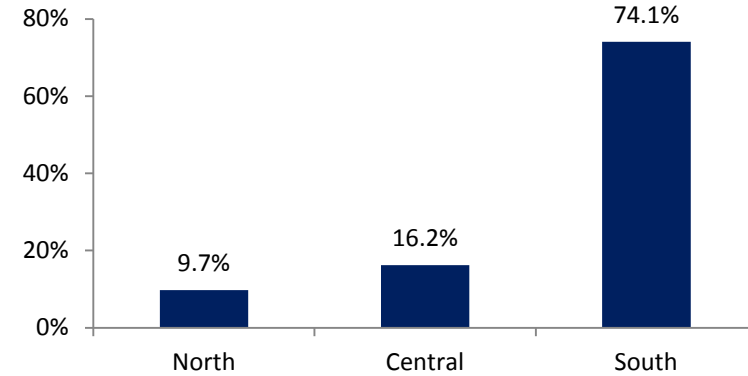


NAV by development status



Note: NAV as at 30 September 2016

NAV % by region

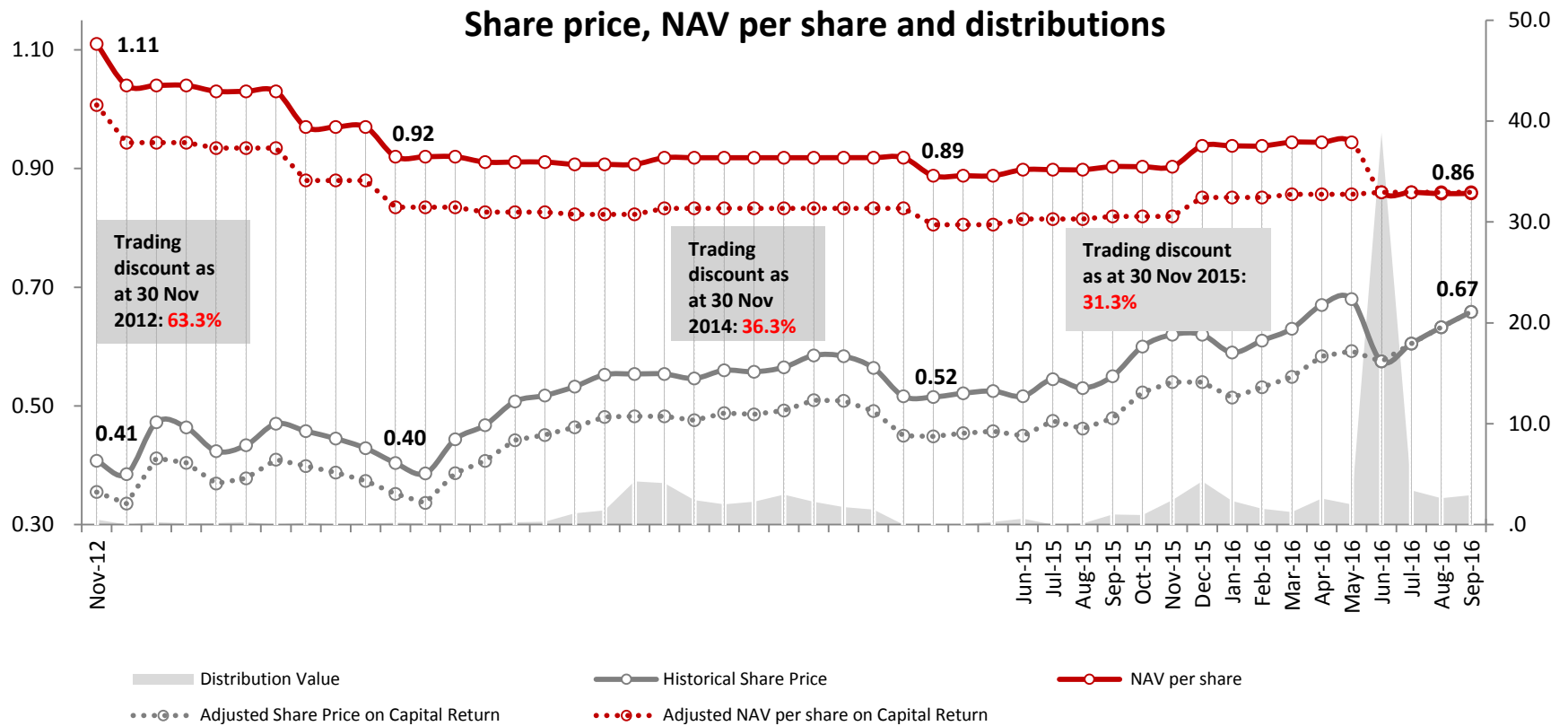


Key investments				
Project	Location	Type	NAV	% Portfolio NAV
Pavilion Square	South	Mixed Use	38.1	13.4%
VinaSquare	South	Mixed Use	35.3	12.5%
Dai Phuoc Lotus	South	Township	33.2	11.7%
Times Square Hanoi	North	Mixed Use	27.6	9.7%
Aqua City	South	Township	24.1	8.5%
Trinity Garden	South	Residential	21.0	7.4%
Capital Square	Central	Mixed Use	20.9	7.4%
