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**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.**



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Directors

Mark Huntley  
Alan Clifton  
Carmen Ling

Registered Office

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

24 November 2023

Dear Shareholder,

### **ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

In our Annual Report and Accounts for the year ended 30 June 2023 (“the Annual Report”), the Board reported that sales worth US\$44.3 million had been achieved since commencement of the divestment programme. We are continuing to deploy measures to reduce our debt obligations and implement our divestment strategy. I am pleased to report that further sales have been delivered post year-end. In addition, new policies have been proposed by Macau’s government to support the real estate market, which should aid our ongoing divestment of assets.

The Board explained it would be advising that a vote be held to recommend extending the life of the Company for one further year to facilitate the orderly divestment of its 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 21 December 2023.

### **Market Update**

In the wake of the abrupt lifting of zero-COVID measures in January, Macau witnessed a remarkable resurgence in its key sectors – tourism and gaming – reaching approximately 70% of H1 2019 levels. The economic rebound has positioned Macau for a substantial recovery, with the latest IMF projections anticipating a 74% year-on-year (YoY) economic rebound in 2023 and growth of 27% YoY in 2024. Yet it is important to understand that we are still in the early stages of the post-pandemic recovery. In comparison to 2019, Macau has scope to recover further, as certain sectors are still showing signs of distress.

### **Macau’s Real Estate Sector**

The real estate market in Macau, particularly the luxury residential segment, of which our portfolio is a part, has been slower to recover than other parts of the economy. Transactions and prices remain subdued, with just 85 sales recorded for units of more than 150 square metres in H1 2023. The prevailing higher interest rate environment, coupled with a weaker-than-expected economy in mainland China, continues to weigh on investor sentiment.

In a proactive move, Macau’s government has proposed measures aimed at supporting the housing market. On 1 January 2024, subject to final approval, certain key measures will be introduced.

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For our market segment, two points are particularly germane:

- the removal of stamp duty for second home ownership;
- an increase in maximum loan-to-value (LTV) ratio to 70% from 50% for residential properties valued at MOP8 million (approximately US\$1 million) or more.

The measures are the first such move in many years and their impact should help to bolster market sentiment in the luxury segment, to which the Company is exposed, over the coming year. In the meantime, interest rates appear to have stabilised, and any rate reduction in 2024 will also support market confidence and ease the Company's debt servicing costs.

### **Divestment Updates**

A further five sales of units at The Waterside have been achieved post year end, three of which pending completion. Nineteen units at The Waterside have now been sold since the programme's initiation in mid-2022, generating a total of c.US\$52 million in sales. At the Company's other portfolio properties, The Fountainside and Penha Heights, active marketing efforts continue as we explore diverse avenues to attract potential buyers.

As of 30 September 2023, the Company's portfolio of three key assets had a valuation of US\$192.6 million. On a like-for-like basis, adjusting for units sold during the year, the portfolio valuation declined 1.5% since year end.

### **Extension to the life of the Company**

The Board and the Manager remained committed to navigating ongoing market challenges and optimising divestment of the Company's portfolio within the earliest timeframe at which an optimal return to Shareholders can be made.

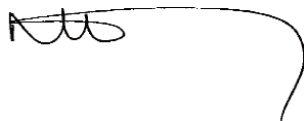
If the Company were forced to accelerate the sales process as a result of a discontinuation vote, the returns from the sales of properties, taking into consideration prevailing low transaction volumes, would be significantly reduced. A continuation will allow time for the orderly divestment of assets into a market in which sentiment is slowly recovering.

**The Board thus believes it to be in the best interests of Shareholders to grant an extension of the life of the Company in order to deliver our carefully considered sales programme and meet the objective of completing the orderly divestment of the remaining assets and the return of capital to Shareholders.**

### **Additional Information**

Within this letter is the Notice of AGM, together with explanatory notes (including voting procedures). Enclosed separately is a form of proxy for the AGM.

Yours faithfully,



MARK HUNTLEY  
CHAIRMAN  
MACAU PROPERTY OPPORTUNITIES FUND LIMITED

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

*To that end, please be advised that the Annual Report is 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 below:*

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