

## Performance summary\* 31 Dec 2016

NAV per share** (USD):	0.88
Change (Quarter-on-quarter)	2.5%
Total NAV** (USD 'm):	314.8
Share price (USD):	0.69
Market cap (USD 'm):	246.1
Premium/(discount)	-21.8%

\* Figures in USD. Return percentages are for the period, not annualized  
 \*\* NAV and NAV per share data are calculated on a quarterly basis

## Cumulative change (% change)

	3mth	1yr	3yr	5yr
NAV per share	2.5	3.3	6.4	-17.9
Share price	4.4	27.3	68.8	17.8

## Quarterly performance history (% change)

	2016	2015	2014	2013
Q1	0.6	-3.3	-0.4	-1.0
Q2	1.4	1.1	1.2	-5.8
Q3	-1.2	0.6	0.0	-5.2
Q4	2.5	3.9	0.0	-1.0
YTD	3.3	2.2	0.8	-12.4

## Key investments

Project	Location	Type	% portfolio NAV
Pavilion Square	South	Mixed Use	14.9%
VinaSquare	South	Mixed Use	13.6%
Dai Phuoc Lotus	South	Township	12.7%
Times Square Hanoi	North	Mixed Use	11.3%
Aqua City	South	Township	8.8%
Trinity Garden	South	Residential	8.1%
Capital Square	Central	Mixed Use	7.8%
Green Park Estate	South	Mixed Use	6.5%
Phu Hoi City	South	Residential	5.1%
Total			88.8%

## Additional portfolio information

Current assets	17
Divestments	29 full and residential unit sales
Debt	Fund level (ZDPs): fully redeemed Project level (Bank): 18.7% of NAV Fund Cash: 13.8% of NAV
Shares outstanding	357,939,461

## Manager's comment

As of 31 December 2016, VinaLand Limited (the "Company" or "VNL") posted an unaudited net asset value (NAV) of USD314.77 million or USD0.88 per share, a 2.46% increase from the previous quarter's NAV per share of USD0.86. VNL's share price increased 4.40% to USD0.688 as at 31 December 2016, from the closing price of USD0.659 reported on 30 September 2016. As a result, the company's share price to NAV discount is currently 21.82% compared to 23.28% in September. Furthermore, VNL repurchased and cancelled 21.38 million ordinary shares in the fourth quarter of 2016, bringing the total of cancelled ordinary shares since October 2011 to 142.03 million. Since the commencement of the share buyback program, VNL has cancelled 28.41% of the fund's total issued shares prior to the program.

During the last quarter of 2016, the Manager continued to purchase shares which has reached 22,417,333 and equates to 6.26% of the company's total voting rights.

## Fund update

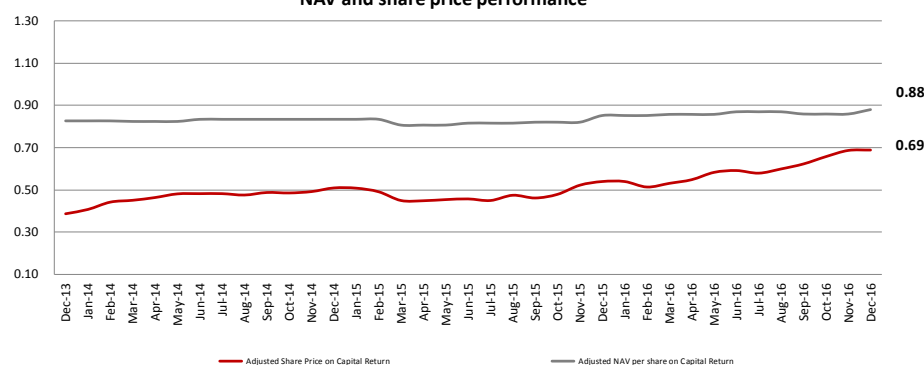
Following the Investor Conference from 12 to 14 October 2016 in Ho Chi Minh City, the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) were held on 18 November 2016 in Zurich, Switzerland, where shareholders met to review the Fund's performance since the 2015 EGM as well as the new strategy recommended by the Board and to vote on the resolutions put forward in the AGM and EGM.

All four AGM resolutions were supported. While at the EGM, shareholders supported recommendations of the Board regarding Resolutions 1, 2 and 3, however the Board recommendation for Special Resolution 4 was not supported and as such Special Resolution 5 was not put to a vote. In summary, the meetings ran smoothly and all shareholders appeared to be content with the new continuation strategy and outcome. The Investment Manager, VinaCapital will continue to manage VNL with the primary objective being to continue with the project disposals in a controlled and orderly manner enabling distributions to shareholders.

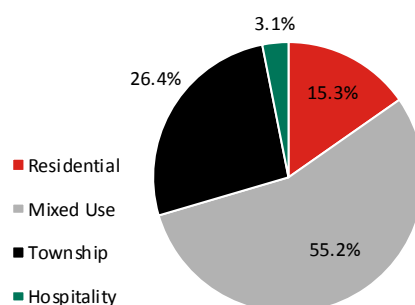
On 20 October 2016, VNL announced that Mr. Nicholas Allen resigned from the Board. Mr. Allen was elected as a Non-Executive Director in 2010 and was the Chairman of VNL's Audit Committee and Remuneration and Nomination Committee as well as a member of VNL's Valuation Committee. The Board of Directors appointed Mr. Ian Lydall as a new Non-Executive Director, effective 25 October 2016. Mr. Ian Lydall, aged 61, is a United Kingdom chartered accountant (Financial Conduct Authority- FCA) with over 15 years experience in accounting, audit and corporate governance in Vietnam, which will greatly assist VNL as it continues to develop and realize its property portfolio.

