

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended immediately to seek your own personal financial advice from an appropriately qualified independent adviser authorised under the Financial Services and Markets Act 2000 (FSMA).**

If you have sold or otherwise transferred all of your Shares in Macau Property Opportunities Fund Limited (the **Company**), please forward this document (but not the accompanying personalised Form of Proxy) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded to or transmitted in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or into any other jurisdictions if to do so would constitute a violation of the relevant laws and regulations in such other jurisdictions.

The Proposals described in this document are conditional, *inter alia*, on the approval of Shareholders. This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company, set out on pages 4 to 9 of this document, which contains the recommendation of the Directors for how Shareholders should vote in relation to each of the resolutions to be proposed at the Annual General Meeting referred to below.

The definitions used in this document are set out on pages 13 to 14.

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## **MACAU PROPERTY OPPORTUNITIES FUND LIMITED**

*(a non-cellular company limited by shares and incorporated and registered in the Island of Guernsey under The Companies (Guernsey) Law, 2008 (as amended) with registered number 44813 and authorised by the Guernsey Financial Services Commission as an authorised closed-ended collective investment scheme in accordance with the Authorised Closed-Ended Collective Investment Scheme Rules 2008)*

### **DISCONTINUATION VOTE ADOPTION OF NEW ARTICLES AMENDMENT TO MANAGEMENT AGREEMENT AND NOTICE OF ANNUAL GENERAL MEETING**

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Notice of an Annual General Meeting of Macau Property Opportunities Fund Limited to be held at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey GY1 4HY at 10.00 a.m. on 14 November 2016 is set out at the end of this document. The Form of Proxy for use at the Annual General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not later than 10.00 a.m. on 10 November 2016. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting, should they so wish.

Liberum Capital Limited (**Liberum**) is acting for the Company and no one else in connection with the Proposals. Liberum is not advising any other person or treating any other person as its client, including any recipient of this document, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Liberum nor for providing advice in connection with the Proposals, the contents of this document and the accompanying documents or any other matter referred to herein or therein.

**Your attention is drawn to the sections entitled “Risks associated with the Proposals” on page 8 and “Action to be taken” on page 9 of this document.**

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## EXPECTED TIMETABLE

Date of this Circular	12 October 2016
Latest time and date for receipt of Forms of Proxy or transmission of CREST Proxy Instructions for the Annual General Meeting	10.00 a.m. on 10 November 2016
Annual General Meeting	10.00 a.m. on 14 November 2016

*Each of the times and dates in the expected timetable may (where permitted by law) be extended or brought forward without further notice and in particular the dates relating to the Proposals are provisional only. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service. All references to times in this document are to London time.*

## LETTER FROM THE CHAIRMAN

# Macau Property Opportunities Fund Limited

*(a non-cellular company limited by shares and incorporated and registered in the Island of Guernsey under The Companies (Guernsey) Law, 2008 (as amended) with registered number 44813 and authorised by the Guernsey Financial Services Commission as an authorised closed-ended collective investment scheme in accordance with the Authorised Closed-Ended Collective Investment Scheme Rules 2008)*

*Directors:*

Chris Russell  
Thomas Ashworth  
Alan Clifton  
Wilfred Woo

*Registered Office:*

Heritage Hall  
Le Marchant Street  
St. Peter Port  
Guernsey  
GY1 4HY

12 October 2016

Dear Shareholder

### **DISCONTINUATION VOTE, ADOPTION OF NEW ARTICLES, AMENDMENT TO MANAGEMENT AGREEMENT AND NOTICE OF ANNUAL GENERAL MEETING**

#### **1. Introduction**

I am pleased to be writing to you with details of the Company's forthcoming Annual General Meeting. Please note that the full Directors' Report is set out as usual in the Annual Report and Accounts for the financial year to 30 June 2016, a copy of which accompanies this document.

As well as details of the usual business to be tabled at the Annual General Meeting, this document also includes important proposals relating to the Discontinuation Vote (which the Company is required by the Articles to put to Shareholders before 31 December 2016), the future continuation of the Company, amendments to the Articles and amendments to the Management Agreement (together, the **Proposals**).

Shareholders will be asked to vote on the Proposals at the Annual General Meeting. The reason why Shareholders will be asked to vote on the amendments to the Management Agreement is because the proposed amendments constitute a related party transaction for the purposes of the Listing Rules. Full details of the Proposals and the usual business to be conducted at the Annual General Meeting are set out below.

This document also includes a Notice of Annual General Meeting to be held at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey GY1 4HY at 10.00 a.m. on 14 November 2016.

