

26 August 2014

Myanmar Investments International Limited

Signing of microfinance joint venture agreement

Myanmar Investments International Limited ("MIL" or the "Company") is pleased to announce that its wholly owned subsidiary Myanmar Investments Limited ("Myanmar Investments"), has today signed a conditional joint venture agreement (the "JVA") with Myanmar Finance Company Limited ("MFC"), a highly ranked provider of microfinance loans principally to small-scale business operators in rural and urban areas of Yangon and neighbouring Bago in Myanmar.

The directors of the Company believe the new joint venture, called Myanmar Finance International Ltd. ("MFIL"), to be the first foreign microfinance joint venture in Myanmar. MFIL will have both a lending and deposit taking licence, issued by the Myanmar government. In conformity with Myanmar regulations, MFIL has been incorporated in Myanmar as a foreign company.

Under the terms of the JVA, MFC will inject its existing microfinance business into MFIL, which will be jointly managed by the two partners. Myanmar Investments and MFC have agreed to an initial phased contribution of US\$4.8 million in capital (Myanmar Investments' total contribution being US\$2.75 million) with Myanmar Investments owning 55 per cent. of the new company and MFC holding the remaining 45 per cent. The partners will initially contribute US\$2 million for shares in MFIL (of which Myanmar Investment's contribution is US\$1,100,000 in cash and MFC's contribution is US\$900,000). MFC's initial contribution will be principally in the form of a transfer of the existing business with a top up payment in cash when the valuation of the existing business is finalised. The balance of the capital commitments will be in cash and will be called in two further tranches as the business expands. The JVA is conditional on MFIL receiving its own microfinance licence which is expected to be issued shortly by the Myanmar Microfinance Supervisory Enterprise, part of the Myanmar Ministry of Finance.

Mr. Aung Htun, managing director of MIL commented; "We are delighted to partner with MFC and be part of an exciting expansion plan to provide an important source of capital for small-scale businesses. A well-run microfinance business in a well-regulated environment represents a socially responsible investment as well as an attractive commercial opportunity as has been demonstrated elsewhere in Southeast Asia where strong microfinance companies become consumer banks."

Founder and managing director of MFC, U Htet Nyi said; "Through the new joint venture, we will be able to offer more loans and quickly add to the estimated 10,000 clients we serve in the Yangon and Bago regions. We plan to widen our product offering, as well as add to the three branches we currently operate. Out of a number of foreign companies which were interested in cooperating with us, we chose MIL because of their financial skills, focus on Myanmar and fantastic attitude towards the business. Together, we can create a vision which will help us expand tremendously and where appropriate we may also consider inviting in other additional value-adding investors."

The joint venture is expected to continue to offer MFC's current loan products. Borrowers are small-scale business operators who use the loans for purchasing equipment and for working capital to buy inventory. Typical borrowers include operators of retail stalls, home businesses, and in select circumstances groups of employees. MFC loans are less than the current limit of cUS\$500 per borrower and are normally for 10-12 months duration and at the government-regulated maximum interest rate of 30 per cent. per annum.

The Myanmar economy is emerging after decades of isolation but remains a cash-based society with weak banking and financial infrastructure. Demand for microfinance including credit, savings, transfers and insurance is high¹. A 2012 report by UN Capital Development Fund puts the unmet demand at US\$1 billion².

The Myanmar government is encouraging access to microfinance as a way to help address poverty alleviation and development. In 2011 a series of new laws and policies formalized the microfinance sector allowing for fully privately-owned microfinance institutions. More than 200 organizations, including MFC, have so far been licenced by the Ministry of Finance. However most of these are small and MFC would estimate that, based on the size of MFC's existing loan book, MFC would be ranked within the Top 10 microfinance institutions in Myanmar. With MFIL's intended paid-up capital, it is expected to improve this ranking further.

MIL's Aung Htun added; "Our first year has been a very busy one; a steep learning curve in some ways. But with our first investment now secure we are poised to expand our portfolio and we are working on a number of other investment opportunities in Myanmar in attractive sectors such as telecom infrastructure, healthcare, education and equipment rental. Some opportunities move quicker; some less so, but our deal flow is strong and we are confident that we have established momentum."

In order to take advantage of these opportunities, and in line with the strategy outlined in its Admission Document (which was issued in June 2013), MIL will be looking to increase its capital base in the near future.

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¹ International Finance Corporation and CGAP. 2013 "Microfinance in Myanmar Sector Assessment, By Eric Duflos, Paul Luchtenburg, Li Ren, and Li Yan Chen"

² United Nations Capital Development Fund. 2012. "UNDP Formative Strategic Review of Microfinance Investments in Myanmar: Issues and Recommendations for the Future" New York: UNCDF, April.

Notes to Editors:

Myanmar Investments International Limited is the first Myanmar focused investment company to be admitted to trading on the AIM market in London and has been established for the purpose of investing in businesses operating in or with business exposure to Myanmar. The Company will target businesses operating in sectors that the Directors believe have strong growth potential and thereby can be expected to provide attractive yields, capital gains or both. In addition to investing into local businesses the Company will also partner with foreign companies investing in Myanmar.

Myanmar, a country of approximately 60 million people and roughly the size of France, has been diplomatically isolated for much of the last 50 years. Once one of the more prosperous countries in Southeast Asia as it has an abundance of natural resources (oil, natural gas, arable land, tourist attractions and a long coastline), it is now one of the least developed countries in the world and has been the subject of sanctions imposed on it by the EU and the US, amongst others.

The Company's primary objective is to build capital value over the long term by making investments in a diversified portfolio of Myanmar businesses that will benefit from Myanmar's re-emergence.

About Myanmar Finance Company Limited

Myanmar Finance Company Limited was formed in 2012 in Myanmar by U Htet Nyi to provide microfinance products to local communities in Yangon and later Bago. By mid-2014, MFC had nearly 10,000 clients and an outstanding loan portfolio of around 800 million Myanmar Kyat (about US\$825,000). As MFC is still in the start-up phase of its operations as it seeks to build a solid foundation for future growth, in the year to 31 March, 2014 it incurred a net loss of US\$32,500. MFC selects prospective borrowers after market surveys and consultation with local officials and community leaders.

About U Htet Nyi

U Htet Nyi, a Myanmar citizen, is a serial entrepreneur with nearly two decades of experience managing general trading and services businesses in Myanmar.

U Htet Nyi is the president of the Myanmar Shooting Sport Federation and honorary consul for Norway and Finland.

970 Kyat = US\$1 (as of 26 August 2014)

For more information about MIL, please visit www.myanmarinvestments.com