On 16 November 2016, VNL announced that it divested its stake in Project Ceana. The project, acquired by VNL in 2007, is a 7.3-hectare parcel of land located in central Vietnam and has approval for a future residential villa resort development. VNL disposed of its entire stake at a total valuation 12.9% above the 30 September 2016 unaudited NAV and 42.5% below the NAV at the time of VNL's previous EGM in November 2012. This transaction resulted in net proceeds of USD7.6 million to VNL which was received in full. The proceeds received from this exit in conjunction with those collected from past and

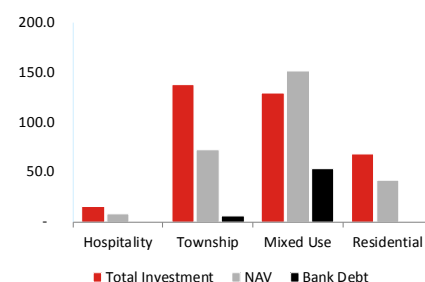
NAV and share price performance



VNL portfolio by sector (NAV %)



VNL NAV by sector (USDm)



future disposals will be used to cover VNL's commitments including operating costs and distributions to shareholders.

On 16 December 2016, VNL announced that Mr. Nicholas Brooke, a member of the Board of Directors resigned which took effect on 31 December 2016. Mr. Brooke was appointed on 13 January 2006 as a Non-Executive Director of VNL when launched in 2006 and served on the Board since then in the capacity of Director and Chairman. Mr. Brooke was appointed as Chairman in 2010 until he stepped down as Chairman in October 2013 however continued to serve as both Director and member of various Board committees including Valuation, Audit, Remuneration and Nomination and Divestment Committees during his service. Mr. Brooke resigned to pursue new challenges thus the total number of VNL Board members, effective on 1 January 2017, was reduced to four members. As the Company's portfolio is reducing, the VNL Board resolved to maintain four Board Directors going forward.

The full redemption of the VinaLand Zero Dividend Preference (VNL ZDP) Shares occurred on 19 December 2016 and the VNL ZDP shares are no longer traded. Following the redemption, the VNL debt at the fund level reduced to zero, so only debt at the project company level remains. VNL project level debt will also diminish as existing projects are divested.

Nine VNL project revaluations were undertaken for the period ending 31 December 2016 by international property valuation consultants as part of the ongoing appraisal program. Five of these projects were located in Ho Chi Minh City and Hanoi with the remaining projects located in the southern and central regions of Vietnam. The overall results were upward, demonstrating some continued improvement in the market and overall confidence which has flowed through to real estate land valuations.

### Macroeconomic update

The Vietnamese economy concluded the year with a total GDP growth rate of 6.2%, lower than the government's target of 6.7% set at the start of 2016. Nevertheless, the economy showed stable and sustainable growth despite unfavourable global economic conditions and a severe draught affecting agriculture earlier in the year. With major indicators demonstrating that domestic consumption and manufacturing growth will continue to rise, we project that GDP growth in 2017 will be 6.5%.

**Manufacturing:** The Nikkei Purchasing Manager's Index for Vietnam slowed down to 52.4 in December, from a record high of 54 in November. Despite the monthly slowdown in manufacturing, the sector continued to see strong growth in exports and new orders.

**Domestic consumption:** Retail sales increased 10.2% year-to-date year-on-year in nominal terms and 7.8% in real terms in December. Furthermore, the General Statistics Office (GSO) reported that Vietnam's 2016 total retail revenue was USD118 billion.

**Inflation:** The Consumer Price Index rose 5% year-on-year in December with the major inflation drivers being government controlled (e.g., transportation, education and healthcare costs). Therefore, it comes as no surprise that full-year inflation would meet the government's target.

**Vietnam Dong:** The Vietnam Dong (VND) experienced some FX turbulence with the USD/VND interbank rates reaching 22,720 by year end. For the full year in 2016, the VND depreciated approximately 1.2% against the USD. We expect the State Bank of Vietnam (SBV) to maintain a depreciation of 2-3% against the USD and we are confident that the government's estimated USD40 billion FX reserve will be sufficient to support the currency.

**Trade:** The GSO estimated a trade deficit of USD300 million in December, bringing the year end trade surplus down to USD2.7 billion.

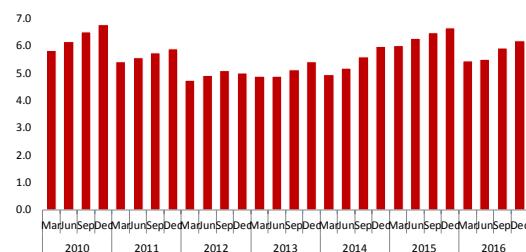
**Foreign Investment:** Committed foreign direct investment (FDI) reached USD24.4 billion at the end of December, a 7.1% increase from the previous year, whereas actual FDI disbursements reached USD15.8 billion, a 9% year-over-year increase.