#### **2. Proposals**

The Proposals comprise:

- (1) the consideration of the Discontinuation Vote which provides that the Company should cease to continue as presently constituted;
- (2) the adoption of the New Articles which: (i) incorporate amendments to provide for an annual continuation vote, the first such vote being proposed at the annual general meeting of the Company to be held in November 2018; and (ii) have been updated for amendments to the Law which came into effect in September 2015 and to bring them into line with current market practice; and
- (3) amendments to the Management Agreement in order to: (i) remove provisions which will become obsolete in the case that the Discontinuation Vote is not passed; (ii) insert a provision to make the Management Agreement terminable on 12 months' written notice; and (iii) provide that any performance fee to be paid to the Manager by the Company will only become due and

payable if and when accumulated distributions per Share to Shareholders exceed the relevant high watermark in respect of a performance period.

In connection with the Proposals, the Board is proposing that Shareholders vote **AGAINST** the Discontinuation Vote (i.e. in order that the Company will continue) and **FOR** the New Articles Resolution and the Management Agreement Resolution. Further details of the Proposals, including a recommendation from the Directors as to how you should vote at the Annual General Meeting, are set out below.

### **3. Background and Benefits of the Proposals**

#### *Requirement for Discontinuation Vote*

The Articles require that a general meeting be held no later than 31 December 2016 to propose that the Company cease to continue as constituted. The Discontinuation Vote is therefore required to be held at the Annual General Meeting.

#### *The Company's portfolio and Macau property outlook*

The Company's portfolio registered a drop in value for the second consecutive year in 2016 amid the continued decline in Macau's gaming revenue and the slowing economy, largely attributable to China's anti-corruption campaign.

The Manager believes that the pace of Macau's economic slowdown is easing and the gaming industry, the driver of Macau's economy, is stabilising, with gross gaming revenues in both August and September 2016 growing for the first time in over two years. A recovery in property market values, albeit a gradual and cautious one, may now be in sight. Low-value property transactions have recovered with some improvement in prices. The Company posted its first quarter-on-quarter Adjusted NAV growth of 0.3 per cent in Q2 2016, after six consecutive quarters of decline. The Manager believes that completion of infrastructure projects in the next few years, including the Hong Kong-Zhuhai-Macau bridge, together with the progressive opening of new mega-resorts in the next two years, will also help to stimulate a recovery in property market values (and, consequently, the value of the Company's portfolio).

Shareholders are directed to pages 14 to 29 of the Annual Report and Accounts for further commentary relating to the Company's portfolio and current market conditions.

#### *Benefits of the Proposals*

The Board notes the following benefits of the Proposals:

- Against the backdrop of an anticipated recovery in Macau property values due to improved economic conditions, the Board sees corresponding upside potential for the Company's portfolio.
- Accordingly, the Board, having consulted with the Manager, considers that the best path to maximise Shareholder value and realise the value from the Company's property portfolio is to extend the Company's life by a two-year period and, if necessary, annually thereafter.
- The extension of the Company's life will allow flexibility for the Company to take advantage of the expected recovery and afford the potential to realise the full value of its property portfolio rather than undertake a realisation of the Company's assets at potentially lower valuations in the event the life of the Company was not extended beyond 2016.

### **4. Discontinuation Vote**

In accordance with the Articles, an extraordinary resolution (being the Discontinuation Vote) will be put to Shareholders at the Annual General Meeting that the Company should cease to continue as presently constituted.

The Directors believe that the continuation of the Company will allow for an orderly wind-down of the Company's portfolio and the opportunity to maximise the return of value to Shareholders. Accordingly, the Directors are recommending that Shareholders vote **AGAINST** the resolution for the Discontinuation Vote (Resolution 8).

If, however, the Discontinuation Vote is passed, the Directors will be required to put proposals to

Shareholders for the reorganisation, unitisation, reconstruction or winding-up of the Company. **If the Discontinuation Vote is passed, the Board considers there is a risk that the value obtained by Shareholders may be significantly lower than if the Discontinuation Vote is not passed.**

To be passed, a majority of not less than three quarters of Shareholders present in person or by proxy would be required to vote in favour of the resolution for the Discontinuation Vote.

## **5. Adoption of New Articles**

A special resolution (being the New Articles Resolution) will be put to Shareholders at the Annual General Meeting to adopt the New Articles. The New Articles incorporate amendments: (i) to provide for an annual continuation vote, the first such vote being proposed at the annual general meeting of the Company to be held in November 2018; and (ii) for the update of the Articles for recent amendments to the Law and to bring them into line with current market practice.

### **Continuation Resolution**

The New Articles will require the Board to put an ordinary resolution to Shareholders each year to extend the life of the Company for a period of one year (the “**Continuation Resolution**”).

The first Continuation Resolution will be proposed to Shareholders at the annual general meeting of the Company in November 2018.

Under the New Articles, a majority of Shareholders present in person or by proxy must vote in favour of a Continuation Resolution for it to be passed. This is different to the position for the resolution for the Discontinuation Vote which requires a majority of not less than three quarters of Shareholders present in person or by proxy to vote in favour of the resolution for the Discontinuation Vote for it to be passed.

