Macau Property Opportunities Fund

Interim Report for the period ended 31 December 2011

A Pattern for Growth

Macau Property Opportunities Fund

Listed on the London Stock Exchange, MPO is the only listed property fund dedicated to investing in Macau – one of the world's fastest growing and most dynamic regions. The Company seeks to deliver long-term returns from the investment in and development of high quality properties in Macau and China's Pearl River Delta.

Key Highlights

- *The Waterside* achieves 70% occupancy

- *APAC Logistics Centre* tops out

- Macau property market shows resilience

- Sizeable project pipeline to drive future growth

Total Adjusted NAV

US$285m

Uplift (current period) +2%
Uplift (YoY) +5%

Adjusted NAV per share

US$2.78

Uplift (current period) +2%
Uplift (YoY) +8%

Adjusted NAV per share

179p*

Uplift (current period) +5%
Uplift (YoY) +8%

* Based on a Dollar/Sterling exchange rate of 1.554 as at 31 December 2011.

For IFRS NAV and NAV reconciliation, please see the table on page 17 and Note 9 to the financial statements respectively.

MPO returned US$0.17 (c. 8%) per share to shareholders in July 2011.

Chairman's Message

After closing our previous financial year on a strong note, MPO has continued to gain momentum over the first six months of FY2012, reaching new milestones in our asset management and development programmes.

Adjusted NAV per share[1]

+2% to US$2.78

Property portfolio valuation

+5% to US$344 million

On a like-for-like basis

Fund performance

On the back of a dynamic Macau economy and its resilient property market, the six months to 31 December 2011 saw the market valuation of MPO's properties rise US$16.7 million or 5.1% on a like-for-like basis over June valuations to reach US$344.3 million. This translated to an uplift in your Fund's Adjusted Net Asset Value (NAV) of 2% or US$4.7 million over the same period, equating to an Adjusted NAV per share of US$2.78, or 179p[2].

Your Company's loan-to-value ratio remained at a conservative level of 24%[3], while MPO's cash balance amounted to US$28.1 million at period end.

MPO's share price of 115p as at 24 February 2012 represented a 34.5% discount to Adjusted NAV. Your Board remains commited to a policy of active discount management, with a particular focus on augmenting and diversifying our existing strong shareholder base.

Portfolio progress

The Waterside continues to raise the bar on true luxury leased accommodation in Macau with the recent unveiling of *The Waterside Club* – a private, members-only, facility designed exclusively for its residents. With a focus on impeccable service, the only en bloc owned tower in the prestigious One Central Residences development has now leased close to 70% of its total gross floor area.

The Fountainside, a low-density residential property situated in the historic Penha Hill district, recently commenced superstructure work and is making good progress towards completion by early-2013. All 20 units launched in the first phase of the pre-sales campaign have been sold and a second wave of marketing activities is being planned to promote the remaining 18 choice apartments and four villas as the project approaches completion.

Our two current development projects in Zhuhai, China, are on track to be completed by mid-2012. Superstructure work of the second of three phases at *APAC Logistics Centre* (warehousing/logistics) and *Cove Residence* (residential) are at the final stage and completion of the main building contract is expected over the next few months.

Your Manager continues to adopt a pro-active approach to leasing, and is in varying stages of negotiation with prospective tenants for these two strategically-located projects which are set to benefit greatly from the pipeline of key infrastructure developments in the region – the new Shizimen Central Business District on Zhuhai's Hengqin Island and the future Hong Kong-Zhuhai-Macau Bridge, estimated to be completed in phases from 2013 and 2016, respectively.

[1] For IFRS NAV per share please see table on page 17.
[2] Based on a Dollar/Sterling exchange rate of 1.554 as at 31 December 2011.
[3] Assuming a full drawdown of its committed loan facilities and based on MPO's portfolio value as at 31 December 2011.

"We are constantly on the look-out for value-accretive acquisitions."

MPO board and strategy

We are pleased to welcome Wilfred Woo, who was recently appointed as a Non-Executive Director of MPO. He possesses over 20 years' experience with the Kuok Group, notably with Kerry Properties Limited and Shangri-La Asia Limited, and currently holds senior management and board positions with an associated company listed on the Philippine Stock Exchange. I am confident that his deep industry experience, knowledge of Asian property markets and established professional relationships will make a strong contribution towards your Company's future growth and strategy.

I would also like to pay tribute to Richard Barnes, who retired from your Board in January 2012 after five and a half years of service. Richard provided great insight and guidance to MPO during his tenure, and we thank him for his valuable contribution, particularly at your Fund's launch in 2006, its migration to the Main Market of the London Stock Exchange in 2010 and at the return of capital to shareholders in 2011.

Your Board remains positive on the long-term opportunities for the business and considers that we have now established a diversified, well-positioned property portfolio that offers attractive potential for sustained growth.

Furthermore, we are constantly seeking and assessing fresh investment opportunities to enhance shareholder value. This follows our successful divestments in FY2011.

Your Manager remains focused on value-accretive sites in niche sectors and is currently reviewing a sizeable project pipeline. While the conversion of pipeline projects at appropriate pricing remains a challenge, we are optimistic that softening market conditions in Mainland China will strengthen our bargaining position, as we seek to acquire attractively-positioned assets that will significantly enhance long-term shareholder value.

Poised for future growth

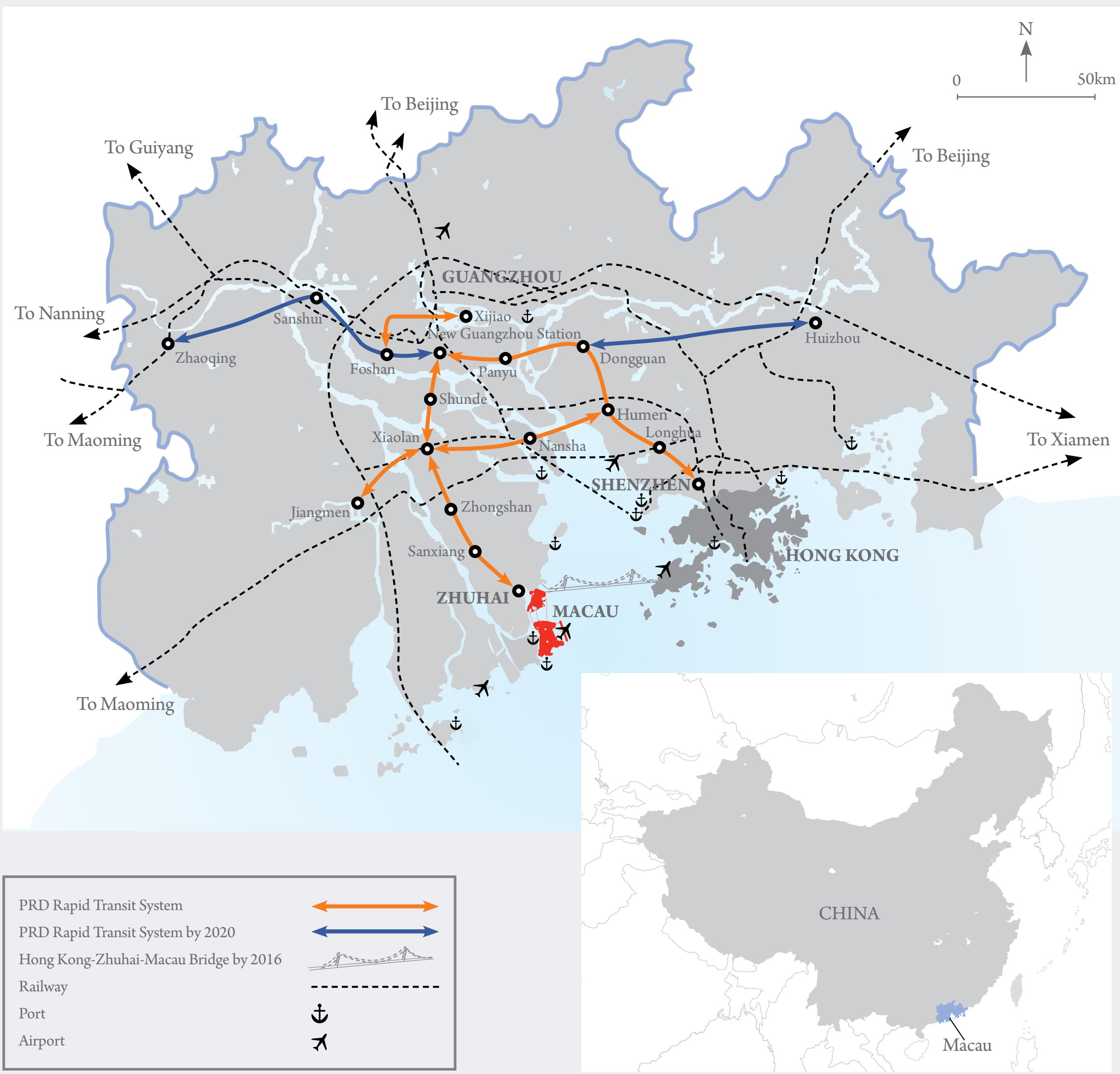
Despite signs of a cooling economic growth rate in Mainland China, Macau's economy, powered by its own unique drivers, favourable demographics and strong fiscal position, is expected to maintain its upward growth trajectory in 2012. Underpinned by strong fundamentals, coupled with a pipeline of infrastructure projects aimed at spurring economic integration in the region, the overall property market remains buoyant and is still exhibiting good value at current price levels.

