



Christmas decorations at Taipa Village.

Occupancy level at *The Waterside* is showing signs of stabilisation. Macau's property market remained muted during the quarter, but supply remains tight. 2015 gaming revenue registered a decline of 34% year-on-year to US\$29 billion.

QUICK FACTS

Exchange.....	London Stock Exchange
Domicile.....	Guernsey
Market Capitalisation.....	£120 million
Share Price.....	157p
Portfolio Valuation.....	US\$427.2 million ¹
Loan-to-Value.....	36.8% ²
Adjusted NAV per share.....	US\$3.52/ 233p ^{1,3}
Discount to Adjusted NAV.....	32.6%

MANAGED BY  Sniper Capital

¹ As at 30 September 2015.
² Assuming a full drawdown of MPO's committed loan facilities and based on MPO's portfolio value as at 30 September 2015.
³ Based on a US\$/€ exchange rate of 1.513 as at 30 September 2015.

All remaining data as at 31 December 2015.

- Occupancy level at *The Waterside* recovered slightly to reach 39%.** Ongoing marketing efforts led to an increase in the number of leasing enquiries and viewings.
- Sales campaign continues at *The Fountainside*.** Potential buyers are holding back on their purchasing decision until the economy shows signs of improvement.
- Architectural renderings instructed for *Estrada da Penha*.** The full potential of the property will be better presented through enhanced renderings and floor plans.
- US\$36 million loan facility secured.** The new loan facility finances the principal repayments of the previous tranches of the bank facility for One Central Residences.
- Macau's economy continued to ease.** Fitch Ratings expects the Macau economy to shrink 16% year-on-year for 2015 due to lower gaming revenues.
- Average home prices registered an 18% year-on-year decline.** Housing price per square foot was US\$868 as at end-November.

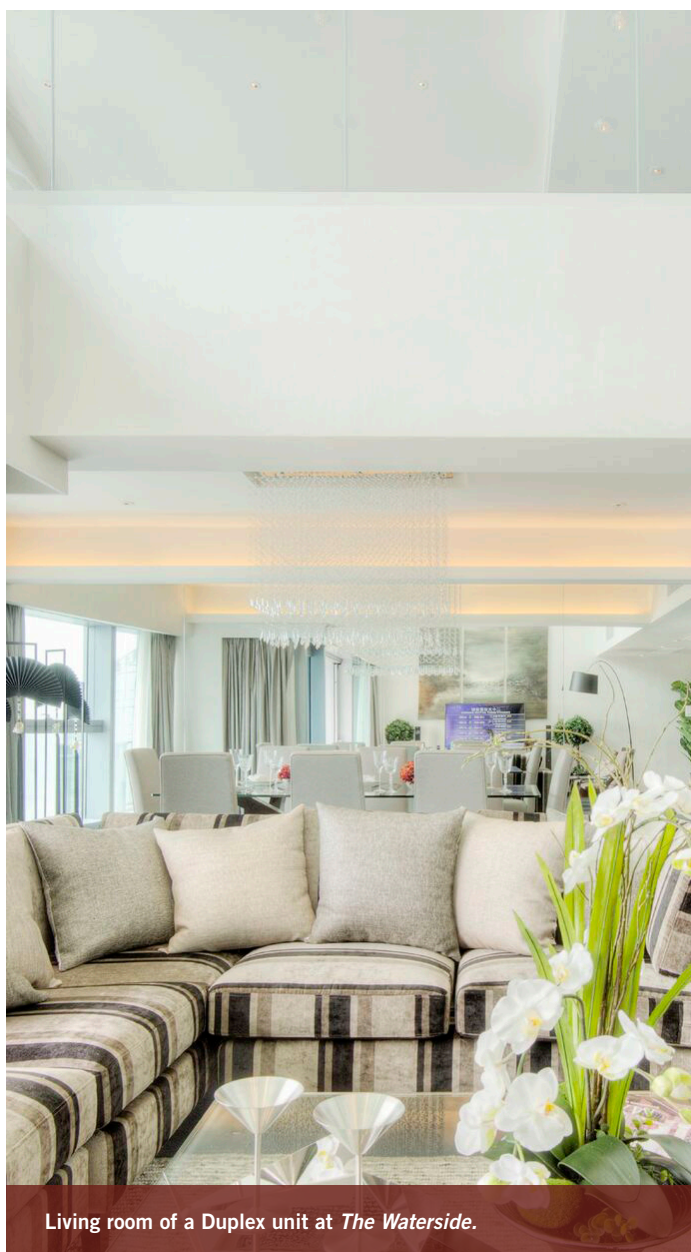
FUND

MPO's Adjusted NAV fell to US\$268.9 million as at 30 September 2015, equating to US\$3.52 (c. 233p) per share which is a decline of 11.4% over the previous quarter.