The New Articles delete the following wording at Article 38:

~~“The Company shall, no later than 31 December 2016, convene a general meeting (which may be an annual general meeting) at which an Extraordinary Resolution will be proposed that the Company cease to continue as constituted. If that resolution is passed, the Directors shall formulate proposals to be put to the shareholders to reorganise, unitise, reconstruct, or wind up the Company.”~~

And insert the following new wording at Article 38:

**“The Company shall, no later than 30 November 2018, convene a general meeting (which may be an annual general meeting) at which an Ordinary Resolution will be proposed that the life of the Company be extended for a period of one year. Provided such resolution is passed, the Directors shall, no later than 30 November in each year thereafter, convene a general meeting (which may be an annual general meeting) at which an Ordinary Resolution will be proposed that the life of the Company be extended for a period for one year. If, in any year, such Ordinary Resolution is not passed, the Directors shall formulate proposals to be put to the shareholders to reorganise, unitise, reconstruct, or wind up the Company. ”**

### **Other amendments to the Articles**

In addition, the New Articles have been updated for the amendments to the Law which came into effect in September 2015 and to bring them into line with current market practice. The principal changes being proposed in the New Articles are in relation to the introduction of the Uncertificated Securities (Guernsey) Regulations, 2009 (as amended) which replaces the Guernsey CREST rules and which are mostly technical in nature. Other changes are minor and relate to technical or clarifying matters. A summary of these principal changes is set out below:

- amendments are proposed to reflect the adoption of the Uncertificated Securities (Guernsey) Regulations, 2009 (as amended) in Guernsey and to remove the wording relating to the CREST Guernsey requirements which is no longer applicable;
- in line with the Law amendments, the Directors will no longer be required to disclose to the Board the monetary value of any interest in a transaction or proposed transaction with the Company but will need to disclose the nature and extent of such interest;
- the notice periods for deemed receipt in respect of the service of documents on shareholders by post have been changed to notices being deemed to be received two Business Days after posting in the case of shareholders resident in the UK, the Channel Islands and the Isle of Man and three Business Days in all other cases. The electronic communications provisions will be updated in line with the amendments to the Law. These changes reflect amendments to the Law and bring the

Company into line with market practice;

- an amendment to make clear that the Directors may resolve, in their absolute discretion, to adopt an electronic Seal; and
- general amendments are proposed to update the Current Articles for recent developments to Guernsey tax legislation, in particular to update the wording empowering Directors to request information from shareholders to ensure that the Company complies with its obligations under FATCA and the Common Reporting Standard issued by the Organisation for Economic Co-operation and Development.

**The passing of the New Articles Resolution is conditional on the resolution for the Discontinuation Vote NOT being passed.**

A clean copy of the New Articles and a copy marked-up to show changes from the current Articles are available for inspection as noted on page 12.

## **6. Amendment to the Management Agreement**

Conditional on the Discontinuation Vote **NOT** being passed and the New Articles Resolution and Management Agreement Resolution being passed, the Board and the Manager have agreed to amend the terms of the Management Agreement to:

- insert a new provision for the termination of the Management Agreement on 12 months' written notice from the Company or the Manager; and
- modify when any performance fee payable by the Company to the Manager pursuant to the Management Agreement will be paid.

### *Existing performance fee arrangements*

Currently, under the existing fee arrangements, the Manager is entitled to a performance fee payable by reference to the increase in Adjusted NAV per Share over the course of each calculation period. The first calculation period ended on 30 June 2007, each subsequent performance period is a period of one financial year.

Payment of the performance fee is subject to:

- (i) the achievement of a performance hurdle condition: Adjusted NAV per Share at the end of the relevant performance period must exceed an amount equal to the US Dollar equivalent of the Placing Price increased at a rate of 10 per cent per annum on a compounding basis up to the end of the relevant performance period (the **Performance Hurdle**); and
- (ii) the achievement of a 'high watermark': Adjusted NAV per Share at the end of the relevant performance period must be higher than the highest previously reported Adjusted NAV per Share at the end of a performance period in relation to which a performance fee, if any, was last earned.

If the Performance Hurdle is met, and the high watermark exceeded, the performance fee will be an amount equal to 20 per cent of the excess of the Adjusted NAV per Share at the end of the relevant performance period over the higher of: (i) the Performance Hurdle; (ii) the Adjusted NAV per Share at the start of the relevant performance period; and (iii) the high watermark (in each case on a per share basis), multiplied by the time weighted average of the number of Shares in issue in the performance period (or since Admission in the first performance period) (together, if applicable, with an amount equal to the VAT thereon).

