



INVESTOR UPDATE

Macau Property Opportunities Fund

Fourth Quarter 2007

Quick Facts

Listing Date	5 June 2006
Exchange Listing	AIM (London)
Total Shares Issued	105,000,000
Issue price	100p
Latest Share Price	113.50p
Market Capitalisation	£119,175,000
Stock Code	MPO
Country of Incorporation	Guernsey
Max. Level of Gearing	60%
Current Gearing Level	0%
No. of Key Acquisitions	Four
Total Commitment	US\$191 million
Manager	Sniper Capital

All data as of 4 January 2008

About the Fund

Macau Property Opportunities Fund Limited is a closed-end investment company incorporated in Guernsey and listed on the Alternative Investment Market of the London Stock Exchange.

The Company's investment policy is to provide shareholders with an attractive total return, which is expected to comprise primarily capital growth, but with the potential for dividends over the medium to long term.

The Company focuses on investing in property opportunities primarily in Macau, but also potentially in the Western Pearl River Delta region and in exceptional circumstances, greater China.

www.mpofund.com



Quarterly Highlights

- US\$43.1 million in new acquisitions announced
- 101% of Company's equity now committed
- Continued price appreciation in Macau residential property
- Positive Macau Government Policy Address
- Opening of prestigious MGM Grand Macau

Fund Overview

In October, the Company announced the successful acquisition of its fourth major property (Property 4) bringing to a close almost two years of negotiations and successfully converting a key pipeline site which was referred to in its admission document. The total expected investment value amounts to US\$26.6 million, comprising an acquisition price of US\$15.85 million and an estimated redevelopment cost of US\$10.75 million.

The 10,500 sq ft freehold site is located adjacent to Senado Square, one of the most popular tourist destinations on Macau Peninsula, which forms part of Macau's World Heritage district due to its rich architecture. The area's increasing local and tourist pedestrian traffic has resulted in strong demand for retail outlets in the vicinity, driving retail property prices and rents to amongst the highest in Macau. To capitalise on the location of Property 4, the Company is planning a mixed-use redevelopment project incorporating prime retail and entertainment space.



During the quarter, the Company also acquired a number of smaller properties in various strategic locations across Macau in a series of separate purchases for an aggregate consideration of US\$16.5 million. This is part of an ongoing strategy of acquiring well-located and attractively priced smaller property assets in key areas across the Territory.

Portfolio Summary

Property	Sector	Type	Positioning	Current Status	Capital Commitment
1	Residential	Redevelopment	Local Residents	Design Process	US\$15.68m*
2	Residential	Development	Premium Luxury	Construction	US\$86.58m
3	Residential	Redevelopment	Entry-level	Consolidating	US\$45.96m*
4	Mixed-use	Redevelopment	Retail/Tourism	Planning	US\$26.6m*
Others [#]	Various	Various	Various	Various	US\$16.5m*
Total					US\$191.32m

*Includes acquisition & projected redevelopment costs

[#]Various smaller individual properties purchased by the Company

Development of "One Central", the premium mixed-use development in which the Company has purchased a residential tower (Property 2) remains on schedule for completion in 2009, with construction now reaching the 15th floor out of the planned circ. 40 floors. The attractive location of this project was further cemented by the recent opening of the prestigious 600-room MGM Grand Macau casino-resort which will be connected to One Central's retail podium. Secondary market demand for One Central units has remained robust since the Venetian Macao opened in August and in the run up to the MGM opening, with transacted prices of more than US\$1,000 per sq ft being achieved for well-positioned units.

Property 1's conceptual design and site investigations are now well underway and the demolition of the existing structure is scheduled to commence in 2008. This is a very well located site in a popular neighbourhood on Macau Peninsula, which the Company intends to develop into residential flats targeted at local residents.

Property 3, located in the rapidly regenerating northern area of Macau Peninsula, will be redeveloped into affordable apartments catering to increasing demand from entry-level local residents. The Company is continuing negotiations to consolidate adjacent sites in this area.