The value of the Fund's portfolio declined 7.7% quarter-on-quarter to US\$427.2 million as a result of the overall slowdown in the property market.

MPO secured a new five-year loan facility of US\$36.3 million for its properties in One Central Residences. The facility financed the repayment of tranche 1 of the original loan which matured in November 2015 and all principal repayment instalments up to the end of 2017. The Fund's loan-to-value ratio stands at 36.8%.

The Fund's unaudited Interim Results for the six months ending 31 December 2015 will be released towards the end of February 2016.



Living room of a Duplex unit at *The Waterside*.

PORTFOLIO

THE WATERSIDE

During the quarter, the occupancy rate at *The Waterside* increased by four percentage points to reach 39% - the first notable recovery after six quarters of declines. While this is an encouraging sign, we would caution that any recovery is likely to remain protracted.

Nevertheless, with the opening of three large-scale casino resorts in 2016, we will continue to build upon this momentum through focused marketing strategies aimed at the progressive influx of senior personnel that is expected throughout the year.

During the period, overall average monthly rents declined by 16% to HK\$22.95 (US\$2.90) per square foot from the previous quarter due to the impact of six new leases being negotiated at lower rental levels. Meanwhile, six expiring leases were successfully renewed at an average monthly rental rate of HK\$26.41 (US\$3.30) per square foot.

We are continuing to improve the quality and value of *The Waterside's* 59 apartments through an ongoing asset enhancement programme. To date, 11 units have undergone enhancement and another seven units are scheduled to be completed by early February 2016.

THE FOUNTAINSIDE

A total of 27 out of 42 units have been sold to-date, providing a total income of HK\$202.6 million (US\$26.1 million). We are in the process of handing over the last of these sold units.

The current market downturn has made it a challenging environment in which to sell units. While we are in discussions with a number of interested buyers, they are adopting a wait-and-see approach before committing to a new purchase.

The sale of parking lots is ongoing with a total of HK\$21.9 million (US\$2.8 million) generated from sales to-date. As there is no cap on the number of motor vehicles allowed in Macau, we anticipate that demand for parking lots at *The Fountainside* will remain strong.

ESTRADA DA PENHA

Following the completion of the enhancement and consolidation works in September, an architect was engaged to produce detailed layout plans for the combined property, along with internal renderings to showcase its full potential.

SENADO SQUARE

We are still awaiting the issuance of a new Urban Condition Plan – a document that stipulates the parameters such as construction area, height and plot ratio for the development of the land. This document has been slow in coming. Hence, in the interest of time, we have proceeded with the architectural planning submission with the intention of expediting the entire planning approval process with the government agencies. Due to the protracted schedule, we now expect to submit the detailed planning application in Q3 2016.

MACAU

The continued decline in gaming revenues continued to impede the performance of Macau's economy during the quarter. Q3 Gross Domestic Product shrank by 24% year-on-year, marking a decline for five consecutive quarters for the territory. Rating agency, Fitch Ratings, expects Macau's economy to shrink 16% year-on-year for 2015.

While Macau's shift towards mass-market gaming and non-gaming attractions is in line with China's objective of making the city a world-class tourism hub, there is still an over-dependence on the VIP segment. Despite a sharp decline over the last 18 months, VIP gaming still accounts for approximately 50% of the market. Gross Gaming Revenue for the whole of 2015 was US\$29 billion, a 34.3% dip from the same period in 2014.

The government is expected to release the mid-term casino industry review report, which evaluates gaming operators' contributions to the economy and their compliance with social responsibility requirements, in early 2016. The report will be used as a reference to regulate policies for the gaming industry for the coming years, and also determine the continuation of gaming concessions for the operators come 2020.

Meanwhile, visitor arrivals fell slightly in November to 2.59 million. For the first 11 months of the year, Macau received 28.1 million visitors, a slight decline of 3.1% year-on-year. Mainland Chinese accounted for 66.7% of the total number of visitors.

The US\$17 billion Hong Kong-Zhuhai-Macau bridge may now only be in operation in 2018, compared to the initial schedule of end-2016. According to transport officials in Hong Kong, the government will seek approval for an additional HK\$5.46 billion (US\$700 million) to finance cost overruns on the construction of the bridge and facilities. Upon completion, the travelling time by car from Hong Kong International Airport to Zhuhai will be shortened significantly from more than three hours to 45 minutes.