### Macroeconomic indicators

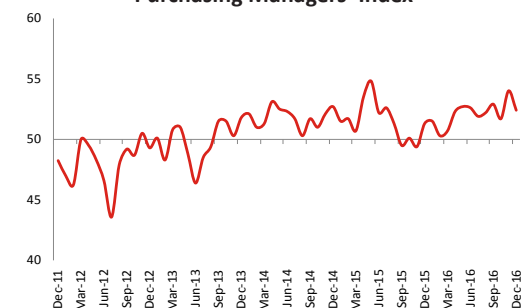
	2015	Dec-16	2016 YTD	Year-on-year
GDP growth <sup>1</sup>	6.7%	6.2% <sup>2</sup>		
Inflation (%)	0.50%	0.2%	4.7%	4.7%
FDI commitments (USDbn)	22.8	2.8	21.0	7.1%
FDI disbursements (USDbn)	14.5	1.5	15.8	9.0%
Imports (USDbn) <sup>3</sup>	165.6	16.3	173.3	14.0%
Exports (USDbn) <sup>3</sup>	162.4	16.0	175.9	16.5%
Trade surplus/(deficit) (USDbn)	(3.2)	(0.3)	2.6	
Exchange rate (USD/VND) <sup>4</sup>	22,450	22,720	-1.2%	
Bank deposit rate (VND)	5.0%	5.8%	80 bps	

Sources: GSO, Vietnam Customs, SBV, VCB | 1. Annualized rate, updated quarterly | 2. GSO estimate | 3. Data as of 20 Dec 2016 | 4. (-) Denotes a devaluation in the currency, Vietcombank ask rate

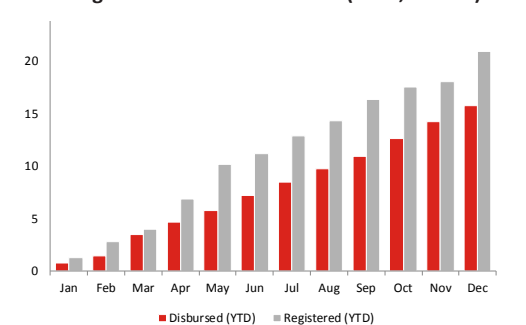
### Quarterly GDP growth (%)



### Purchasing Managers' Index



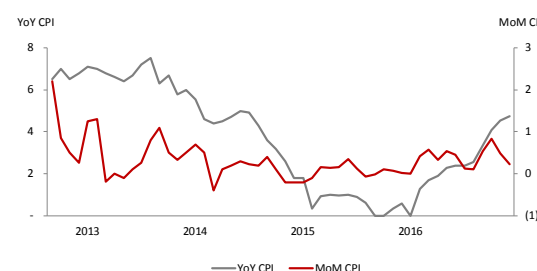
### Registered and disbursed FDI (2016, USDbn)