We are pleased to present solid development progress at the half-year mark and we are confident of delivering a strong set of full-year results at the end of this financial year.

David Hinde
Chairman
Macau Property Opportunities Fund Limited

27 February 2012

Pearl River Delta Region



Source: Sniper Capital Research

Alignments and locations are indicative only.

Portfolio Overview

MPO continues to maintain a balanced and well-positioned portfolio of property assets focused on carefully selected market segments in Macau and China's Pearl River Delta.

Property portfolio valuation

US$344 million

Uplift (current period) +5%
Uplift (YoY) +21%

Loan-to-value

24%*

Loan-to-value is unchanged from 30 June 2011

* Assuming a full drawdown of MPO's committed credit facilities and based on portfolio value as at 31 December 2011.

Market value information is based on independent valuations of the Company's portfolio properties by Savills (Macau) Limited as at 31 December 2011.

Portfolio Composition by Project
(based on market value)

46%

THE WATERSIDE[1]
Valuation: **US$171,509,000**
Uplift (current period): **1%**
Uplift (since acquisition): **96%**

3%

OTHER PROPERTY ASSETS[2]
Valuation: **US$10,123,000**
Uplift (current period): **3%**
Uplift (since acquisition): **159%**

6%

APAC LOGISTICS CENTRE & COVE RESIDENCE[3]
Valuation: **US$23,434,000**
Uplift (current period): **33%**
Uplift (since acquisition): **112%**

15%

SENADO SQUARE
Valuation: **US$56,268,000**
Uplift (current period): **9%**
Uplift (since acquisition): **250%**

12%

ONE CENTRAL INDIVIDUAL UNITS
Valuation: **US$46,826,000**
Uplift (current period): **1%**
Uplift (since acquisition): **0%**

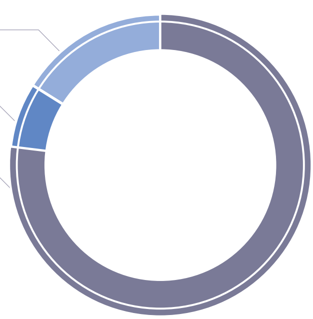
10%

THE FOUNTAINSIDE
Valuation: **US$36,182,000**
Uplift (current period): **10%**
Uplift (since acquisition): **349%**

8%

CASH

Portfolio Composition by Sector
(based on market value)



Warehouse/Logistics: **16%**

Retail: **7%**

Residential: **77%**

[1] Tower Six of One Central Residences. Please refer to the disclaimer on the inside back cover.
[2] Includes *The Green House* and other individual smaller property assets.
[3] Jointly acquired as part of a combined investment in August 2008.

The Waterside

High-end, Luxury Residential Lease

Property Details

Valuation	**US$171,509,000**
Acquisition cost	US$87,286,000
Type	Investment
Gross floor area	148,000 ft^2/13,750 m^2
Current status	Leasing
Strategy	Lease and asset manage
Target IRR	21%

The Waterside, the only en bloc owned tower in One Central Residences, is one of Macau's most prestigious residential assets. The ultra-exclusive waterfront property, which overlooks the Nam Van and Sai Van Lakes, features 59 units, including three simplexes and two duplexes. Acquired in 2006, the interiors of the apartments were further enhanced to world-class premium standards upon handover in 2009, setting a new benchmark for true luxury leased accommodation in Macau.

Apart from flexible leasing packages, residents also benefit from personalised concierge services, as well as exclusive membership to *The Waterside Club* which extends privileges and discounts to Macau's finest dining, entertainment and leisure offerings.

The Waterside

The Fountainside

Niche, Low-density Residential

Property Details

Valuation	**US$36,182,000**
Total commitment	US$20,000,000
Acquisition cost	*US$8,600,000*
Projected development cost	*US$11,400,000*
Type	Redevelopment
Gross floor area	80,000 ft^2/7,430 m^2
Current status	Under construction
Exit strategy	Pre-sell and sell
Target IRR	20%

The Fountainside is a niche, low-density residential development with a distinctive Macanese façade embodying rich colonial architectural influences. Situated in a prime location within the historical Penha Hill district, *The Fountainside* comprises 38 apartments and four villas.

Following a successful pre-sales programme in late-2010 which saw close to half of the units sold at better-than-expected prices, planning for the second wave of marketing activities is underway. Superstructure work for the development, which includes more than 50 vehicle parking spaces, has commenced, with the overall project scheduled to be completed by early-2013.

The Fountainside

APAC Logistics Centre & Cove Residence

Property Details

Valuation	**US$23,434,000**
Total commitment	US$45,000,000
Acquisition cost	*US$11,000,000*
Projected development cost	*US$34,000,000*

APAC Logistics Centre – Warehousing and Logistics

Type	Investment/Development
Gross floor area	1,300,000 ft^2/120,770 m^2
Current status	Leasing (existing facility) and under construction
Exit strategy	Sell with long-term leases
Target IRR	23%

Cove Residence – Niche Residential

Type	Investment/Development
Gross floor area	215,000 ft^2/19,970 m^2
Current status	Under construction
Exit strategy	Sell with long-term leases
Target IRR	23%


APAC Logistics Centre

APAC Logistics Centre
Strategically located near key infrastructure projects, including the Guangzhou-Zhuhai rail network and the Hong Kong-Zhuhai-Macau Bridge, *APAC Logistics Centre* is MPO's maiden project in Mainland China.

Scheduled for completion in Q1 2012, Blocks One and Two of *APAC Logistics Centre* will add 250,000 square feet of top-class warehousing and logistics space to the existing 205,000 square feet multi-functional facility.

Cove Residence
Acquired as a joint investment with *APAC Logistics Centre* in 2008, *Cove Residence* is envisaged to tap into the emerging demand for quality accommodation that is expected to arise from the long term growth of Macau and Hengqin Island.

When completed in Q2 2012, this niche residential property will feature 450 units and a wide range of recreational facilities across 215,000 square feet of gross floor area.

Cove Residence

Senado Square

Prime Retail

Property Details

Valuation	**US$56,268,000**
Total commitment	US$33,000,000
Acquisition cost	*US$16,000,000*
Projected development cost	*US$17,000,000*
Type	Redevelopment
Gross floor area	70,000 ft²/6,500 m²
Current status	Advanced planning
Strategy	Lease and asset manage
Target IRR	22%

Conceived as the Company's flagship multi-storey retail complex, *Senado Square*, which lies in the heart of Macau's vibrant shopping destination and UNESCO-endorsed historical centre, is well-positioned to become a key player in Macau's emerging non-gaming industry.

Designed by Arquitectonica – the creative team behind Melco Crown's US$2.4 billion City of Dreams – *Senado Square* aims to capture the ever-increasing demand for quality retail space in the area generated by Macau's booming retail industry.

Senado Square

The Green House

Exclusive Private House*

Property Details

Valuation	**US$9,721,000**
Total commitment	US$3,900,000
Acquisition cost	*US$3,500,000*
Projected refurbishment cost	*US$400,000*
Type	Investment
Gross floor area	5,140 ft^2/480 m^2
Current status	Renovation completed
Exit strategy	Asset sale
Target IRR	25%

* Constitutes part of MPO's portfolio of smaller property assets.

The Green House, which is located atop Penha Hill, Macau's most desirable residential address, is a unique, 5,000 square feet, property purchased in 2007.

Having recently completed an extensive renovation programme to enhance its appeal and saleability, this attractively-packaged property situated on elevated plains offers breath-taking views of Macau's landscape and is supported by demand from high net worth buyers, primarily from Mainland China and Macau.

The Green House

Investment Manager's Report

Since its inception in 2006, Macau Property Opportunities Fund has assembled a high quality portfolio of assets across Macau and the western Pearl River Delta region, which we are confident will continue to deliver solid returns to shareholders as the region remains firmly entrenched on a long-term growth path.

During the last six months, we have continued to make good headway in both our asset management and development initiatives, with an unwavering focus on both value enhancement and income generation for your Company.

	30-June-11	31-December-11
NAV (IFRS) (US$ million)	216.93	**215.10**
NAV per share (IFRS) (US$)	2.11	**2.10**
Adjusted NAV (US$ million)	280.05	**284.76**
Adjusted NAV per share (US$)	2.72	**2.78**
Share price as at period end (pence)	135.12	**112.63**
Portfolio valuation (US$ million)	333.67	**344.34**
Loan-to-value ratio (%)	24	**24**

Financial results[1]

Despite heightened market volatility in Asia resulting from the lingering European debt crisis, sluggish US economy and slower growth in China, MPO delivered another set of solid interim results. Underpinned by ongoing demand for quality accommodation, and spurred by Macau's growing economy, the independently assessed market valuation of MPO's properties stood at US$344.3 million – a 5.1% increase over June valuations on a like-for-like basis.

Whilst the IFRS Net Asset Value (NAV) fell by US$1.8 million in the six months to 31 December 2011, the Adjusted NAV rose US$4.7 million in the same period, with the resulting Adjusted NAV per share standing at US$2.78. This represents an uplift of 2% in the six-month period or 7.7% on a year-on-year basis. In Sterling terms, Adjusted NAV per share was 179p, based on a Dollar/Sterling exchange rate of 1.554 as at 31 December 2011.