### *Amendment to Management Agreement – changes to performance fee payment arrangements*

Under the new arrangements, subject to the passing of the Management Agreement Resolution, the method of calculation of the performance fee will remain unchanged, however (in addition to the criteria for the payment of a performance fee set out above) the Manager will (following the Annual General Meeting) only be entitled to the payment of a performance fee in respect of a Performance Period if and when accumulated distributions per Share to Shareholders exceed the high water mark (as defined above).

The Board believes that payment of any performance fee on such basis will better reflect the market standard for such fees in comparable funds.

### *Amendment to Management Agreement – other changes*

In addition to the changes to the performance fee payment arrangements, subject to the passing of the Management Agreement Resolution, the Management Agreement will be amended to provide that the Management Agreement shall not have a fixed term and shall be terminable by either the Company or the

Manager giving not less than 12 months' written notice to the other.

Shareholders should note that under the current terms of the Management Agreement, in the case that the Discontinuation Vote is not passed (i.e. the Company continues) and the Management Agreement Resolution is not passed, the term of the Management Agreement will end automatically on conclusion of the Annual General Meeting. In the case that the Discontinuation Vote is passed, the term of the Management Agreement will continue until the completion of any reorganisation, unitisation, reconstruction, or winding up of the Company. Please refer to the paragraph entitled "Risks associated with the Proposals" below for further information.

#### *Related party transaction*

The Manager is a "related party" for the purposes of the Listing Rules. In addition, an associate of the Manager, Sniper Investments Limited ("**SIL**"), is also a related party for the purposes of the Listing Rules because it is both an associate (as defined by the Listing Rules) of the Manager and a substantial shareholder (as defined by the Listing Rules) of the Company. The Manager and SIL are the "**Related Parties**".

Tom Ashworth is a director of the Manager and also holds a beneficial interest in each of the Related Parties.

As the Manager is a party to the Management Agreement, the proposed amendments to the Management Agreement will constitute a related party transaction for the purposes of the Listing Rules. The amendments to the Management Agreement therefore require Shareholder approval by ordinary resolution, with the Related Parties abstaining from voting on the Management Agreement Resolution. The proposed changes to the Management Agreement are set out above.

Each of the Related Parties has confirmed to the Company that it will not vote on the Management Agreement Resolution and that it will take all reasonable steps to ensure that its associates will not vote on the Management Agreement Resolution.

As at 11 October 2016, the Related Parties were interested, directly and indirectly, in 12,693,215 Shares or 16.61 per cent of the issued Share capital of the Company.

#### *Guernsey arm's length requirements*

In accordance with the conflict of interest provisions set out in The Authorised Closed-Ended Collective Investment Schemes Rules 2008, a "relevant person" may not provide services to a scheme unless the services are provided on terms which satisfy the arm's length requirement. The arm's length requirement is satisfied if the arrangements between the relevant person and the scheme are at least as favourable to the scheme as would be any comparable arrangement effected on normal commercial terms negotiated at arm's length. The Manager is a "relevant person" for the purposes of The Authorised Closed-Ended Collective Investment Schemes Rules 2008 and the Directors are of the opinion that the services provided by the Manager under the terms of the Management Agreement to be amended as set out above satisfy the arm's length requirement.

### **7. Risks associated with the Proposals**

In the case that both the Discontinuation Vote is not passed (i.e. the Company continues) and the Management Agreement Resolution is not passed, the term of the Management Agreement will end automatically on conclusion of the Annual General Meeting. There is therefore a risk that unless Shareholders vote in favour of the Management Agreement Resolution, the Manager's appointment as investment manager of the Company could cease and the Company would no longer have an investment manager. In such circumstances, there is no guarantee that the Board would be able to find a suitable replacement investment manager or that the terms on which a replacement investment manager could be appointed would be favourable to the Company.

### **8. Usual business to be conducted at the Annual General Meeting**

The ordinary resolutions to be proposed to Shareholders at the Annual General Meeting seek to receive and adopt the audited accounts, the Directors' Report, and the Auditor's Report for the financial year ended 30 June 2016, elect Directors, appoint Auditors in the place of those retiring and fix the remuneration of the Directors and Auditors.

In addition, resolution 7, which will be proposed as a special resolution, seeks to renew the Company's authority to make market purchases of up to 14.99 per cent of the Shares in issue as at the passing of the resolution. The Board intends to seek Shareholder authority to renew the Company's Share buyback



authority at each subsequent annual general meeting of the Company.

#### **9. Action to be taken by Shareholders**

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the Annual General Meeting.

Whether or not you intend to be present at the Annual General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to Capita Asset Services at the address indicated on the front page of this document, as soon as possible, **but in any event so as to arrive not later than forty-eight hours (excluding non-working days) before the time appointed for holding the Annual General Meeting.**

The completion and return of a Form of Proxy will not preclude you from attending the Annual General Meeting and voting in person if you wish to do so.