Green Park Estate	South	Mixed Use	17.7	6.3%
Phu Hoi City	South	Residential	13.9	4.9%
Total			231.9	81.8%

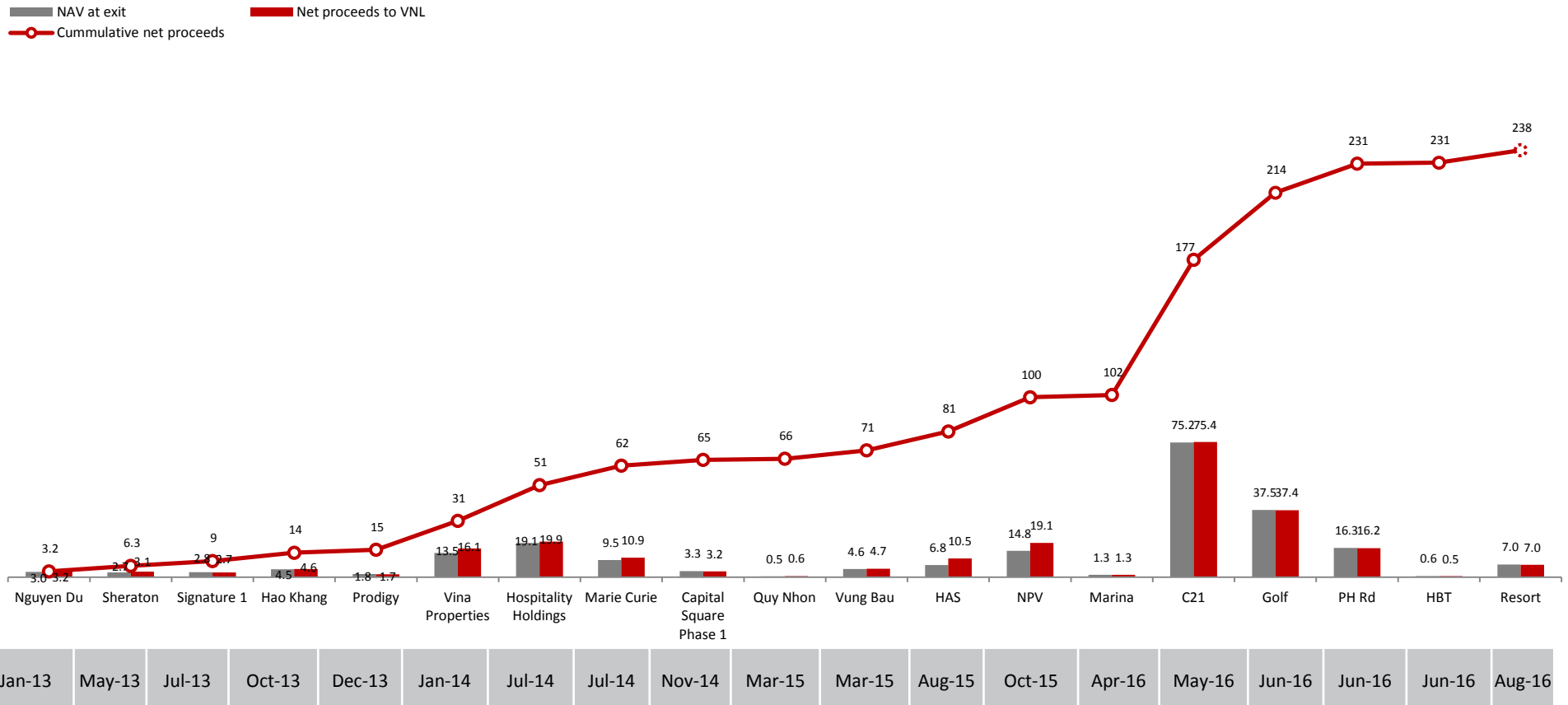
- Distribution of capital from share premium account of 8.76 cents per share (USD 35.1m) paid 6 June 2016
- Distribution USD60.1m via share buyback since Nov 2012 whereby the shares are cancelled
- Share price increased 87% to 67 cents from 36 cents (adjusted share price Nov 2012)
- NAV per share decreased 15% to 86 cents from 101 cents (adjusted NAV per share Nov 2012)

