



A unit in Tower 3 of One Central Residences was divested for US\$5 million in March.

QUICK FACTS

Inception Date	5 June 2006
Exchange	London Stock Exchange
Domicile	Guernsey
Market Capitalisation	£140.3 million
Share Price	183.50p
Number of Principal Properties	4
Total GFA	306,920 sq ft ¹
Portfolio Valuation	US\$405.0 million ²
Adjusted NAV per share	US\$3.03/245p ^{2,3}
Discount to Adjusted NAV	25%
Cash Balance	US\$20.5 million ²
Total Debt	US\$178.4 million ⁴
Loan-to-Value Ratio	42% ⁴

¹ Including the 27 sold units at The Fountainside.

² As at 31 December 2016.

³ Based on a US\$/£ exchange rate of 1.234 as at 31 December 2016.

⁴ Assuming a full drawdown of MPO's committed loan facilities and based on MPO's portfolio value as at 31 December 2016.

All other data are as at 31 March 2017.

An individual unit in Tower 3 of One Central Residences was successfully divested at a premium to its latest valuation. Occupancy level at The Waterside reached 59%. MPO's share price rose 52% during the quarter.

One of the four strata units in One Central Residences was successfully sold for US\$5 million.

The sale price was a 13% premium to December's valuation.

Occupancy level at *The Waterside* reached 59% as at end-March.

Nine new leases were secured during the quarter.

MPO's share price rose 52% to 183.50p from the previous quarter.

Stock price gained momentum alongside an improving economy and market confidence.

***Senado Square* is in the final phase of the planning process.**

We are exploring an optimal time frame within which to divest the asset.

Gross gaming revenue registered positive growth for the eighth consecutive month.

Gaming revenue increased 18% year-on-year to US\$2.7 billion in March.

FUND

Adjusted NAV as at 31 December 2016 grew 1.3% from the previous quarter to US\$231.2 million, translating to US\$3.03 (245p) per share, the third consecutive quarterly increase. The value of MPO's portfolio increased 1.7% quarter-on-quarter (QoQ) to US\$405.0 million.

PORTFOLIO

THE WATERSIDE

Occupancy level at *The Waterside* rose to 59%, an increase of 10 percentage points from the previous quarter. The improvement was aided primarily by a revival in the VIP junket market and attractive commission packages introduced to incentivise third-party property agents. Nine new leases were secured during the quarter.

As at end March, the average rental rate for *The Waterside* was HK\$17.42 (US\$2.23) per square foot per month, a dip of 3% from the previous quarter. Despite an improved leasing performance, it is premature to conclude that the improvement in Macau's leasing market is sustainable and any further growth in rental rates is likely to be gradual.

Nevertheless, we believe the soon-to-open MGM Cotai in Q3 2017 and the Grand Lisboa Palace in 2018 will draw more senior-level expatriates to Macau, which in turn is likely to drive leasing demand for high-end residential properties.

Individual Units at One Central Residences

In a further positive development, one of MPO's four remaining individual units at One Central Residences was successfully sold for US\$5 million during the quarter

As at 31 December 2016, MPO retained a cash position of US\$20.5 million, of which US\$2.2 million was pledged as collateral for debt facilities. The Company's total borrowings stood at US\$178.4 million, equating to a loan-to-value ratio of 42% based on December 2016 valuation.

at a 13% premium to its end-December 2016 valuation. The sale generated a return of 65%, in line with our strategy of maximising returns for investors.

THE FOUNTAINSIDE

Residential sales, supported by activities in the mass-market segment on the back of improving sentiment and a low-interest rate environment, continued an upward trend during the quarter. Sales of mid to high-end properties, however, remained quiet due to the continued imposition of a 50% loan-to-value cap by the government on properties valued at more than US\$1 million. Furthermore, the launch of new residential developments with smaller units at more affordable prices has made properties in the mid to high-end segment less attractive to potential buyers.

Nevertheless, our marketing team is taking full commercial advantage of the improvement in market sentiment, introducing flexible packages to encourage more transactions at *The Fountainside*. We have also revised the average selling price per square foot to stay competitive in current market conditions.

Following the distribution of marketing mailers to agents, potential buyers and investors in December, we saw an increase in the number of sales enquiries and

An improving sentiment in Macau's property market largely contributed by a healthier economy has bolstered investor confidence. MPO's share price rose 52% during the quarter to 183.50p in rising volumes.

conducted 40% more viewings during the quarter. We will continue to build upon these efforts to raise awareness of *The Fountainside*, and we believe a sustainable economic recovery should ultimately lead to an improvement in sales.

