



Investor Update Q1 2009

Quick Facts

Listing Date	5 June 2006
Exchange Listing	AIM (London)
Total Shares Issued	105,000,000
Issue price	100p
Latest Share Price	68p
Market Capitalisation	£71,400,000
Stock Code	MPO
Max. Level of Gearing	60%
Current Gearing Level	0%
No. of Key Acquisitions	Five
Total Commitment	US\$294 million
Manager	Sniper Capital

All data as at 7 April 2009

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.

To download a copy of the Interim Report and Accounts, please visit the Company's website.

www.mpofund.com

Quarterly Highlights

- Interim results announced
- First bank loan facility secured
- Proactive asset mgt policy implemented
- Decline in visitor arrivals & gaming revenues

Fund Overview

In March, MPO announced its interim results for the period to 31 December 2008. These come at a time of ongoing turbulence in the international financial markets and despite its relatively conservative positioning, the Company has not been immune to the effects of the unprecedented market conditions.

The value of our portfolio fell by 21% during the 6-month period, leading to a 24% decrease in the Company's Adjusted Net Asset Value to US\$2.13 per share. In sterling terms, however, the Adjusted Net Asset Value rose by 4.24% to 147p based on a Sterling/Dollar exchange rate of 1.45 as at 31 December 2008.

"Despite the difficult environment, we have made major progress in a number of areas. These include the securing of our first loan facility."

Despite the difficult environment, we have made major progress in a number of areas. These include the securing of our first loan facility for our investment in One Central Residences. In our role as a developer, we have further progressed the planning and approval processes for MPO's current development projects while taking full advantage of the lower construction and material costs. Simultaneously, we are implementing a proactive asset management strategy for our Zhuhai Logistics project with the aim of adding further value.

Major loan secured

In February, MPO secured its first bank loan facility of US\$83 million with a consortium of international and Macanese banks, led by HSBC. The debt facility will allow us to meet the remaining obligation on our investment in Tower 6 and 25 individual units of One Central Residences, Macau's premier residential development. Drawdown of the loan will be upon handover of the project, expected in the second half of 2009.



A loan facility has been secured for MPO's investment in One Central Residences.

We will continue to operate a highly measured borrowing policy and place a significant emphasis on long-term cash flow management. We are currently debt free and our most recent valuations imply a projected loan-to-value of 32%[#] assuming a full drawdown of the One Central credit facility.

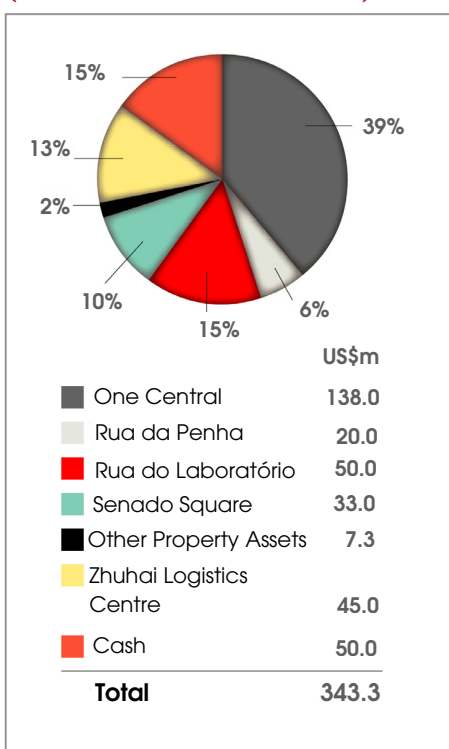
[#] Based on a projected drawdown of US\$83 million and a portfolio valuation of US\$258 million as at 31 December 2008.

Portfolio Summary

Development properties

With the fund almost fully invested, we are increasingly focusing our efforts on progressing the planning processes for our four development projects. A slowdown in overall activity in Macau has led to a decline in both building material prices and local labour costs. This is enabling us to negotiate more attractive project construction costs thereby potentially enhancing development returns.

