

**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 jurisdictions.

The Proposals described in this Circular are conditional 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 5 to 11 of this Circular, which contains the recommendation of the Directors for how Shareholders should vote in relation to the Resolutions to be proposed at the General Meeting referred to below.

The definitions used in this document are set out on pages 23 to 25.

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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 Schemes Rules 2008)*

## RECOMMENDED PROPOSALS FOR RETURN OF CAPITAL BY WAY OF A COMPULSORY REDEMPTION CHANGE OF INVESTMENT POLICY ADOPTION OF NEW ARTICLES OF INCORPORATION CONTINUATION RESOLUTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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Notice of a General Meeting of the Company that is to be held at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey GY1 4HY at 4.00 p.m. on Thursday, 5 July 2018 is set out at the end of this document. The Form of Proxy for use at the 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 Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not later than 4.00 p.m. on Tuesday, 3 July 2018. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the 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 “Risk factors” on page 12 and “Action to be taken” on page 11 of this document.**

## **Forward-looking statements**

This Circular contains (or may contain) statements that are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are based on current expectations and projections about future events and other matters that are not historical fact. These forward-looking statements are sometimes identified by the use of a date in the future or forward-looking terminology, including, but not limited to, the words “aim”, “anticipate”, “believe”, “intend”, “plan”, “estimate”, “expect”, “may”, “target”, “project”, “will”, “could” or “should” or, in each case, their negative or other variations or words of similar meaning. These forward-looking statements include matters that are not historical facts and include statements that reflect the Directors’ intentions, beliefs and current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Company’s control. They are not guarantees of future performance and are based on one or more assumptions.

Statements contained in this Circular regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Forward-looking statements contained in this Circular apply only as at the date of this Circular. Subject to any obligations under the Listing Rules and the Disclosure Guidance and Transparency Rules or any other applicable law or regulation, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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## EXPECTED TIMETABLE

Publication of this Circular	Friday, 8 June 2018
Latest time and date for receipt of the Form of Proxy or transmission of CREST Proxy Instructions for the General Meeting	4.00 p.m. on Tuesday, 3 July 2018
Extraordinary General Meeting	4.00 p.m. on Thursday, 5 July 2018
Announcement of results of Extraordinary General Meeting	Thursday, 5 July 2018
Effective date of change of Investment Policy	Thursday, 5 July 2018
Redemption Record Date for First Expected Compulsory Redemption	On or around Monday, 9 July 2018
First Expected Compulsory Redemption payment date and dispatch of balance share certificates	On or around Tuesday, 24 July 2018

*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 First Expected Compulsory Redemption 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.*

## PART 1

### LETTER FROM THE CHAIRMAN

# MACAU PROPERTY OPPORTUNITIES FUND LIMITED

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*Directors:*

Chris Russell (*Chairman*)  
Thomas Ashworth  
Alan Clifton  
Wilfred Woo

*Registered Office:*

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

8 June 2018

**Recommended Proposals for Return of Capital by way of a Compulsory Redemption,  
Change of Investment Policy,  
Adoption of New Articles of Incorporation and Continuation Resolution  
and  
Notice of Extraordinary General Meeting**

Dear Shareholder

## **1. Introduction**

Further to the announcement made on 8 May 2018, I am writing to outline details of proposals for the return of capital subsequent to the sale of *Senado Square* (the **Senado Square Disposal**), as well as changes to the Investment Policy and Articles of Macau Property Opportunities Fund Limited (the **Company**), and relating to the continuation of the life of the Company. The intention of these proposals is to facilitate the Company's divestment strategy and to allow the return of capital to Shareholders in an efficient manner.

On 26 March 2018, the Company announced that it had completed the Senado Square Disposal, for a total consideration of HK\$800 million (c. US\$102 million), representing a premium of c. 14 per cent. to the property's valuation of HK\$703 million (c. US\$89.7 million) as at 31 January 2018 and a gain of 541 per cent. over the acquisition cost. This translated to a return on investment of 469 per cent. and an internal rate of return of 20 per cent. Having now received the full proceeds from the Senado Square Disposal, the Directors propose a return of capital to Shareholders of a total of GBP 38.2 million (equivalent to 50 pence per Share in issue), to be made by way of a Compulsory Redemption of Shares. The proposed amount to be returned to Shareholders represents 62 per cent. of the net profits of the Senado Square Disposal. The remainder of the disposal proceeds will be retained as working capital to support the Company's ongoing operations and also to be used to partially repay the Company's debts to maintain a prudent overall loan-to-value ratio. Further details of the proposed mechanism for implementing the Compulsory Redemption are set out in Part 4 of this Circular.

With the Company now in its divestment phase, the Directors believe that the Investment Policy should be modified to reflect the Company's current divestment strategy. The changes are designed to facilitate future disposals of the Company's remaining properties by enabling disposals to be completed with greater certainty and speed, hence reducing "deal risk". Further, the Directors believe the Proposed Investment Policy will strengthen the Company's negotiating position with potential buyers and reduce the significant costs associated with seeking specific Shareholder authority for future divestments. Further details on the

proposed changes to the Investment Policy, including the text of the proposed new Investment Policy, are set out in Part 3 of this Circular.

The Board and the Manager believe that the continued economic recovery in Macau coupled with the upcoming completion of a major infrastructure project – the 40 kilometre long Hong Kong-Zhuhai-Macau Bridge – should further benefit the Company's investments and provide attractive realisation opportunities. The Board and the Manager believe that continuing the life of the Company (by proposing the first annual vote on a resolution to continue the Company (a **Continuation Resolution**) now rather than later in 2018 as originally envisaged) will enable the Company to maximise the value realised on the sale of its remaining investments, strengthen the Company's hand in negotiations with potential purchasers and grant it sufficient time to put into effect its new Investment Policy. In addition, proposing the Continuation Resolution now, rather than later in 2018, will remove any uncertainty surrounding the continuation of the Company in the short term, which would help the Manager to negotiate from a position of strength. It is envisaged that the next Continuation Resolution would then be held in the second half of 2019.

Accordingly, the Company is now putting forward proposals which comprise:

- (a) a change to the Company's Investment Policy to reflect the fact that the Company has ceased making any further new investments and will continue to pursue a realisation and divestment strategy of the remaining property assets in the Company's portfolio;
- (b) adoption of new Articles of Incorporation (**New Articles**) which provide for the Compulsory Redemption of the Company's Shares at the discretion of the Directors to allow cash to be returned to Shareholders following the realisation of assets. The New Articles also clarify the timing of future yearly Continuation Resolutions; and
- (c) the consideration of the first Continuation Resolution which provides that the life of the Company be extended for a period of one year (or, if Shareholders also resolve to adopt the New Articles, until the next Continuation Resolution which shall be proposed to Shareholders no later than 30 November 2019),

together, the **Proposals**.

The proposed amendment of the Company's Investment Policy is considered a material change to the Investment Policy, which requires the consent of Shareholders by ordinary resolution in accordance with the Listing Rules.

The adoption of New Articles to permit the Compulsory Redemption of the Company's Shares requires Shareholder approval, pursuant to the Companies Law, and is proposed as a special resolution.