ESTRADA DA PENHA

This outstanding private home located in Macau's premier neighbourhood remains a unique and scarce asset. Although the pool of potential buyers remains restricted by the high lump sum valuation, the scarcity of such a property type has attracted a steady flow of interest from high net worth investors. We continue to hold the property and will divest it at an opportune time and price.

SENADO SQUARE

The receipt of approval to proceed to the final stage of the planning process has increased the attractiveness of the site to potential buyers. We are progressing to the detailed planning application stage and will continue to engage with the relevant authorities to ensure smooth progress in obtaining approvals. Concurrently, we are also exploring a suitable time frame within which to divest the asset, in line with our commitment of maximising returns to shareholders.



Senado Square project is located in Macau's bustling tourist precinct.

MACAU

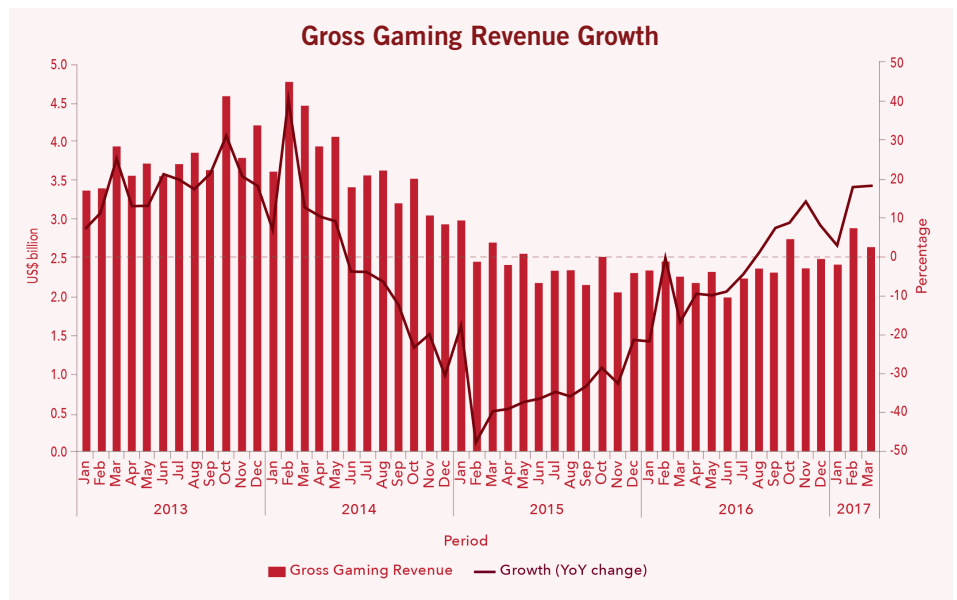
Steady Economic Growth

Supported by the recovering gaming industry and growing tourism sector, Macau's economy stabilised further in the last quarter of 2016. For the full year 2016, Macau's gross domestic product contracted by 2.1% year-on-year (YoY), beating expectations of a 6.5% decline at the beginning of the year. This is a significant improvement from the negative growth of 21.5% in 2015. The Economist Intelligent Unit expects Macau's economy to grow at a steady pace of 5.2% in 2017 and 5.3% in 2018.

Improving VIP Gaming Revenue

Macau's gaming industry ended March on an upbeat note, registering a growth of 18.1% YoY to US\$2.7 billion in gross revenue. This marks the eighth consecutive month of year-on-year growth. For the first three months of this year, gross gaming revenue rose 5% QoQ and 13% YoY to reach US\$7.9 billion.

The VIP gaming segment is showing signs of recovery as Chinese high-rollers return to the gambling tables. According to The Gaming Inspection and Coordination Bureau, VIP gaming revenue rebounded in the last quarter of 2016¹, registering the first positive year-on-year growth since Q2



Source: The Gaming Inspection and Coordination Bureau

2014. As at Q4 2016, VIP gaming revenue increased 16% QoQ to US\$4.2 billion while the mass-gaming segment continued to gain momentum, with 3% QoQ growth over the same period.

Macau Focuses on Tourism

Macau's new integrated resorts have been successful in attracting leisure gamblers and tourists, creating a critical mass in Cotai. Visitor arrivals in the first two

months of the year totalled 5.4 million, representing an increase of 5.5% over the same period last year. Visitors from mainland China and Hong Kong are the city's top two inbound groups. Total visitor spending (excluding gaming expenses) in Q4 2016 increased by 1% QoQ to US\$1.85 billion, with total expenditure by overnight visitors and same-day visitors up by 0.8% and 2% QoQ, respectively.