### Monthly trade balance (USDm)



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

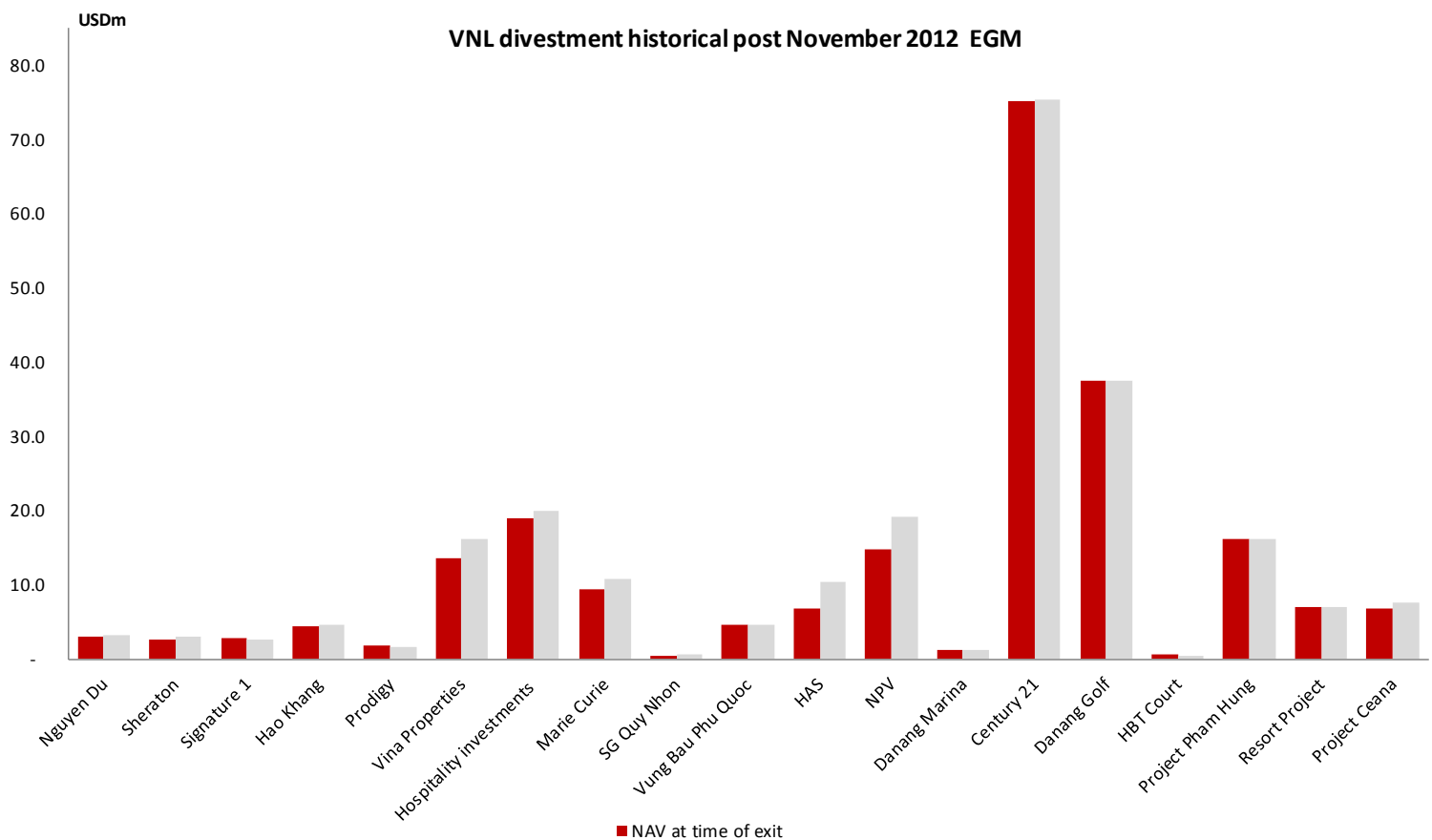


Sources: GSO, Bloomberg

**Current strategy**

Following the outcome of the 2016 AGM and EGM, the Investment Manager, VinaCapital will continue with project disposals enabling further distributions to shareholders. The combination of improving market conditions in conjunction with the new term for VNL enables the Investment Manager to focus on the ongoing disposal program so further distributions can be made to shareholders over the next 2-3 years.

In line with the approved strategy at the 2016 EGM, the Investment Manager will continue with the development of residential projects that are currently under development to maximize value in conjunction with the disposal of projects. The continuation of the 2016 market conditions into 2017 will support this strategy and will ultimately result in further distributions to shareholders.



**Post EGM (November 2012)**

Full Divestments	Nguyen Du	Sheraton	Signature 1	Hao Khang	Prodigy	Vina Properties	Hospitality investments	Marie Curie	Saigon Quy Nhon	Vung Bau Phu Quoc	HAS	NPV	Danang Marina	Century 21	Danang Golf	HBT Court	Project Pham Hung	Resort Project	Project Ceana	Total
	Type	Office	Hotel	Land	Land	Hotel	Hotel	Land	Hotel	Land	Township	Land	Residential/Development	Land	Residential/Development	Serviced Apartment	Land	Residential/Development	Land	
Exit date	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q4 2013	Q1 2014	Q3 2014	Q3 2014	Q1 2015	Q1 2015	Q3 2015	Q4 2015	Q2 2016	Q2 2016	Q2 2016	Q2 2016	Q2 2016	Q3 2016	Q4 2016	
NAV at exit (USDm) (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	1.3	75.2	37.5	0.6	16.3	7.0	6.7	228.1
Net proceeds to VNL (USDm) (2)	3.2	3.1	2.7	4.6	1.7	16.1	19.9	10.9	0.6	4.7	10.5	19.1	1.3	75.4	37.5	0.5	16.2	7.0	7.6	242.7
Net proceeds vs. NAV	7.9%	15.1%	-3.3%	2.8%	-5.5%	19.2%	4.5%	14.3%	27.3%	2.9%	53.5%	29.4%	0.4%	0.2%	0.0%	-11.0%	-0.2%	-1.0%	12.9%	6.4%
Debt removed, VNL portion (USDm)	0	25.0			4.0	1.7	6.0						0.0	33.3	8.5	0.0	0.0	0.0		78.5
NAV at EGM 2012 (USDm)(3)	3.4	2.7	2.8	5.0	2.5	14.9	6.3	8.7	0.5	4.1	7.5	12.4	2.5	63.5	40.1	1.1	9.6	21.0	13.2	221.8
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%	-49.2%	18.8%	-6.4%	-52.1%	69.8%	-66.8%	-42.5%	8.9%

(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

**Investment in Vietnam's real estate in 2016 has remained steady after numerous fluctuations of the market. According to the Ministry of Planning and Investment, real estate continued to rank second in attracting FDI of Vietnam in 2016, with newly registered capital reaching USD1,523 million.**

**Due to limited supply, the volume of successful transactions of the landed property sector in both Ho Chi Minh City and Hanoi continued to improve during the fourth quarter of 2016 while average selling price in 2016 increased by between 5% to 15% year-on-year.**

**Total new launches in 2016 reached 37,419 condominium units in Ho Chi Minh City and 30,028 condominium units in Hanoi, a drop of 10% and 13% year-on-year, respectively.**

**New supply will come online in the next three years and landlords may soften their rents in an effort to reduce vacancy rates and make the office and retail markets more competitive.**

### Vietnam's real estate market in 2016

While overall it continued to be a successful year for Vietnam's real estate market, 2016 did not come without some turbulence. First came the British withdrawal from the European Union ("Brexit") in June 2016. Post-Brexit, the surprise victory of Donald Trump in the race for United State Presidential Election in November 2016 continued to send shockwaves through global markets. Then, on 14 December, the United States Federal Reserve (Fed) announced the second raise of its benchmark interest rate by 0.25 percentage point to between 0.5% and 0.75%. For the full year in 2016, the Vietnam Dong (VND) depreciated approximately 1.2% against the United State Dollar (USD). However, VND remains one of the more stable currencies against the USD compared to regional peers as Vietnam continued to maintain foreign currency reserves that the State Bank of Vietnam (SBV) reported to be USD40 billion.