The Continuation Resolution will require the approval of Shareholders in accordance with Article 38 of the Company's Articles, and is proposed as an ordinary resolution.

This Circular sets out details of, and seeks your approval for, the Proposals and explains why the Board is recommending that you vote in favour of all of the Resolutions to be proposed at the General Meeting to be held at 4.00 p.m. on Thursday, 5 July 2018.

Notice of the General Meeting is set out at the end of this Circular. The Proposals are described in paragraphs 4 through 6 of Part 1 of this Circular and in Parts 3 and 4.

## **2. Background and reasons for the Proposals**

At the Company's annual general meeting in November 2016 (the **2016 AGM**), Shareholders were asked to vote on whether the Company should be discontinued in the form it was constituted. Shareholders voted against the discontinuation in order to allow flexibility for the Manager to realise value from the Company's portfolio. Shareholders resolved at the 2016 AGM that, going forward, the Company would hold an annual vote on a Continuation Resolution to continue the Company, with the first of such Continuation Resolutions needing to be put to Shareholders no later than 30 November 2018.

Since the 2016 AGM, the Company has continued to pursue its strategy of maximising Shareholder value by seeking opportunities to realise the Company's property portfolio. On 26 March 2018, the Company

announced that it had completed the Senado Square Disposal, following receipt of Shareholder approval at an extraordinary general meeting held on 19 March 2018.

The total consideration paid to the Company in connection with the Senado Square Disposal was HK\$800 million (c. US\$102 million), representing a premium of c. 14 per cent. to the property's valuation of HK\$703 million (c. US\$89.7 million) as at 31 January 2018 and a gain of 541 per cent. over the acquisition cost of HK\$124.8 million (c. US\$15.9 million) in October 2007. This translated to a return on investment of 469 per cent. and an internal rate of return of 20 per cent.

Having received the full proceeds from the Senado Square Disposal, and in line with the Company's ongoing divestment strategy in relation to the balance of the Company's property portfolio, the Company will seek to return cash to Shareholders in an orderly manner as soon as reasonably practicable, while maintaining a prudent overall loan-to-value ratio and retaining sufficient working capital for ongoing operations.

To facilitate such orderly realisation of the Company's portfolio and the return of cash to Shareholders, the Directors are proposing that the Company's divestment strategy be formally reflected in the Company's Investment Policy and that New Articles be adopted to permit the Compulsory Redemption of the Company's Shares. Consistent with this strategy, the Directors are of the view that the first Continuation Resolution should be put to Shareholders at the General Meeting on 5 July 2018 which is being convened to approve the Proposals, rather than in November 2018 as originally envisaged. A separate Continuation Resolution (Resolution 3) is proposed to this effect. It should be noted that in order for there to be sufficient time for the new Investment Policy to be implemented and to enable the Manager to negotiate from a position of strength, it is desirable for the Company to continue in its current form and that therefore Shareholders should vote in favour of the Continuation Resolution.

It should also be noted that should the Continuation Resolution not be passed the Board will be required to formulate and revert to Shareholders with proposals to reorganise, unitise, reconstruct, or wind up the Company, which may impact the practicality of implementing the Proposals, including the Compulsory Redemption of Shares, set out in this Circular.

Should the Proposals be approved by Shareholders, the Directors and the Manager will be able to continue to execute a managed realisation of the Company's assets, in a prudent manner consistent with the principles of good investment management and as required by the Listing Rules. As and when proceeds from the realisation of the Company's assets are received, the Directors will have the discretion to make Compulsory Redemptions of Shares in volumes and on dates to be determined by the Directors. The number of Shares to be redeemed shall have an aggregate Adjusted NAV equivalent to the amount proposed to be returned to Shareholders and will be redeemed from all Shareholders *pro rata* to their Shareholdings on the Redemption Date.

It is intended that the first redemption (the **First Expected Compulsory Redemption**), which is in respect of the Senado Square Disposal, comprises an amount equal to 62 per cent. of the net profits of this disposal (equivalent to 50 pence per Share in issue) and which is expected to be implemented on or around Monday, 9 July 2018 (with payments of redemption monies expected to be made to relevant Shareholders on or around 24 July 2018). Further details of the First Expected Compulsory Redemption will be announced to the market by way of an announcement released on a Regulatory Information Service after the General Meeting.

### **3. Market trends**

Macau's Gross Domestic Product (**GDP**) in the first quarter of 2018 grew by 9.2 per cent. year-on-year in real terms, higher than the 8.0 per cent. rise in the previous quarter. Whilst the International Monetary Fund expects Macau's GDP to grow by 7 per cent. in 2018 and 6.1 per cent. in 2019, the Economist Intelligence Unit expects Macau's GDP to grow 5.8 per cent. this year and 3.9 per cent. in 2019. The robust gaming industry should drive employment and salary growth this year and next, resulting in an improved household spending, which is expected to grow at a pace of 5.2 per cent. on average for 2018 and 2019. Fundamentals remained strong in the first quarter. The unemployment rate was at a low of 1.9 per cent. and median monthly salary increased 3 per cent. quarter-on-quarter to MOP 16,000.

According to the Gaming Inspection and Coordination Bureau, by April 2018, Macau had achieved 21 consecutive months of year-on-year gross gaming revenue (**GGR**) growth. In April, GGR increased

by 27.6 per cent. year-on-year to MOP 25.7 billion. For the first four months of 2018, GGR reached MOP 102.2 billion (c. US\$ 12.6 billion), an increase of 22.2 per cent. year-on-year. Due to the better than expected April GGR growth, Deutsche Bank believes that investor sentiment will be strong during the second half of 2018, and has raised its annual GGR forecast to +14.9 per cent. from +12.4 per cent.

Macau welcomed 11.5 million visitors during the first four months of 2018, up 8.4 per cent. year-on-year. For April 2018, the number of inbound visitors rose 8.0 per cent. year-on-year to 3.0 million, with Mainland China and Hong Kong visitors forming the bulk of the arrivals. The average occupancy rate of hotels and guesthouses remained high at 88.9 per cent. in April 2018, up 2.8 percentage points year-on-year. Five- and four-star hotels both registered occupancy rates at 91.9 per cent. during the same period, up 6.1 percentage points and 2.1 percentage points year-on-year, respectively. Visitor expenditure increased by 22.0 per cent. year-on-year to MOP 16.4 billion in the first quarter of 2018.

For the residential property market, demand, in particular for the primary sales market, remained strong throughout the first quarter of 2018. The number of offplan sales increased sevenfold from the previous year to 526, and the average sales price increased 4.8 per cent. year-on-year to MOP 11,990 (c. US\$1,495) per sq ft. According to property agency Centaline, Macau residential prices are expected to increase by another 15 per cent. in 2018, on the back of the positive outlook for the Macau economy, the soon-to-be opened Hong Kong-Zhuhai-Macau Bridge, and the continued increase in total deposits accumulated by residents.