MPO's share price as at 24 February 2012 was 115p (c. US$1.82[2]), representing a discount of 34.5% to the Adjusted NAV. Together with your Board, we remain commited to a policy of active discount management, with a particular force on augmenting and diversifying our existing strong shareholder base.

Capital management

As at 31 December 2011, MPO had a cash balance equivalent to US$28.1 million, of which US$8.2 million was pledged as collateral for your Company's banking facilities. Total assets amounted to US$303.5 million, while total liabilities stood at US$88.4 million, primarily made up of the bank financings of One Central Residences and *The Fountainside.*

MPO has secured long-term interest rates on its borrowings at low levels, swapping floating rate HIBOR for five-year fixed interest rates at an average fixed rate of 1.669% per annum. Totalling HK$500 million (c. US$64 million), it makes up 72% of your Company's committed loan facilities.

Assuming a full drawdown of its committed loan facilities, and based on your Company's portfolio value as at 31 December 2011, MPO's total loan-to-value would be at 24% – unchanged from six months ago.

We continue to protect and strengthen your Fund's balance sheet with planned capital management strategies, such as balancing refurbishment and development activity with income generation so as to manage cashflow requirements, the pro-active restructuring of debt, the implementation of operational improvements and, where appropriate, unlocking value through the disposal of properties where we can realise an attractive price.

We believe these important initiatives have positioned MPO well for the long term. With the aim of maintaining a sustainable level of gearing based on a maximum 60% for the overall Group loan-to-value covenant, MPO is confident of retaining sufficient financial headroom to take advantage of market opportunities that will optimise growth and maximise yields for shareholders.

[1] The Company's interim financial statements as at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards. All properties in the Company's portfolio have been independently valued by Savills (Macau) Limited.

[2] Based on a Dollar/Sterling exchange rate of 1.586 as at 24 February 2012.

"Robust end-user demand is expected to continue driving current housing price levels."

SIGNIFICANT SHAREHOLDERS
As at 28 January 2012

Name of shareholder	No. of shares	%
Invesco Asset Management	30,697,140	29.95%
Universities Superannuation Scheme	10,500,000	10.24%
Lazard Asset Management LLC	10,337,768	10.09%
Insight Investment Management	7,551,490	7.37%
Apollo Multi Asset Management	5,301,500	5.17%
Sniper Investments Limited	5,239,500	5.11%
RWC Partners	5,098,651	4.97%
MAM Funds Plc	4,562,500	4.45%
Subtotal	79,288,549	77.35%
Other	23,211,451	22.65%
Total	**102,500,000**	**100%**

The MPO Board

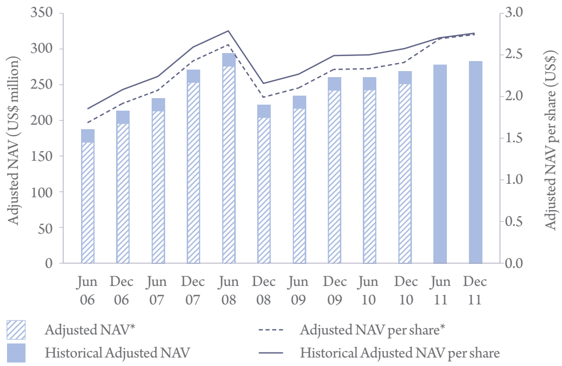
The Board's appointment of Wilfred Woo to the MPO Board as a Non-Executive Director is welcome, and we look forward to utilising his vast experience and professional networks in Asian property markets. Meanwhile, we extend our gratitude to Richard Barnes, who has provided strong guidance to your Company and is retiring after five and a half years of dedicated service.

Re-investing in the growth cycle

We are constantly on the look-out for value-accretive acquisition opportunities to expand our footprint in Macau and Mainland China. Following your Company's profitable divestments in 2011, which raised gross proceeds of US$66 million, we are continuing to progress a number of potential investment opportunities, with the overriding objectives of maintaining growth and delivering attractive returns to shareholders.

As your Chairman has noted, we continue to favour undervalued properties in niche sectors and are assessing the investment potential of 14 opportunities that have a combined total value of approximately US$500 million. The conversion process of pipeline projects at attractive pricing is inevitably complex and challenging, but we are optimistic of capitalising on softening property market conditions in Mainland China to strengthen our bargaining power as we seek to acquire value-accretive sites that will enhance long-term shareholder value.

ADJUSTED NET ASSET VALUE



* Stripped of US$0.17 (c. 8%) per share returned to shareholders in July 2011.

MPO SHARE PRICE VS. HSI/FTSE 350

* Rebased to MPO share price.
Source: Bloomberg, Sniper Capital Research

The Waterside reaches new occupancy high

The Waterside stands out as one of the finest waterfront residences in Macau. With sweeping views across Nam Van Lake, MPO's cornerstone asset makes up 46% of your Company's portfolio by market value.

As of 13 February 2012, the 148,000 square feet tower located in the prestigious One Central Residences development has leased 69% of its total gross floor area (GFA), with the total 42 rented apartments generating a net yield of 2.3% on a per square foot basis. Latest achieved rents for standard units stand at HK$20.20 (c. US$2.60) per square foot per month – 26% higher than a year earlier.

We have intensified the execution of our marketing and leasing strategies, aimed at boosting rentals and maximising yields, as MPO seeks to redefine the standard for ultra-exclusive, true luxury residential leased accommodation in Macau. To this end, *The Waterside Club* was launched in October 2011 as a private, members-only, facility enjoying privileged access and discounts across the finest dining, entertainment and leisure options in Macau.

In addition to *The Waterside's* 59 apartments, MPO owns a further 12 individual units in One Central Residences, with a combined GFA of 27,000 square feet. These well-positioned apartments located in various other towers of One Central form part of an original portfolio of 25 units, 13 of which have been successfully exited of over the past two years. MPO will continue with its opportunistic disposal strategy for the remaining assets at attractive prices.

The Fountainside progressing well

The development programme for *The Fountainside*, MPO's niche residential project located in the sought-after Penha Hill district, is progressing well, with construction completed up to ground level. An extensive review to integrate the property's traditional façade and its contemporary interiors is currently underway.

Targeted at the upper-middle class, this low-density development comprising 38 apartments and four villas across 80,000 square feet, has drawn strong buyer interest.

To date, close to 50% of its units, representing 34% of the total project GFA, have been pre-sold at higher-than-anticipated prices. MPO is preparing the second phase of *The Fountainside's* marketing campaign, which will be launched in tandem with the project's completion and handover by early-2013.

The Green House – An exceptional offering

Purchased in late-2007, *The Green House*, located atop the famous Penha Hill, is a private, 5,000 square feet, property that enjoys spectacular views across Macau. Despite several government-instigated tightening measures aimed at the property sector that took effect in mid-2011, "trophy" assets such as this recently-renovated property, continue to be supported by demand from high net worth buyers, primarily from Macau and Mainland China.

APAC Logistics Centre tops out first block

APAC Logistics Centre is now one step closer to becoming a logistics platform that meets international standards and a key player in Zhuhai's rapidly growing logistics industry. The development phase of this asset reached a significant milestone when it topped out the first of six buildings in November 2011 – six months into its development programme. Upon completion in Q1 2012, Blocks One and Two of *APAC Logistics Centre* will add approximately 250,000 square feet of top-class warehousing and logistics space to the existing 205,000 square feet facility.

Planning for the second and third stages of the development phase, which will cover an additional 850,000 square feet, has commenced. Meanwhile, negotiations are underway with a number of prospective tenants who have shown initial interest in taking up space in this strategically-located facility, which borders Hengqin Island and is, through new and existing infrastructure, accessible to Hong Kong and both east and west Pearl River Delta.

Cove Residence to complete by mid-2012

Acquired as a joint investment with *APAC Logistics Centre* in 2008, *Cove Residence* is currently in the advanced stages of construction. Scheduled for completion in mid-2012, the 215,000 square feet residential project featuring 450 units and a spectrum of recreational facilities is located within a ten-minute drive of *APAC Logistics Centre*, and is targeted at the emerging demand that is expected to arise from the long-term growth of Shizimen Central Business District, Hengqin Island and Macau.

Senado Square – Positioned for success

Senado Square is MPO's premier retail redevelopment project in Macau's prime tourist shopping belt. Conceived as a significant and iconic development in the area, the proposed building design was developed by Arquitectonica, the creative team behind the US$2.4 billion City of Dreams in Cotai.

The redevelopment programme remains on hold pending the outcome of planning negotiations with the relevant government departments. Despite the delays, the decision to remain invested has been strongly vindicated by the significant increase in the value of the asset since its acquisition in late-2007.

Following resolution of ongoing negotiations, *Senado Square* is anticipated to take approximately three to four years to be redeveloped. Upon completion, the project will offer 70,000 square feet of international standard prime retail space within a contemporary, multi-storey complex.

Property Market Outlook

Macau's property market maintained an overall uptrend in 2011, despite government measures to rein in speculation in the residential segment and fears of contagion from China's deteriorating real estate sector.

