

12 November 2012

MPO announces Q3 2012 Net Asset Value Update

“Adjusted Net Asset Value per share was US\$3.07, representing an uplift of 2%.”

Macau Property Opportunities Fund Limited, managed by Sniper Capital Limited, today announces its Interim Management Statement and Net Asset Value update covering the three months to 30 September 2012.

Financial Highlights

- Unaudited Adjusted Net Asset Value (Adjusted NAV) per share was US\$3.07, representing an uplift of 2%. In Sterling terms this was 190p (based on US\$/£ exchange rate of 1.617 as at 30 September 2012), a fall of 0.79% due to exchange rate fluctuations.
- Property portfolio value up 2.6% to US\$385 million.
- Cash balance of US\$34.6 million, of which US\$6.7 million was pledged as collateral for the Company's banking facilities. Unrestricted cash was US\$27.9 million.
- Based on the Company's portfolio value as at 30 September 2012 and assuming a full drawdown of its committed loan facilities, MPO's total loan-to-value ratio (LTV) stood at 26% (versus 27% as at end-June).
- MPO continues to hold the view that its share price remains significantly undervalued and does not accurately reflect the quality and positioning of MPO's portfolio and potential for further NAV growth. The Board therefore remains actively committed to buying back shares at attractive levels of discount of share price to Net Asset Value.

The Fund has repurchased 2,570,250 of its own shares for cancellation from May 2012, bringing the total number of shares repurchased since mid-2011 to 5,070,250 (representing c. 5% of the Company's issued share capital).

The Company has been in a close period ahead of the release of this report and has therefore been restricted from repurchasing any of its shares in the recent past.

- A summary of the Company's NAV figures¹ as at 30 September 2012 is as follows:

	30 Sep 2012	30 Jun 2012
Adjusted NAV (US\$ million)	306.8	306.7
Adjusted NAV per share (US\$)	3.07	3.01
Adjusted NAV per share (pence) ²	189.91	191.42
NAV (IFRS) (US\$ million)	219.4	221.8
NAV per share (IFRS) (US\$)	2.20	2.17
Share price as at period end (pence)	110	105
Share price discount to Adjusted NAV (%)	42	45
Portfolio valuation (US\$ million)	384.7	374.8
Loan-to-value ratio (%)	26	27

¹ The Company's Net Asset Value (NAV) as at 30 September 2012 has been prepared in accordance with International Financial Reporting Standards (IFRS). Adjusted NAV is shown after accruing for the performance fee (if any) and is calculated by taking the NAV per share calculated under IFRS and adjusting inter alia to include the properties owned by the Company at fair value rather than at the lower of cost and net realisable value. All properties in the Company's portfolio have been independently valued by Savills (Macau) Limited as at 30 September 2012.

² Based on US\$/£ exchange rate of 1.617 and 1.571 as at 30 September 2012 and 30 June 2012 respectively.

Operating Highlights

- Rental growth at *The Waterside* (ultra-luxury residential) remains strong. Latest effective rents achieved for standard and special units increased 17% and 9% year-on-year (YoY) respectively with average net yields standing at 2.4% per square foot. Occupancy currently stands at 84% based on total gross floor area. Our overriding focus is to increase rental growth further and maintain strong occupancy by attracting new tenants, to retain existing tenants and to improve tenant profiles.
- Superstructure work at *The Fountainside* (niche, low-density residential development) has now topped-out with internal fit-out and finishing well underway. The second wave of marketing and sales activities is expected to be launched once the project is completed early next year.
- Construction of MPO's flagship retail development, *Senado Square*, is expected to commence by end-2013 following the receipt of all necessary approvals and the project should be completed by end-2015.
- The first development phase of *APAC Logistics Centre* (warehousing/logistics) is due to be finalised by year-end. *Cove Residence* (entry-level residential) is scheduled for completion by March 2013.

Property Market Overview

- The Macau Government announced a series of property cooling measures in October to prevent overheating of the real estate market.
 1. Mortgage lending rules have been further tightened for completed and pre-sale flats, particularly for the non-Macanese. For more information on the measures that came into place on 12 October 2012, please refer to http://www.amcm.gov.mo/rules_and_guidelines/laws/bank/Cir%20022_B_2012_English.pdf.
 2. The Special Stamp Duty (SSD) – implemented in June last year on residential transactions - will be extended to include commercial properties, offices and car parks. Sellers will have to pay a duty amounting to 20% of the transaction price for properties sold within a year of their purchase, and 10% for those sold between one and two years of their purchase.
 3. Targeted at foreign buyers, an additional buyer stamp duty of 10% will be imposed on the purchase of residential properties by companies and non-Macanese, on top of the current 3.15% stamp duty. This tax will not be applicable to Macanese residents.