Portfolio Summary

Portfolio composition by project
(Based on total commitment costs)

Valuation#

One Central	US\$149.1m
Rua da Penha	US\$20.6m
Rua do Laboratório	US\$35.6m
Senado Square	US\$31.1m
Zhuhai Logistics Centre	US\$11.7m
Other Assets	US\$9.9m
Total	US\$258m
Change (current period)	-21%
Uplift (since acquisition)	+27%

Based on independent valuations by Savills (Macau) Limited as at 31 Dec 2008.

2008 Key Economic Figures

Macau's economic resilience remains impressive and economic data just released for 2008 confirms robust growth, albeit at a slower pace than the past few years.

GDP	US\$21.5 bn	+13%YoY
Gaming revenues	US\$13.6 bn	+31%YoY
Retail sales	US\$2.37 bn	+34%YoY

Source: DSEC

Zhuhai Logistics Centre (Warehousing)

The site's current premises are 50% leased at a per square foot rental yield of approximately 12% based on the latest valuation, implying an effective investment yield of 6%. We aim to increase this through a progressive asset management programme including the enhancement of the existing buildings, professional property management and improved occupancy.

Following the formal appointment of architectural firms, the initial master plan for the adjacent vacant land and workers' residential accommodation was submitted to the Zhuhai government for approval during the quarter.



Latest conceptual design of Zhuhai Logistics Centre

The underlying value of this project lies in its strategic location close to Macau and proximity to the landing point and connecting infrastructure of the planned Hong Kong-Zhuhai-Macau Bridge.

Rua da Penha (Luxury Residential)

Located in a historically significant area on Macau Peninsula, we aim to redevelop Rua da Penha into a low-rise residential block targeting middle-to-upper income buyers. Following extensive discussions with the government's heritage department on the proposed architectural layout, we are now finalising revisions to further integrate the project with the surrounding area. Full architectural designs for consideration are expected to be submitted during the second quarter.

Rua do Laboratório (Entry-level Residential)

We intend to redevelop Rua do Laboratório into affordable housing targeted at the entry-level market. Demolition of the existing building continued in this quarter and an outline planning application has been submitted to the government. Consolidation of neighbouring sites has proven to be a protracted and difficult task. Therefore, we are progressing discussions with a number of reputable and experienced architectural firms for full design proposals for the site on a stand-alone basis.

Senado Square (Mixed-use)

Situated in the heart of Macau's World Heritage district, our aim is to redevelop Senado Square into a prime retail mixed-use complex that will appeal to both tourists and increasingly wealthy locals. The planning process for the site continued in this quarter

with the satisfactory conclusion of lengthy discussions with the heritage department and the subsequent submission of full architectural designs to the planning department. We are continuing to conduct research into the appropriate merchandising and tenant mix for the project.

Investment properties

One Central (High-end Residential)

During the quarter, the internal fitting-out works for One Central Residences continued and the Occupation Permit inspections are expected to take place in April. Due for completion in the second half of 2009, the entire mixed-use development encompasses seven residential towers, a luxury Mandarin hotel and a world-class shopping centre.

Market Overview

Economy

Macau has enjoyed exponential economic growth since deregulation of the gaming industry in 2002 sparked a massive influx of foreign investment. In the last quarter of 2008, however, the city began to feel the negative effects from the worldwide financial turmoil, reflected in a 7.6% drop in GDP for the quarter - the first negative GDP growth experienced by Macau for five years. Despite this, full year GDP still recorded an increase of 13.2% YoY to US\$21.5 billion.

The global financial crisis continues to adversely affect the world economy in 2009. Similarly Macau continues to suffer from declines in both gaming revenue and investment and Francis Tam, Macau's Secretary for the Economy and Finance, has forecast continued negative growth in the first half of the year.