Per share data (USD)

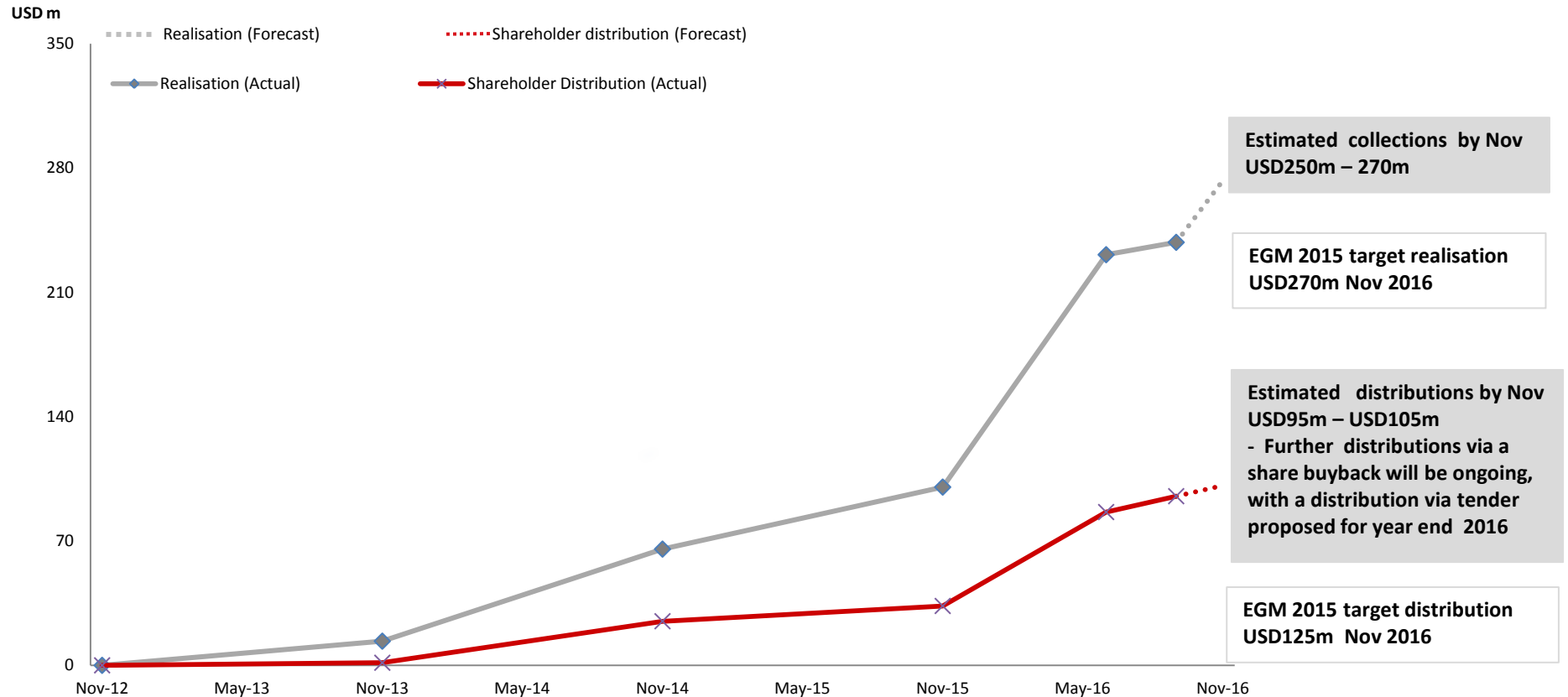
Distribution value (USDm)



Completed 18 full divestments and 2 partial divestments at an average premium to NAV of 14% when compared to the project NAV at the 2012 EGM and an average premium of 6% when compared to the NAV at the time of disposal.



