



The prestigious One Central complex on Macau Peninsula

INVESTOR UPDATE

HIGHLIGHTS

- US\$17.9m returned to shareholders
- MPO buys back 2.5m shares
- US\$21m bulk sale of One Central units
- APAC Logistics Centre breaks ground

OVERVIEW

Macau, the world's fastest growing economy in 2010, continued to push forward with a strong 21.5% growth in Q1 2011. Gaming revenues reached an all-time high of US\$3 billion in May and are set to exceed an unprecedented US\$30 billion this year – almost as large as the entire US gaming market.

MPO achieved another significant milestone during the quarter: The Company returned US\$17.9 million to its shareholders following the Fund's first major exit.

FUND UPDATE

Strong Q1 NAV growth

MPO's portfolio valuation grew by 9% to US\$363 million for the three months ended 31 March 2011, on the back of strong demand and rising prices in the Macau property market. The Company's Adjusted NAV recorded a similar uplift to US\$296 million, equivalent to US\$2.82 or 174.9p* per share as at 31 March 2011.

In the second quarter, MPO completed the divestment of Rua do Laboratório for c. US\$41 million; agreed terms to sell ten One Central units for c. US\$21 million; and repurchased 2.5 million shares for an aggregate consideration of US\$5.3 million. The Company's NAV will be adjusted for these events when MPO's final results for the period ended 30 June 2011 are released towards the end of September.

*Based on a US Dollar/Sterling exchange rate of 1.614 at 14 July 2011.

Bulk sale of ten One Central units

In May, the Company took advantage of positive market conditions to enter into a strategic bulk sale of ten individual One Central Residences units for a total of US\$21 million. Completion of the transactions and final payments are due within the next 12 months.

The divestment of these non-core assets reduces the increased concentration of MPO's portfolio to One Central Residences – Macau's premium luxury residential property – arising from the Company's recent US\$41 million exit from its entry level residential development, Rua do Laboratório.

MPO shareholders approve US\$17.9m return of capital

Following the recent asset disposals, MPO proposed to return the US\$17.9 million (the net profit made on the Rua do Laboratório sale) to its shareholders via a bonus issue of B shares. The implementation of this scheme was approved at an Extraordinary General Meeting on 21 June 2011. Payments to shareholders were made on 12 July.

“The Company has achieved its second divestment and successfully completed a full investment cycle with the return of US\$17.9 million to its shareholders.”

SPECIAL FEATURE



Galaxy Macau

Macau retains top spot

One year after the opening of its two casinos, it is clear that Singapore has not stolen business from Macau's gaming industry. Backed by the enormous mainland Chinese market, Macau's gaming revenues have not been cannibalised and instead reached a new record high of US\$3 billion in May, 42% higher than a year ago and its fourth straight monthly record this year.

Despite having the highest concentration of casinos in the world – 35 casinos within less than 30 square km – the casinos in Macau are 'still not enough' to meet the overwhelming demand from mainland China and other Asian countries, according to the Macau Polytechnic Institute.

Prospects for Macau casinos continue to stay upbeat as spending power of the Chinese middle class, especially for travelling and leisure, is forecasted to grow almost three times by 2025.

Since 5 May 2011, MPO has bought back 2,500,000 of its own shares at an average price of 131.98p per share. This represents 2.4% of the Company's issued share capital. Following the cancellation of the repurchased shares, MPO has 102,500,000 ordinary shares outstanding.

The Company continues to source and identify new accretive investment opportunities, and may also consider further opportunistic share repurchases, as part of a complementary strategy of enhancing shareholder value.

PORTFOLIO SUMMARY

Launch of the Apex Collection at *The Waterside*

The Apex Collection, comprising five premium units located on the highest floors of MPO's luxury residential leasing asset, *The Waterside*, was launched in May. Two simplex units have each been leased at up to HK\$140,000 (c. US\$18,000) per month or HK\$30 (c. US\$3.80) per square foot per month.

The project's other 54 standard units also saw strong leasing momentum and positive rental reversions. 80% of leases expiring in the second quarter were renewed, all at higher rentals. Latest achieved rents are 15% higher than those of the preceding quarter at an average per square foot rate of HK\$22 (c. US\$2.80) per month.

Construction of *The Fountainside* progressing well

The main construction contract for this niche, low density residential project was awarded in late April and substructure and superstructure works are now well underway. The main construction programme is on track for completion by the middle of next year, with overall completion and handover of the project expected by late 2012.

So far, 20 apartments or 48% of the project's total units have been sold, at average achieved prices of HK4,500 (c. US\$580) per square foot. This equates to 34% of the project's total saleable area pre-sold – at prices that have exceeded initial expectations – one year prior to completion.

APAC Logistics Centre and APAC South Bay break ground

APAC Logistics Centre is MPO's inaugural acquisition in mainland China and the Company's first foray into the industrial sector. This project in Zhuhai features two components: a warehousing/logistics component (APAC Logistics Centre) as well as a residential development property – recently branded as APAC South Bay. Both projects commenced construction in April, with the development programmes making good progress to-date. Completion of the warehousing/logistics and residential projects is due in Q1 2012 and Q2 2012, respectively.

Anticipated delay at Senado Square

Site investigation work was completed in June and basement foundation design is scheduled to commence soon. However, architectural approval for this prime retail redevelopment project remains



Living room of *The Waterside* duplex



Substructure and superstructure works at *The Fountainside* are well underway



“The Macau residential market is largely end-user driven – 80% of transactions are now made by local residents.”