Also of note in 2016 was the approval of revisions to Circular 36. This regulation, issued by the State Bank of Vietnam (SBV), will restrict lending over the medium-to-long-term to not exceed 50% of short term funding since 1 January 2017 and not exceed 40% by 1 January 2018, from the current limit of 60%. However, based on SBV, non-performing loans reached below 3% by end of 2016, while credit growth has been managed closely and loans to the real estate sector remain under control. Overall, investment in Vietnam's real estate has remained steady after numerous fluctuations of the market. According to the Ministry of Planning and Investment, real estate remained to rank second in attracting FDI of Vietnam in 2016, with newly registered capital reaching USD1,523 million.

### Landed property sector

The landed property sector has also had more new launches in close proximity of future infrastructure development around Ho Chi Minh City and Hanoi. An additional 500 units in Ho Chi Minh City and 600 units in Hanoi were launched in the fourth quarter of 2016, based on Savills Vietnam. Due to limited supply, the volume of successful transactions in both Ho Chi Minh City and Hanoi continued to improve during the fourth quarter of 2016 while average selling price in 2016 increased by between 5% to 15% year-on-year, especially in fast developing residential areas with consistent construction progress and quality. Project designs and unit layouts have changed to favour smaller unit sizes to meet buyers' budgets.

### Condominium sector

Developers actively pushed to sell units to buyers before the year-end, resulting in a number of new condominiums launched in both Ho Chi Minh City and Hanoi during the last quarter of 2016. According to CBRE Vietnam, an additional 9,145 condominium units in Ho Chi Minh City and additional 9,128 condominium units in Hanoi were launched in Q4 2016. Total new launches in 2016 reached 37,419 condominium units in Ho Chi Minh City and 30,028 condominium units in Hanoi, a drop of 10% and 13% year-on-year, respectively. As a result, the average selling price in 2016 increased by 5% year-on-year in both cities. Vietnam's condominium market continued to see some signs of improvement with more launches and transactions within the mid-end property segment during 2016. A number of new condominiums will continue to launch during the next three years hence the developers will be under pressure to soften the sale prices or offer new projects with longer repayment terms.

### Office sector

In 2016, the average asking rents in the office sector improved approximately 8% year-on-year in Ho Chi Minh City but decreased by 3% year-on-year in Hanoi due to new supply. According to CBRE Vietnam, office market welcomed two new buildings in Ho Chi Minh City and six new buildings in Hanoi in 2016. Total office stock in 2016 both in Ho Chi Minh City and Hanoi increased 10% and 20% year-on-year, respectively so average occupancy rate dropped in both cities. Small tenancies of 100-300sqm remain the most sought after by office tenants.

### Retail sector

Supply in Ho Chi Minh City and Hanoi retail space increased significantly in 2016, adding around 355,000sqm to Ho Chi Minh City and Hanoi retail markets. Many foreign developers are now entering the retail market with their own brands and models. Retail market in 2016 also witnessed more contemporary spaces and added with new retail formats such as Takashimaya shopping mall in Ho Chi Minh City's Saigon Centre. Rents for retail sector both in Ho Chi Minh City and Hanoi improved approximately 3 – 15% year-on-year in CBD locations but reduced approximately 4 – 6% year-on-year in non-CBD locations.

### Pavilion Square

Pavilion Square is a freehold residential project located in District 1 of Ho Chi Minh City. The project was acquired in Q1 2007 with the investment licence obtained in the same year. The revised planning parameters, with a smaller retail area were approved by the authorities in Q4 2012 and the revised 1:500 master plan approval which included additional resettlement apartments was received in Q2 2016. Site compensation is underway and approximately 97% is completed and is expected to be completed in Q2 2017.

### VinaSquare

VinaSquare was acquired in Q2 2007 due to its prime location in District 5 of Ho Chi Minh City. The project is a mixed-use residential, retail, office, hotel and serviced apartment development. The Investment licence was obtained in Q4 2008 and the 1:500 master plan was approved in Q4 2010. The demolition of 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. The Manager is in discussions with a potential investor on this project.

### Dai Phuoc

Dai Phuoc Lotus Township was acquired in Q2 2007 due to its unique location on an island in a suburban region adjacent to Ho Chi Minh City. The resort-style residential environment, with transport by both road and boat are available to Ho Chi Minh City and will attract second homebuyers as well as young families. The development plan is to develop the first of six zones of the 198.5ha site in conjunction with partial wholesale divestment to co-investors. The first phase of development commenced with Zone 5, comprising 332 units. All infrastructure work to Zone 5 has been completed. Approval to sell "land plots" for Zone 5 was received from the Dong Nai People's Committee in Q4 2015. The revision of the 1:500 master plan of Zone 4 was submitted and received the Dong Nai People's Committee approval in Q1 2016. The revised Investment License was issued in Q2 2016 with the development schedule extended from 2016 to 2018. The master-plan 1:500 concept updates for Zones 6 and 8 were completed in December 2016 with the formal submissions to be made in Q1 2017.