Note: The graph excludes My Gia- Parcel 5 divestment as its proceed retains in project company.



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VNL – proposed new strategy

2016 EGM and AGM

The current VNL strategy concludes in November 2016. Therefore the Board will shortly announce details for an EGM that will be held in November 2016 to decide upon the new strategy of the Fund.

The EGM will be held in conjunction with the AGM in Zurich, Switzerland, and the date will be announced in due course.

At the EGM the Board will present a resolution to shareholders recommending the new strategy that will take effect from the date of the meeting.

In addition to the new strategy, other matters for the AGM and EGM will include;

- proposed changes to the Board composition including the retirement of two Directors and appointment of one new Director resulting in a reduction from five to four. It is envisaged that these changes will take place over the next three months.
- proposed changes to the Articles of Association to enable other forms of distributions such as a mandatory redemption of shares , and changes to the voting threshold for future continuations

New strategy

Discussions with shareholders have been ongoing since June 2016 to obtain feedback on possible alternatives for the new strategy. Based on the feedback received to date, the Board will recommend to shareholders that the strategy presented in this update be supported at the November 2016 EGM. Further detail on all resolutions to be put forward at the EGM and AGM will be included in the EGM and AGM Circulars to be released in October 2016.

The proposed new strategy involves the orderly sell down of projects in conjunction with ongoing development of selected projects currently under development to maximise the return of value to shareholders. All projects will be realised over a period of approximately three years and the proceeds collected will be returned to shareholders.

The Board considers this measured approach as desirable so as to avoid forced sales which are likely to result in a considerable loss of shareholder value.

As proceeds become available for distribution they will be returned to shareholders through a suite of distribution options. It is envisaged the share buyback facility will also be continued so that there is a reasonable level of liquidity in the market.

No new investments will be made during the period and the development of projects will be limited to those currently being developed; where the continued development is expected to enhance returns to shareholders when the investments are eventually sold. These projects include: Dai Phuoc Lotus, My Gia and Trinity Park.

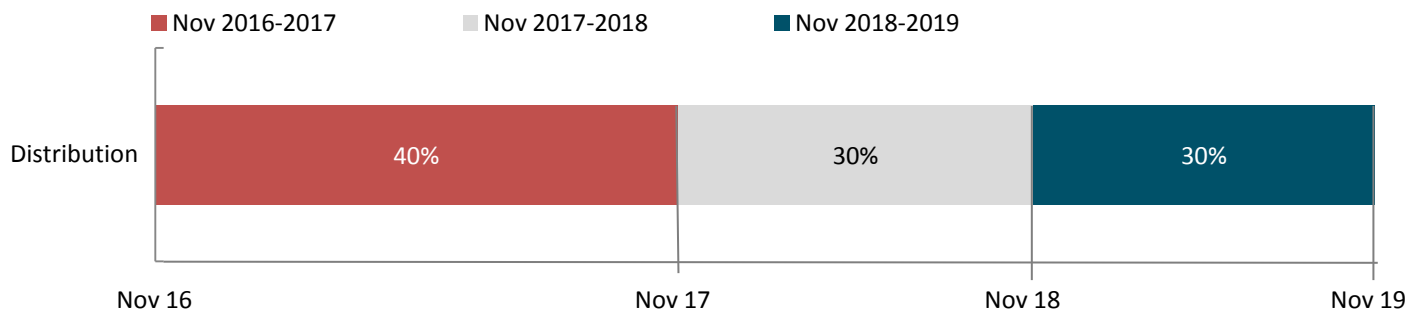
The Investment manager is currently working on a similar strategy under its current mandate and remains well prepared to continue with the new strategy outlined on the following slides.