Property market continues to see growth

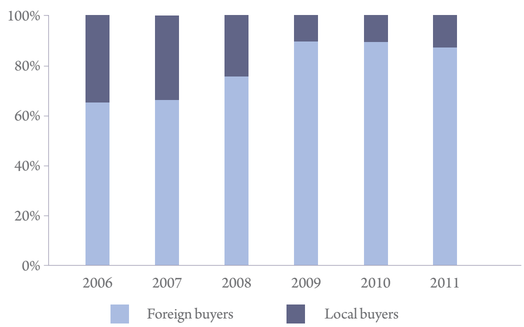
17,200 homes were sold in 2011, a slight drop from the 18,000 homes sold the year before. Total residential transaction value, however, reached US$7.3 billion – up 28% over 2010.

Local real estate agencies expect that home sales will slow by between 10% and 15% in 2012 due to macro-economic uncertainties, although rentals for residential units, especially at the top end, will be supported by ongoing infrastructure developments and a renewed influx of expatriates.

Robust end-user demand is expected to continue driving current housing price levels. According to the Financial Services Bureau, average residential transaction prices increased 50% year-on-year to reach US$618 per square foot in December 2011. This was largely attributable to the sale of three high-end developments across the territory.

On the retail front, demand for quality prime space continues to grow. Latest transactions suggest that Senado Square, Macau's most popular tourist destination, commands rental values of about US$17 per square foot per month – a 40% increase in two years. Supported by pent up demand and the lack of oncoming supply, local real estate agencies forecast that commercial rentals will continue their upward growth, rising between 10% and 25% in 2012. This strength underpins the significant potential for rental growth from MPO's *Senado Square* project.

LOCAL VS. FOREIGN BUYERS IN MACAU RESIDENTIAL MARKET



Source: DSEC

MACAU RETAIL SALES AND YoY GROWTH

Source: DSEC

China property market

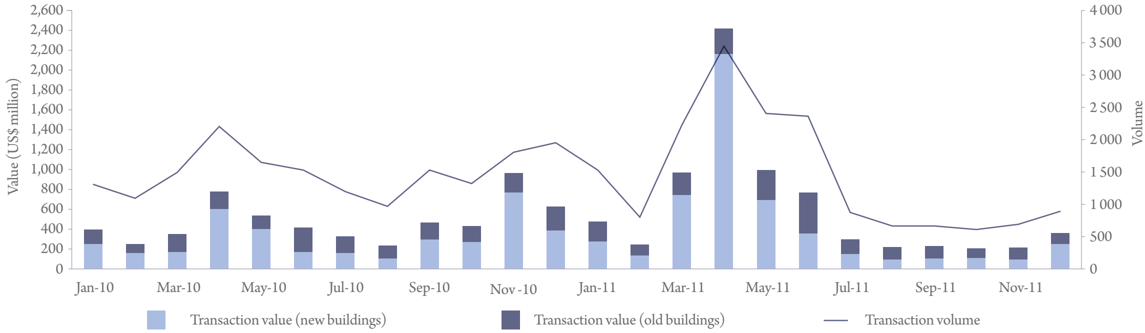
In Zhuhai, warehousing and logistics has been identified as a key driver of growth for the third state-level strategic economic zone. Industrial rents in the Chinese city, which currently stand at around US$2.40 – US$3.20 per square foot per month – less than half of the rentals in Shenzhen – are expected to grow in tandem with the burgeoning logistics industry. In time, Zhuhai is expected to narrow the gap between its growth and that of its more established eastern Pearl River Delta counterparts, including Shenzhen.

More importantly, the Chinese government has granted preferential tax policies to the largest island located in southern Zhuhai, further spurring economic growth in the region. Aimed at boosting Hengqin Island's profile as a transport, tourism, education, science and technology hub, the local government has commenced the development of a pipeline of exciting projects, including the Chime-Long International Ocean Resort, the new University of Macau campus and the Guangdong-Macau Traditional Chinese Medicine Industrial Park.

APAC Logistics Centre and *Cove Residence,* which are located within a ten-minute drive of Hengqin Island, are anticipated to benefit from the flurry of business activity set to take place and the consequent demand by leading international companies for warehousing/logistics and residential space in the area.

Zhuhai implemented a price-control policy on new residential transactions in late-2011. Observers noted that the impact was largely symbolic, as there is evidence to suggest the move is not meant to be permanent as it came into effect during the traditionally slow-selling year-end period.

MACAU RESIDENTIAL TRANSACTION VOLUME AND VALUE



Source: DSEC

Nonetheless, property prices across Mainland China fell for a fifth consecutive month in January 2012 and are widely expected to face downward pressure in the coming year, with the Central government indicating strongly that it is committed to keeping housing costs at an affordable level.

Growth in the Mainland residential property market slowed in 2011, with housing volume expanding only by 10%, following 80% and 15% growth in the prior two years. However, the market still did better than in 2008, when sales volume dropped by 20%. Investors appeared to be shifting their focus to investment properties during the year, with sales volume of retail and office space growing by almost 13%.

Slower but more stable growth

The cooling measures targeted at the Macau residential market have helped eliminate some speculative activity which is necessary to sustain longer-term growth. These measures have not dented overall market sentiment, with the local housing market remaining predominantly owner-occupied and banks maintaining very conservative lending policies in the Macau property market.

Strong economic growth, a high savings rate and low mortgage penetration suggest that the financial status of Macau residents is very stable. We are of the view that the increasing purchasing power of local residents, coupled with their demand for better quality homes, will support transaction volumes and values for residential properties in the medium to long-term.

We continue to prefer the two extremes of the residential market – premium high-end and locally affordable housing. We also remain upbeat about the retail property sector, which we expect to benefit greatly from the continuing uptrend of tourist volumes and retail sales.

Recent tightening measures

DECEMBER 2010

Government announces abolition of 0.5% intermediate transfer duty. Full stamp duty of 3.15% levied for all residential transactions, including pre-sales.

LTV ratios for mortgages tightened:
- LTV for local buyers: 70% – 90%
- LTV for foreign buyers: 70%

APRIL 2011

Government announces Special Stamp Duty (SSD) proposal:
- 20% for properties sold within one year of purchase
- 10% for properties sold within two years of purchase

LTV ratios for mortgages further tightened:
- LTV for local buyers: 70%
- LTV for foreign buyers: 50%

JUNE 2011

SSD comes into effect on 13 June 2011.

Macro-Economic Outlook

An outstanding GDP growth rate and a sizeable budget surplus have qualified Macau as one of the world's top economic performers.

Strong fundamentals for growth

In the face of a volatile European economy over the sovereign debt crisis and the slow recovery in the U.S., Macau has demonstrated the stability and resilience of its economy, as it expanded by approximately 20% in 2011. The Economist Intelligence Unit predicts that the territory will continue to experience double digit growth of 12% and 14% in 2012 and 2013, respectively.

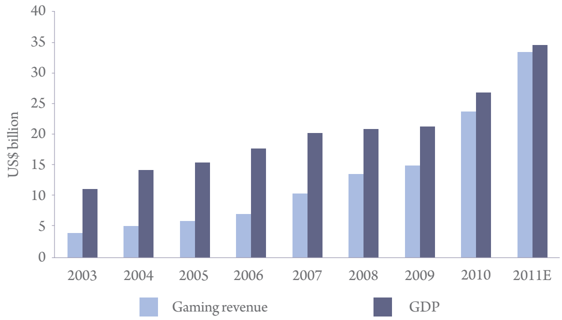
Despite concerns that the stalling of China's economic growth will stifle Macau's growth, we are of the view that the world's second largest economy is fundamentally robust and is supported by a solid fiscal position with the ability to maintain liquidity and credit growth.

Likewise, Macau's economy is also powered by its own unique set of drivers, including one of the world's lowest unemployment rates at 2.1%, rising median wages and a high GDP per capita that tops countries like Singapore and Japan. Like China, the former Portuguese colony, which has negligible debt and an expanding fiscal surplus, is fiscally strong and hence has the flexibility for policy manoeuvring aimed at minimising any negative impact caused by the external environment. For example, with the aim of mitigating the impact of rising inflation and to spur domestic demand, the Macau government will continue its cash hand-out scheme in 2012, pursuant to which both permanent residents and non-permanent residents will each receive MOP$7,000 (US$875) and MOP$4,200 (US$525), respectively.

Macau's main growth engine, gaming, remains strong. The territory's 34 casinos raked in US$34 billion in revenue in 2011, double that of 2009 and about six times that of Las Vegas. After two consecutive years' of record growth at 60% and 40% in 2010 and 2011, respectively, analysts are anticipating gaming growth in the territory to moderate, but to still average between 15% and 25%. This projection is in line with the government's diversification plans, which include diverting more resources towards building Macau into a leisure and tourist destination.

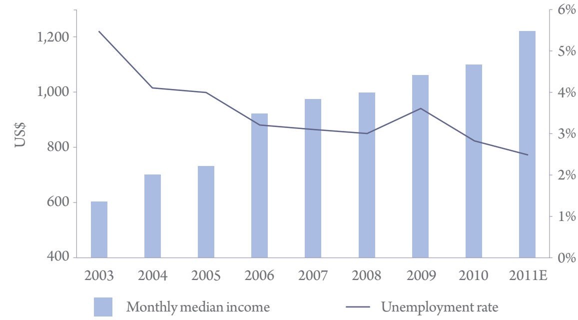
Macau's tourism and retail industries have also been growing at a rapid pace. In 2011, Macau recorded a total of 28 million visitors in 2011 – a 12% increase from the year before – while the local retail industry eclipsed 2010's record by one and a half times to reach US$5 billion.