The Directors believe that Macau's property market should continue to remain attractive in the medium to long term, thanks to the city's positive economic growth, sound fundamentals and the upcoming completion of the Hong Kong-Zhuhai-Macau Bridge. The Directors believe that the Macau government's move to tighten its housing policy is a pragmatic one, intended to promote a healthy and sustainable residential market. The Greater Bay Area initiative which demonstrates strong support from China's central and local governments to further improve the economic development and connectivity within the region is likely to boost demand for homes and housing prices.

Whilst the Directors consider the prospects for Macau's property market remain positive, the Directors continue to maintain a cautious stance as any further intervention by the Macau government could disrupt the current outlook. Other potential headwinds that could threaten the city's economic growth include new rounds of interest rate hikes by the US Federal Reserve, which local banks are likely to follow in lockstep, and the potential US-China trade war where investment sentiment could be affected.

As at the end of March 2018 (the latest valuation date of the Company), the portfolio valuation was US\$340.2 million, the Adjusted NAV per Share was US\$3.46 and the loan-to-value ratio was 36.6 per cent.

#### **4. Change of Investment Policy**

The Company's Existing Investment Policy does not correspond to its current divestment strategy, which is to undertake a staged return of capital as and when it realises its remaining assets. A staged return of capital and the realisation of all the Company's remaining assets are not currently specifically contemplated within the scope of the Company's existing Investment Policy, and therefore any future disposals which exceed the relevant thresholds under the Listing Rules may require specific Shareholder approval (as was required in relation to the Senado Square Disposal).

The Directors believe that the Proposed Investment Policy, to which the FCA has given its consent, should facilitate future disposals of the Company's remaining property portfolio by enabling disposals to be completed with greater certainty and speed, hence reducing "deal risk". Further, the Directors believe the Proposed Investment Policy will strengthen the Company's negotiating position with potential buyers and reduce the significant costs associated with seeking specific Shareholder authority for future divestments. Therefore, an ordinary resolution approving a formal change of the Investment Policy to bring it in line with the approved divestment strategy will be proposed at the General Meeting.

It is intended that the Company's listing and the capacity to trade in its Shares will be maintained for as long as practicable during the realisation process and subject to any regulatory considerations. Accordingly, once a significant proportion of the Company's assets have been realised, the Board will then consider, in the light of the then prevailing market conditions and Shareholders' views, making new proposals as to the continuation of the Company (which could include a formal voluntary liquidation of the Company) and which will require additional Shareholder approval at that time.



Further details on the change of the Investment Policy, including the text of the Proposed Investment Policy, are set out in Part 3 of this Circular. A summary of certain possible risks associated with the change of the Investment Policy is set out in Part 2 of this Circular. The Proposed Investment Policy will only become effective once approved by Shareholders at the General Meeting. The proposed ordinary resolution to change the Investment Policy (Resolution 1) is set out in the Notice of General Meeting at the end of this document.

## **5. Staged return of capital and Compulsory Redemption of Shares**

The Company proposes to undertake a staged return of capital to Shareholders. The Directors propose to effect the return of capital by way of a redemption of Shares compulsorily (a **Compulsory Redemption**). Currently the Company's Shares are non-redeemable. Accordingly, it will first be necessary to change the Company's existing Articles to permit the Directors, at their sole discretion, to effect a Compulsory Redemption of Shares on an ongoing basis, and *pro rata* to a Shareholder's shareholding in the Company, in order to return capital to Shareholders.

The First Expected Compulsory Redemption, relating to the Senado Square Disposal, is expected to be implemented on or around Monday, 9 July 2018. Under this redemption, the Directors are proposing a return of capital to Shareholders of a total amount of GBP 38.2 million (equivalent to 50 pence per Share in issue). This amount represents 62 per cent. of the net profits of the Senado Square Disposal. The remainder of the disposal proceeds will be retained as working capital to support the Company's ongoing operations and also to be used to partially repay the Company's debts to maintain a prudent overall loan-to-value ratio. Payments of redemption monies to relevant Shareholders are expected to be made on or around 24 July 2018.

Further details regarding the return of capital and the proposed changes to the Articles are set out in Part 4 of this Circular. A summary of certain possible risks associated with the return of capital is set out in Part 2 of this Circular. The proposed special resolution to approve the adoption of the New Articles to permit Compulsory Redemptions of the Shares (Resolution 2) is set out in the Notice of General Meeting at the end of this document.

Details of the tax consequences of the Proposals are set out in Part 5 of this Circular.

## **6. Continuation Resolution**

As noted in paragraph 2 above, a Continuation Resolution is currently required by the Company's Articles to be put to Shareholders no later than 30 November 2018.

If Shareholders are supportive of the Proposals contained in this Circular to change the Company's Investment Policy and to undertake a staged return of capital in line with the Company's divestment strategy, then the Directors believe that it would be logical to extend the Company's life at the same time to enable the divestment strategy to be carried out in an efficient manner.

Accordingly, the Directors propose that the first Continuation Resolution should be put to Shareholders at the General Meeting to be held on Thursday, 5 July 2018, instead of in November 2018 as originally envisaged. In line with the existing policy of proposing a Continuation Resolution annually, it is intended that a subsequent Continuation Resolution will be put to Shareholders in the second half of 2019.

The Directors consider it opportune for Shareholders to consider and pass a Continuation Resolution earlier in 2018 than originally envisaged in order to allow flexibility for the Manager to continue to realise value from the Company's portfolio in accordance with the Proposed Investment Policy (if Resolution 1 is also passed). Proposing the Continuation Resolution now, rather than later in 2018, will remove any uncertainty surrounding the continuation of the Company in the short term, which will help the Manager to negotiate from a position of strength. Following the success of the Senado Square Disposal, the Directors consider the passing of a Continuation Resolution extending the life of the Company to be in the best interests of Shareholders as a whole and will enable the Directors and the Manager to focus on the Company's realisation strategy.

If the Company's life is not extended by the passing of the Continuation Resolution, the Directors will be required to formulate and revert to Shareholders with proposals to reorganise, unitise, reconstruct, or wind up the Company. Given the illiquid nature of the Company's property portfolio, this could negatively impact

the Manager's ability to realise assets at attractive values in accordance with the Proposed Investment Policy and divert management time.

If the Continuation Resolution is not passed, Shareholders should note that the Company would be required to provide the Manager with 12 months' notice of termination in order to terminate the Management Agreement.

Continuing the life of the Company, rather than winding up the Company (and thus accelerating the disposal process of the remaining assets in the portfolio), should better enable the Company to maximise the value realised on the sale of its remaining investments, strengthen the Company's hand in negotiations with potential purchasers and also give it enough time to put into effect its new Investment Policy.

The Directors further propose to amend Article 38 of the Company's Articles to clarify that, if a Continuation Resolution is passed by Shareholders, such Continuation Resolution (including the first Continuation Resolution proposed as Resolution 3 in the Notice of General Meeting) remains effective up to the date that the next Continuation Resolution is proposed to Shareholders (which shall not be earlier than the first anniversary of the preceding Continuation Resolution but not later than 30 November in any given year). Such clarifying amendments will be included in the New Articles proposed for adoption in Resolution 2, the principal changes to which are more fully described in Part 4 of this Circular. If the Continuation Resolution is passed by Shareholders, the Directors intend to propose the second Continuation Resolution to Shareholders in the second half of 2019 in accordance with the New Articles.

