

ANNOUNCEMENT

20 February 2020

MPO Announces 2020 Interim Results

Macau Property Opportunities Fund Limited announces its results for the period ended 31 December 2019. The Company, which is managed by Sniper Capital Limited, holds strategic property investments in Macau.

Current Macau Situation

The recent coronavirus outbreak has had a rapid and significant negative impact on Macau, affecting the tourism, gaming, hotel, retail and food & beverage sectors. This follows an already challenging 2019, with Macau's GDP forecast to shrink by 2.5% in real terms year on year (YoY), led by a larger decline in exports of services.

Mainland China and Macau's governments have reacted swiftly in order to confine the virus outbreak and implemented various measures, including cancellations of package tours, suspensions of individual travel permits for mainland Chinese visiting the territory, and the temporary closure of casinos for 15 days. Casinos may reopen from 20 February 2020. Despite the severe short-term impact on the tourism industry and the local economy, these measures seem to have been effective when it comes to controlling the virus outbreak locally, with no new infections having been recorded since 5 February.

Financial Highlights

Fund Performance

- MPO's portfolio value¹ declined 4.7% over the six-month period to US\$294.2 million.
- Adjusted NAV was US\$156.0 million, equating to US\$2.52 (192 pence²) per share, a 10.8% decrease from six months earlier.
- IFRS NAV was US\$115.2 million or US\$1.86 (142 pence²) per share, a 12.1% decrease over the six-month period.

Capital Management

- Consolidated cash balance (including deposits with lenders) was US\$22.2 million.
- Overall gross borrowings stood at US\$146.2 million, translating to a loan-to-value ratio of 46.2%.
- A US\$10 million bank loan against *Estrada da Penha* that was due to mature in December 2019 was extended until June 2021. The key terms of the facility remain unchanged.

Extension of Company Life

- At the Company's Annual General Meeting in November, shareholders passed a resolution to

extend its life until the next continuation vote in late 2020 to permit an orderly divestment of its portfolio.

- The Board has reached an agreement with the Administrator and the Manager about moderating the Company's operating costs, including their respective fees. From 1 January 2020, management fees were reduced from 2% to 1% of Adjusted NAV for calendar 2020, and will be reduced to zero for calendar 2021. A tiered structure of realisation fees and an extra incentive fee will be paid to the Manager if realised values exceed pre-set thresholds and if sales are concluded within agreed timeframes.

¹ Calculation was adjusted to reflect like-for-like comparisons to 31 December 2019 due to the divestment of properties during the period.

² Based on the US Dollar/Sterling exchange rate of 1.312 on 31 December 2019.

Portfolio Highlights

- The Company continues to seek to execute its divestment plan for MPO's remaining assets, despite currently challenging conditions amid the outbreak of the Covid-19 coronavirus.
- *The Waterside*
 - Occupancy rose to 58% as at end December 2019, up from 55% six months earlier.
 - The average monthly rental rate remained stable at US\$2.78 per square foot.
 - The Manager is continuing to work towards an en-bloc divestment and has held discussions with a wide range of parties. Discussions will be carried forward into 2020.
 - The asset management team continues to maintain and improve the appeal of the asset to ensure it is well positioned for both sale and ongoing leasing.
- *The Fountainside*
 - In H2 2019, the Company closed sales transactions collectively worth US\$2.2 million, involving one residential unit, two car-parking spaces and five motorcycle-parking spaces.
 - The Company has applied to Macau's authorities to reconfigure the six largest units as 12 smaller apartments. A full submission was made in September, for which a response is expected in Q2 2020.
 - Once approval is obtained, and before construction work commences, the Company will reassess its position to determine the best approach to deliver the optimal return to shareholders.
- *Estrada da Penha*
 - The Manager continues to work closely with its local and international network to market the asset.
 - Further renovation work on the asset's interior and exterior has been carried out to enhance its appeal.

Mark Huntley, Chairman of Macau Property Opportunities Fund, said: "The divestment approach for the remaining assets is being implemented, and sales and marketing continues, although we have seen sustained caution among prospective investors.

"Revised fees for the Manager and Administrator will lower the Company's operating costs in the second half of the current financial year, and clear incentives are in place for the Manager to achieve sales in 2020.

"The Board and the Manager will continue to press on with action to divest the remaining property assets, while recognising the uncertain and significant near term challenges created by the coronavirus outbreak."

For more information, please visit www.mpofund.com for the Company's full Interim Report 2020.

The Manager will be available to speak to analysts and the media. If you would like to arrange a call, please contact Sniper Capital Limited at info@snipercapital.com.

About Macau Property Opportunities Fund

Premium listed on the London Stock Exchange, [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.

Launched in 2006, the Company targets strategic property investment and development opportunities in Macau. Its current portfolio comprises prime residential property assets.

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.

Stock Code:

London Stock Exchange: MPO

LEI:

213800NOAO11OWIMLR72

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