#### **10. Recommendation**

**The Board considers the Proposals to be in the best interests of the Company and Shareholders as a whole. In addition, the Board considers the proposed changes to the Management Agreement to be fair and reasonable as far as Shareholders are concerned (having been so advised by Liberum). In providing its advice to the Board, Liberum has taken into account the commercial assessments of the Directors.**

**Tom Ashworth, who is a director of the Manager and who holds a beneficial interest in each of the Related Parties, has not taken part in the Board's consideration of the proposed changes to the Management Agreement.**

**Accordingly, the Board recommends that Shareholders vote:**

- **FOR each of the resolutions proposed in connection with the usual business for the Annual General Meeting (Resolutions 1 to 7);**
- **AGAINST the resolution for the Discontinuation Vote (Resolution 8); and**
- **FOR the New Articles Resolution and Management Agreement Resolution (Resolutions 9 and 10 respectively),**

**to be proposed at the Annual General Meeting, as the Directors also intend to do so in respect of their own beneficial holdings amounting to 13,045,763 Shares in aggregate, representing approximately 17.07 per cent of the current voting share capital of the Company.**

**Tom Ashworth, who is a director of the Manager and who holds a beneficial interest in each of the Related Parties, makes no recommendation to Shareholders in connection with the proposed amendments to the Management Agreement.**

Yours faithfully,

**Chris Russell**

Chairman

## ADDITIONAL INFORMATION

### 1. The Company

- 1.1. Macau Property Opportunities Fund Limited was incorporated and registered in Guernsey under the Law on 18 May 2006 with registered number 44813. The registered office of the Company and the business address of all of the Directors is Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY.
- 1.2. As at the date of this document, the Company's issued share capital consisted of 76,432,964 Shares of US\$0.01 each. There are no warrants or options to subscribe for Shares.
- 1.3. No Shares are currently held in treasury.

### 2. Directors and other interests

- 2.1. The names of the Directors are set out on page 4 of this document.
- 2.2. As at the close of business on 11 October 2016 (being the latest practicable date prior to the publication of this document), the interests of each Director and their connected persons (all of which are beneficial unless otherwise stated) in the Share capital of the Company as notified to the Company in accordance with Article 19 of the Market Abuse Regulation were as follows:

	Number of Shares	% of the issued Share capital
Chris Russell	252,548	0.33
Thomas Ashworth*	12,693,215	16.61
Alan Clifton	100,000	0.12
Wilfred Woo	0	0

\* These shares are held by SIL, a private company in which Thomas Ashworth and Martin Tacon have a beneficial interest.

- 2.3. Save as disclosed above and in paragraph 2.4 below, no Director has any interest in the Share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of section 252 of the CA 2006) have any such interests, whether beneficial or non-beneficial.
- 2.4. As at 11 October 2016 (being the latest practicable date prior to the publication of this document), the total number of voting rights attributable to the issued Share capital of the Company was 76,432,964 and (other than the Directors) insofar as is known to the Company the following persons held, directly or indirectly, 5 per cent or more of the voting rights attributable to the issued share capital of the Company.

<i>Shareholder</i>	<i>Number of Shares</i>	<i>% of the issued Share capital</i>
Lazard Asset Management LLC	16,403,029	21.46
Sniper Investments Limited	12,693,215	16.61
Universities Superannuation Scheme	10,500,000	13.74
Invesco Asset Management	9,588,796	12.55

- 2.5. The Company is not aware of any person who exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.

- 2.6. Thomas Ashworth does not have a service contract with the Company. His appointment as a Director is governed by a letter of appointment governed by the same terms as the other Directors. Mr Ashworth has waived his entitlement to a fee for acting as a Director.

### 3. Material contracts – Management Agreement

Under the terms of the Management Agreement, Sniper Capital Limited was appointed by the Board of Directors of the Company as Manager to the Group on 23 May 2006.

#### *Management fee*

The Manager is paid quarterly in advance, a fee of 2.0 per cent of the net asset value, as adjusted to reflect the Property Investment Valuation Basis. On 26 March 2015, an amendment was made to the Management Agreement relating to the definition of net asset value on which the management fee is calculated. The definition of net asset value changed to include an 'add-back' of deferred taxation to the Adjusted NAV, subject to a claw-back provision, as the Directors are of the opinion that such a liability will not be payable by the Group in the future. Management fees paid for the year totalled US\$5,528,000 (2015: US\$8,117,000) with US\$nil outstanding as at 30 June 2016 (2015: US\$nil).

#### *Performance fee*

In addition, the Manager is entitled to a performance fee in certain circumstances. Currently, this fee is payable by reference to the increase in Adjusted NAV per Share over the course of each calculation period. The first calculation period ended on 30 June 2007; each subsequent performance period is a period of one financial year.