The proposed ordinary resolution (Resolution 3) to extend the life of the Company is set out in the Notice of General Meeting at the end of this document.

## **7. Risk factors**

The Directors have given consideration to the potential risks and uncertainties relating to the Proposals.

For a discussion of certain risk factors which Shareholders should take into account when considering whether to vote in favour of the Resolutions, please refer to Part 2 of this Circular.

## **8. General Meeting**

At the end of this Circular, you will find a Notice of General Meeting of the Company, convening a general meeting which is to be held at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey GY1 4HY at 4.00 p.m. on Thursday, 5 July 2018.

A summary of the action you should take is set out in the paragraph below and in the Form of Proxy that accompanies this Circular.

The Resolutions seek the approval of Shareholders for:

- (a) Resolution 1: the change of the Investment Policy (the full text of which is set out in paragraph 2 of Part 3 of this Circular);
- (b) Resolution 2: the adoption of the New Articles to permit the Directors to undertake Compulsory Redemptions of the Shares at their sole discretion (as described in Part 4 of this Circular). The New Articles also clarify the timing of future Continuation Resolutions (as described in paragraph 6 of this Part 1); and
- (c) Resolution 3: the extension of life of the Company for a period of one year (or such other period as permitted by the Articles as amended with the approval of Shareholders from time to time) (i.e. the Continuation Resolution).

The full text of the Resolutions to be proposed at the General Meeting is set out in the Notice of General Meeting at the end of this Circular.

Resolutions 1 and 3 will be proposed as ordinary resolutions and the passing of both such Resolutions requires a simple majority of the votes cast in person or by proxy. Resolution 2 will be proposed as a special resolution and the passing of such Resolution requires a 75 per cent. majority of the votes cast in person or by proxy.

## **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 General Meeting.

Whether or not you intend to be present at the General Meeting, please complete the Form of Proxy for the General Meeting in accordance with the instructions printed thereon and to return it to the Registrar 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 General Meeting.**

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

## **10. Further information**

Your attention is drawn to the further information set out in Parts 2 to 6 of this Circular, including Part 6 containing additional information. You should read the whole of this Circular and, in particular, the risk factors set out in Part 2, before deciding on the course of action you will take in respect of the Resolutions and the Proposals.

## **11. Recommendation**

**The Board considers the Proposals to be in the best interests of the Company and Shareholders as a whole.**

**Accordingly, the Board recommends Shareholders vote in favour of the Continuation Resolution as well as both of the Resolutions to adopt the Proposed Investment Policy and the New Articles, as they intend to do in respect of their own beneficial holdings which, as at 6 June 2018, being the latest practicable date prior to the publication of this Circular, amount in aggregate to 13,485,164 Shares, representing approximately 17.64 per cent. of the Company's existing issued share capital.**

Yours faithfully

**Chris Russell**

*Chairman*

## PART 2

### RISK FACTORS

*Prior to voting on the Resolutions, Shareholders should carefully consider the risk factors described in this Part 2. The risk factors below represent certain risks known to the Directors as at the date of this Circular which the Directors consider to be material and to relate to the Proposals, or that represent new or changed risks to the Company as a consequence of these matters. Shareholders should note that the risk factors set out below do not purport to comprise a complete list or explanation of all relevant risks which may affect the Company alone or in connection with the Proposals, and are not set out in any order of priority. If any or a combination of the events described below actually occurs, the business, results of operations, financial condition or prospects of the Company could be materially and adversely affected. In such case, the market price of the Shares could decline and Shareholders may lose all or part of their investment.*

#### **1. Risks associated with the change of Investment Policy**

If the Continuation Resolution is passed, but the change in Investment Policy is not approved, the Company will continue to operate in accordance with the Existing Investment Policy. This could impede the Company's ability to realise its remaining assets in accordance with its divestment strategy. Under the Existing Investment Policy, any future disposals which exceed the relevant thresholds under the Listing Rules may require specific Shareholder approval (as was required in relation to the Senado Square Disposal), which is administratively burdensome, results in delays in effecting disposals and limits the Company's ability to negotiate from a position of strength.

There can be no guarantee that the change to the Company's Investment Policy will provide the returns, or realise the value, described in this Circular. The liquidity profile of the Company's property portfolio is such that Shareholders may have to wait a considerable period of time before receiving any returns of capital or other distribution.

Following adoption of the Proposed Investment Policy, the Company will be unable to make new investments in property and will be able only to invest realised cash in liquid cash-equivalent securities, pending its return to Shareholders, in accordance with the Proposed Investment Policy. The value of such cash-equivalent securities, including the Company's cash balances, may fluctuate and the amount of value available to be returned to Shareholders may decrease as a result.

As the Company's portfolio is divested, the value of the portfolio will be reduced and further concentrated in fewer holdings, and the mix of asset exposure and the spread of risk will be affected accordingly. This may adversely affect the performance of the Company's portfolio.

The Company might experience increased volatility in its net asset value and/or its Share price as a result of the changes to the portfolio structure following approval of the Proposals and further realisations.

The maintenance of the Company as an ongoing listed vehicle will entail administrative, legal and listing costs, which will decrease the amount ultimately distributed to Shareholders. Although the Board intends to maintain the Company's listing for as long as the Directors believe it to be practicable during the divestment period, the Directors shall immediately notify the FCA and may seek suspension of the listing of the Shares pursuant to the requirements of the Listing Rules (which may include Shareholder approval prior to any suspension or de-listing) if the Company can no longer satisfy the continuing obligations for listing set out therein including, but not limited to, the requirements in respect of Shares held in "public hands" (as such phrase is defined in the Listing Rules) and in relation to spreading investment risk, and consequently the listing of the Shares may be suspended and / or cancelled. Once suspended and / or cancelled, the Shares would no longer be capable of being traded on the London Stock Exchange, which would materially reduce market liquidity in the Shares.

The Company reports in US Dollars. The US Dollar amount of the proceeds received by the Company from any disposal of assets may depend upon exchange rates between the relevant currencies of consideration received and the US Dollar at the relevant time. Any return of capital will be paid to Shareholders in Sterling.

## **2. Risks associated with the proposed New Articles permitting the Compulsory Redemption of Shares**

If the New Articles are not adopted so as to permit the Compulsory Redemption of Shares, the Company will have to utilise other methods to make distributions to Shareholders, which may be less efficient than the Compulsory Redemption of Shares.

The Company's cash balances will be reduced by any Compulsory Redemption or other distribution to Shareholders, thereby increasing the impact of fixed costs incurred by the Company on the remaining assets. The funds returned to Shareholders pursuant to a Compulsory Redemption or other distribution will no longer be available for application in the ordinary course of the Company's business or to meet contingencies.

Shareholders are advised that future returns of cash may not necessarily be made as soon as cash becomes available. Shareholders should also note that, due to the illiquid nature of the Company's investments, there can be no certainty of the length of time it may take to complete a realisation of all the Company's assets.