In Q3 2016, the authorities approved the construction of the Cat Lai Bridge, which will replace a ferry connection between Ho Chi Minh City and Dong Nai Province. In addition, No.3 Ring Road (Tan Van- Nhon Trach) connecting between District 9 of Ho Chi Minh City and Nhon Trach District of Dong Nai Province which was approved to commence by Q2 2017 and is expected to be completed by 2020. This route is approximately 1km north-east of Dai Phuoc Lotus. The approval for these new transit routes will shorten the time required to travel between Ho Chi Minh City and Dong Nai Province. Therefore, Nhon Trach District (the site's locality) shows some improvements in the market since Q3 2016.

### Project summary

<b>Sector</b>	Mixed-use
<b>Area</b>	1.4ha
<b>Location</b>	District 1, HCMC
<b>History</b>	Acquired in Q1 2007 Investment licence received in Q4 2007 Revised 1:500 master plan approval received in Q2 2016 Compensation 97% completed.
<b>Investment rationale</b>	The site is well-located for mid to high end residential towers with modern facilities offering freehold residential units in District 1.

### Project summary

<b>Sector</b>	Mixed-use (residential, retail, office, serviced apartment and hotel)
<b>Area</b>	3.1ha of land
<b>Location</b>	District 5, HCMC
<b>History</b>	Acquired in Q2 2007 Investment licence received in Q4 2008 1:500 master plan approved in Q4 2010 Revised investment license received in Q2 2015 and revised LURC obtained in Q3 2015
<b>Investment rationale</b>	The project will serve HCMC's Chinatown, a crowded commercial and residential area surrounded by mainly low-rise buildings.

### Project summary

<b>Sector</b>	Township (integrated residential)
<b>Area</b>	198.5ha of land
<b>Location</b>	Nhon Trach City, Dong Nai Province
<b>History</b>	Acquired in Q2 2007. Investment licence received in Q2 2007 Sports and recreation centre, CBD link road, all Zone 5 infrastructure completed Construction and sales of Zone 5 villas underway Approval to sell land plots for Zone 5 was approved in Q4 2015 The revised Master Plan of Zone 4 was approved in Q1 2016
<b>Investment rationale</b>	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.

**Times Square Hanoi**

Times Square is well positioned in a strategic location opposite the National Convention and Exhibition Centre, which has hosted many national and regional events since opening in 2006. Additionally, the location is within the new urban development in western Hanoi and considered as the city's second CBD. The project, acquired in Q1 2007, is a mixed-use office, retail, hotel and serviced apartment development. The 12.5km Metro Line (from Nhon to Hanoi Railway Station), which is approximately 4km north of the site, broke ground and is expected to be operating by 2020. Given the extensive infrastructure in the area, the site's locality is now beginning to attract more interest across a range of businesses including office, hotel and retail uses plus real estate development. The Manager is in discussions with a potential investor on this project.

**Aqua City**

The Aqua City project site 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 situated adjacent to the Dong Nai River, approximately 45 minutes from the centre of Ho Chi Minh City. In Q1 2012, the project received its 1:500 master plan approval. The development master plan includes both residential (apartment, townhouse, villa) and commercial use.

The Long Thanh-Dau Giay Highway is an important infrastructure development for Ho Chi Minh City, which has shortened travelling time to surrounding provinces such as Dong Nai and Ba Ria Vung Tau. The highway will also connect Ho Chi Minh City with the proposed Long Thanh International Airport. Since completion in 2015 the Long Thanh Dau Giay Highway has positively impacted surrounding real estate projects, including VNL's Aqua City project. The Manager is currently working on the ownership structure and if successful, VNL could acquire greater control of a reduced portion of the original 250ha joint venture development resulting in increased flexibility for VNL's future options.

**Trinity Park**

Trinity Garden was acquired in Q4 2007. The 1:500 master plan for the project was approved in Q2 2007, while infrastructure on site is partially completed. The site is fully cleared and compensated. Since September 2016, the construction of further infrastructure has commenced and is still on schedule for completion. Given the extensive infrastructure in the area including key projects such as the completed Ho Chi Minh – Long Thanh – Dau Giay Highway, the upcoming construction of No.3 Ring Road (from Ho Chi Minh City to Dong Nai Province), District 9 continued to dominate the new launches and sales in the residential market during the fourth quarter of 2016. As a result, the site's locality should attract more home buyers and wholesale investors.

**Project summary**

<b>Sector</b>	Mixed-use
<b>Area</b>	4.0ha
<b>Location</b>	Cau Giay District, Hanoi
<b>History</b>	Acquired in Q1 2007 Investment licence received in Q2 2008 and the final revision in Q3 2010  1:500 master plan approved in Q1 2010
<b>Investment rationale</b>	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.

**Project summary**

<b>Sector</b>	Township
<b>Area</b>	250.2 ha
<b>Location</b>	Bien Hoa City, Dong Nai Province
<b>History</b>	Acquired in 2006  1:2000 master plan approved in Q4 2008  1:500 master plan approved in Q1 2012
<b>Investment rationale</b>	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**

<b>Sector</b>	Residential
<b>Area</b>	33.7ha
<b>Location</b>	District 9, HCMC
<b>History</b>	Acquired in Q4 2007  1:500 master plan approved in Q2 2007  Site cleared and fully compensated  The construction of further infrastructure has recently commenced and will create further options for VNL.
<b>Investment rationale</b>	Sound long-term demand for mid-range, landed residential housing in District 9.