Term	<ul style="list-style-type: none"> • Three years, plus up to one year for finalisation of delisting (if required)
Commencement	<ul style="list-style-type: none"> • Late November 2016 – the new strategy will be effective from the 2016 EGM
Objectives	<ul style="list-style-type: none"> • Divest all remaining investments in an orderly manner so as to achieve the highest possible sales values and return available proceeds to shareholders. • Continue with development of selected projects currently under development • No new investments • Following the distribution of the majority of proceeds, ultimately delist the Company
Shareholder distributions	<ul style="list-style-type: none"> • Distributions to shareholders will be via a range of methods at the discretion of the Board and will predominantly include; <ol style="list-style-type: none"> 1. Share buyback and a tender at a discount to NAV - whilst trading discount is equal to or greater than 15% 2. Mandatory redemption of shares - when trading discount is less than 15% 3. Capital distribution or mandatory redemption of shares - when the overall Fund NAV reaches the region of approximately USD100m • Distributions to shareholders will take place throughout the new term based on the amount of surplus cash available and will be at the discretion of the Board
AGM review	<ul style="list-style-type: none"> • At the 2018 AGM and at each AGM thereafter the Board will review the performance of the Fund against the objectives set and determine whether there is a need to change the strategy and/or the investment manager to ensure the objectives of the Fund are achieved within the timeframe.

- 2017 to 2018 : target to divest the majority of the of the projects and collect most of proceeds to facilitate timely distribution to shareholders which is estimated to be approximately 70% of the distributable funds within the first 2 years
- 2019 : third year will enable completion of outstanding conditions precedent (if any) to enable final closing and collection of any outstanding payables and distribute remaining funds, retaining approx USD0.5m for delisting

Forward looking estimates have been derived from the Investment manager’s expectations of the Vietnam macroeconomic and real estate market over the next three years including potential exit valuations and timing to complete conditions precedent and timing of collections of disposal proceeds .

Illustration of timing of distributions



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Structure and alignment

The fees payable to the Investment Manager are structured to incentivise the Manager to divest all projects at the highest possible value and in a timely manner so as to enable the available proceeds to be distributed to shareholders as soon as possible.

The Investment Manager will be paid fees based on the amount of funds returned to shareholders. These fees will comprise of a **Divestment Fee** being a percentage of distributions made to shareholders and an **Alignment Fee** based on the level of distributions made in excess of NAV hurdles.

There is **no Management Fee**, however a **Prepayment** will be paid to the Investment Manager to ensure appropriate resources are available to achieve the objectives. This advance will be deducted from the subsequent **Disposal** and **Alignment Fees** earned by the Investment Manager.

To ensure the Investment Manager continues to be involved with the Fund until the projects have been sold, a **Retention Account** will be established which will receive **20% of all fees payable** to the Investment Manager. These will be released to the Investment Manager at such a time as its services are determined by the Board or a liquidator to no longer be required.

For further alignment it is also worth noting that the Investment Manager has accumulated a reasonable holding in the Fund as a result of the requirement to use 50% of the performance fee earned from the disposal of properties since 2012 to acquire VNL shares. It is estimated that this will equate to approximately 5.5% of VNL's outstanding share capital at the time of the EGM in November 2016.

Slide 23 illustrates a **sensitivity of fees payable** to the Investment Manager based on the average premium/discount to NAV achieved from the disposal of the remaining property assets.

- The fee structure is calculated on distributions to shareholders and the fee will increase as distribution hurdles are achieved.
- The estimated distributions to shareholders will vary based on the Fund starting NAV at the time of the EGM therefore forward estimates have been adopted at this time, therefore hurdles will be adjusted accordingly at the time of the EGM when the exact starting NAV is determined as this will be impacted by the volume of distributions made up until the EGM.
- The fee calculation incorporates an initial distribution hurdle whereby no Alignment Fee is applied until the hurdle is reached, this hurdle is illustrated at USD95m and will be determined based on disposal proceeds collected from Tier 1 disposals initiated in the current term.
- All forward looking estimates of the starting NAV have been derived from the Investment Manager's latest Fund information at the time of printing and expectations for the real estate market and macroeconomic conditions in Vietnam.

- **Illustration of starting NAV estimated at approximately USD313m–US320m**
- **Illustration of shareholder distributions estimated at approximately USD 285m–USD315m over a 3 year term.**

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Structure and alignment

- **Disposal Fee** is calculated at:
 - First USD95m distribution - no fee*
 - Year 1: 3.00% of distributable funds **
 - Year 2: 2.75% of distributable funds**
 - Year 3: 2.25% of distributable funds **

Disposal Fee

* No fee applied - estimated hurdle of approximately USD95m is based on estimated disposal proceeds from exits contracted at EGM November 2015.

** Disposal fee : distributable funds are calculated as total distributions made during the period less the opening cash balance at the fund level plus the closing cash balance at the fund level.