In determining the size of any Compulsory Redemption or other distribution to Shareholders, the Directors will take into account the Company's ongoing running costs. However, should these costs be greater than expected or should cash receipts for the realisations of investments be less than expected, this will reduce the amount available for Shareholders in future Compulsory Redemptions or distributions.

The market price of the Shares is subject to change during the course of, and subsequent to, any Compulsory Redemption. It therefore cannot be certain whether the value returned to Shareholders pursuant to any Compulsory Redemption will be greater or less than the price at which Shares could be sold in the market at any given time.

Any Compulsory Redemption will reduce the number of Shares in issue. The impact on the liquidity and the market price of the Shares as a result of the implementation of the Compulsory Redemption, if any, cannot be predicted and Shareholders may find it more difficult to sell their Shares, or may be forced to sell them at a lower price as supply and demand for Shares may change. More generally, as with all investment company shares, the market price of the Shares may not reflect the underlying net asset value of the Company and the discount (or premium) to net asset value at which the Shares trade may fluctuate from day to day, depending on factors such as supply and demand, market conditions and general sentiment.

Levels of, and legislation and practice concerning, taxation may change. Shareholders should have regard to the information in relation to taxation set out in Part 5 of this Circular.

## **3. Risks associated with the Continuation Resolution**

If the Continuation Resolution is not passed by Shareholders, the Articles require the Directors to formulate proposals to put to Shareholders to reorganise, unitise, reconstruct, or wind up the Company. Given the illiquid nature of the Company's property portfolio, this could negatively impact the Manager's ability to realise assets at attractive values and divert management time.

If Shareholders vote against the Continuation Resolution, but in favour of the change of Investment Policy and the New Articles containing the Compulsory Redemption mechanism, the Board will be required to formulate the other proposals referred to above which may mean that the Compulsory Redemption of Shares may no longer be practicable and there may not be sufficient opportunity for the Board and the Manager to implement the new Investment Policy.

## PART 3

### CHANGE OF INVESTMENT POLICY

In connection with the Company's divestment strategy and the proposed orderly return of capital, the Directors consider it to be in the best interests of the Company and its Shareholders that the Company's Investment Policy be changed to facilitate the realisation of the Company's remaining assets. The Company is therefore seeking Shareholder approval at the General Meeting for the adoption of the Proposed Investment Policy (set out in full in paragraph 2 below) in substitution for the Existing Investment Policy (set out in full in paragraph 1 below).

#### 1. Existing Investment Policy

*The Company's investment objective is to provide shareholders with an attractive total return, which is intended to primarily comprise capital growth but with the potential for distributions over the medium to long term.*

##### **Asset allocation**

*The Company aims to achieve its investment objective by investing in property segments in Macau. The Company's portfolio may comprise a mixture of asset classes which include residential, retail, leisure, industrial and office properties.*

*The Company targets developments which are often overlooked by large developers and which, in the opinion of the Manager and the Investment Adviser, offer opportunities to achieve an attractive total return through their location, sector or 'value-added' potential.*

*The Company looks to add value through redevelopment, development, refurbishment, change of use and repositioning. In particular, it seeks to acquire undervalued sites in attractive locations where it believes there is a sustainable end-user demand. The Company seeks to maximise the total return on its portfolio, either through selling the properties after development or redevelopment or by generating rental income.*

##### **Diversification**

*The Company, as an active investor, will consider concentration risk from both a sector as well as an asset perspective. However, if assets are realised and not replaced, concentration risk will inevitably increase. The Company may wholly own its investments (directly or indirectly) or it may invest through a joint venture arrangement if the terms of the arrangement are deemed suitable. There is no limit on the number of projects in which the Company may invest and there is no minimum or maximum limit on the length of time that any investment may be held.*

*No single investment in a development will represent more than 40 per cent. of the Gross Asset Value of the Company at the time of investment.*

##### **Gearing**

*The Company and its subsidiaries (together referred to as the "Group") have the ability to borrow, both at Company level and Special Purpose Vehicles ("SPVs") level, if SPVs are used in relation to particular investments. The Group, either directly or through its SPVs, may not borrow amounts in relation to any single investment that exceed 75 per cent. of that investment's market value. When the Company is fully invested, the maximum amount of net borrowings that the Group may have as a whole (i.e. all principal amounts borrowed by the Group less the Group's cash balances) will not exceed 60 per cent. of the aggregate value of all the Group's investments at the time that any new borrowings are made.*

#### 2. Proposed new Investment Policy

##### **Investment objective**

*The Company will be managed with the objective of realising the value of all remaining assets in the portfolio, individually, in aggregate or in any other combination of disposals or transaction structures, in a prudent*

*manner consistent with the principles of good investment management with a view to making an orderly return of capital to Shareholders over time.*

### **Investment policy**

*The Company's investment objective will be effected with a view to realising all of its investments in such a manner that seeks to achieve a balance between maximising the value from the Company's investments and making timely returns of capital to Shareholders.*

*The Company may sell or otherwise realise its investments (including individually, or in aggregate or other combinations) to such persons as it chooses, but in all cases with the objective of achieving the best exit values reasonably available within reasonable time scales.*

*The Company will cease to make any new investments and shall not undertake additional borrowing other than to refinance existing borrowing or for working capital purposes.*

*Any cash received by the Company as part of the realisation process will be held by the Company as cash on deposit and/or as cash equivalents prior to its distribution to Shareholders, which shall be at such intervals as the Board may determine is appropriate.*

### **3. Effectiveness of the change of Investment Policy**

The FCA has, in accordance with the Listing Rule 15.4.8, given its consent to the proposed change to the Company's Investment Policy. The proposed change of Investment Policy will, however, become effective only once approved by Shareholders at the General Meeting.

### **4. Risks associated with the adoption of the revised Investment Policy**

Please refer to Part 2 of this Circular for a summary of certain possible risks associated with the proposed change of Investment Policy.

## PART 4

### COMPULSORY REDEMPTION OF SHARES AND RELATED AMENDMENTS TO THE ARTICLES

#### 1. Proposed staged return of capital to Shareholders by Compulsory Redemption of Shares

Pursuant to the Proposals, the Company proposes to undertake a staged return of capital to Shareholders. It is proposed to effect the return of capital by way of a Compulsory Redemption of Shares. Currently the Shares are non-redeemable and, accordingly, it will first be necessary to change the Articles to authorise the Directors to compulsorily redeem some or all of the Shares at the discretion of the Board.

Following such change, the Company will have the power to make Compulsory Redemptions of Shares in volumes and on dates to be determined at the Directors' sole discretion, with the amount distributed in respect of the Shares on each occasion to be determined by the Directors at the relevant time having regard to the amount of cash available for distribution and retaining sufficient working capital for ongoing operations. Shares will be redeemed from all Shareholders *pro rata* to their existing holdings of the Shares on a Redemption Date. The Directors will be authorised to make such Compulsory Redemptions in accordance with the process to be included in the New Articles (the mechanics of which are described in paragraphs 2 and 3 below).

#### 2. Changes to make the Shares redeemable

In order to make the Shares redeemable, it is proposed to amend the existing Articles in order to permit the redemption of some or all of the Company's Shares at the discretion of the Directors and to set out the procedure by which the Directors may undertake any Compulsory Redemption of such Shares.