GDP AND GAMING REVENUE



Source: DSEC

MONTHLY INCOME AND UNEMPLOYMENT RATE



Source: DSEC

Cotai – An important emerging area

Cotai is fast emerging as Macau's new tourism epicentre, as it undergoes a major infrastructure transformation. The Macau government recently confirmed that it will grant sites to the remaining three gaming operators who do not currently have a presence on the Cotai Strip. These new projects will complement the area's existing projects – Venetian Macao (Sands China), City of Dreams (Melco Crown), Galaxy Macau (Galaxy Entertainment) and the soon-to-open Sands Cotai Central (Sands China).

Sands Cotai Central – the most expensive development on Cotai estimated at US$4.5 billion – will open in phases from March 2012. This mammoth integrated resort will not only house over 500 gaming tables and 6,000 rooms – more than a quarter of Macau's existing hotel room capacity – but also feature 100,000 square feet of meeting and convention space and close to 100 retail boutiques.

A pipeline of infrastructure projects aimed at boosting Cotai's connectivity will begin imminently. Construction of the US$1 billion Macau Light Rail Transit (LRT) system is scheduled to commence in H1 2012 and will connect Macau Peninsula with Taipa and Cotai via 21 stations when completed in 2015. In addition, the LRT will provide a link to Hengqin Island and ultimately connect to the Guangzhou-Zhuhai Light Rail and the Hong Kong-Zhuhai-Macau Bridge, which is due for completion in 2016. Construction of the latter's Hong Kong extension commenced in December 2011 and when completed, the 50 kilometre bridge – the world's longest water-crossing bridge – will cut travelling time between Hong Kong and Macau by half to 30 minutes.

The growth of Hengqin Island – which is connected to Macau via the Lotus Bridge – is expected to broaden the near and long-term appeal of Macau, not just as a gaming city, but as an international tourist destination. Envisaged to become a multi-faceted hub that covers business, technology and creative industries, Zhuhai has been accorded high-level development priority by the Beijing government as the third state-level strategic economic zone after Shanghai's Pudong district and Tianjin's Binhai area.

The integration of transport links is an encouraging sign of Macau's pursuit towards a business friendly environment. In time, Macau will attract both investment and human capital to the region – further strengthening the fundamentals that provide support for its property market.

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 30 June 2011.

These risks are: Competition from other gaming destinations, Macau's dependence on the VIP gaming segment, China and Macau policy risks, as well as a global economic slowdown. A detailed explanation of the aforementioned risks can be found on pages 40 to 41 of the 2011 Annual Report which is available at www.mpofund.com.

Conclusion

"Macau stands on the verge of one of its most exciting stages of growth."

Sustaining growth, delivering returns

Macau stands on the verge of one of its most exciting stages of growth. More immediately, Cotai's rapid development of integrated resorts – mega-complexes that offer more than just gaming activities – and increased transport connectivity will bolster Macau's diversification efforts and boost the territory's profile as an international leisure destination. In the longer term, the development of Hengqin Island is expected to strengthen Macau's position as a tourism hub.

The territory's growing connectivity with the Pearl River Delta (PRD) presents fresh opportunities to enlarge your Company's footprint in and around the region, as we continue to seek and assess new accretive acquisitions of quality property assets in Macau and the PRD.

Sniper Capital Limited
Manager

27 February 2012

Sniper Capital

Map of Macau

MPO's key properties

1 *The Fountainside*
2 *The Waterside/One Central*
3 *Senado Square*
4 *The Green House*
5 *APAC Logistics Centre*
6 *Cove Residence*

Casinos (by operators)

SJM
D Lisboa (1970)
E Grand Lisboa (2007)
G L'Arc Macau (2009)
H Ponte 16 (2008)
I Oceanus (2009)
U New casino-hotel

Las Vegas Sands
A Sands Macao (2004)
M Venetian Macao (2007)
N Four Seasons (2008)
O Parcel 3
Q Cotai Central (2012)

Wynn Resorts
C Wynn Macau (2006) & Encore (2010)
T Wynn Cotai

Melco/PBL
J Altira Macau (2007)
P City of Dreams (2009)
V Macao Studio City

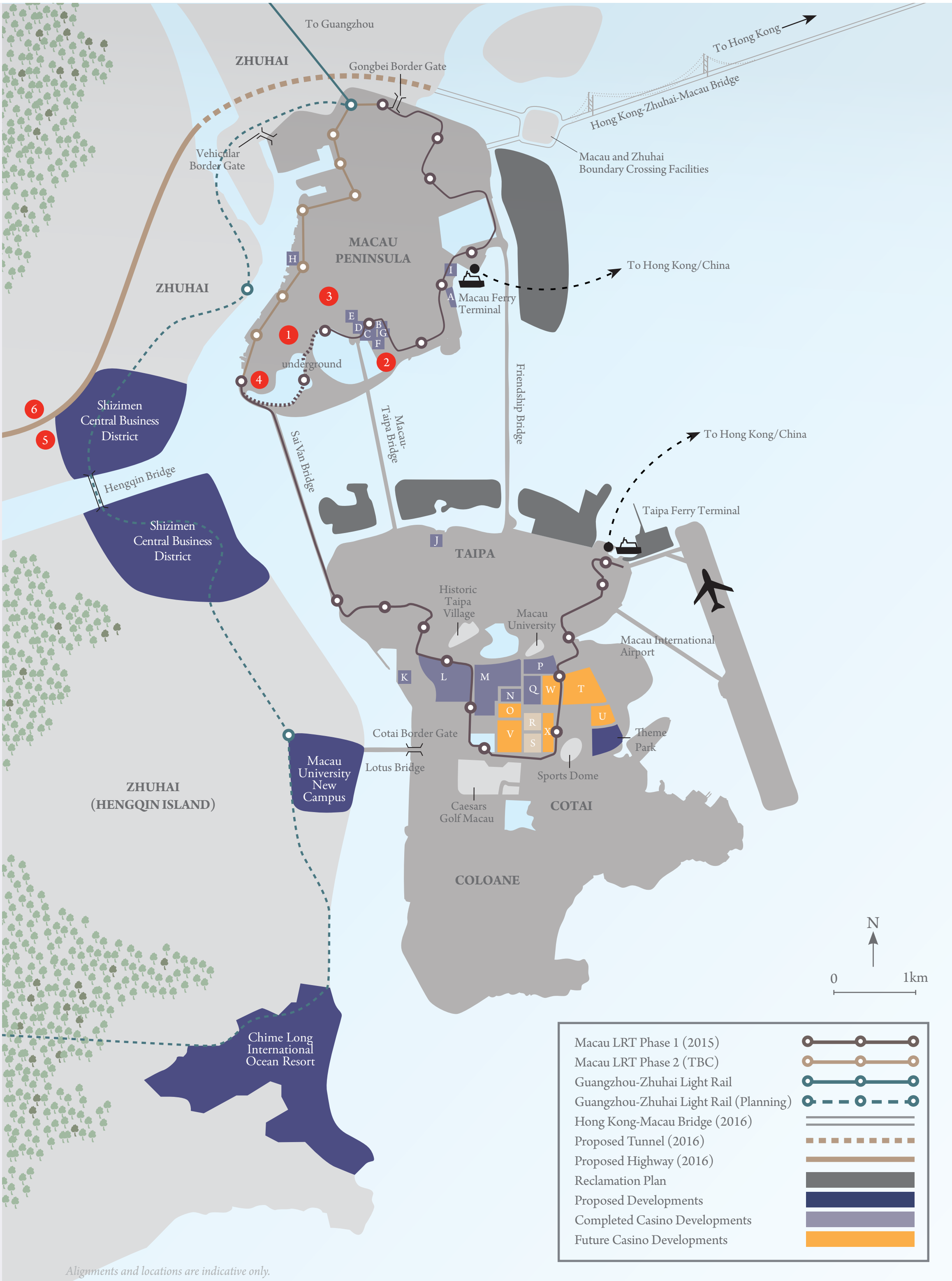
Galaxy Entertainment
B Starworld (2006)
K Grand Waldo (2006)
L Galaxy Macau (2011)

MGM/Pansy Ho
F MGM Grand Macau (2007)
W MGM Cotai

Shun Tak
X New casino-hotel

Land Reserve
R Parcel 7
S Parcel 8

Source: Sniper Capital Research


To Guangzhou
ZHUHAI
Gongbei Border Gate
To Hong Kong
Hong Kong-Zhuhai-Macau Bridge
Macau and Zhuhai Boundary Crossing Facilities
Vehicular Border Gate
MACAU PENINSULA
ZHUHAI
To Hong Kong/China
Macau Ferry Terminal
underground
Friendship Bridge
Macau-Taipa Bridge
Sai Van Bridge
Shizimen Central Business District
Hengqin Bridge
Shizimen Central Business District
To Hong Kong/China
Taipa Ferry Terminal
TAIPA
Historic Taipa Village
Macau University
Macau International Airport
Theme Park
Cotai Border Gate
Lotus Bridge
Macau University New Campus
Sports Dome
Caesars Golf Macau
COTAI
ZHUHAI (HENGQIN ISLAND)
COLOANE
N
0
1km
Chime Long International Ocean Resort
Macau LRT Phase 1 (2015)
Macau LRT Phase 2 (TBC)
Guangzhou-Zhuhai Light Rail
Guangzhou-Zhuhai Light Rail (Planning)
Hong Kong-Macau Bridge (2016)
Proposed Tunnel (2016)
Proposed Highway (2016)
Reclamation Plan
Proposed Developments
Completed Casino Developments
Future Casino Developments
Alignments and locations are indicative only.