With the opening of four new integrated



The soon-to-complete Light Rapid Transit (Taipa section) will provide tourists direct access to major casino resorts and attractions in Cotai.

resorts since 2015, the number of hotel rooms in Macau has increased by approximately 22% to about 36,300. While the increased supply coupled with

economic contraction has resulted in lower room rates, it has made the territory a more affordable destination for tourists. As at end-February, average hotel occupancy

remained stable at above 80% amid an increase in the number of overnight visitors, which rose by 3.6% to 1.2 million over the same period last year.

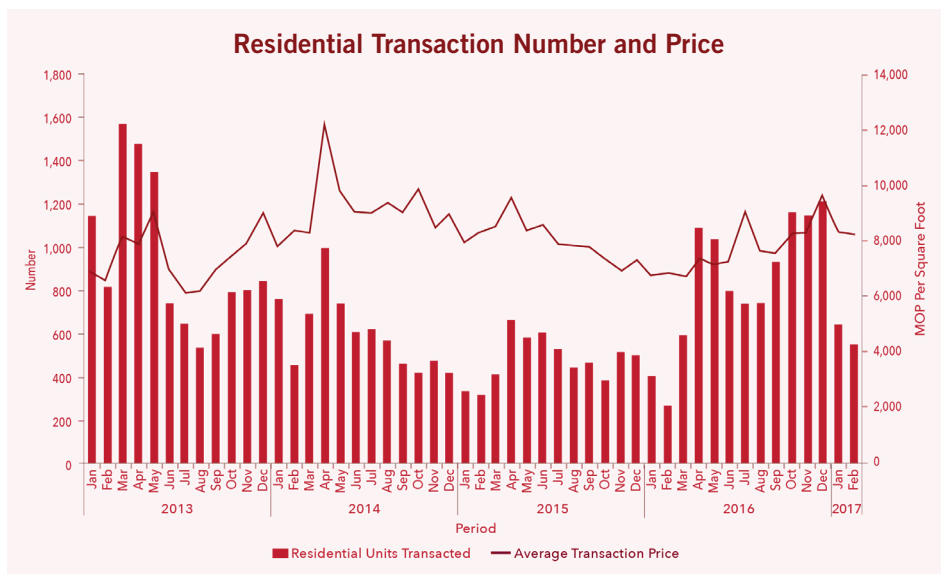
PROPERTY

Housing Market Remains Stable

According to the latest statistics published by the Financial Services Bureau, residential transactions in February doubled to 546 from the same period last year and the average transaction price was MOP8,216 (US\$1,027) per square foot, an increase of 20% YoY.

New residential mortgage loans approved totalled to MOP3.5 billion (US\$436.5 million) in January, a decline of 16% compared to the previous month, but registered a growth of 6% YoY. Of the newly approved loans, local residents accounted for nearly 97% of all approved applications – totalling MOP3.4 billion (US\$422.2 million). This was a decline of 13% month-on-month (MoM) but an increase of 11% YoY. Loan quantum granted to non-residents during the same period was MOP114 million (US\$14.3 million), a decline of 58% MoM and 27% YoY.

We continue to expect a slow but steady recovery in Macau's property values, which should lead to the strengthening



Source: Financial Services Bureau

of the luxury segment as confidence improves. However, the uncertainties from further US Fed rate hikes, appreciation of US dollar, tightening capital outflow controls from China and the ongoing anti-graft campaign remain. These might lead to higher borrowing cost for home buyers and weigh on gaming revenues – the key pillar of Macau's economy.

Nevertheless, we believe the upcoming infrastructure developments, favourable Chinese central government policies and stable fundamentals will continue to support the attractiveness of Macau as an investment destination.

Note:

All figures reported under the Macau and Property sections are based on latest information released by The Statistics and Census Service (Macau) unless otherwise stated.

¹ Q1 2017 gaming revenue for VIP and mass gaming segments will be published in April.

FURTHER INFORMATION

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Stock Codes:

Bloomberg: MPO LN
Reuters: MPO.L

About The Company

Macau Property Opportunities Fund Limited is a closed-end investment company registered in Guernsey and is the only quoted property fund dedicated to investing in Macau, the world's largest gaming market and the only city in China where gaming is legalised.

Premium listed on the London Stock Exchange, it is also a constituent stock of the FTSE All-Share and FTSE SmallCap indices.

Launched in 2006, the Company targets strategic property investment and development opportunities in Macau. Its current portfolio comprises a mix of prime residential and retail property assets that are valued at US\$405 million as at 31 December 2016.

About Sniper Capital Limited

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

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