### Capital Square

Capital Square Danang was acquired in Q3 2006 given its central, riverfront location in the fast growing city of Danang. In 2009, the project broke ground on the first residential tower, Azura, which reached completion in Q3 2012. The restructuring process to split the 9ha site into three separate investment licenses was successfully completed in 2012, allowing greater flexibility in development or divestment. In 2015 VNL divested the remaining Phase 1 to a retail mall developer, and the construction of a new shopping mall was completed and opened officially in Q2 2015. Azura Tower was 100% sold out in Q3 2016 (225 apartment units)

Phases 2 and 3 of the project consist of an approved master plan permitting residential apartment towers and connecting public spaces. The Land Use Right Certificates were issued for Phase 2 in Q1 2016. The Manager is working to revise 1:500 master plan of Phase 2 and 3 including a mixture of mainly townhouses which will diversify the product offerings of the project.

Danang has been selected to host the 25th Asia-Pacific Economic Cooperation (APEC) Summit in November 2017 and significant new infrastructure projects are underway and the Danang real estate market and VNL's Capital Square Project should attract increased attention from local and foreign investors.

### Green Park Estate

The Green Park Estate project site was acquired in Q1 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. The 1:500 master plan and the Land Use Right Certificate were received in Q3 2009.

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 route running alongside. The 19km Metro Line No. 2 (An Suong – Thu Thiem), which is approximately 4km east of the site, broke ground and is expected to be operating by 2020. The Manager is working to revise 1:500 master plan of the site. Site clearance and relocation of the old industrial buildings are underway, and the Manager is in preliminary discussions with a potential co-investor on this project.

### Phu Hoi

The Phu Hoi Project is located at the centre of Nhon Trach City, Dong Nai Province, approximately 27km east of Ho Chi Minh City's CBD and 15km from the proposed Long Thanh International Airport. A development site with total land area of approximately 83.9ha, the project is set to become a new residential urban area with supporting commercial and public amenities. The Land Use Right Certificates were received in 2009 and 2010. The revised 1:500 master plan was received in Q1 2012 and the latest Investment License was amended in Q4 2012. Site cleared and fully compensated.

In Q3 2016, the authorities approved the construction of the Cat Lai Bridge, which will replace a ferry connection between Ho Chi Minh City and Dong Nai Province. In addition, No.3 Ring Road (Tan Van- Nhon Trach) connecting between District 9 of Ho Chi Minh City and Nhon Trach District of Dong Nai Province which was approved to commence by Q2 2017 and is expected to be completed by 2020. Upon completion, these new transit routes will shorten the time required to travel between Ho Chi Minh City and Dong Nai Province and have positively impact surrounding real estate projects, including VNL's Phu Hoi project.

### Project summary

<b>Sector</b>	Mixed-use
<b>Remaining Area</b>	6.1 ha (Phase 2 and 3)
<b>Location</b>	Son Tra District, Danang City, on the river side opposite City Centre
<b>History</b>	Acquired in Q3 2006  Investment licence received in Q3 2007  The restructuring process to split the site into three separate investment licenses was successfully completed in 2012  Azura residential apartment tower (a part of Phase 1) completed in Q3 2012  In 2015, VNL divested the rest of Phase 1 to a retail mall developer  Phase 2 received the LURCs in Q1 2016 and 100% apartments of Azura was sold in Q3 2016
<b>Investment rationale</b>	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

<b>Sector</b>	Mixed-use
<b>Area</b>	15.7 ha
<b>Location</b>	Tan Phu District , HCMC
<b>History</b>	Acquired in Q1 2006  The 1:500 master plan and the LURC were received in Q3 2009  Currently used as textile factories and warehouses  Revised master plan 1:500, site clearance and relocation work are in progress.
<b>Investment rationale</b>	Strategically located in a densely populated suburb near HCMC's Tan Son Nhat International Airport

### Project summary

<b>Sector</b>	Residential
<b>Area</b>	83.9 ha
<b>Location</b>	Nhon Trach City, Dong Nai Province
<b>History</b>	Master plan 1:500 was approved in Q4 2004  Joint Venture contract signed in Q4 2008  Investment License first issuance in Q2 2009  LURCs were received in 2009 and 2010  Approval of amended master plan 1:500 in Q1 2012  The latest Investment License was amended in Q4 2012
<b>Investment rationale</b>	A new urban zone in the southern key economic area located between three major cities including Ho Chi Minh City, Bien Hoa, and Vung Tau

**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 portfolio 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 quarterly and annual reports with audited final results.

### **The methods used to value different assets:**

#### Real estate holdings

When valuing projects, the Manager consults two independent Valuers to perform a Full Valuation for each property on an annual basis. As the Company's portfolio is reducing, this valuation is then followed up by an updated valuation six months later (the "Updated Valuation"). Revaluations may be obtained more frequently for individual properties if there has been an event that the Valuation Committee or Investment Manager believes may have resulted in a material change in the value of a property.

