
ANNOUNCEMENT

27 April 2020

Update on the Company and Impact of Covid-19 on Macau

Macau Property Opportunities Fund Limited today provides a further update on the Company, including a recent divestment, and the impact of the Covid-19 coronavirus on Macau.

Macau

The situation in Macau appears to be stabilising, following the tightening of entry restrictions in mid-March, with no new Covid-19 infections having been recorded since 9 April. The total number of confirmed cases in Macau stood at 45 as of 24 April 2020; all of the most recent 35 cases were imported.

Macau Chief Executive Ho Iat Seng delivered his first policy address on 20 April, with a focus on revitalising the territory's economy in the wake of the Covid-19 outbreak. The chief executive said that the viral outbreak in Macau was basically under control, and that the government would, "in due course", request the Central Government to resume the issuance of travel permits for tourists from mainland China. Meanwhile, the authorities will continue to adopt stringent measures in order to prevent further Covid-19 cases.

On the gaming front, the government announced that it expects to launch a public consultation in H2 2020 on reviewing Macau's gaming law and, once revised, a new public tender process will be carried out. The city's current gaming licences are held by six casino operators and are due to expire in 2022.

Macau Property Market

Sentiment in Macau's residential property sales market remains weak. The number of transactions totalled 1,016 in Q1 2020, down 22% year on year (YoY), and average transaction prices declined by 8% YoY during the same period. This has had a direct impact on the Company's portfolio valuation which declined by 5% over the three months to 31 March 2020.

With strict entry restrictions remaining in force, some tenants at The Waterside found themselves unable to return to Macau, resulting in a further drop in the occupancy rate to 42% - down from 47% at the time of our last report. Security deposits equivalent to three months rent have been forfeited in the Company's favour and the apartments put back on the market for lease.

Divestment

Despite the challenging environment, in April the Company completed the disposal of an individual unit at One Central Residences at the price of HK\$18,950,000 (c.US\$2,445,000), or HK\$10,288 per square foot (c.US\$1,327 per square foot). The unit sale price was c.2% above the latest valuation by Savills as of the end of March 2020. Proceeds from the sale will be used to reduce debt, improving the Company's financial position. The Manager is continuing to work towards further optimal divestment opportunities.

Financial Position

The Manager is continuing discussions with banks in relation to its US\$116 million credit facility for *The Waterside* and it is expected that the refinancing terms will be concluded and announced in Q3 2020.

MPO continues to adopt a prudent cash management strategy and maintained an aggregated cash balance of approximately US\$20 million as of the end of April. The Company's loan-to-value ratio based on the 31 March 2020 valuation and after applying the proceeds of divested unit to pay down debt will be c.48%. The Manager and the Board are closely monitoring the financial position of the Company to ensure sufficient working capital and continued compliance with loan covenants.

Further updates will be provided in due course.

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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