

## Speymill Macau Invests in Joint Venture

Speymill Macau Property Company plc (EPIC: MCAU.L), announced it was in the process of a joint venture formation with a Macau based boutique advisory and asset management firm:

- The Company is investing up to US\$ 8.7 million (HK\$ 67.5 million) in cash and the joint venture partner contributing a property at a net value of US\$ 1.3 million (HK\$ 10.5 million).
- The Venture will acquire and reposition mainly existing residential properties at the affordable end aiming to build a portfolio of income producing assets.
- The term of the Venture will be three years with two separate one-year extensions at the Company's discretion.

## Macau Property News Update

**Macau Puts Brakes on Casino Expansion** — Directed by Beijing, the Macau SAR Government said on April 22nd that it would rein in the booming industry by halting the issue of new licenses and freezing land allocations for the construction of more casinos. Ongoing casino projects and those already granted government approval would not be affected, said a spokesperson for Macau's Government Information Bureau.

**Height Restrictions Imposed to Buildings Around Guia Lighthouse** — The Government divided areas around Guia Lighthouse into 11 zones in which the maximum building heights imposed ranged from 46m to 90m. Seven approved projects, which have not yet begun construction, will also be affected by the new legislation and could be compensated for reduced height allowances.

**Deciding Criteria for Re-development Percentage** — The Macau Government has formed a committee for the Redevelopment of Old Neighborhoods in Macau. A proposed redevelopment bill has been put forth based on a model from projects that have taken place in Hong Kong and Taiwan. Under the bill, 3,413 buildings could potentially be demolished and rebuilt into adequate residential, commercial and industrial properties. Members of the committee agreed with the Government's proposal that 80% of property owners' consent was enough to execute compulsory land sale by the Government.

**Investment immigration not to resume 'for the next two years'** - The investment immigration scheme through buying properties in Macau will not be resumed at least for the next two years, according to government sources. The Jornal Va Kio reported that the Government has no intention to review the decision, announced by the Chief Executive Ho during the Legislative Assembly's question time on 3 April 2007, but it does not mean that such scheme has been terminated on a permanent basis. The sources explained that the Government wants to "suspend" the scheme, so that the property market can be made stable, and in practical terms, there are no policies that are permanent.

**Public Housing to be Built in Coloane** — The Government has reserved the former quarry area which is located at the south of Cotai opposite to Macau kart track, for public housing. It has targeted to spend MOP\$120 million to build up to 19,000 public housing units in all of Macau by 2012. Rental subsidies will be offered to public housing applicants.

**Macau Waiting to Start Land Reclamation Projects** — The Macau government is waiting for approval from the central government in China to begin works on 5 reclamation land projects which are expected to increase Macau's total area by around 5 square kilometers. The existing land area of Macau is currently about 28.6 square kilometers.

**VC Group Expanded Its Macau Property Exposure** — The company announced on 14th March 2008 that it was in the process of setting up a real estate private equity fund with a 'renowned' international financial institution which will focus on residential property development in Macau.

## Macau Business Update

**Galaxy Entertainment Group Reports Gaming Profits** — Main highlights from the annual report as at 31 December 2007:

- EBITDA increased by 234% to reach HK\$1,461 million
- Operating Profit of HK\$81,282 million (Loss of HK\$ 1,032,447 million in 2006)

## Mega International Gets Taiwan Regulator to Open Branch in Macau

— Taiwan's Financial Supervisory Commission recently approved Mega International Commercial Bank's application to set up a branch in Macau

**Property Sales Boost Shun Tak Net Profit 52.7%** — Shun Tak Holdings posted forecast-beating annual earnings for last year as a result of better property sales. Net profit jumped 52.7% to HK\$1.01 billion from HK\$663.9 million in 2006. That topped the average forecast of HK\$926.3 million by 11 analysts polled by Thomson Financial

**Gucci Opened First Store at Wynn Macau** — Gucci opened its first Macau store at Wynn on Friday with a total area of 2,588 square feet and focusing solely on accessories.

