

Myanmar Investments International Limited

Investment into the Tourism sector

Myanmar Investments International Limited [AIM: MIL] (“MIL” or the “Company”), the AIM-quoted, Myanmar focused investment company, today announces that the Company has entered into a joint venture agreement (the “Joint Venture Agreement”) with leading Myanmar tourism entrepreneurs, U Thet Lwin Toh and Daw Lwin Lwin Kyaw (the “Myanmar Partners”). The Joint Venture Agreement is the culmination of the Memorandum of Understanding described in the Strategic and Trading update on 10 April 2017.

The Joint Venture Agreement will see the establishment of a new joint venture company, Myanmar Voyages Holding Company Limited (“Myanmar Voyages”) by MIL and the Myanmar Partners that will invest into tourism-related assets in Myanmar.

The tourism sector in Myanmar is experiencing rapid growth with the number of arrivals having increased at a compound average growth rate of 24% between 2010 to 2016, with tourist arrivals and tourist expenditure in 2016 reaching 2.9 million and US\$2.2 billion respectively. This expenditure is forecast to grow to US\$4.5 billion by 2027. As such, tourism is of significant importance to Myanmar as a key export sector bringing in foreign currency as well as providing employment opportunities across the country.

Under the Joint Venture Agreement, Myanmar Voyages will acquire 60% of the existing travel agency business of Myanmar Voyage International Tourism Company Limited (“MVI”), which was founded in 1996 by the Myanmar Partners. The Myanmar Partners will continue to hold the remaining 40% of MVI. MVI focuses on inbound tourism, serving tourists from markets such as Spain, Scandinavia and Japan, as well as providing land excursion tour packages for cruise liners calling at ports in Myanmar. The acquisition of MVI is subject to regulatory approval and a further announcement on this will be made in due course.

The intention is for Myanmar Voyages to build on the platform that MVI provides and establish or acquire additional assets in the tourism sector including hotels, specialised tourist attractions and restaurants.

Therefore, in addition to acquiring MVI, it is planned that Myanmar Voyages will also acquire from the Myanmar Partners a hotel management agreement to run the Serenity Inle Resort, which features bungalow villas on Inle Lake itself as well as villas and rooms on the famous lake shore. With 61 rooms in total, the hotel is located on the east of Inle Lake, just 30 minutes to the famous Phaung Daw Oo Pagoda. This acquisition is still under negotiation and it is expected that definitive contracts for this will be signed within the next two months.

Additionally, Myanmar Voyages will also acquire a 30% stake in Culture Attractions Limited (“CAL”), which operates the “Mingalabar Balloon” in Kandawgyi Park, Yangon. This is a static helium balloon that provides panoramic views of Yangon for tourists and domestic visitors. It is a unique feature of the Yangon landscape and not dissimilar to the “London Eye” in terms of its attraction. There are plans to launch similar static helium balloons in other major tourist cities in Myanmar. The Myanmar Partners will continue to hold a 40% stake in CAL with the remaining 30% owned by an independent third party. CAL only started operations in May of this year and has incurred modest start-up losses to date. The investment in CAL is subject to regulatory approval and a further announcement on this will be made in due course.

This investment will be MIL's fourth investment in Myanmar. Its first three joint venture investments were similarly socially impactful investments:

- Microfinance – Myanmar Finance International now has close to 50,000 borrowers who have been economically empowered to expand their businesses (including small shops, trading businesses, and food stalls) through MFIL's ethical lending practices. 85% of its borrowers are women. MFIL is a joint venture that includes the Norwegian Investment Fund for Developing Countries ("Norfund") as a partner.
- Telecommunication towers – Apollo Towers has built almost 15% of the country's telecoms towers, providing access to mobile telephony and data communications for upwards of 6 million people. This not only brings education and enrichment to their lives but also supports the country's productivity and economic development.
- Pharmaceutical retail franchise – the Medicare joint venture stresses the importance of ethical business practices. In particular, it ensures that all its products are genuine, safe and comply with prevailing regulations; that they have been shipped and stored properly; that the correct medicine has been dispensed as treatment for the relevant ailment; and that the medicine is still within its "sell-by date".

Aung Htun, MIL's Managing Director said, "We are delighted to form this joint venture with such knowledgeable partners who have such well-established track records. Myanmar Voyages provides a solid foundation for MIL's entry into the tourism sector in Myanmar. Compared to countries such as Thailand and Cambodia, tourist arrivals into Myanmar are currently significantly below their potential, especially given the range of tourist destinations and attractions which exist. As such, we believe that tourism is a long-term growth sector and look forward to working with U Thet Lwin Toh and Daw Lwin Lwin Kyaw to establish Myanmar Voyages as one of the leading tourism platforms in the country."