Payment of the performance fee is subject to:

- (i) the achievement of a performance hurdle condition: Adjusted NAV per Share at the end of the relevant performance period must exceed an amount equal to the US Dollar equivalent of the Placing Price increased at a rate of 10 per cent per annum on a compounding basis up to the end of the relevant performance period (the "**Performance Hurdle**"); and
- (ii) the achievement of a 'high water mark': Adjusted NAV per Share at the end of the relevant performance period must be higher than the highest previously reported Adjusted NAV per Share at the end of a performance period in relation to which a performance fee, if any, was last earned.

If the Performance Hurdle is met, and the high water mark exceeded, the performance fee will be an amount equal to 20 per cent of the excess of the Adjusted NAV per Share at the end of the relevant performance period over the higher of: (i) the Performance Hurdle; (ii) the Adjusted NAV per Share at the start of the relevant performance period; and (iii) the high water mark (in each case on a per Share basis), multiplied by the time weighted average of the number of Shares in issue in the performance period (or since admission in the first performance period) (together, if applicable, with an amount equal to the VAT thereon).

In the year ended 30 June 2016, no performance fee was accrued (2015: US\$nil) by the Company. During the year ended 30 June 2016, a performance fee of US\$nil was paid (2015: US\$23,964,000) by the Company. This performance fee is based on the Performance Hurdle.

The Manager is responsible for the payment of all fees to the Investment Adviser.

#### *Indemnity*

The Manager has the benefit of an indemnity from the Company in relation to liabilities incurred by the Manager in the discharge of its duties other than those arising by reason of any fraud, willful default or gross negligence on the part of the Manager.

#### *Termination*

Currently, the term of the Management Agreement runs: (i) in the case that the Discontinuation Vote is passed, until the completion of any reorganisation, unitisation, reconstruction, or winding up of the

Company; and (ii) in the case that the Discontinuation Vote is not passed (i.e. the Company continues), until the conclusion of the general meeting of Shareholders at which the Discontinuation Vote is to be considered.

The Company may terminate the Management Agreement with immediate effect, if either or both of the Principals is removed from their position of full-time employment with the Manager or ceases to be available for any reason beyond the Manager's reasonable control and the Manager fails, within three months (or six months in the case of one only) of such event, to cause to be made available the services of a competent replacement(s) of equivalent skill and experience.

The Management Agreement may also be terminated with immediate effect by either the Manager or the Company if the other party has gone into liquidation, administration or receivership or has committed a material breach of the Management Agreement.

#### **4. General**

- 4.1. The audited accounts of the Company for the financial year ended 30 June 2016 have been published concurrently with this document. There has been no significant change in the financial or trading position of the Company and its subsidiaries since 30 June 2016.
- 4.2. Liberum, which has advised the Board, has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in this document in the form and context in which they are included. In providing its advice to the Board, Liberum is acting in its capacity as sponsor under the Listing Rules.
- 4.3. Other than the Management Agreement, a summary of which (together with the proposed amendments) is set out above, there are no other:
  - 4.3.1. material contracts, other than contracts in the ordinary course of business, to which the Company or any member of the Group is a party, that have been entered into in the two years immediately preceding the date of this document; or
  - 4.3.2. contracts, not being a contract entered into in the ordinary course of business, entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

#### **5. Documents available for inspection**

Copies of the following documents may be inspected at the offices of Norton Rose Fulbright LLP at 3 More London Riverside, London SE1 2AQ, United Kingdom during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including the date of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes before and during the Annual General Meeting:

- the Articles and memorandum of incorporation of the Company;
- the New Articles (containing the full terms of the amendments to be proposed at the Annual General Meeting) and a mark-up of the Articles showing all of the changes to be made by the adoption of the New Articles;
- the side letter between the Company and the Manager setting out the proposed amendments to the Management Agreement, which are conditional on the resolution for the Discontinuation Vote not being passed and the New Articles Resolution and the Management Agreement Resolution being passed;
- the annual report and accounts for the financial year ended 30 June 2016;
- the written consent of Liberum referred to in paragraph 4.2 above; and
- this document.

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>Annual General Meeting</b>	the annual general meeting of the Company to be held at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey GY1 4HY at 10.00 a.m. on 14 November 2016 (or any adjournment thereof), the notice of which is set out at the end of this document
<b>Articles</b>	the existing articles of incorporation of the Company, as amended by special resolution on 7 April 2014
<b>Board or Directors</b>	the directors of the Company
<b>Business Day</b>	a day on which the London Stock Exchange and the banks in Guernsey are normally open for business
<b>Capita Asset Services</b>	a trading name of Capita Registrars Limited, the registrars to the Company
<b>Company</b>	Macau Property Opportunities Fund Limited
<b>CREST</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear UK & Ireland Limited is operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
<b>CREST Manual</b>	the compendium of documents entitled the "CREST Manual" issued by Euroclear from time to time
<b>CREST Regulations</b>	the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>Discontinuation Vote</b>	the requirement under the Articles that a general meeting be held no later than 31 December 2016 to propose an extraordinary resolution to Shareholders that the Company cease to continue as constituted
<b>Euroclear</b>	Euroclear UK & Ireland Limited
<b>FCA</b>	Financial Conduct Authority
<b>Form of Proxy</b>	the form of proxy accompanying this document for use by Shareholders at the Annual General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>Group</b>	the Company and each of its subsidiary undertakings from time to time
<b>Investment Adviser</b>	Sniper Capital Management Limited
<b>Law</b>	The Companies (Guernsey) Law, 2008, as amended
<b>Listing Rules</b>	the listing rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of

	FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Management Agreement</b>	the agreement dated 30 May 2006 (as amended on 12 March 2014 and 26 March 2015) between the Company and the Manager pursuant to which the Manager has been appointed to manage the assets of the Company in accordance with the Company's investment policy
<b>Management Agreement Resolution</b>	Resolution 10, as set out in full in the Notice of Annual General Meeting, relating to the proposed amendments to the Management Agreement
<b>Manager</b>	Sniper Capital Limited
<b>Market Abuse Regulation</b>	The EU Market Abuse Regulation (Regulation 596/2014)
<b>New Articles</b>	the Articles, as amended to include the annual continuation vote and to reflect updates to the Law and CREST Rules as described in this document and to make certain other non-material administrative updates
<b>New Articles Resolution</b>	Resolution 9, as set out in full in the Notice of Annual General Meeting, relating to the adoption of the New Articles
<b>Notice of Annual General Meeting</b>	the notice of the extraordinary general meeting set out at the end of this document
<b>Placing Price</b>	100 pence per Share
<b>Principals</b>	Tom Ashworth and Martin Tacon
<b>Property Investment Valuation Basis</b>	the basis on which Properties will be valued by an independent valuer, this being on an open market basis in accordance with prevailing RICS property valuation practice and guidelines for investment and development properties from time to time
<b>Proposals</b>	the proposals outlined in this document relating to the Discontinuation Vote, the continuation of the Company, the adoption of the new Articles and amendments to the Management Agreement
<b>Register</b>	the register of members of the Company
<b>Regulatory Information Service</b>	one of the service providers listed in Appendix 3 of the Listing Rules
<b>Related Parties</b>	the Manager and SIL
<b>Shareholders</b>	holders of Shares
<b>Shares</b>	ordinary shares of US\$0.01 each in the capital of the Company
<b>SIL</b>	Sniper Investments Limited
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland

## NOTICE OF ANNUAL GENERAL MEETING

# Macau Property Opportunities Fund Limited

*(a non-cellular company limited by shares and incorporated and registered in the Island of Guernsey under The Companies (Guernsey) Law, 2008 (as amended) with registered number 44813 and authorised by the Guernsey Financial Services Commission as an authorised closed-ended collective investment scheme in accordance with the Authorised Closed-Ended Collective Investment Scheme Rules 2008)*

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of the Company will be held at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey GY1 4HY at 10.00 a.m. on 14 November 2016 for the transaction of the following business:

### Ordinary Business

The Company's Accounts, the Directors' Report and the Auditor's Report for the year ended 30 June 2016 will be laid before the Annual General Meeting and the following resolutions will be proposed as ordinary resolutions:

1. To receive and adopt the audited accounts, the Directors' Report, and the Auditor's Report for the year ended 30 June 2016.
2. To approve the Directors' Remuneration Report for the year ended 30 June 2016.
3. To re-appoint Ernst & Young LLP, who have indicated their willingness to act, as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company.
4. To authorise the Directors to determine the remuneration of Ernst & Young LLP.
5. To re-appoint Alan Clifton, who retires as a Director of the Company, in accordance with the AIC Code and Article 20.3 of the Articles.
6. To re-appoint Thomas Ashworth, who retires as a Director of the Company, in accordance with the AIC Code, Article 20.3 of the Articles and Listing Rules 15.2.12A(1) and 15.2.13A.

### Special Business

7. That the Company in accordance with Section 315 of The Companies (Guernsey) Law, 2008 (as amended) (the "**Law**") be approved to make market purchases (as defined in Section 316 of the Law) of its own ordinary shares either for retention as treasury shares or for cancellation, provided that:
  - (i) the maximum number of ordinary shares authorised to be purchased is the lower of 11,457,301 ordinary shares and 14.99 per cent of the ordinary shares in issue immediately following the passing of this resolution;
  - (ii) the minimum price which may be paid for an ordinary share is £0.01;
  - (iii) the maximum price which may be paid for an ordinary share is an amount equal to the higher of: (a) 105 percent of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which that ordinary share is purchased; and (b) either the higher of the price of the last independent trade and the highest current independent bid at the time of purchase;
  - (iv) subject to paragraph (v) below, such authority shall expire at the next annual general meeting of the Company unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting;

- (v) notwithstanding paragraph (iv), the Company may make a contract to purchase ordinary shares under such authority prior to its expiry which will or may be executed wholly or partly after its expiration and the Company may make a purchase of ordinary shares pursuant to any such contract.