- **Alignment Fee** is calculated at:
 - 10% of total distributions to shareholders over USD265 million and up to USD279 million
 - 15% of total distributions to shareholders over USD279 million and up to USD313 million
 - 20% of total distributions to shareholders over USD313 million

Alignment Fee

	Average (discount)/premium to project NAV						
	(15%)	(10%)	(5%)	0%	5%	10%	15%
Illustrative distribution ##	265	277	289	300	312	323	334
Illustrative Fees ##	4.4	6.0	7.9	9.7	12.0	14.4	16.9
Illustrative recovery rate on starting NAV ##	84%	88%	91%	95%	99%	102%	106%

The illustrations above are based on forward looking estimates of a starting NAV which includes the cash position at the time of the Nov 2016 EGM . Subsequently any variance between the estimated starting NAV and the actual starting NAV at the EGM will require an adjustment of hurdles.

Structure and alignment

<p>Pre-payment</p>	<ul style="list-style-type: none"> The monthly pre-payment will be: <ul style="list-style-type: none"> Year 1: USD200,000 Year 2: USD150,000 Year 3: USD100,000 The accumulated Pre-payments will be deducted from the Disposal and Alignment Fees due to the Investment Manager before they are paid out.
<p>Retention</p>	<ul style="list-style-type: none"> 20% of all fees payable to the Investment Manager will be placed in a Retention Account and released when the Investment Manager's services are no longer required.
<p>Investment Manager</p>	<ul style="list-style-type: none"> The proposed fee structure is designed to ensure appropriate resources are available and deployed by the Investment Manager to properly manage the portfolio concurrently with seeking to divest projects and make distributions to shareholders. The management of the portfolio in Vietnam which includes not only the day to day management, licensing and development of projects but also includes achieving key milestones and conditions precedent to ensure disposals are closed in a timely manner. The provision of additional management services such as fund level reporting, governance, valuation, audit, risk mitigation etc will also be undertaken by the Investment Manager during the new term.

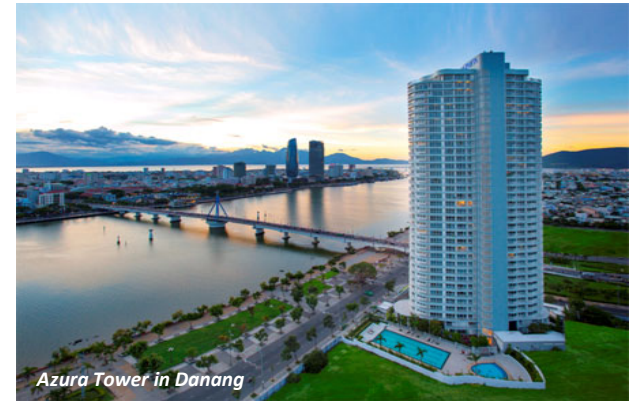
Appendix

1. Development update
2. Project licensing

AZURA

- Launched Year: 2010
- Total: 225 units, 34 floors
- Location: Danang City
- Average sold price: USD 177,000 per unit.
- Sales in 2015 and H1 2016 accounted for 40% of total transactions since 2010.

100% sold
Sept 2016



MỸ GIA

— Khu Đô Thị —

- Launched Year: 2011
- Parcel 2: 863 land lots
- Location: Nha Trang City
- 84% sold (726 out of 863 units)
- Average selling price: from USD 25,000 to USD 68,000 per lot
- Government funded infrastructure work adjacent to the site is underway after 5 year delay will improve access and marketability

84% sold
(Parcel 2)



Phong Chau Road fronting Parcel 2 & new bridge over Quan Truong River, 30 June 2016



- Launched Year: 2010
- Total: 332 launched units
- Location: Dong Nai
- 76% sold (254 out of 332 units) as at 30 June 2016
- Average sold price: from USD 160,000 to USD 400,000 per unit.
- All infrastructure work to Zone 5 has been completed. Construction of remaining villas is progressing.

76% sold
(Zone 5)



Dai Phuoc Lotus in Dong Nai



*Remaining villas under-construction,
30 June 2016*



- Acquired Year: 2007
- Land area: 33.7ha
- Location: District 9, Ho Chi Minh
- Sector: Residential
- 1:500 master plan approved in May 2007
- Site cleared and fully compensated.
- Construction of additional infrastructure commenced in September 2016 to facilitate the disposal for VNL.