The extension of the SSD and the additional buyer stamp duties came into effect on 30 October 2012.

Other cooling measures include limiting the reduction of property tax for Macau residents such that non-residents will shoulder full property taxes, introducing four new public housing projects to create an extra 4,000 flats by 2015 and new guidelines for pre-sale properties to better protect consumers, redeveloping certain public facilities to make more space for public housing and streamlining timelines for approval of construction plans.

We do not expect the new property cooling measures to have a significant impact on MPO's portfolio and in the case of *The Waterside*, they could help drive rental values. MPO's prime luxury assets, *The Sky House* and *The Green House*, may experience some slower growth in capital values, but these only constitute 15% of total portfolio value.

- A total of 11,120 homes worth US\$5.7 billion were sold in the first eight months of 2012. Housing prices reached a new high at US\$720 per square foot in August.

- On the retail side, a total property transaction sales volume of 180 valued at US\$230 million was recorded in August. Although the transaction volume was slightly lower compared with July, the increase in value was 11% month-on-month and 190% YoY. With the imposition of SSD on commercial properties, offices and car parks, market supply, especially in the prime locations, will be limited but prices and yields are expected to remain under upward pressure.

Macau Overview

- Sands China opened its Cotai Central phase two in September. The launch featured the opening of the world's largest Sheraton Macao Hotel. Together with the Conrad and Holiday Inn which opened in April, it comprises 5,700 rooms, 400 gaming tables, 1,100 slot machines, 70 retail shops and over 40 F&B outlets. More recently, the Group was granted a three-year extension to build its fifth property by April 2016 on "Parcel 3". Upon completion, it will feature a 225 metre tall Eiffel Tower replica. Other developments on Cotai strip include MGM China's US\$2.5 billion casino project which received government approval in October and which is expected to complete by end-2015. The property will feature 500 gaming tables, 2,500 slot machines and 1,600 hotel rooms. In late-October, SJM was granted land in Cotai, paving the way for it to build its first casino hotel there. The development is expected to feature 700 gaming tables, 1,000 slot machines and 2,000 hotel rooms.
- GDP growth for the second quarter was 7.3% (vs 18.6% in Q1). For the first half of the year, GDP expanded by 12.6%. Economist Intelligence Unit forecasts GDP growth for the full year to be 9.8% and 13.5% for 2013.
- VIP gaming revenue amounted to US\$6.4 billion in Q3, a 1.1% decrease YoY – the first quarter this year that VIP gaming recorded a negative growth – whilst mass-market gaming revenues continue to post healthy growth of 26.8% to US\$2.9 billion. According to Morgan Stanley, mass market growth could continue to outpace VIP, given that gaming revenue growth has been coming from Cotai, which is becoming increasingly centred on mass-market gaming. This growth could also be further boosted by Sands China eventually getting 200 new tables dedicated to mass-gaming in early 2013.
- China's Central Government has recently announced that it will ease Individual Visitor Scheme (IVS) restrictions to Macau for people living in the six big Mainland cities of Beijing, Chongqing, Guangzhou, Shanghai, Shenzhen and Tianjin. It is anticipated that this announcement will

further boost Macau's economy - visitor arrivals from Mainland China increased 0.8% YoY to 1.3 million in September, with those travelling to Macau under the IVS rising by 11.4% YoY to 500,395. In the first nine months of 2012, visitor arrivals totalled 20.9 million, representing a YoY growth of 1.0%.

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About Macau Property Opportunities Fund

Macau Property Opportunities Fund Limited is a closed-end investment fund registered in Guernsey and listed on the London Stock Exchange Main Market.

Launched in 2006, the Company seeks to deliver long-term returns from the investment in and development of high quality properties located in Macau and the western region of China's Pearl River Delta. Its current \$385 million portfolio comprises a mix of strategically-positioned residential, retail and warehousing property assets.

The Fund is managed by Sniper Capital, an Asian-based property investment manager that provides highly focused Fund Management and Advisory Services.

www.mpofund.com

About Sniper Capital Limited

Founded in 2004, Sniper Capital Limited focuses on generating capital growth from property investment, development and redevelopment opportunities in niche and undervalued markets.

Today, Sniper Capital manages three funds, including Macau Property Opportunities Fund, with combined assets of over US\$400 million. With a team of over 30 professionals, Sniper Capital's expertise covers every aspect of the investment and development cycle, including research, site acquisition, project development, asset management, investor relations and finance.

www.snipercapital.com

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Bloomberg: MPO LN
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