

MCAU Update—Payment Extension

Speymill Macau announced that further to the timing of the repayment of capital commitments disclosed in its half year report dated 7 September 2009, it has signed an agreement with the developer of Riviera (formerly “Lorcha”) which grants to the Company a six month extension to the final stage commitment of approx. US\$93m (incl. acquisition costs) in relation to that development. This final stage commitment had originally been expected during the first quarter of 2010.

For the full announcement and more information, please visit www.speymillmacau.com

Macau 2010 Economic Outlook

While Macau and its neighbours in the Asia Pacific region has been negatively affected by the economic downturn, the area hasn't been affected to the same degree as Western economies. According to the Annual Monetary and Financial Stability Review (“AMCM”) published by the Monetary Authority, 2010 is likely to show positive growth as more public and private investment drives unemployment down to 3% or lower. In 2009, Macau increased its public expenditure on infrastructure and also implemented measures to reduce imported labor in an attempt to keep unemployment levels under control.

2010 will see job creation through more infrastructure spending in the form of the Hong Kong—Macau—Zuhai bridge and expansion of the light rail train system as well as the construction of public housing. This increase in public expenditure is expected to be funded by increasing gaming sector receipts and the recovering tourism industry. Additionally, the AMCM report expects an increase in private sector investments in the coming year.

However, not all is rosy according to the AMCM report. The report states that the recovery in the local economy could cause housing rents to increase and that interest rates are expected to increase slightly. Credit is expected to tighten in 2010, compared to 2009, as China aims to reign in the dramatic recovery of real estate prices seen in the second half of 2009, a result of the stimulus package launched last year. Also, local authorities are wary of the threat of a second wave of pandemic influenza hitting the region.

Macau Property Sector News

Wynn Macau's Encore to Debut in April

Following its Hong Kong IPO in the second half of 2009, Wynn Macau, who raised US\$1.8bn in the transaction, plans to open its new resort—Encore—in April 2010. Encore is situated right beside the existing Wynn Macau resort and will be fully integrated into the existing operations at Wynn Macau when it opens. Encore is expected to add approximately 400 luxury suites and four villas as well as additional retail and gaming space to Wynn Macau.

Macau Business Sector News

China to Scale Back on Debt Availability in 2010

According to an article published by the Times, China's banks are expected to tighten lending in the coming year as Beijing aims to curb inflation and prevent the forming of asset bubbles. In particular, there is fear of a pricing bubble in the real estate sector, where major cities in China saw dramatic price recoveries in 2009.

Residential real estate prices in Hong Kong increased 27% in 2009 while Shanghai saw property prices rise 68% in 2009 over the previous year, according to the South China Daily. China saw price increases of 24%, on average, across the country in 2009 according to China Daily.

The China Banking Regulatory Commission (CBRC) has raised banks' reserve ratio by 50bps while the Chinese government has increased the down-payment ratio to 40% for second homes. The government has also reinstated a sales tax on homes sold within five years of their purchase, after cutting the period to two years in January 2009 to bolster the flagging property market.

According to the South China Morning Post, Mainland Chinese banks extended more than one trillion yuan (US\$146.5bn) in loans in the first 20 days of 2010—a pace well above the 7.5 trillion yuan loan target set by the Chinese government for 2010. Further steps are expected from the government to reduce the supply of debt capital in 2010, after a flood of ‘cheap money’ hit the country in 2009 as a result of China's unprecedented stimulus package.

Modest New Supply of Gaming Tables in 2010

Gross gaming revenue in 2009 showed a 9.6% growth over 2008, higher than the general market expectation. 2010 is expected to be a strong year for the casino industry in Macau. On the supply side, Encore at Wynn Macau will be the only casino opening in 2010. Encore is aimed at targeting the VIP gaming segment, which accounted for 66% of Macau's gaming revenue in 2009.

SJM's Oceanus casino opened its doors in the middle of December 2009 and its impact will be felt in 2010 when it is fully ramped up. Providing only basic amenities and situated across from, and with a dedicated foot-bridge to the Macau ferry terminal, the Oceanus is aimed squarely at mass market gamblers.

2010 will see approx. 8% increase in table capacity in the mass market segment due to Oceanus and a few percentage points increase in the VIP segment as a result of Encore. Looking ahead to 2011, supply is expected to balloon due to the expected completion of both Galaxy's and Sands Macau's Cotai strip projects.

MGM to Follow in the Footsteps of Wynn and Sands

MGM has announced it will IPO its Macau business in Hong Kong, following the successful IPOs of competitors Wynn Resort's and Las Vegas Sand's Macau-based businesses. MGM Grand is planning to re-launch the Macau brand with a marketing campaign focussed on the Chinese public. According to gaming analysts, the Company is expected to be valued between US\$375m and US\$500m.