Directors' Statement of Responsibilities

The Directors are responsible for preparing this half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting; and

- the Chairman's Statement and Investment Manager's Report meet the requirements of an interim management report, and include a fair review of the information required by:

  a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the interim condensed consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

David Hinde
Chairman

27 February 2012

Independent Review Report to Macau Property Opportunities Fund Limited

Introduction
We have been engaged by Macau Property Opportunities Fund Limited to review the interim condensed consolidated financial statements in the interim financial report for the six months ended 31 December 2011 which comprise the Interim Condensed Consolidated Statement of Financial Position (unaudited), the Interim Condensed Consolidated Statement of Comprehensive Income (unaudited), the Interim Condensed Consolidated Statement of Changes in Equity (unaudited), the Interim Condensed Consolidated Statement of Cash Flows (unaudited) and the related notes (unaudited) 1 to 14. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities
The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The interim condensed consolidated financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the interim condensed consolidated financial statements in the interim financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements in the interim financial report for the six months ended 31 December 2011 are not prepared, in all material respects, in accordance with International Accounting Standard 34 and with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Guernsey, Channel Islands

27 February 2012

Notes:

1. The maintenance and integrity of the Macau Property Opportunities Fund Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the website.

2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Macau Property Opportunities Fund Limited
Interim Condensed Consolidated Statement of Financial Position (Unaudited)

At 31 December 2011

	Note	**Unaudited 31 Dec 11 US$'000**	Unaudited 31 Dec 10 US$'000	Audited 30 Jun 11 US$'000
ASSETS				
Non-current assets				
Investment property	3	194,943	166,473	187,111
Deposits with lenders	4	8,226	2,703	10,935
		203,169	169,176	198,046
Current assets				
Inventories	5	79,269	100,170	82,959
Trade and other receivables		275	260	209
Prepayments		901	116	997
Cash and cash equivalents		19,922	19,706	43,826
		100,367	120,252	127,991
Total assets		303,536	289,428	326,037
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	12	1,025	1,050	1,028
Distributable reserves		164,700	187,960	165,356
Retained earnings		49,369	15,654	50,571
Foreign currency translation reserve		1	5	(26)
Total equity		215,095	204,669	216,929
LIABILITIES				
Non-current liabilities				
Interest-bearing loans	7	73,959	80,699	78,177
Financial liabilities/(assets) at fair value through profit or loss - interest rate swap	6	1,757	(963)	591
		75,716	79,736	78,768
Current liabilities				
Trade and other payables		7,803	2,587	8,723
Return of capital	13	-	-	17,900
Interest-bearing loans	7	4,922	2,436	3,717
		12,725	5,023	30,340
Total liabilities		88,441	84,759	109,108
Total equity and liabilities		303,536	289,428	326,037
Net asset value per share (US$)	9	2.10	1.95	2.11
Adjusted Net Asset Value per share (US$)	9	2.78	2.58	2.72

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 27 February 2012.

The notes on pages 34 to 40 form part of these interim condensed consolidated financial statements.

Macau Property Opportunities Fund Limited
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the period from 1 July 2011 to 31 December 2011

	Note	**Unaudited 6 months 1 Jul 11 - 31 Dec 11 US$'000**	Unaudited 6 months 1 Jul 10 - 31 Dec 10 US$'000	Audited 12 months 1 Jul 10 - 30 Jun 11 US$'000
Income				
Sale of inventories	5	6,179	-	42,317
Rental income		1,342	530	1,599
Net gain from fair value adjustment on investment property	3	2,792	5,363	23,430
Write (down)/back of inventories to net realisable value	5	(16)	1,388	6,158
Gains/(losses) on foreign currency translation		521	211	(276)
Other income		6	7	455
		10,824	7,499	73,683
Expenses				
Cost of sale of inventories	5	4,998	-	24,286
Management fee	11	2,803	2,637	5,473
Non-executive Directors' fees	11	118	117	237
Auditors' remuneration		37	55	146
Property operating expenses		626	537	1,139
Sales and marketing expenses		225	277	1,072
General and administration expenses		753	1,172	1,940
		(9,560)	(4,795)	(34,293)
Operating profit for the period/year		1,264	2,704	39,390
Finance (expenses)/income				
Net (loss)/gain on valuation of interest rate swap		(1,166)	963	(591)
Bank loan interest		(738)	(1,021)	(1,773)
Interest expense on interest rate swap		(454)	(90)	(425)
Other financing costs		(108)	(1,023)	(151)
		(2,466)	(1,171)	(2,940)
(Loss)/profit for the period/year		(1,202)	1,533	36,450
Other comprehensive income				
Movement on foreign currency translation reserve		27	73	42
Total comprehensive (loss)/income for the period/year		(1,175)	1,606	36,492
(Loss)/profit attributable to:				
Equity holders of the Company		(1,202)	1,533	36,450
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company		(1,175)	1,606	36,492

	Note	**Unaudited 6 months 1 Jul 11 - 31 Dec 11 US$**	Unaudited 6 months 1 Jul 10 - 31 Dec 10 US$	Audited 12 months 1 Jul 10 - 30 Jun 11 US$
Basic and diluted (loss)/profit per Ordinary Share for (loss)/profit attributable to the equity holders of the Company during the period/year	8	(0.0117)	0.0146	0.3482

All items in the above statement are derived from continuing operations.

The notes on pages 34 to 40 form part of these interim condensed consolidated financial statements.

Macau Property Opportunities Fund Limited
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the 6 month period from 1 July 2011 to 31 December 2011 (unaudited)

	Note	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign exchange on consolidation US$'000	Total US$'000
Balance brought forward at 1 July 2011		**1,028**	**50,571**	**165,356**	**(26)**	**216,929**
Loss for the period		-	(1,202)	-	-	(1,202)
Other comprehensive income		-	-	-	27	27
Total comprehensive (loss)/income for the period		**-**	**(1,202)**	**-**	**27**	**(1,175)**
Share buy back	12	(3)	-	(656)	-	(659)
Balance carried forward at 31 December 2011		**1,025**	**49,369**	**164,700**	**1**	**215,095**

Movement for the 6 month period from 1 July 2010 to 31 December 2010 (unaudited)

	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign exchange on consolidation US$'000	Total US$'000
Balance brought forward at 1 July 2010	**1,050**	**14,121**	**187,960**	**(68)**	**203,063**
Profit for the period	-	1,533	-	-	1,533
Other comprehensive income	-	-	-	73	73
Total comprehensive income for the period	**-**	**1,533**	**-**	**73**	**1,606**
Balance carried forward at 31 December 2010	**1,050**	**15,654**	**187,960**	**5**	**204,669**

Movement for the year from 1 July 2010 to 30 June 2011 (audited)

	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign exchange on consolidation US$'000	Total US$'000
Balance brought forward at 1 July 2010	**1,050**	**14,121**	**187,960**	**(68)**	**203,063**
Profit for the year	-	36,450	-	-	36,450
Other comprehensive income	-	-	-	42	42
Total comprehensive income for the year	**-**	**36,450**	**-**	**42**	**36,492**
Share buy back	(22)	-	(4,704)	-	(4,726)
Return of capital	-	-	(17,900)	-	(17,900)
Balance carried forward at 30 June 2011	**1,028**	**50,571**	**165,356**	**(26)**	**216,929**

The notes on pages 34 to 40 form part of these interim condensed consolidated financial statements.

Macau Property Opportunities Fund Limited
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

For the period from 1 July 2011 to 31 December 2011

	Note	**Unaudited 6 months 1 Jul 11 - 31 Dec 11 US$'000**	Unaudited 6 months 1 Jul 10 - 31 Dec 10 US$'000	Audited 12 months 1 Jul 10 - 30 Jun 11 US$'000
Net cash (used in)/from operating activities	10	**(3,867)**	**(7,277)**	**32,166**
Cash flows from financing activities				
Proceeds from bank borrowings		1,082	83,356	83,356
Repayment of bank borrowings		(4,095)	(82,041)	(83,282)
Decrease/(increase) in pledged bank balances		2,709	(2,703)	(10,935)
Share buy back	12	(659)	-	(4,726)
Return of capital	13	(17,900)	-	-
Interest and bank charges paid		(1,201)	(2,134)	(3,227)
Net cash used in financing activities		**(20,064)**	**(3,522)**	(18,814)
Net (decrease)/increase in cash and cash equivalents		**(23,931)**	**(10,799)**	**13,352**
Cash and cash equivalents at beginning of period/year		43,826	30,432	30,432
Effect of foreign exchange rate changes		27	73	42
Cash and cash equivalents at end of period/year		**19,922**	**19,706**	**43,826**

The notes on pages 34 to 40 form part of these interim condensed consolidated financial statements.