Trinity Garden in District 9, HCMC



THE OCEAN SUITES

Block A

- 46 units were re-launched in April 2014
- 100% sold by 30 September 2015
- Construction completion in June 2015
- Average sold price: USD 125,000 per unit.
- Project divested Q3 2016

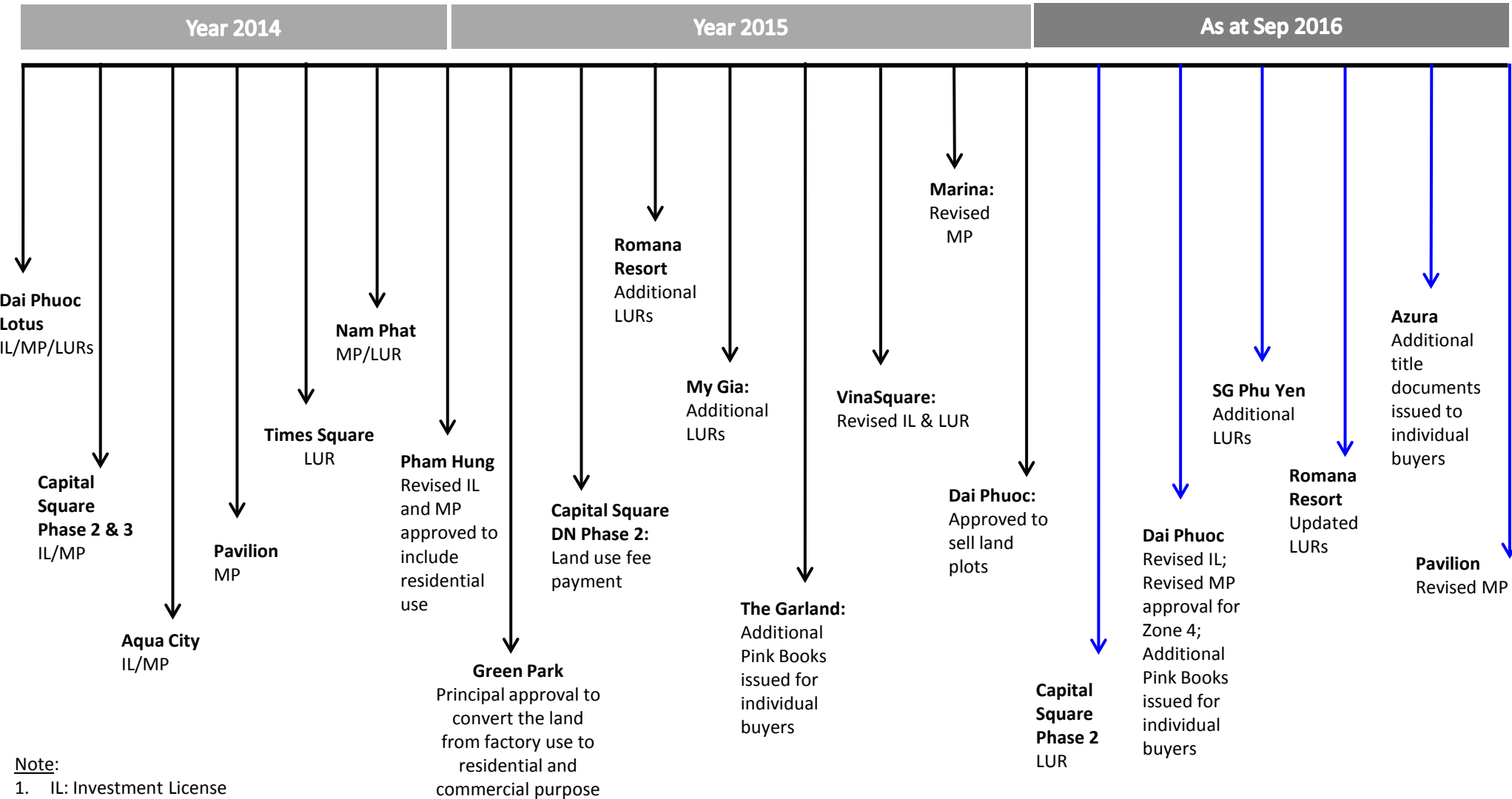
100% sold



- Total 40 three-bedroom pool villas
- 87% sold (35 out of 40 units)
- Construction of villas completed.
- Average selling price: USD 263,000 per unit.
- Project divested Q2 2016

87% sold





Note:

1. IL: Investment License
2. MP: Master Plan
3. LUR: Land Use Right Certificate

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