Speymill Macau Property Company plc was established to invest primarily in high quality residential properties in Macau. The Company will also pursue selective commercial investments to capture expected ancillary Macau service sector growth. The Company listed on AIM on 17 November 2006 raising US\$80m and raised a further US\$70m in May 2007. The Company's objective is to provide shareholders with an attractive overall return to be achieved primarily through long-term capital growth. The Manager is Speymill Property Group Limited, the Investment Adviser is Speymill Property Group (Far East) Limited and the Property Adviser is Avila Capital Limited. The Manager, Investment Adviser and Property Adviser are responsible for identifying investment opportunities. The Manager is a wholly owned subsidiary of Speymill Plc (AIM: SYG). The Investment Adviser is a wholly owned subsidiary of the Manager.

To read previous editions of Speymill Macau Monthly Monitor, please go to: www.speymillmacau.com (News & Reporting, Miscellaneous)

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Macau Business Sector News (cont'd)

Macau Remains 6th Freest Economy in Asia Pacific

Macau has once again ranked as the 6th Freest Economy in Asia Pacific, according to the Heritage Foundation's 2010 Report on the Index of Economic Freedom. Macau's overall score improved by 0.5 from a year earlier to 72.5, ranking the SAR (Special Administrative Region) 20th freest among 179 economies globally, an improvement over the previous year's 21st ranking.

The Foundation's report is of the view that since the opening up the gaming industry in 2002, Macau has attracted more foreign investors, spurring tourism and overall consumption. Macau is recognised as a free port and has long benefitted from global trade and investment. Its overall entrepreneurial environment is well incorporated with high efficiency, low-tax regimes and well protected property rights.

Macau Expands MICE Sector with Aviation Fare

According to the South China Morning Post, Macau and Hong Kong will take turns to stage an annual air show for business jet manufacturers to reach corporate high-fliers in the Greater China market. This year's show will run from June 9—11 at the Macau International Airport and will coincide with this year's Global Gaming Expo (G2E).

Macau Economic Data

Macau 2009 Gaming Revenue Sets New Record

According to Lusa news agency, December 2009 gaming revenues came in at approx. MOP\$11.3bn, a 46% y-o-y increase. The full year figures for 2009 gaming revenue in Macau are approx. MOP\$120bn, or 10% higher than in 2008, which was itself a record breaking year.

Macau started the year slowly, with gaming revenues in 1Q09 and 1H09 down -12.7% and -12.5% over the same period in 2008, respectively. But a strong recovery in gaming revenues in the second half of the year saw Macau surpass its previous record. Gaming revenue in 3Q09 and 4Q09 showed a 22.3% and 49.1% increase over the corresponding period in 2008.

2010 is widely expected to be an even stronger year than 2009, barring any major intervention from Beijing to slow gaming growth.

Companies with Macau Property Business Exposure

Company	Ticker	Market Cap (millions) ⁽⁶⁾	Price as at 29/01/10	Change YTD	Change since 17/11/06
Speymill Macau Property Co plc ⁽¹⁾	MCAU:LN	US\$73.60	US\$0.63	5%	-37%
Macau Property Opportunities Fund Ltd.	MPO:LN	US\$188.48	£1.11	1%	12%
Wynn Resorts Ltd.	WYNN:US	US\$7,618.29	US\$61.88	6%	-34%
Las Vegas Sands Corp.	LVS:US	US\$10,235.01	US\$15.50	4%	-83%
Melco PBL Entertainment (Macau) Ltd. ⁽²⁾	MPEL:US	US\$1,878.79	US\$3.57	6%	-83%
Polytec Asset Holding Ltd.	208:HK	US\$834.09	HK\$1.46	-17%	-42%
Shun Tak Holding Ltd.	242:HK	US\$1,177.24	HK\$4.52	-8%	-62%
eSun Holdings Ltd.	571:HK	US\$162.88	HK\$1.02	2%	-88%
Galaxy Entertainment Group Ltd.	27:HK	US\$1,496.48	HK\$2.95	-8%	-65%
SJM Holdings Ltd. ⁽³⁾	880:HK	US\$2,477.48	HK\$3.85	-12%	27%
Wynn Macau Ltd. ⁽⁴⁾	1128:HK	US\$6,596.20	HK\$9.88	3%	-8%
Sands China Ltd. ⁽⁵⁾	1928:HK	US\$11,372.65	HK\$10.98	10%	18%

Note:

(1) Speymill Macau Property Co plc was listed on 17/11/2006 with IPO price at US\$1.0 per share

(2) The Company was listed on 18/12/2006

(3) The Company was listed 14/07/2006

(4) The Company was listed 09/10/2009

(5) The Company was listed 30/11/2009

(6) Exchange Rate: US\$/HK\$ 0.13 (as at 28/01/2010)
US\$/GBP 1.61 (as at 28/01/2010)

Source: Bloomberg

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