Gaming

Visa restrictions and a contraction in the junket credit market continue to impact negatively on Macau's gaming industry. In the first two months of 2009, gross gaming revenues dropped 16% YoY. In a recent report, J.P. Morgan estimated that Macau's gaming revenue would drop 12% in 2009 and rebound 11% in 2010. This was based on the assumption that the economy would bottom out in the middle of this year, and that there might be some easing of visa restrictions in the second half of 2009.

Due to the worsening economic conditions and tightening junket credit, the VIP high-roller sector, which accounts for almost 70% of Macau's total gaming revenue, is suffering. However, this is being offset to a large extent by the more resilient mass market which is not dependent upon credit to attract customers. Las Vegas Sands Corp should be one of the main beneficiaries due to its aggressive targeting of the mass market segment.

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Tourism

Tourist arrival numbers continue to be impacted by visa restrictions imposed on Mainland Chinese visitors and the global financial crisis. As a result, visitor arrivals dropped by 8.5% YoY in the first two months of 2009. At a conference in February involving high-level officials from Guangdong, Macau and Hong Kong, agreement was reached in principle to ease travel restrictions to allow more Mainland Chinese to visit Macau and Hong Kong. With a population of 100 million, Guangdong's strategic importance to Macau cannot be overemphasised and any easing of restrictions will provide a significant boost to Macau's tourism and gaming industries.

Casinos/Hotels

Melco Crown Entertainment's flagship project, City of Dreams, is scheduled to open in mid-2009. This will be a significant milestone for Macau, being the only large-scale entertainment resort to open in almost two years. Located adjacent to The Venetian Macao on the Cotai Strip, the project will house four hotels, 20 restaurants and bars, a 420,000 sq ft casino and 175,000 sq ft of retail space.



Latest developments on the Cotai Strip

The later phases of the Las Vegas Sands Corp's Cotai projects remain on hold pending a resolution of the group's financing issues. According to its Asia President, Stephen Weaver, the group is in discussions with potential investors with a view to resuming construction activities by year-end.

Las Vegas-based MGM Mirage continues to struggle under a heavy debt burden and is under intense pressure to sell assets in Michigan and Mississippi according to *The Wall Street Journal*. There are concerns that MGM Grand Macau, a 50-50 joint venture

between MGM Mirage and Pansy Ho, will be affected, but in a recent media interview, Ms. Ho, reassured the market that MGM Mirage's financial problems should not directly impact the Macau project.

“As City of Dreams gears up for its launch, the recruitment of an estimated 10,000 employees is likely to boost rental demand.”

Property Market

Since the last quarter of 2008, all sectors of Macau's property market have been negatively affected. The residential sector was particularly badly hit with annual transaction volumes and transaction values decreasing by 37% and 29% respectively in 2008 compared to 2007.

The city's residential rental market has also seen weakening demand and softening rentals mainly due to the reduction in the number of expatriate workers in the casino, hotel and construction sectors. Las Vegas Sands Corp's temporary suspension of projects on Cotai, together with reduced expatriate hotel/casino staff and tightening visa policy for expatriate workers have further exacerbated these declines in the past few months. However, as City of Dreams gears up for its launch, the recruitment of an estimated 10,000 employees for this project is likely to boost rental demand.

Summary

The adverse conditions in the international financial markets will continue to present Macau with serious challenges during 2009. Nevertheless, while we may experience slower growth across some of the territory's business activities, the fundamental strengths and long-term prospects of the Macanese economy and property market remain firmly intact.

With our strategically selected investments, together with low gearing and healthy cash reserves, MPO is well-positioned to make positive progress and generate further value for its shareholders.

Did You Know?

Hard Rock is ready to rock Macau! As part of City of Dream's complex scheduled to open in mid-2009, the rock-and-roll themed *Hard Rock Hotel & Casino Macau* will offer 300 rooms, plus two custom "Rock Star" mega suites, a Hard Rock Café, a Rock Shop featuring Hard Rock merchandise and a live performance area.

