

ANNOUNCEMENT

30 March 2020

Update on the Impact of Coronavirus

Macau Property Opportunities Fund Limited announces the following update on the impact of the Covid-19 coronavirus subsequent to the announcement released in February.

Macau

On 20 February, the Macau government lifted its 15-day suspension of casino operations. Whilst casino activity has resumed, tight immigration restrictions remain in force, which continue to impact the market. Visitor arrivals to Macau have declined by 57% year on year (YoY) and gross gaming revenue (GGR) has declined by 50% YoY during the first two months of this year.

After nearly 40 days without new coronavirus infections, Macau recorded its first new imported case in mid-March. Since then, the government has tightened entry restrictions significantly. The total number of confirmed cases in Macau stood at 33 as of 27 March 2020, with all of the most recent 23 cases being imported.

Meanwhile in mainland China, the first wave of the coronavirus outbreak appears to be under control. Infection rates have reduced and medical teams seconded to Hubei are returning to their home cities. China is expected to lift outbound travel restrictions for Wuhan from 8 April, after over two months of lockdown. Across China authorities are cautiously starting to relax restrictions on movement, whilst keeping a close eye on any new infection outbreaks.

Macau Property Market

Residential property sales in Macau have dropped significantly during the crisis, with only 21 transactions recorded during the first half of February, compared to 154 transactions a year ago. Average residential transaction prices have fallen approximately 7% over the same period. As the virus situation stabilised, transaction volumes improved, bringing the total number of transactions to 208 for the entire month - down 25% YoY.

The occupancy rate at *The Waterside* currently stands at 47%, down from 58% in our last report. This decline was entirely due to the early termination of leases by tenants who were unable to return from mainland China. Security deposits equivalent to three-month rents have been forfeited in the Company's favour and the apartments put back on the market for lease. Sentiment in the leasing market has recently started to gradually improve with more enquiries during March.

Financial Position

Macau's banking system remains robust and in response to the crisis the authorities have lowered the base lending rate from 2% to 0.86% to improve market liquidity. The reduction in the reserve requirement ratio by the People's Bank of China (PBOC) has improved liquidity for state-owned banks. Major banks in Macau have also offered various emergency packages to support small and medium-sized enterprises.

The US\$11 million bank facility for *The Fountainside* that was due to mature in early March, has been refinanced. Its term was extended by four years and the interest rate was reduced by 20 basis points to 2.8% p.a. over 1, 2 or 3 month HIBOR. It also included an additional US\$0.9 million revolving facility to cover

potential costs related to alterations. The principal is to be repaid in six semi-annual instalments, commencing 5 September 2021.

The Manager is also in advanced and constructive discussions with banks in relation to the US\$116 million credit facility for *The Waterside*, with a view to refinancing principal repayments due within 12 months. The outcome of these discussions will be announced in due course.

MPO continues to adopt a prudent cash management strategy and maintained approximately US\$21 million aggregated cash balance as of end of February. The Loan-to-value ratio (LTV) based on the 31 December 2019 valuation was 46%. The Manager and the Board closely monitor the financial position of the Company to ensure sufficient working capital as well as compliance with loan covenants.

Looking ahead

Market commentators were generally expecting local travel restrictions to Macau to be eased in Q2 this year based on the declining infection rates across Macau, Hong Kong and China. The sudden increase in imported cases experienced since mid-March, however, may delay any such relaxation. Only when infection rates are believed to be under control in both Macau and China, will restrictions likely be lifted, and only then will GGR start to recover.

Macau's Health Bureau officials appear cautiously optimistic about Macau infection rates, believing that new imported cases may be peaking, and strict quarantine measures will help reduce reinfection rates.

The Manager considers the health and safety of its employees and their families to be of utmost priority. Its offices have been operating normally with safe working practices in place through these difficult times.

The Company will provide a further update when its Q1 Net Asset Value announcement is issued.

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

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