



Macau Property Opportunities Fund

Investor Update Q4 2009

Quick Facts

Listing Date	5 June 2006
Exchange Listing	AIM (London)
Total Shares Issued	105,000,000
Issue price	100p
Latest Share Price	112.5p
Market Capitalisation	£118,125,000
Latest Adjusted NAV*	US\$2.25 (140p) [#]
Stock Code	MPO
Max. Loan-to-Value	60%
Current Loan-to-Value	25.5%
No. of Key Acquisitions	Five
Total Commitment	US\$294 million
Manager	Sniper Capital

* As at 30 June 2009

[#] Based on a US\$/£ exchange rate of 1.61

All remaining data as at 13 January 2010

About the Fund

Macau Property Opportunities Fund Limited, managed by Sniper Capital Limited, is an AIM-listed investment company focusing exclusively on property development and investment opportunities in Macau and the surrounding Pearl River Delta region of Southern China.

The Company's core strategy is to take advantage of undervalued opportunities in the property sector which are clearly differentiated in terms of both location and sustainability of end-user demand.

The Company's interim results for the period ended 31 December 2009 are due to be released in early March 2010.

www.mpofund.com

Quarterly Highlights

- Market confidence in MPO strengthens
- One Central Tower Six nears leasing stage
- Continued progress on development sites
- Q4 casino revenues exceed expectations

Overview

Market confidence strengthens further

The fourth quarter of 2009 saw the continued restoration of market confidence, triggered by a tangible economic recovery and stock market uptrend. Boosted by the improving macro environment, Macau's property market also continued to bounce back strongly.

In response to these improved conditions, MPO's share price staged a steady recovery to reach a 52-week high in January 2010. Reflecting stronger investor interest, the discount between the Company's share price and its most recently published Adjusted Net Asset Value further narrowed to 20%.

Portfolio Summary

Significant progress with our portfolio

During the quarter, the Company made significant progress on the asset management programme of One Central Residences as well as the development schedules of Rua do Laboratório and Rua da Penha.

"MPO's share price staged a steady recovery to reach a 52-week high in January 2010."

One Central Tower Six nears leasing stage

Our active asset management programme for One Central Residences' Tower Six continued in the quarter. The fitting-out of show flats and standard units has commenced to turn renowned interior designer Yasumichi Morita's innovative design concepts into reality.

The grand opening of One Central shopping centre in December 2009 ushered in a new era in Macau's retail scene. Featuring a wide range of top-tier international luxury brands such as Louis Vuitton, Bulgari, Cartier, Dior, Hermès and many more, the 400,000 square foot complex is directly linked to the seven residential towers, MGM Grand Macau and Mandarin Oriental Hotel, further enhancing One Central's attractiveness as a premier lifestyle and leisure development.



Unique interior designs by Yasumichi Morita epitomise luxury living at One Central Residences Tower Six.

One Central's joint developers took advantage of the high profile opening of the retail complex to re-launch Tower Four's 68 units, following the cancellation in 2009 of the Sales & Purchase agreement previously entered into with an Icelandic insurance company. The public sales programme was extremely well received with the majority of standard units selling out within two weeks and achieving selling prices of HK\$5,500-7,400 (US\$700-950) per square foot according to market sources.

Development projects make headway

The commencement of demolition works on the disused industrial buildings onsite marked a significant milestone in our **Rua do Laboratório** development, an entry-level residential project located in the northern part of Macau Peninsula.

In recent months, the Government has instigated a number of development and improvement projects in this area, one of

Property Highlights

GRAND OPENING –
ONE CENTRAL SHOPPING CENTRE

One Central Macau celebrated its grand opening with a traditional lion dance.



The 400,000 sq ft complex brings a whole new retail experience to Macau.



Many luxury brands have opened their first, largest or flagship stores in One Central Macau.



One Central Macau is directly linked to MGM Grand Macau as well as One Central Residences' seven towers.

which is situated on land directly adjacent to the Rua do Laboratório site. This makeover, combined with the imminent construction of the Light Rapid Transit System, bodes well for the continued appreciation of values in this emerging area of the city.



Demolition works at Rua do Laboratório site are now underway.

Over at **Rua da Penha**, our niche residential project located in one of Macau's historically significant areas, approval of demolition plans has been received and site works are due to commence in early 2010.

We also continued our research on the ideal merchandising and tenant mix for **Senado Square**. The plan is to develop a prime multi-storey retail complex targeting both locals and tourists. Retail sales in Macau rose 17% in Q3 to US\$695 million, an encouraging sign for the retail market.