Macau Property Opportunities Fund Limited
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the period from 1 July 2011 to 31 December 2011

General information
Macau Property Opportunities Fund Limited (the "Company") is a Company incorporated and registered in Guernsey under The Companies (Guernsey) Law, 1994. This law was replaced by the Companies (Guernsey) Law, 2008 on 1 July 2008. The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. The address of the registered office is given on the inside back cover.

The interim condensed consolidated financial statements for the six months ended 31 December 2011 comprise the interim financial statements of the Company and its subsidiaries (together referred to as the "Group").

The Group invests in residential and commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta region of Mainland China.

There have been no changes to the Group's principal risks and uncertainties in the six-month period to 31 December 2011 and the Board of Directors does not anticipate any changes to the principal risks and uncertainties in the second half of the year.

The interim condensed consolidated financial statements are presented in US Dollars ("US$") and are rounded to the nearest thousand.

These interim condensed consolidated financial statements were approved for issue by the Board of Directors on 27 February 2012.

1. Significant accounting policies

Basis of accounting
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, applicable legal and regulatory requirements of Guernsey Law and under the historical cost convention as modified by the revaluation of investment properties and derivative financial instruments.

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements. The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of 30 June 2011. There have been no amendments to existing accounting policies or new polices in the period to 31 December 2011 as a result of new and amended accounting standards effective in the period.

Going concern
As part of their assessment of the going concern of the Group, the Directors have reviewed comprehensive cash flow forecasts prepared by management which make assumptions based upon current and expected future market conditions. It is the Directors' belief that, based upon those forecasts and their assessment of the Group's committed banking facilities, it is appropriate to prepare the financial statements of the Group on the going concern basis. In arriving at their conclusion that the Group currently has adequate financial resources, the Directors have taken into consideration the fact that the Group has unrestricted cash of US$19.9 million as at 31 December 2011 and is expected to continue to comply with the covenants of its banking facilities going forward.

2. Segment reporting
The chief operating decision maker (the "CODM") in relation to Macau Property Opportunities Fund Limited is deemed to be the Board itself. The factors used to identify the Group's reportable segments are centred on asset class, differences in geographical area and differences in regulatory environment. Further, foreign exchange and political risk is identified, as these also determine where resources are allocated.

Based on the above and a review of information provided to the Board, it has been concluded that the Group is currently organised into one reportable segment based on the geographical sector; Macau and the Western Pearl River Delta Region.

Macau Property Opportunities Fund Limited
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the period from 1 July 2011 to 31 December 2011

2. Segment reporting (continued)

There are a number of property types that are within the above segment; these are residential, commercial and mixed-use properties. Furthermore, there are multiple individual properties that are held within each property type. However, the CODM considers on a regular basis the operating results and resource allocation of the aggregated position of all property types as a whole as part of its on-going performance review, which is supported by a further breakdown of individual property groups only to help support its review and investment appraisal objectives.

3. Investment property

	Unaudited 1 Jul 11 - 31 Dec 11 US$'000	Unaudited 1 Jul 10 - 31 Dec 10 US$'000	Audited 1 Jul 10 - 30 Jun 11 US$'000
At beginning of the period/year	**187,111**	**159,676**	**159,676**
Additions	4,683	1,203	3,968
Fair value adjustment	2,792	5,363	23,430
Foreign exchange difference	357	231	37
Balance at end of the period/year	**194,943**	**166,473**	**187,111**

The Group's investment properties were revalued at 31 December 2011 by independent, professionally-qualified valuers Savills (Macau) Limited. The valuation was carried out in accordance with the current Royal Institution of Chartered Surveyors ("RICS") Appraisal and Valuation Standards to calculate the market value of the investment properties in their existing state and physical condition.

The fair value of investment property is determined by Savills (Macau) Limited using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group's assets.

The determination of the fair value of investment property requires the use of estimates such as future cashflows from assets (lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the reporting date.

Additions in the period relate to the fit out costs for *The Waterside* and the planning, design and development costs for the *APAC Logistics Centre.*

Rental income arising from *The Waterside* of US$1,242,000 (6 months ended 31 December 2010: US$415,000, 12 months ended 30 June 2011: US$1,374,000) was received during the period. Direct operating expenses of US$404,000 (6 months ended 31 December 2010: US$143,000, 12 months ended 30 June 2011: US$696,000) arising at *The Waterside* in the generation of rental income were incurred during the six-month period.

The *APAC Logistics Centre* located in the Zhuhai Free Trade Zone, China, received rental income of US$101,000 (6 months ended 31 December 2010: US$115,000, 12 months ended 30 June 2011: US$224,000) during the period. Direct operating expenses of US$50,000 (6 months ended 31 December 2010: US$65,000, 12 months ended 30 June 2011: US$134,000) arising at the *APAC Logistics Centre* in the generation of rental income were incurred during the six-month period.

4. Deposits with lenders

Pledged bank balances represents deposits pledged to the Group's bankers to secure the banking facilities and interest rate swaps granted to the Group. Deposits amounting to US$8.2 million (31 December 2010: US$2.7 million, 30 June 2011: US$10.9 million) have been pledged to secure long-term banking facilities and interest rate swaps and are, therefore, classified as non-current assets.

Macau Property Opportunities Fund Limited
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the period from 1 July 2011 to 31 December 2011

5. Inventories

	Unaudited 1 Jul 11 - 31 Dec 11 US$'000	Unaudited 1 Jul 10 - 31 Dec 10 US$'000	Audited 1 Jul 10 - 30 Jun 11 US$'000
Cost			
Balance brought forward	**83,293**	**103,786**	**103,786**
Additions	1,160	1,334	3,751
Disposals	(4,998)	-	(24,286)
Foreign exchange difference	164	154	42
Balance carried forward	**79,619**	**105,274**	**83,293**
Adjustment to net realisable value			
Balance brought forward	(334)	(6,492)	(6,492)
Adjustment to net realisable value	(16)	1,388	6,158
Balance carried forward	**(350)**	**(5,104)**	**(334)**
Carrying amounts	**79,269**	**100,170**	**82,959**

Additions include capital expenditure, development costs and capitalisation of financing costs. Financing costs of US$23,000, relating to *The Fountainside* loan facility were capitalised during the period.

During the period, the investment in the Rua do Padre Antonio 26A site was sold for a consideration of HK$33,000,000 (US$4.2 million) against a total cost of HK$26,907,898 (US$3.5 million). The disposal was completed on 10 August 2011.

One of the individual apartments in One Central Residences was sold for a price of HK$15 million (US$1.9 million) against a total cost of HK$12 million (US$1.5 million). The disposal was completed on 13 October 2011.

A decrease in net realisable value amounting to US$16,000 (31 December 2010: an increase of US$1,388,000 and 30 June 2011: an increase of US$6,158,000) has been recognised as an expense in the Interim Condensed Consolidated Statement of Comprehensive Income to maintain the carrying value of inventories at the lower of cost and net realisable value.

Promissory sales and purchase agreements have been executed for nine One Central individual units for a total consideration of HK$150 million (US$19.3 million) which will result in a net profit of HK$6 million (US$0.8 million) after all associated fees and transaction costs. Deposits of 10-15% have been received and completion and final payments are due in April 2012.

6. Financial assets at fair value through profit or loss

The Group has entered into five interest rate swaps with Standard Chartered Bank to mitigate risks associated with the variability of cash flows arising from interest rate fluctuations.

The total notional amount for the interest rate swaps is HK$500 million, being a notional amount of HK$100 million for each swap. The tenor of each swap is five years, with the earliest maturity date being 6 August 2015 and the latest being 20 May 2016.

Under these swaps, the Group receives quarterly interest at variable rates of three-month HIBOR and pays quarterly interest at fixed rates ranging from 1.395% to 2.09% per annum. During the period the Company paid net interest to the bank of US$454,000 (31 December 2010: US$90,000, 30 June 2011: US$425,000) as shown in financing costs in the Interim Condensed Consolidated Statement of Comprehensive Income.

The period end value of the swaps, in aggregate, was a liability of US$1,757,000 (31 December 2010: an asset of US$963,000, 30 June 2011: a liability of US$591,000).

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6. Financial assets at fair value through profit or loss (continued)

The Group has placed HK$15,624,000 (US$2,012,000) (31 December 2010: HK$3,164,000 (US$407,000), 30 June 2011: HK$6,674,000, (US$858,000)) with Standard Chartered Bank as a pledged deposit to secure the interest rate swap facilities.

The swaps are treated as financial assets or liabilities at fair value through profit or loss. For the six months ended 31 December 2011, a fair value loss of US$1,166,000 (31 December 2010: gain of US$963,000, 30 June 2011: loss of US$591,000) arising from the interest rate swaps in aggregate has been recognised in the Interim Condensed Consolidated Statement of Comprehensive Income.