The following three resolutions relate to the Proposals (as described in the shareholder circular dated 12 October 2016 of which this Notice of Annual General Meeting forms a part):

#### **Discontinuation Vote**

The following resolution will be proposed as an extraordinary resolution:

8. That the Company should cease to continue as presently constituted.

Shareholders should note that the Board is recommending that Shareholders vote **AGAINST** this extraordinary resolution.

#### **New Articles Resolution**

The following resolution will be proposed as a special resolution:

9. That conditional on Resolution 8 above **NOT** being passed, the New Articles, as described in the shareholder circular dated 12 October 2016 of which this Notice of Annual General Meeting forms a part, be and are hereby adopted (to the exclusion of, and in substitution for, the existing Articles) as the articles of incorporation of the Company.

#### **Management Agreement Resolution**

The following resolution will be proposed as an ordinary resolution:

10. THAT conditional on Resolution 8 above **NOT** being passed, the amendments to the management agreement between the Company and Sniper Capital Limited dated 30 May 2006 (as amended on 12 March 2014 and 26 March 2015), as described in the shareholder circular dated 12 October 2016 of which this Notice of Annual General Meeting forms a part, be and are hereby approved.

Heritage International Fund Managers Limited  
Company Secretary  
12 October 2016  
Heritage Hall, Le Marchant Street  
St. Peter Port, Guernsey GY1 4HY

#### **Notes to the Notice of Annual General Meeting:**

1. A member is entitled to attend and vote at the Annual General Meeting provided that all calls due from him in respect of his shares have been paid. A member is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. The proxy need not be a member of the Company.
2. Pursuant to Article 18.7 of the Articles, a resolution put to the vote shall be decided on a show of hands or by a poll at the option of the Chairman.
3. A form of proxy is enclosed with this notice. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, no later than 10.00 a.m. on 10 November 2016, or not less than 48 hours (excluding non-working days) before the time for holding any adjourned meeting, as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
4. The quorum for the Annual General Meeting is at least two shareholders present in person or by proxy.
5. Resolutions 1, 2, 3, 4, 5, 6 and 10 are proposed as ordinary resolutions and will be passed if approved by a simple majority. The



ordinary resolutions will be passed at the meeting on a show of hands if they are approved by a simple majority of the members voting in person or by proxy. The ordinary resolutions, if passed on a poll taken at the Annual General Meeting will be passed if approved by members representing a simple majority of the total voting rights of members voting in person or by proxy. Resolutions 7 and 9 are proposed as special resolutions and resolution 8 is proposed as an extraordinary resolution. The special and extraordinary resolutions will be passed if approved by a majority of not less than 75%. The special and extraordinary resolutions will be passed at the meeting on a show of hands if they are approved by not less than 75% of the members voting in person or by proxy. The special and extraordinary resolutions, if passed on a poll taken at the Annual General Meeting will be passed if approved by members representing not less than 75% of the total voting rights of members voting in person or by proxy.

6. In accordance with the Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009 and Article 19.5 of the Articles, only those members entered in the Register of Members of the Company at close of business on 10 November 2016 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to the CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) not less than 48 hours (excluding non-working days) before the time of the holding of the Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instruction to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsor member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure the message is transmitted by means of the CREST system by any particular time. In this connection CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

8. The Register of Directors' Interests kept by the Company shall be available for inspection at the Registered Office of the Company by any member between the hours of 10.00 a.m. and 12.00 noon on any Business Day for a period of 14 days before and ending 3 days after the Annual General Meeting. The Register of Directors' Interests shall be produced at the commencement of the Annual General Meeting and shall remain open and accessible during the continuance of the Annual General Meeting to any person attending such meeting.

#### *Explanatory Note*

#### **Directors' remuneration report – resolution 2**

It is a requirement of Listing Rule 9.8.6 R(7) that all quoted companies produce a board-approved report on directors' remuneration in respect of each financial year. This report is set out in the Annual Report and Accounts. An ordinary resolution will be put to shareholders seeking approval of the remuneration report.

#### **Authority to buyback shares – resolution 7**

This special resolution renews the share buyback authority that was given by shareholders at the Annual General Meeting held on 13 November 2015. Resolution 7 gives the Directors authority to make market purchases of the Company's own shares, up to 14.99 percent of the Company's issued share capital (as at the time immediately following the passing of the resolution) and subject to minimum and maximum purchase prices. This authority will only be invoked if, after taking proper advice, the Directors consider that benefits will accrue to shareholders generally.