We have commenced preliminary site works for Phase 2 of **Zhuhai Logistics Centre**, close to Hengqin Island. A key initiative of the US\$10.3 billion regeneration plan for Hengqin Island is the new-age "Shizimen Central Business District". The first phase of this project, due to be completed in just three years, will feature six million square feet of quality convention and exhibition space, world-class hotels, residential and Grade A office buildings. In our view, the transformation of Hengqin Island will be a perfect complement to our logistics offering in Zhuhai as well as having positive spin-off effects on neighbouring Macau.

"The commencement of demolition works marked a significant milestone in the development progress of Rua do Laboratório."

Macau at a Glance

Positive GDP growth for the first time in a year
Macau's recovery gained momentum over the past few months. The economy rebounded from three consecutive quarters

of contraction to register growth of 8.2% in Q3, mainly driven by improved performance in the gaming and tourism sectors.

Reinforcing the view that Macau's economy is out of the woods, Macau University estimates that GDP growth in 2010 will reach 9.2%.

Macau marks a decade of Chinese rule

The tenth anniversary of Macau's return to Chinese rule was marked on 20 December 2009 with festivities and a fireworks display, along with the inaugural ceremony for the new Chief Executive, Fernando Chui Sai-on and his new administration.

The newly sworn-in Chief Executive reiterated that his new government would continue to diversify the city's economy and improve people's livelihood.

Construction of landmark bridge begins

Five days ahead of Macau's handover anniversary, China began construction of the world's longest cross-sea bridge linking Zhuhai, Macau and Hong Kong. The groundbreaking ceremony in Zhuhai was officiated by Chinese Vice Premier Li Keqiang and top officials from the three cities.

The landmark bridge is widely expected to bring economic ties closer as well as enhance the economic competitiveness of China's Western Pearl River Delta.



A new central business district will be developed at Zhuhai Hengqin Island, adjacent to Macau.

Better-than-expected Q4 gaming revenues

Macau's gaming industry has witnessed strong growth since September 2009. According to preliminary data, gaming revenues in 2009 were US\$15 billion, up 10% from the previous year. Given that the first half of 2009 was a difficult period, the rebound in the second half was especially impressive, with a strong 48% YoY growth in December. The Asian brokerage CLSA expects the momentum to be sustained and forecasts gaming revenues to rise 17% in 2010.

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Visitor arrivals continued to rise

Another steady climb in visitor arrivals continued through October and November, bringing cumulative arrivals in the first 11 months of 2009 to 19.7 million. Buoyed by encouraging numbers in the second half of the year, media reports estimate that full-year visitor arrivals for 2009 will only be limited to a 5-6% YoY drop.

e-Channels for HK and Macau residents

Starting from December 2009, the introduction of automated passenger clearance systems (e-Channels) between Hong Kong and Macau has cut clearance time from the present one minute to less than two seconds. The simplified procedure will no doubt benefit Hong Kong visitors, who make up the second largest source of Macau's tourist arrivals.

Las Vegas Sands to resume Cotai projects

Las Vegas Sands successfully raised US\$2.5 billion from listing its Macau unit, Sands China Ltd., on the Hong Kong Stock Exchange in November 2009. Some of the proceeds from the IPO will be used to resume construction of its properties on the Cotai Strip, which had halted development in late 2008 amid the global financial crisis.



Chinese President Hu Jintao, right, swears in Fernando Chui Sai-on, as the new Chief Executive of Macau.

Property market gathers pace

Macau's property market continued to make a strong recovery in the last quarter of 2009. By November, residential transaction volumes and values had increased 48% and 62% respectively from June 2009.

According to Jones Lang LaSalle, capital values of high-end properties grew 22% in 2009. Industry sources suggest that luxury property prices could rise a further 30% in 2010 as Las Vegas Sands resumes work on its Cotai projects. The anticipated influx of senior expatriate employees should also help boost luxury rental values, which have been lagging.

"The anticipated influx of senior expatriate employees should help boost luxury rental values."

Conclusion

Macau's economy remains well positioned to experience brighter prospects in 2010. This positive macroeconomic environment should translate into similar optimism for the property market, with high net worth individuals from Mainland China expected to continue investing.

We maintain the view that the long-term prospects for Macau's property market remain compelling, given its long-term growth drivers and unique demographics. Given our strategically chosen investments and proactive development and asset management strategies, we are confident that MPO will continue to generate attractive long-term returns for its shareholders.

Did You Know?**Wynn Macau houses the most successful Piaget boutique in the world**

Casinos in Macau are powerful in drawing shoppers. For Swiss luxury watch and jewellery manufacturer Piaget, the boutique at Wynn Macau is its most successful worldwide, according to a media report.

According to a survey on luxury retail shopping undertaken by Synovate, Mainland Chinese consumers account for about 90% of the clientele at Wynn Macau's shops, including Chanel, Prada and Louis Vuitton.



Source: www.piaget.com