Following these latest acquisitions, the Company has now committed US\$191 million or approximately 101% of the total equity raised at AIM Admission and continues to negotiate on a further eight sites totalling approximately US\$450 million in combined acquisition value.

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The Company's first half results for the period to end December 2007 will be released in February 2008.

Market Overview

Economy

Macau's rapid economic growth continues to be accompanied by a flood of foreign investment. Government statistics indicate that gross fixed capital formation grew by 38.3% YoY, helping to drive GDP growth to 30.9% YoY in Q3 2007. This has placed the local labour market under significant pressure with unemployment hitting a ten-year low of 2.9%, pushing wage inflation to over 20%. Gaming receipts, one of the principal drivers of Macau's GDP, continue to grow exponentially exceeding US\$8.5 billion in the first ten months of 2007, a rise of 47.1% YoY. Visitor numbers also set new records, hitting 24.3 million from January to November 2007, up 22.9% YoY.

Property Market

Residential property prices continued to rise in Q4 as limited supply failed to meet the growing demand for quality properties across Macau. The strong fundamental demand from both investors and end-users has been further boosted by booming regional stock markets and negative real mortgages rates, while the sub-prime mortgages crisis in the US has so far had limited impact on lending or market sentiment. High-profile marketing and sales campaigns were launched during the quarter for a number of new residential projects. These included the mid-tier 80-unit Ginza Plaza on Macau Peninsula where prices reached over US\$600 per sq ft and Windsor Arch, a large-scale project comprising 1,600 units on Taipa, where the asking price for better units will reportedly be set at up to US\$960 per sq ft.

In December, the Government announced that two plots of land in North West Macau Peninsula will be auctioned via a public tender process in January 2008. The sites are zoned for residential development which will be positive for the ongoing regeneration of this area where the Company's Property 3 is situated. The auction is part of the Government's move towards greater transparency in the land disposal process and is a significant event as only one plot of land has been sold via a public tender since the handover in 1999. The Government also recently announced it will be reducing estate tax and waiving stamp duty for first-time buyers of domestic properties valued at up to US\$385,000. This is part of a move to assist lower income earners and is positive for the Fund's "entry-level" positioning since it is likely to catalyse increased demand for affordable housing in Macau.

Government's new initiatives

In his eighth policy address delivered in November, Chief Executive Edmund Ho reiterated the Government's continued commitment to developing the gaming and tourism industries, whilst maintaining the fight against corruption and crime. He also outlined several new policies designed to improve the city's political and socio-economic status. These include the construction of subsidised apartments in the North of Macau Peninsula for low income residents which is in response to rising criticism of the Government's lack of efforts to assist the poorer segments of the population.

New Casinos / Hotels

In December, Macau witnessed the high-profile launch of MGM Grand Macau, US-listed MGM Mirage's first project in Asia. The opening signifies that all six gaming concessions in Macau are finally in operation. SJM, owned by local casino mogul Stanley Ho, has announced it will be building a new hotel on the site of its original flagship and Macau's oldest casino, the Lisboa Hotel. Redevelopment is expected to begin following the full opening of the neighbouring Grand Lisboa Hotel in 2008.

Looking ahead, attention is likely to focus on the emergence of the Cotai Strip as the Territory's integrated business, leisure and gaming destination, as a stream of upscale casino-resort-hotels increasingly dominate the landscape. The Four Seasons and Shangri-La hotels are due to open in 2008 followed thereafter by Galaxy's "Mega Resort", Melco/PBL's "City of Dreams" and "Macau Studio City" backed by eSun Holdings.



The US\$1.25bn MGM Grand Macau

Summary

2007 proved to be an unprecedented year for Macau. With a significant amount of foreign investment capital committed to long term projects, more transparent government and an increasingly favourable business environment, we continue to believe that we are at an early stage in the Territory's economic re-rating. The Company's portfolio of niche, strategically placed properties in key market segments, leaves it well-positioned and the immediate focus remains on acquiring further assets which are both attractively valued and clearly differentiated.