New tightening measures come into effect

In April 2011, the government announced and implemented a slew of tightening measures including a proposal to impose a 20% stamp duty for residential units (completed and uncompleted) sold within one year of purchase, and a 10% stamp duty for those sold between one to two years of ownership. The stamp duty was 3% across the board previously. The Monetary Authority of Macau is also lowering loan-to-value levels for uncompleted units to 70% for Macau permanent residents and 50% for non-permanent residents.

As expected, the introduction of the new stamp duty slowed home sales in May. There were 2,402 residential sales worth US\$988 million transacted in May, down 31% and 59% month-on-month respectively.

In the short term, housing transactions have fallen but are expected to recover in the medium term, driven by strong economic fundamentals including a high employment rate and rising purchasing power of locals.

Strong end user demand

The Macau residential market remains robust, buoyed by strong end-user demand. According to real estate agency, Midland Macau, 80% of residential transactions are now made by local residents.

Macau's residential property market is still exhibiting good value. Fundamentals continue to be strong and the overall market is expected to benefit from powerful local drivers and high levels of affordability.

on hold due to ongoing negotiations with the relevant government departments.

Despite these delays, the project's internal rate of return remains above 20%, as valuations continue to benefit greatly from the ever increasing demand for retail properties in the Senado Square vicinity – Macau's primary non-gaming shopping destination.

MACAU OVERVIEW

Economy at all-time high

Macau's GDP grew by 21.5% in Q1 2011 to hit US\$7.6 billion, and the city saw its lowest unemployment rate in 15 years at 2.6% for the period March to May. Macau's GDP per capita, already one of the world's highest at US\$50,000, is set to grow almost three fold in 15 years, according to a report by the McKinsey Global Institute.

Gaming revenues – another new record set

Macau's gaming revenues grew at the fastest pace ever this year to hit US\$2.6 billion in June (+52% YoY). Year-to-date gaming revenues stand at US\$15.5 billion, which has surpassed the full year figure of US\$15 billion in 2009 when the City of Dreams was opened. The Macau authorities forecast that the gaming industry will grow by 30% in 2011 while brokerage firm CLSA predicts annualised growth of 20% to 30% over the next five years.

Positive market sentiment was a boost for MGM China's successful US\$1.5 billion Initial Public Offering in Hong Kong in June.



Initial piling works for APAC Logistics Centre and APAC South Bay have been completed

Cotai – Macau's new tourism epicentre

The Cotai Strip is shaping up to be Macau's new tourism epicentre. The much anticipated Galaxy Macau opened in May. This US\$2 billion Asian-themed investment spans 6 million square feet and is expected to receive 30,000 to 40,000 guests daily. The casino features 500 tables and 1,500 slot machines, 2,200 hotel rooms and 50 food and beverage outlets, in addition to the world's biggest wave pool.

Melco Crown Entertainment – operator of Macau's City of Dreams and Altira casinos – has signed a US\$360 million deal for a controlling stake in the previously-stalled Macau Studio City projects, with plans to invest a further US\$1.7 billion to develop the 1.6 million square feet site. Construction for this project is scheduled to begin next year and be completed by 2015.

MGM China, SJM Holdings and Wynn Macau are likely to gain approval to start building their land parcels on Macau's Cotai strip this year.

CONCLUSION

Q2 2011 was an active and exciting quarter for MPO. The Company achieved its second successful divestment and returned capital to shareholders, whilst making good progress on its asset management and development projects.

We believe Macau's long term growth prospects remain unique and compelling. Having successfully completed a full investment cycle, MPO will continue to seek new strategic accretive acquisitions of quality assets in Macau and the Pearl River Delta.

QUICK FACTS

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|-------------------------|------------------------------|
| Listing Date* | 30 June 2010 |
| Exchange | London Stock Exchange |
| Stock Code | MPO |
| Issue Price | 100p |
| Latest Share Price | 135.00p |
| Market Capitalisation | £138.38 million |
| Latest Adjusted NAV | US\$2.82 (175p) [^] |
| No. of Key Acquisitions | Five |
| Total Commitment | US\$294 million |
| Manager | Sniper Capital |

* MPO's shares began trading on AIM in June 2006, when it raised £105 million in an institutional placing, before moving to the Main Market of the London Stock Exchange in June 2010.

[^]Based on a US\$/£ exchange rate of 1.614 at 14 July 2011

All remaining data as at 12 July 2011

ABOUT THE FUND

Macau Property Opportunities Fund Limited is a closed-end investment fund registered in Guernsey. Its shares began trading on AIM in June 2006, when it raised £105 million in an institutional placing, before moving to the Main Market of the London Stock Exchange in June 2010. The Company's investment policy is to provide shareholders with an attractive total return through investing in property opportunities in one of the world's fastest growing and most dynamic regions – Macau and the Western Pearl River Delta of Southern China.

The Fund is managed by Sniper Capital Limited, an independent investment manager that specialises in property investment, development and redevelopment opportunities in niche, undervalued and developing markets.

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Stock Codes:

Bloomberg: MPO LN
Reuters: MPO.L

The Company's annual results for the period ended 30 June 2011 are due to be released towards the end of September 2011

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