

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 advice from an appropriately qualified independent adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent adviser if you are in territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Shares in Macau Property Opportunities Fund Limited, 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.



Directors

Mark Huntley
Alan Clifton
Wilfred Woo

Registered Office

PO Box 286,
Floor 2, Trafalgar Court,
Les Banques,
St Peter Port,
Guernsey GY1 4LY

10 November 2020

Dear Shareholder,

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

In our Annual report and Accounts for the Year Ended 30 June 2020 ("**the Annual Report**"), the Board reported on the disposals achieved during what was a difficult year and also noted how the overall divestment timetable was being adversely impacted by the COVID-19 pandemic. The Board recommended a vote to be held to continue the life of the Company by one year to enable the orderly divestment of the remaining assets. This letter provides more detail for shareholders and should be read in conjunction with the Notice and Agenda for the Annual General Meeting to be held on Monday, 30 November 2020.

In accordance with the Company's Articles of Incorporation (the "**Articles**"), the Company has opted to make documents available to shareholders via publication on the Company website <https://mpofund.com/> rather than sending hard copies.

To that end, please be advised that the Annual Report and Audited Financial Statements to 30 June 2020 are available on the Company's website:

<https://mpofund.com/investors/publications/financial-results/>

Should you wish to receive a hard copy, please contact the Company Secretary at the Registered Office noted below:

Ocorian Administration (Guernsey) Limited
PO Box 286, Floor 2, Trafalgar Court,
Les Banques,
St Peter Port,
Guernsey
GY1 4LY

Market Update

Economic activity in Macau has been severely disrupted in 2020 due to measures imposed to combat the spread of COVID-19. Macau's GDP contracted by 68% YoY in Q2 2020. The International Monetary Fund forecasts that Macau's economy will contract by 52% this year and project a return to positive growth of 24% in 2021.

In contrast to the increasingly challenging environment worldwide, the COVID situation in Macau has remained well under control. Macau has recorded a total of only 46 confirmed COVID-19 cases to-date and no related deaths. There are also positive signs of increased economic activity following the gradual easing of travel and

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Registration Number 44813

Authorised by the Guernsey Financial Services Commission as a closed-ended collective investment scheme

visa restrictions since July. Gaming revenue increased by 51% quarter on quarter in Q3 (although still representing a 93% decline YoY). Visitor arrivals likewise increased off a very low base by 1,400% QoQ to reach 750,204 in Q3, with September registering the best month since the pandemic began with 449,085 visitors. Visitor arrivals are, however, still down 87% YoY in the first three quarters of the year and expected to be down by more than 90% for the full-year 2020.

Despite these positive signs, the picture remains mixed as visitor arrivals underperformed expectations during the much-anticipated Golden Week Holiday in early October with only 156,000 tourists, compared to almost one million over the same period in 2019. The lower-than-expected numbers were partly blamed on the lengthy visa approval process, reportedly taking up to two weeks, compared to a five-minute process via self-service kiosks pre-COVID.

Nevertheless, according to JP Morgan, some mainland Chinese provinces other than Guangdong – such as Fujian, Hunan and Jiangsu – now allow walk-in visa applications, an improvement from the advance booking requirement that was in place in late September. These measures appear to have helped, with latest statistics showing that GGR for the whole of October surged 229% MoM (a 73% decline YoY) to MOP7.3 billion (US\$910 million), the highest since the pandemic began. With the better than expected GGR in October, Morgan Stanley has revised its 2020 GGR full-year forecast to –78% YoY (previously –80% YoY).

Despite current uncertainties, there have also been signs that suggest property market sentiment could be improving. In September, property transaction volume was up 11% YoY with the average transaction price declining only slightly by 2% YoY. During the first half of October, there were two new residential launches for sale both of which were well received by local end-users.

In order to continue to attract tourists from mainland China, Macau's government launched a promotional campaign running from September to December 2020 advertising that Macau is open for business and offering consumption coupons worth a total of MOP290 million (US\$36 million). The campaign's promotional vouchers are valid for a range of goods and services, including accommodation and purchases at local shops. In parallel, local initiatives to support Macau based businesses also continued.

It appears that Macau may be past the worst, however, the recovery process will take time and we need both confidence in the Macau economy and further easing of travel restrictions to translate into improved sentiment to support the divestment of assets. In addition, external factors including capital controls within mainland China, the direction of US/China trade tensions and the wider effects of COVID will influence the pace of a recovery in the luxury property sector in Macau.

Amendment to the Articles of Incorporation

The Board is proposing amendments to two of the Articles of the Company as follows, which it hopes shareholders will support.

To enable greater flexibility for convening general meetings to propose an extension to the life of the Company, the Board proposes minor amendments to Article 38, Duration, which facilitates the convening of general meetings in each successive year with a deadline of 31 December to consider and approve resolutions to extend the life of the Company.

Furthermore, the Board also proposes minor amendment to Article 26, subsection 2, in order to facilitate participation in Board Meetings by Directors located in the United Kingdom and who are unable to physically attend meetings in Guernsey due to travel restrictions and guidelines as set out by the Guernsey Civil Contingencies Authority as a result of the ongoing COVID-19 pandemic.

The Board of Directors recommend shareholders vote in favour of the resolutions in order to aid logistical challenges to support the Company's ongoing divestment strategy.

Appointment of Statutory Auditors

The Audit Committee is carrying out an audit tender process which was referred to in the Company's Annual Report in accordance with the guidelines and practice set out in the AIC code which the Company follows. The Board expects that the tender and evaluation process will conclude shortly, at which point it will be in a position to confirm the appointment of the Company's statutory auditor for the 2020/2021 financial period on the recommendation of the Audit Committee.

Management Fees

As I prefaced in my Chairman's Statement contained in the Annual Report and Accounts, the Board and the Manager are in discussions to potentially alter the fee arrangements previously agreed. This is to reflect the continued need for investment and management functions for longer than had been expected, as a direct consequence of the delays to the divestment programme brought about by the impact of the COVID-19 pandemic on the Macau economy and the sale of the remaining assets. A separate announcement will be issued on conclusion of those discussions.

Extension to the life of the Company

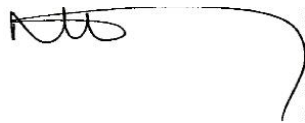
The Board have carefully considered and believe it in the best interest of shareholders to grant an extension of the Company in order to complete the orderly divestment of the remaining assets and return capital to Shareholders.

It is likely that returns from sales of properties would be significantly lower if the Company was forced to sell as a result of a discontinuation vote. A continuation would allow time for the orderly divestment of assets and it is therefore the Board's view that the commercially sensible option is for the Company to continue for a further year.

Additional Information

Within this letter is the Notice of AGM together with explanatory notes (including voting procedures) and enclosed separately is the form of proxy for you to use for the AGM.

Yours faithfully,



MARK HUNTLEY
CHAIRMAN

PO Box 286,
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