Mid- to high-end residential supply from 2015–2017

District	Project	Approximate total no. of units
Macau	La Baha No. 1	325
Macau	The Fountainside	42
Macau	M Residence	311
Macau	The Paragon	188
Macau	The Carat	414
Macau	One Penha Hill	63
Macau	One Guia Hill	30
Taipa	Star River, Windsor Arch (Towers 8-10 Phase 1)	360
Taipa	Star River, Windsor Arch (Towers 5-7 Phase 1)	180
Taipa	Star River, Windsor Arch (Towers 1-4 Phase 1)	277
Taipa	The Peak (七潭公路)	262
Coloane	South Residence, One Oasis (Phase 2)	714
Coloane	Park Residence (One Oasis Phase 3)	1,056
-	Others	125
2015 sub-total		4,347
-	Others	271
2016 sub-total		271
Taipa	BT13b	256
Taipa	Nova City (Phase 5)	1,738
2017 sub-total		1,994

Source: Savills Research & Consultancy

PROPERTY

The lack of new launches coupled with government policies such as new pre-sale law, Special Stamp Duty and Double Stamp Duty as well as the uncertain outlook for the gaming industry have contributed to the suppressed number of transactions in 2015.

In terms of property prices, the City continued to post a decline in average home prices. According to Macau's Financial Services Bureau, average home prices, including primary and secondary market, dropped 18% year-on-year to MOP6,946 (US\$868) per square foot as at end-November.

We have observed a decline in the average residential prices by 20% for the secondary market in the second half of 2015 and sellers are more pragmatic these days, aligning their asking prices with transacted prices.

Recent policy decisions pertaining to the expiry of leasehold concessions could potentially reduce future housing supply over the next few years. In the latest market report by Savills, approximately 4,347 mid- to high-end residential units are scheduled to be completed in 2015 and another 271 units and 1,994 units respectively in 2016 and 2017.

It is worth noting that the issues relating to the expiry of land concessions will not affect MPO's properties and they could in fact benefit MPO. As the market experiences a decline in housing supply and uncertainty over some projects under construction, homebuyers are likely to shift their focus to completed properties in the market.

Looking ahead, we anticipate housing prices and rental rates to stabilise in tandem with gaming revenues which is expected at some stage during 2016. Demand is likely to be supported by the cash-rich domestic market, especially the middle-income group, for mass market projects that are in well-established locations and near amenities.

FURTHER INFORMATION

SNIPER CAPITAL

Doris Boo
Tel: +65 6222 1440
Email: info@snipercapital.com
www.snipercapital.com

COMPANY SECRETARY

& ADMINISTRATOR
Heritage International Fund Managers
Mark Huntley / Laurence McNairn
Tel: +44 14 8171 6000

PUBLIC RELATIONS

MHP Communications
Andrew Jaques / Simon Hockridge /
Kelsey Traynor
Tel: +44 20 3128 8100

STOCK CODES:

Bloomberg: MPO LN
Reuters: MPO.L

CORPORATE BROKER

Liberum Capital
Richard Bootle / Jonathan Wilkes-Green
Tel: +44 20 3100 2232

ABOUT THE FUND

Macau Property Opportunities Fund Limited is a closed-end investment fund registered in Guernsey. Listed on the London Stock Exchange's main market, it is also a constituent stock of the FTSE All-Share and FTSE Small Cap indices.

Launched in 2006, the Fund targets strategic property investment and development opportunities in Macau and mainland China's western Pearl River Delta. Its current portfolio, a mix of well-positioned residential and retail property assets, is worth US\$427.2 million as at 30 September 2015.

The Fund is managed by Sniper Capital Limited, an Asia-based property investment manager with an established track record in fund management and investment advisory.

www.mpofund.com

This document does not constitute, and may not be used for, an offer or an invitation to any person in any jurisdiction to acquire shares. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part, for any purpose. This document shall not be distributed in any jurisdiction where such distribution, would be unlawful and until the requirements of such jurisdiction have been satisfied. In particular, this document or any copy thereof shall not be taken, sent or transmitted into the United States, Republic of South Africa, Australia, Canada or Japan or distributed, directly or indirectly in the United States, Republic of South Africa, Australia, Canada or Japan or to any persons residing in such jurisdictions. This document may only be communicated to, and is only directed at persons falling within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or otherwise as permitted. Macau Property Opportunities Fund Limited is a Guernsey incorporated company whose shares have been admitted to trading on the Main Market of the London Stock Exchange.