## Macau Business Update Continued...

**Macau Casino Revenues Surged 62% in Q1 2008** — Macau gaming revenues surged 62 per cent in the first quarter 2008 to HK\$29.82bn as casinos in the city hauled in more takings than Las Vegas Strip and Atlantic City combined. Citigroup analyst Anil Daswani wrote recently in a research note that "In spite of the completion of mass-market-focused projects such as the Venetian, Macau remains a Mecca for high rollers".

**Bank of East Asia Expanded its Exposure in Macau** — The Bank of East Asia has opened its new Macau Taipa sub-branch, the bank's fourth outlet in Macau and first on Taipa. The Macau Taipa sub-branch will provide nearby residents and businesses with convenient access to the bank's comprehensive range of banking and financial services.

## Release of Economic Statistics

**Public Revenue Surged 40.6% in Q1 2008** — Thanks to the booming gaming industry, Macau's public revenue for Q1 2008 posted a dramatic year-on-year increase of 40.6% to over MOP\$13 bn, according to official figures released by the Finance Services Bureau.

**Macau's Inflation Hits Record High in March 2008** — March's inflation rate has reached 17-year high, with the level rising to 9.5% yoy according to Statistics and Census Service.

**Macau Government Give MOP\$2bn Subsidy** — The Government announced the grant of a one-off subsidy for every permanent Macau resident of MOP\$5,000 and for non-permanent residents of MOP\$3,000 in cash in July.

**Tourist Price Index Climbed** — In Q1 2008, the tourist price index, a price index of restaurant services, accommodation and miscellaneous goods, climbed 6.9% quarter-to-quarter according to Statistics and Census Service.

**Unemployment Stable at 2.9%** — The unemployment rate for January to March 2008 remained unchanged at 2.9% same as the previous quarter, and down by 0.3% year-on-year according to Statistics and Census Service.

## Companies with Macau Business Exposure

| Company   | Ticker  | Price as at 25/04/08 | % Change since 17/11/06 | Market Cap in US\$ (\$million) |
|---|---------|----------------------|-------------------------|--------------------------------|
| Speymill Macau Property Co PLC <sup>(1)</sup>       | MCAU.LN | US\$1.19             | 19%                     | US\$155                        |
| Macau Property Opportunities Fund Ltd               | MPO:LN  | £1.06                | 6%                      | US\$221                        |
| Wynn Resorts Ltd                                    | WYNN US | US\$108.01           | 15%                     | US\$12,122                     |
| Las Vegas Sands Corp                                | LVS US  | US\$70.29            | -22%                    | US\$24,978                     |
| Melco PBL Entertainment (Macau) Ltd. <sup>(2)</sup> | MPEL US | US\$13.90            | -27%                    | US\$6,119                      |
| Polytec Asset Holding Ltd                           | 0208 HK | HK\$1.74             | -31%                    | US\$992                        |
| Shun Tak Holding Ltd                                | 0242 HK | HK\$10.44            | -13%                    | US\$3,142                      |
| Esun Holdings Ltd                                   | 0571 HK | HK\$2.69             | -68%                    | US\$429                        |
| Galaxy Entertainment Group Ltd                      | 0027 HK | HK\$5.84             | -30%                    | US\$2,951                      |

Note: (1) Speymill Macau Property Co PLC listed on 17/12/2007 with IPO Price at US\$1 per share.

(2) The company listed on 18Dec2006.

(3) Exchange Rate: US\$/HK\$ 0.1284 (as at 25.4.2008)  
US\$/GBP 1.9888 (as at 25.4.2008)

Source: <http://www.bloomberg.com>

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To read previous editions of Macau Monthly Monitor, please go to: [www.speymill.com](http://www.speymill.com) (Financials, Company Reports) 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 Group Plc (AIM: SYG). The Investment Adviser is a wholly owned subsidiary of the Manager.