Accordingly, the Company is proposing a special resolution (Resolution 2), which will, if passed, adopt the New Articles including the Compulsory Redemption mechanism described in paragraphs 2 and 3 of this Part 4.

The full text of Resolution 2 is set out in the Notice of General Meeting at the end of this document. A draft of the proposed New Articles (showing the full terms of the changes proposed to be made) may be inspected at the registered office of the Company, Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Circular up to and including the date of the General Meeting and at the place of the General Meeting for at least 15 minutes before and during the General Meeting.

Once the New Articles have been adopted, it is proposed that the Board will resolve to undertake Compulsory Redemptions of the Shares in stages in line with the Company's divestment strategy. The Directors may only authorise a Compulsory Redemption of Shares if they are satisfied on reasonable grounds that, immediately after such Compulsory Redemption is made, the Company would satisfy the statutory "solvency test".

For the purpose of the Companies Law, the Company would satisfy the "solvency test" if:

- (a) the Company is able to pay its debts as they became due; and
- (b) the value of the Company's assets is greater than the value of its liabilities.

#### 3. Mechanics of Compulsory Redemptions

Under the New Articles, the Directors will be authorised to make Compulsory Redemptions of Shares in volumes and on dates to be determined at the Directors' sole discretion. The Directors will determine the aggregate amount to be distributed to Shareholders pursuant to any Compulsory Redemption, having regard to the amount of cash available for distribution whilst maintaining a prudent overall loan-to-value ratio and retaining sufficient working capital for ongoing operations. Shares will be redeemed from all Shareholders *pro rata* to their existing holdings of the Shares on the relevant Redemption Date.



As and when the Directors exercise their discretion to redeem compulsorily a given percentage of the Shares of any class in issue, the Company will make a Redemption Announcement in advance of the relevant Redemption Date. The Redemption Announcement is expected to include the following details:

- (a) the aggregate amount to be distributed to Shareholders;
- (b) the Relevant Percentage of Shares to be redeemed (*pro rata* as between the holders of Shares as at the Redemption Record Date);
- (c) a timetable for the Compulsory Redemption and distribution of redemption proceeds, including the Redemption Date and Redemption Record Date;
- (d) the Redemption Price per Share, which is expected to be calculated by reference to the Adjusted NAV per Share (as at a NAV Date selected by the Directors) of the Shares that will be redeemed on a given Redemption Date, less the costs associated with the relevant redemption and as adjusted as the Directors consider appropriate;
- (e) the New ISIN in respect of Shares which will continue to be listed following the relevant Redemption Date; and
- (f) any additional information that the Board deems necessary in connection with the Compulsory Redemption.

Compulsory Redemptions of Shares will become effective on each Redemption Date, being a date chosen at the Directors' absolute discretion, as determined by the Directors to be in the best interests of Shareholders as a whole. In determining the timing of any Redemption Date, the Directors will take into account, among other things, the amount of cash available for payment of redemption proceeds and the costs associated with such Compulsory Redemption.

Accordingly, the proceeds of any disposals of the Company's assets in line with the Proposed Investment Policy will not necessarily be distributed at or soon after the date of any such disposal but may be retained and aggregated with the proceeds of other disposals pending return to Shareholders. The Shares redeemed will be the Relevant Percentage of the Shares registered in the names of Shareholders on the Redemption Record Date. Shareholders will receive the Redemption Price per Share in respect of each of their Shares redeemed compulsorily.

In the case of Shares held in uncertificated form (that is, in CREST), Compulsory Redemptions will take effect automatically on each Redemption Date and redeemed Shares will be cancelled. All Shares in issue will be disabled in CREST after 6.00 p.m. (UK time) on the Redemption Date and the Old ISIN will expire. The New ISIN in respect of the remaining Shares in issue and which have not been redeemed will be enabled and available for transactions from and including the first Business Day following the relevant Redemption Date (or such other date notified to Shareholders). The New ISIN will be notified to Shareholders in the relevant Redemption Announcement. Up to and including the Redemption Date, Shares will be traded under the Old ISIN and, as such, a purchaser of such Shares would have a market claim for a proportion of the redemption proceeds. CREST will automatically transform any open transactions as at the Redemption Date (which may be the record date for the purposes of the redemption) into the New ISIN.

In the case of Shares held in certificated form (that is, not in CREST), Compulsory Redemptions will take effect automatically on each Redemption Date. As the Shares will be compulsorily redeemed, certificated Shareholders do not need to return their Share certificates to the Company in order to claim their redemption monies. Shareholders' existing Share certificates will be cancelled and new Share certificates will be issued to each such Shareholder for the balance of their shareholding in the Company after each Redemption Date. Cheques will automatically be issued to certificated Shareholders upon the cancellation of any of their Shares. All Shares that are redeemed will be cancelled with effect from the relevant Redemption Date. Accordingly, once redeemed, Shares will be incapable of transfer.

Payments of redemption monies are expected to be effected either through CREST (in the case of Shares held in uncertificated form) or by cheque (in the case of Shares held in certificated form) within 14 Business Days of the relevant Redemption Date, or as soon as practicable thereafter. Shareholders will be paid their redemption proceeds in Sterling.

#### **4. Alternative methods to return cash to Shareholders**

The Directors shall continue to have the right to return cash otherwise than through Compulsory Redemptions, such as by way of tender offers to Shareholders to purchase their Shares. In such circumstances, a tender offer will be made to Shareholders in accordance with market practice and in compliance with the Listing Rules and the Companies Law. Further, the Directors may determine, in their absolute discretion where they consider it to be in the best interests of Shareholders, to return cash from disposals of the Company's assets in accordance with the Proposed Investment Policy to Shareholders by way of dividend or any other distribution permitted by the Listing Rules and the Companies Law.

## **PART 5**

### **TAXATION**

*The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and HM Revenue & Customs' published practice at the date of this circular (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in the United Kingdom for United Kingdom tax purposes and who are and will be the absolute beneficial owners of their Shares and who hold them as investments (and not as securities to be realised in the course of a trade) other than under an independent savings account. They may not apply to certain shareholders, such as dealers in securities, insurance companies, collective investment schemes and Shareholders who are exempt from taxation.*

#### **1. The Company**

The Directors intend that the affairs of the Company are managed and conducted so that it does not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment, the Company will not be subject to UK income tax or corporation tax on its profits other than on any income with a UK source.

#### **2. Amendments to the Articles to permit the compulsory redemption of Shares**

The amendment to the Articles to permit the Directors to compulsorily redeem the (currently) non-redeemable Shares should constitute a reorganisation of the Company's share capital and accordingly should not be treated as a disposal for the purposes of UK taxation of capital gains, or a distribution for the purposes of the UK taxation of income.

#### **3. Redemption of Shares**

##### ***UK tax resident individuals***

On redemption of the Shares, an individual Shareholder who is tax resident in the UK may, depending on his or her individual circumstances, be subject to capital gains tax on the amount of any chargeable gain realised, as the redemption should be treated as a disposal of the shares.

