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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.



Directors

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22 November 2024

Dear Shareholder,

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

In our Annual Report and Accounts for the year ended 30 June 2024 (“the Annual Report”), the Board reported that sales worth US\$77.7 million had been achieved since the commencement of our 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 that are benefiting our ongoing divestment of assets.

The Board has explained that it would be advising that a vote be held to recommend extending the life of the Company for a further one-year period to facilitate the orderly divestment of its remaining assets and maximise value for shareholders. 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 20 December 2024.

Macroeconomic Update

Following a year of substantial recovery in 2023, Macau’s economy is forecast to have continued its growth trajectory in 2024, with an expected GDP growth rate of 10.6%, bringing it close to 93% of its 2019 pre-pandemic size of approximately MOP419 billion (around US\$52 billion). However, the recovery remains uneven, with tourism and gaming leading the rebound but other sectors lagging behind. Many local enterprises are performing poorly as they face stiff competition from nearby cities such as Zhuhai, hampering their growth prospects.

Macau’s new chief executive, Sam Hou Fai, will take office on 20 December, with Chinese President Xi Jinping attending, in a positive development for the territory. The change of leadership raises the possibility of further economic support for Macau, including a potential boost for its real estate sector.

It is too early to assess extensively the outcome of the US presidential election. However, the focus in Macau remains on mainland China, where prospects look more positive.

Macau’s Real Estate Sector

Macau’s real estate industry has spent 2024 navigating a complex landscape amid significant policy changes and uneven market performance. The government removed residential property anti-speculation measures in April as it abolished a 10% supplementary stamp duty on non-local buyers and a unification of residential

mortgage ratios to a maximum of 70% for all purchasers. These changes were intended to stimulate the housing market, yet the residential market continues to face challenges, with a 12.7% year-on-year decline in transaction volume during the first half of the year. Although residential sales surged 63% quarter on quarter (QoQ) during Q2, driven by measures taken to reduce developers' inventories, steep discounts resulted, leading to lower near-term valuations. However, high interest rates and a tight mortgage market have limited the extent of the recovery overall.

Lower interest rates in the US have seen Macau banks' prime rates decline as the Monetary Authority of Macao has followed the Federal Reserve's lead, reducing borrowing costs in a move that is beginning to stimulate market activity. Additionally, the Chinese government has introduced further stimulus measures to support the country's real estate sector, buoying sentiment in Macau's property market, even though residential property transaction volumes fell 27% QoQ between Q2 and Q3 and the average transaction price declined 7% as potential investors adopted a "wait and see" attitude. Uncertainty over mortgage availability, the pace of further interest rate reductions, and economic policies following the upcoming change of chief executive has kept buyers cautious. The Manager believes the market is in the early stages of its recovery.

Divestment Updates

Post the Company's year-end, a further four units at The Waterside have been sold. This takes the total number of units sold at the development to 31 since the programme's initiation in mid-2022. More recently, the number of inquiries about the remaining 28 units at The Waterside has increased. Two villas at The Fountainside were also sold post year-end.

As of 30 September 2024, the Company's portfolio of three key assets had a valuation of US\$135.9 million. On a like-for-like holding basis, adjusting for units sold during the year, the portfolio valuation as of 30 September had increased by 0.8% since year-end.

Corporate Governance and Management Fees

The Board and the Manager agreed to amend the fee schedule in the Investment Management Agreement from 1 January 2024 to incentivise the Manager to achieve substantial sales. Although the management fee has remained unchanged during 2024, the Board has the option to reduce the fee in 2025. Fees remain subject to an overall annual cap of 4.99% of the lower of market capitalisation and net asset value based on the previous calendar year.

Extension of the Life of the Company

The Board and the Manager remain committed to navigating ongoing market challenges to optimise divestment of the Company's remaining portfolio within the shortest possible timeframe during which an optimal return to Shareholders can be made.

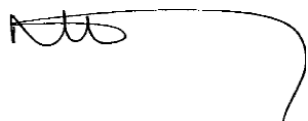
If the Company were forced to accelerate sales as a result of a discontinuation vote, the returns from any accelerated sales of properties, taking into consideration prevailing low transaction volumes, would be significantly reduced. The prospect of a return of capital would be meaningfully diminished. A continuation, conversely, will allow time for the orderly divestment of assets into a market in which sentiment is gradually recovering.

The Board believes it to be in the best interests of Shareholders to grant an extension of the life of the Company. This will enable the delivery of our carefully considered sales strategy to meet the objective of 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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