7. Interest-bearing loans

	Unaudited 31 Dec 11 US$'000	Unaudited 31 Dec 10 US$'000	Audited 30 Jun 11 US$'000
Bank loans – Secured			
- Current portion	4,922	2,436	3,717
- Non-current portion	73,959	80,699	78,177
	78,881	83,135	81,894

The Group has arranged a term loan facility with Hang Seng Bank to refinance its loan facility for *The Waterside* and the individual units. The interest rate applicable to the term loan is 1.6% per annum over the one, two or three-month HIBOR rate; the choice of rate is at the Group's discretion. The principal is to be repaid in half-yearly instalments commencing one year after the initial loan agreement date of 25 November 2010, with 70% of the principal due upon maturity of the loan in November 2015. The loan-to-value covenant is 60%. The facility is secured by means of a first registered legal mortgage over all the residential units owned by the Group at One Central Residences as well as a pledge of all income from the units. The Company is the Guarantor for the credit facility. In addition, the Group is required to maintain a cash reserve equal to six months' interest with the lender. As at 31 December 2011, the loan-to-value ratio for this facility was 34.75%.

During the current period, the Group has used the sales proceeds from the disposal of an individual unit at the One Central Residences, to repay part of the facility.

The Group has also entered into a credit facility arrangement with Banco Weng Hang S.A. to finance *The Fountainside* redevelopment. The facility is for up to HK$105 million, with interest charged at 1.65% per annum over the three-month HIBOR rate.

As at 31 December 2011, a drawdown of HK$23.4 million (US$3 million) (31 December 2010: HK$15 million (US$1.9 million), 30 June 2011: HK$15 million (US$1.9 million)) on the facility had been made. This facility is secured by a first legal mortgage over the property for an amount of HK$105 million as well as a pledge of all income from *The Fountainside* properties. The loan-to-value covenant is 60%. This facility is non-recourse to the Company. As at 31 December 2011, proceeds of US$4 million (31 December 2010: US$1.2 million, 30 June 2011: US$3.4 million) received from the pre-sale of *The Fountainside* units were pledged with the lender. As at 31 December 2011, the loan-to-value ratio for this facility was 33.61%.

8. Basic and diluted earnings

Earnings per share is based on the following data:

	Unaudited 1 Jul 11 - 31 Dec 11	Unaudited 1 Jul 10 - 31 Dec 10	Audited 1 Jul 10 - 30 Jun 11
(Loss)/profit for the period/year (US$)	(1,202,000)	1,533,000	36,450,000
Weighted average number of Ordinary Shares	102,516,304	105,000,000	104,681,781
Basic and diluted earnings per share (US$)	(0.0117)	0.0146	0.3482

The earnings per share (EPS) is based on the (loss)/profit for the period/year and on the weighted average number of shares in issue for the period/year.

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9. Net asset value reconciliation

	Unaudited 31 Dec 11 US$'000	Unaudited 31 Dec 10 US$'000	Audited 30 Jun 11 US$'000
Net assets attributable to ordinary shareholders	215,095	204,669	216,929
Uplift of inventories held at cost to market value	69,662	66,153	63,120
Adjusted NAV	**284,757**	**270,822**	**280,049**
Number of Ordinary Shares outstanding	102,500	105,000	102,800
NAV per share (IFRS) (US$)	**2.10**	**1.95**	**2.11**
Adjusted NAV per share (US$)	**2.78**	**2.58**	**2.72**
Adjusted NAV per share (£)*	**1.79**	**1.65**	**1.70**

The NAV per share is arrived at by dividing the net assets as at the date of the Interim Condensed Consolidated Statement of Financial Position, by the number of Ordinary Shares in issue at that date.

Under IFRS, inventories are carried at the lower of cost and net realisable value. The Adjusted NAV includes the uplift of inventories to their market values.

The Adjusted NAV per share is arrived at by dividing the Adjusted Net Asset Value as at the date of the consolidated statement of financial position, by the number of Ordinary Shares in issue at that date.

* US$:GBP rates as at relevant period end.

10. Cash flows from operating activities

	Unaudited 1 Jul 11 - 31 Dec 11 US$'000	Unaudited 1 Jul 10 - 31 Dec 10 US$'000	Audited 1 Jul 10 - 30 Jun 11 US$'000
(Loss)/profit for the period/year	(1,202)	1,533	36,450
Adjustments for:			
Net loss/(gain) on financial assets and liabilities at fair value through profit or loss	1,166	(963)	591
Net gain from fair value adjustment on investment property	(2,792)	(5,363)	(23,430)
Write down/(back) of inventories to net realisable value	16	(1,388)	(6,158)
Finance costs	1,300	2,134	2,349
Operating cash flows before movements in working capital	(1,512)	(4,047)	9,802
Movement in receivables	(69)	(213)	(165)
Movement in payables	(920)	547	6,041
Expenditure on properties	(6,364)	(3,564)	(7,798)
Decrease of inventories from disposal	4,998	-	24,286
Net change in working capital	(2,355)	(3,230)	22,364
Net cash used in operating activities	(3,867)	(7,277)	32,166

Cash and cash equivalents (which are presented as a single class of assets on the face of the Interim Condensed Consolidated Statement of Financial Position) comprise cash at bank and other short-term, highly-liquid investments with a maturity of three months or less.

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11. Related party transactions

	Unaudited 31 Dec 11 US$'000	Unaudited 31 Dec 10 US$'000	Audited 30 Jun 11 US$'000
Directors' fees	118	117	237

Thomas Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Group and received management fees during the period as detailed in the Interim Condensed Consolidated Statement of Comprehensive Income. Management fees are paid quarterly in advance and amounted to US$2.8 million (31 December 2010: US$2.6 million, 30 June 2011: US$5.5 million) at a fee of 2.0% per annum of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis. Thomas Ashworth received no Director's fees from the Company.

Thomas Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Macanese, Hong Kong and British Virgin Islands SPVs and received fees during the period of US$50,000, of which nil was outstanding at the period end (31 December 2010: US$56,000 of which US$19,000 was outstanding, 30 June 2011: US$110,000 of which nil was outstanding).

The Group has a Development Management Services Agreement with a development management company named Headland Developments Limited ("Headland"). Headland is part-owned by Thomas Ashworth and therefore constitutes a related party of the Group. During the period, Development Management Services fees of HK$1,750,000 (US$225,000) (31 December 2010: HK$1,392,000 (US$179,000), 30 June 2011: HK$3,599,000 (US$463,000)) were capitalised in investment property and HK$1,895,000 (US$244,000) (31 December 2010: HK$3,157,000 (US$406,000), 30 June 2011: HK$6,143,000 (US$790,000)) were capitalised in inventory.

All intercompany loans and related interest are eliminated on consolidation.

12. Ordinary Share repurchases

During the period, under the authority first granted in the Extraordinary General Meeting of 28 June 2010, and renewed at the Annual General Meetings held on 3 November 2010 and 4 November 2011, the Company repurchased 300,000 Ordinary Shares with a par value of US$3,000 or 0.29% of the originally issued shares, at a share price of 135.33p. All shares bought back under the buy-back programme were cancelled.

The following table summarises all shares repurchased by the Company:

	Number of Shares	**Repurchase Price per Share***
5 May 2011	925,000	131.00
6 May 2011	750,000	131.00
17 May 2011	525,000	133.21
8 July 2011	300,000	135.33
Total/Average	2,500,000	131.98

* Price in pence Sterling and prior to the distribution of US$17.9 million to shareholders in July 2011 equating to 10.76 pence per share.

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13. Return of Capital to Shareholders

At an Extraordinary General Meeting of the Company held on 21 June 2011 the Shareholders voted in favour for a return of capital of US$17.9 million. This amount represents the net profit generated from the sale of the Company's entry-level residential development, *Rua do Laboratório*, for approximately US$41 million, which was completed on 15 April 2011. The disposal was achieved by selling the subsidiaries that held the *Rua do Laboratório* development.

The Board, mindful of the fact that it has a range of institutional, corporate and individual Shareholders, proposed a flexible mechanism for returning the capital. Having considered the available options, the Board decided that the Return of Capital should be effected via a B Share Scheme under which Shareholders would receive a bonus issue of a newly created class of shares, B Shares, pro rata to their holding of Ordinary Shares. Capital would then be returned to Shareholders via either a redemption of the B Shares, or the payment of a dividend in respect of the B Shares, or a combination of both.

Shareholders (other than certain Overseas Shareholders) were offered a choice of the following alternatives in relation to the B Shares received.

The final Sterling amount of the Return of Capital was GBP11,058,940; equal to US$17.9 million converted into Sterling based on the Bloomberg cross rate as at the close of business on 20 June 2011. This sum was divided by the number of B Shares issued by the Company to give the B Share Dividend and B Share Redemption Sum.

The proceeds for the B Share Redemption and the B Share Dividend were paid by the Company on 12 July 2011. The amount of the Return of Capital to Shareholders is therefore included in the Company's Consolidated Statement of Financial Position as a current liability of US$17.9 million as at 30 June 2011.

14. Subsequent events

Mr Wilfred Woo was appointed as a non-executive director of the Company on 3 January 2012. Mr Richard Barnes resigned as a non-executive director of the Company on 16 January 2012.

Macau Property Opportunities Fund Limited
Directors and Company Information

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David Hinde (Chairman)
Thomas Ashworth
Alan Clifton
Tim Henderson
Richard Barnes (resigned 16/1/12)
Wilfred Woo (appointed 3/1/12)

Audit Committee:
Alan Clifton (Chairman)
Richard Barnes (resigned 16/1/12)
Tim Henderson
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