The amount of capital gains tax, if any, payable by an individual Shareholder in relation to the chargeable gain will depend on his or her personal tax position. Any net gains will be taxed at the individual's relevant capital gains tax rate.

If the individual is a basic rate income taxpayer, any net gain will be taxable at 10 per cent. However, if the gain exceeds the individual's basic income tax band the gain will be taxed at 20 per cent. to the extent of the excess.

If the individual is a higher or additional rate taxpayer then any net gain will be taxable at 20 per cent.

Individuals may, depending on their personal circumstances, benefit from certain allowances, including an annual exemption which is £11,700 for the tax year ending 5 April 2019.

##### ***UK tax resident companies***

For Shareholders who are UK tax resident companies, the redemption of Shares may be treated as giving rise to both an income distribution and a capital disposal. The extent to which the proceeds are treated as a distribution will depend amongst other things on the amount initially subscribed for the redeemed Shares and may be affected by subsequent transactions.

Shareholders within the charge to UK corporation tax that are "small companies" (for the purposes of UK taxation of distributions) should expect to be subject to tax on any income distribution deemed to arise on the redemption of Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on any income distribution deemed to arise on redemption of the Shares provided that the distribution falls within an exempt category and certain conditions are met. In general, a distribution to a UK corporate shareholder which holds less than 10 per cent. of the Shares should fall within an exempt category. However, the exemptions are not comprehensive and are subject to various anti-avoidance rules. If the conditions for exemption are not satisfied or cease to be satisfied, or such a Shareholder elects for an otherwise exempt distribution to be taxable, the Shareholder will be subject to corporation tax on any income distribution deemed to arise on redemption of the Shares.

The portion of the proceeds that is not treated as an income distribution should be treated as consideration for a disposal of the shares for a Shareholder within the charge to UK corporation tax. This may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as an indexation allowance up to December 2017), give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax.

#### ***Offshore Fund Rules***

The treatment described above is based on any gain arising on a disposal of a Shareholder's Shares not being taxed as income under the "offshore fund" rules which apply for the purposes of UK tax legislation. Under current law, if the Company were to be treated for UK taxation purposes as an "offshore fund", gains on disposals of Shares realised by a Shareholder would be taxable as income and not as capital gains. The Board has been advised that the Company should not be regarded as an offshore fund for UK tax purposes.

#### **4. Stamp duty and stamp duty reserve tax ("SDRT")**

No stamp duty or SDRT will be payable by Shareholders on the amendment of the Articles to permit the Compulsory Redemption of the (currently) non-redeemable Shares so that they become redeemable nor on the subsequent redemption of the Shares.

#### **5. Other tax considerations**

##### ***Close company rules***

In respect of UK resident Shareholders, attention is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than one quarter of the Shares. This applies if the Company is a "close company" for the purposes of UK taxation. A close company is broadly a company which is under the control of five or fewer participators or participators who are Directors; or one in which more than half the assets of the company would be distributed to five or fewer participators or to participators who are Directors, in the event of the company being wound up. A participator for these purposes is broadly any person having a share or interest in the capital or income of the Company. It is not anticipated that the Company would be regarded as a close company if it were resident in the UK although this cannot be guaranteed.

##### ***Transactions in securities***

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals), HM Revenue & Customs can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. These provisions do not apply where the relevant Shareholder can show that the transaction was entered into for genuine commercial reasons and did not involve as one of its main objects the obtaining of a tax advantage. If these provisions were to be applied by HM Revenue & Customs to the proposed transaction, in broad terms, Shareholders might be liable to taxation as if they had received an income amount rather than a capital amount.

The Company has not applied for clearance from HM Revenue & Customs that they are satisfied that the transactions in securities provisions should not be applied to the proposed transaction.

**Shareholders are advised to take independent professional advice as to the potential application of the tax advantage provisions in the light of their own particular motives and circumstances.**

## PART 6

### ADDITIONAL INFORMATION

#### 1. The Company

- 1.1 Macau Property Opportunities Fund Limited was incorporated and registered in Guernsey as a non-cellular company under the Companies 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' interests

- 2.1 The names of the Directors are set out on page 5 of this Circular.
- 2.2 As at the close of business on 6 June 2018 (being the latest practicable date prior to the publication of this Circular), 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:

	<i>Number of Shares</i>	<i>% of the issued share capital</i>
Chris Russell	252,548	0.33
Thomas Ashworth*	13,132,616	17.18
Alan Clifton	100,000	0.13
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 3.1 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 Companies Act 2006) have any such interests, whether beneficial or non-beneficial.

#### 3. Major interests in shares

- 3.1 As at 6 June 2018 (being the latest practicable date prior to the publication of this Circular), 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>Number of Shares</i>	<i>% of the issued share capital</i>
Sniper Investments Limited	13,132,616	17.18
Lazard Asset Management LLC	11,445,007	14.97
Universities Superannuation Scheme	10,500,000	13.74
Credit Suisse Group AG	5,514,432	7.21
Rathbones	3,840,459	5.02

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

#### **4. Significant change**

Save in relation to the receipt of proceeds from the Senado Square Disposal or as otherwise disclosed in this Circular or contemplated by the Proposals, there has been no significant change in the financial or trading position of the Company since 31 December 2017, being the end of the last financial period for which interim financial information has been published.

#### **5. Foreign exchange**

Except as otherwise states herein, the exchange rates used in this document are US\$1=HK\$0.1274 and MOP\$1=US\$0.1237 at the close of trading on 4 June 2018 as published by Bloomberg.

#### **6. Documents available for inspection**

Copies of the following documents may be inspected at the registered office of the Company, Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Circular up to and including the date of the General Meeting and at the place of the General Meeting for at least 15 minutes before and during the General Meeting:

- the Articles and memorandum of incorporation of the Company;
- a draft of the proposed New Articles; and
- this Circular.

## DEFINITIONS

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

<b>Adjusted NAV</b>	the net asset value of the Company subject to such adjustments as shall be determined by the Directors in their discretion from time to time (and which, as at the date of this Circular, shall be calculated by reference to the net asset value at the relevant time, calculated excluding any recognition of any liability of the Company to the Manager in respect of any performance fee that is, or may become, payable in the relevant performance period but, in the case of property in the Company's property portfolio, by reference to the Property Investment Valuation Basis)
<b>Articles</b>	the articles of incorporation of the Company
<b>Board or Directors</b>	the directors of the Company
<b>Business Day</b>	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London and Guernsey for the transaction of normal business
<b>certificated or in certificated form</b>	not in uncertificated form
<b>Circular</b>	this document
<b>Companies Law</b>	The Companies (Guernsey) Law 2008 (as amended)
<b>Company</b>	Macau Property Opportunities Fund Limited
<b>Compulsory Redemption</b>	any compulsory redemption of the Company's shares at the sole discretion of the Directors in accordance with the New Articles (assuming Resolution 2 is passed at the General Meeting) as further described in Part 4 of this Circular
<b>Continuation Resolution</b>	the resolution required by Article 38 of the Company's Articles to be put to Shareholders on an annual basis, the first of which is proposed as Resolution 3 in the Notice of General Meeting
<b>CREST</b>	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations
<b>CREST Manual</b>	the compendium of documents entitled the "CREST Manual" issued by Euroclear from time to time
<b>CREST Proxy Instruction</b>	a CREST message properly authenticated in accordance with Euroclear's specifications and containing the information required for such instructions as described in the CREST Manual
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Existing Investment Policy</b>	the Company's Investment Policy which applies as at the date of this Circular, the full text of which is set out in paragraph 1 of Part 3 of this Circular