Each Valuer prepares a report containing the recommended Fair Value of the property, along with the assumptions used to determine that value. If there is a material difference between the two valuations, the investment manager reviews the key assumptions to determine the primary cause(s) of the difference and discusses the assumptions with the Valuers to confirm each Valuer's respective position. The Updated Valuation is performed by the Valuer whose valuation was adopted during the Full Valuation. Exceptions to engaging two independent valuers are made in the following circumstances:

- For any project whose value is equal to or is below USD5 million: only one valuation is obtained at the Full Valuation. The same Valuer provides an update at the Updated Valuation.
- For projects being divested with (i) Sales and Purchase Agreement ("SPA") signed, (ii) deposit received and (iii) conditions precedents readily achievable: only one valuation is obtained from a Valuer to update the valuation if required until the divestment is closed (this may be required under a protracted closing).

The investment manager summarizes the key assumptions and valuation results for the Valuation Committee. The Valuation Committee receives the analysis and copies of the independent Valuers' appraisal reports for review. A formal meeting is held to discuss the valuation process and results. After acceptance of the valuation report, the Valuation Committee will recommend the valuation to the Board for approval. In addition to the annual valuation cycle, at the end of each quarter the investment manager reviews all real estate investments for possible impairment based on internal calculations. If there is an indication that a property's value has materially increased then the property will be included in the list of properties being independently valued. If there is an indication that a property's value has decreased then an assessment will be made by the investment manager to quantify the amount of any decrease. If there is evidence of a material impairment an independent valuation will be obtained to assess the need for any adjustment in the value of the property. For projects that are being divested (SPAs signed and deposits received), a desktop valuation update will be done by the investment manager to assess whether a valuation adjustment is warranted. Based upon the analysis performed by the investment manager and/or the independent Valuers, the Valuation Committee makes recommendations for a valuation adjustment to the Board for approval.

**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 committees being the 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**

Ian Lydall (Chairman)

Charles Isaac

Michel Casselman

#### **VNL Valuation Committee**

Tran Trong Kien (Chairman)

Ian Lydall



**Historical financial information**

Years ended 30 June	2012	2013	2014	2015	2016
<b>Statement of Income (USD'000)</b>					
Total income from ordinary activities	-42,696	-28,712	32,940	34,218	54,510
Total expenses from ordinary activities	-98,304	-102,896	-65,386	-44,567	-58,992
Operating profit before income tax	-141,000	-131,608	-32,446	-10,349	-4,482
Income tax expense	-8,474	15,175	5,026	-8,067	-156
Profit for the year	-149,474	-116,433	-27,420	-18,416	-4,638
Minority interests	-50,585	-26,296	-3,227	3,851	3,677
Profit attributable to ordinary equity holders	-98,889	-90,137	-24,193	-22,267	-8,315
<b>Statement of financial position (USD'000)</b>					
Total assets	1,134,262	929,344	929,839	840,022	654,515
Total liabilities	-587,914	-482,566	-509,705	-448,831	-317,679
Net assets	546,348	446,778	420,134	391,191	336,836
<b>Share information</b>					
Basic earnings per share (cents per share)	-0.20	-0.19	-0.05	-0.05	-0.02
Share price as 30 June	0.48	0.46	0.55	0.52	0.58
Ordinary share capital (thousand shares)	493,488	481,298	458,727	430,132	393,808
Market capitalization at 30 June (USD'000)	236,874	221,397	252,300	223,669	226,440
Net asset value per ordinary share (USD)	1.11	0.93	0.92	0.91	0.86
<b>Ratio</b>					
Return on average ordinary shareholder's funds	-16.8%	-15.4%	-4.2%	-4.0%	-1.7%
Total expense ratio (% of NAV)	2.4%	2.15%	2.31%	2.6%	2.3%

Board of Directors		VinaCapital Investment Management Ltd	
VNL's Board of Directors is composed entirely of independent non-executive directors.			
Member	Role	Member	Role
Michel Casselman	Non-executive Chairman	Don Lam	Chief Executive Officer
Charles Issac	Non-executive Director	Brook Taylor	Chief Operating Officer
Tran Trong Kien	Non-executive Director	David Blackhall	Managing Director, VNL
Ian Lydall	Non-executive Director	Anthony House	Deputy Managing Director, Real Estate
		Oai Nguyen	Deputy Managing Director, Real Estate
Fund background			
ISIN	KYG936361016		
Bloomberg	VNL LN		
Reuters	VNL.L		
Fund summary			
Fund launch	22-Mar-06, current term is for a period of approximately 3 years and commenced 21 November 2016		
Term of fund	Originally seven years, but now subject to shareholder vote for continuation, with the next such vote to occur no later than 21 November 2019		
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		
Custodian, Administrator and Transfer Agency	Standard Chartered Bank (Singapore & Vietnam)		
Registrar	Vistra Corporate Services (Cayman) Limited		
Brokers	Numis Securities (Bloomberg: NUMI)		
Lawyers	Gowling WLG (UK), Maples and Calder (Cayman Islands)		
Fee structure	A combination of a disposal fee which is 3% of distributable funds in Year 1, 2.75% in Year 2 and 2.25% in Year 3, and an alignment fee which is calculated on distribution to shareholders over a 3-year term. A monthly prepayment advance will be paid to the Manager as follows; Year 1: USD200,000, Year 2: USD150,000, and Year 3: USD100,000 and these prepayments will be deducted from the disposal and alignment fees calculated above.		
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.		



#### Important Information

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