U Thet Lwin Toh, MVI's Managing Director, said, "Through this partnership, we are aiming to help in the development of the Myanmar tourism sector. Together, we hope to create a platform with strong financial backing, sound management and advanced technology to take advantage of the rising and expanding Myanmar tourism industry."

MVI's unaudited management accounts for the year to 31 March 2017 show an EBITDA of approximately US\$340,000 albeit subject to audit by an international audit firm. The setting up of Myanmar Voyages will therefore involve stage payments to be made by MIL. Initially MIL will acquire a 97% interest in Myanmar Voyages for an outlay of approximately US\$800,000. Subsequently, once a balance sheet for MVI has been established, MIL will make a first payment for the MVI business based on its audited net asset value. Thereafter, based on the future EBITDA of the acquired MVI business for the two years to 31 March 2020, MIL may make two additional top-up payments though these two payments can also be settled by allowing the Myanmar Partners to take additional shares in Myanmar Voyages. Taken together, MIL expects that the aggregate consideration (the NAV payment and the two EBITDA payments) is not expected to exceed US\$2.3 million. The Company believes the value of the business being acquired is not materially different from the consideration.

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Notes to Editors:

Myanmar Investments International Limited (AIM: MIL) was the first Myanmar-focused investment company to be admitted to trading on the AIM market of the London Stock Exchange. MIL was established in 2013 with the intention of building long term shareholder value by proactively investing in a diversified portfolio of Myanmar businesses that will benefit from the country's re-emergence and ongoing economic development. The Company is led by an experienced and entrepreneurial team who between them have considerable industrial, corporate and financial management experience.

MIL aims to identify investments with strong growth which if necessary can be "de-risked" through the introduction of experienced senior line-management, mentors and / or strategic partners sourced by MIL's management board. The Company's main focus is on opportunities that are experiencing acute supply and demand imbalances, such as within the consumer and capacity-constrained sectors.

With its strong proprietary investment pipeline of deals, MIL provides investors with a highly disciplined and conservative investment process into one of the most promising growth opportunities of this era.

MIL's largest investment (US\$21 million cost for a 9.3% shareholding) is in Apollo Towers, one of Myanmar's top telecom towers companies with 1,800 towers. Apollo operates in the high growth telecom sector with a strong management that is growing the number of co-locations (i.e. multiple tenancies) on its portfolio of towers. In June 2016, the US Government's Overseas Private Investment Corporation ("OPIC") provided a US\$250 million debt facility to Apollo Towers.

MIL's first investment in August 2014 was into Myanmar Finance International Limited ("MFIL") which today is one of the top 10 microfinance companies in Myanmar. Since MIL invested, MFIL's business has expanded rapidly; its loan portfolio has a CAGR of 145% since investment. The business is profitable with zero NPLs and a sustainable expansion plan for long term growth. In November 2015, the Norwegian Government's Norwegian Investment Fund for Developing Countries ("Norfund"), the Norwegian development finance institution, also became a 25% shareholder in MFIL.

In May 2017 MIL announced it had established a pharmacy, healthcare and personal care product franchise joint venture. It is expected that the business will fill a vacuum in the present retail landscape and at the same time tap into the rapid growth of the middle and affluent classes in Myanmar. The two joint venture partners are: a) an experienced retail group that runs over 55 pharmacy, health and beauty outlets in a neighbouring Asian country; and b) an industry veteran with significant experience leading Asian-based retail concepts. The Company has made an initial investment of US\$495,000 for a 45% stake. The Company expects to invest further capital in the business over the next few years as it continues to expand.

Myanmar, a country of approximately 51.4 million people and roughly the size of France, has been isolated for much of the last 50 years. Once it was 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.

The country has undergone an unprecedented and peaceful transformational reform process, initiated by U Thein Sein's Administration in 2011. This is now continuing under the elected civilian administration led by Daw Aung San Suu Kyi which came to power in April 2016 as a result of the first democratic elections in 50 years. While the process is still evolving, the new government has broad support and significant progress has been made to the economic prospects of the country.

In October 2016, the United States government lifted all remaining sanctions against Myanmar and re-admitted the country into its preferred tariff system.

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