<b>FCA</b>	the Financial Conduct Authority of the United Kingdom including any replacement or substitute therefor, and any regulatory body or person succeeding, in whole or in part, to the functions thereof
<b>Form of Proxy</b>	the form of proxy accompanying this document for use by Shareholders in relation to voting at the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>General Meeting</b>	the extraordinary general meeting of the Company convened for 4.00 p.m. on Thursday, 5 July 2018 at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey (or any adjournment thereof)
<b>Group</b>	the Company, its subsidiaries and subsidiary undertakings
<b>HK\$</b>	Hong Kong dollars
<b>Investment Adviser</b>	Sniper Capital (Macau) Limited
<b>Investment Policy</b>	the investment objective and investment policy of the Company from time to time
<b>Liberum</b>	Liberum Capital Limited
<b>Listing Rules</b>	the Listing Rules made by the FCA under section 73A of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Management Agreement</b>	the management agreement between the Company and the Manager (as amended on 14 November 2016)
<b>Manager</b>	Sniper Capital Limited
<b>NAV Date</b>	a date on which an estimated or confirmed Adjusted NAV value per Share is published by the Company
<b>New Articles</b>	the new articles of incorporation of the Company proposed to be adopted by the passing of Resolution 2 set out in the Notice of General Meeting at the end of this Circular and setting out the redemption terms attaching to the Shares
<b>New ISIN</b>	a new ISIN in respect of the Shares remaining in issue following a Redemption Date, which have not been redeemed on such date
<b>Notice of General Meeting</b>	the notice of the General Meeting set out at the end of this document
<b>Old ISIN</b>	the disabled ISIN by virtue of the redemption of Shares on a Redemption Date (being, at the date of this Circular, GB00B1436N68)
<b>Proposals</b>	as defined in paragraph 1 of Part 1 ( <i>Letter from the Chairman</i> ) of this Circular
<b>Property Investment Valuation Basis</b>	the basis on which the property, premises, buildings, land or other assets of any description from time to time forming part of the Group's assets 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>Proposed Investment Policy</b>	the proposed Investment Policy of the Company, the full text of which is set out in paragraph 2 of Part 3 of this Circular
<b>Redemption Announcement</b>	the announcement to be made by the Company to Shareholders in advance of any Compulsory Redemption
<b>Redemption Date</b>	the date on which a Compulsory Redemption becomes effective
<b>Redemption Price</b>	expected to be the Adjusted NAV per Share of the Shares that will be redeemed on a given Redemption Date (as at a NAV Date selected by the Directors), less the costs associated with the relevant redemption and as adjusted as the Directors consider appropriate
<b>Redemption Record Date</b>	close of business on the relevant Redemption Date or as otherwise set out in the relevant Redemption Announcement
<b>Register</b>	the register of members of the Company
<b>Registrar</b>	Link Market Services (Guernsey) Limited
<b>Regulatory Information Service</b>	one of the service providers listed in Appendix 3 of the Listing Rules
<b>Relevant Percentage</b>	the percentage of Shares to be redeemed by the Company on a given Redemption Date
<b>Resolutions</b>	the resolutions relating to the Proposals and set out in the Notice of General Meeting at the end of this Circular
<b>RICS</b>	Royal Institution of Chartered Surveyors
<b>SIL</b>	Sniper Investments Limited
<b>Shares</b>	ordinary shares of US\$0.01 each in the share capital of the Company
<b>Shareholders</b>	the holders of the Shares
<b>Sterling or GBP or £</b>	the lawful currency of the UK
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK Listing Authority</b>	the FCA, in its capacity as the United Kingdom Listing Authority
<b>uncertificated or in uncertificated form</b>	recorded in the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>United States</b>	the United States of America, its territories, possessions, any state of the United States of America, and the District of Columbia
<b>US\$ or US Dollars</b>	United States dollars

## NOTICE OF EXTRAORDINARY 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 Schemes Rules 2008)*

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the **General Meeting**) of Macau Property Opportunities Fund (the **Company**) will be held at Lefebvre Place, Lefebvre Street, St. Peter Port, Guernsey at 4.00 p.m. on Thursday, 5 July 2018 for the purpose of considering and, if thought fit, passing the following resolutions, in the case of Resolutions 1 and 3 as ordinary resolutions and, in the case of Resolution 2, as a special resolution:

### ORDINARY RESOLUTION

1. **THAT** the Proposed Investment Policy (as set out in paragraph 2 of Part 3 of the Circular sent by the Company to its Shareholders on 8 June 2018), be approved and adopted as the Company's Investment Policy in substitution for, and to the exclusion of, the Company's Existing Investment Policy.

### SPECIAL RESOLUTION

2. **THAT**, in accordance with section 42 of the Companies Law, the New Articles (which are drafted to effect the Proposals as described in paragraph 6 of Part 1 and paragraphs 2 and 3 of Part 4 of the Circular) be and are hereby adopted (to the exclusion of, and in substitution for, the existing articles of incorporation) as the articles of incorporation of the Company in the form as may be inspected at the registered office of the Company during usual business hours on any weekday from the date of the Circular up to and including the date of the General Meeting and at the place of the General Meeting for at least 15 minutes before and during the General Meeting.

### CONTINUATION RESOLUTION (ORDINARY RESOLUTION)

3. **THAT**, in accordance with Article 38 of the Company's Articles, the life of the Company be extended for a period of one year (or such other period as permitted by the Articles as amended with the approval of shareholders from time to time).

For the purpose of the above Resolutions, capitalised terms shall have the same meanings set out in the Circular.

*By Order of the Board,*  
Esteria International Fund Managers (Guernsey)  
Limited  
Company Secretary

*Registered office:*  
Heritage Hall  
Le Marchant Street  
St. Peter Port, Guernsey GY1 4HY

8 June 2018

*Notes:*

These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. A member is entitled to attend and vote at the 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 Link Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, no later than 4.00 p.m. on Tuesday, 3 July 2018, 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 General Meeting is at least two shareholders present in person or by proxy.
5. Resolutions 1 and 3 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 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.
6. Resolution 2 is proposed as a special resolution and will be passed if approved by a 75 per cent. majority. The special resolutions will be passed at the meeting on a show of hands if they are approved by a 75 per cent. majority of the members voting in person or by proxy. The special resolution, if passed on a poll taken at the General Meeting, will be passed if approved by members representing a 75 per cent. majority of the total voting rights of members voting in person or by proxy.
7. 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 Tuesday, 3 July 2018 shall be entitled to attend or vote at the 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 General Meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the 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 nonworking days) before the time of the holding of the 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.
9. 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 General Meeting. The Register of Directors' Interests shall be produced at the commencement of the General Meeting and shall remain open and accessible during the continuance of the General Meeting to any person attending such meeting.

