

**Myanmar Investments International Limited**

**Update on Apollo Towers**

Myanmar Investments International Limited (“MIL” or the “Company”), the AIM-quoted Myanmar focused investment company, is pleased to announce that its subsidiary MIL 4 Limited (“MIL 4”) has agreed that it will exchange the shares it holds in its investee company, Apollo Towers Holdings Limited (“Apollo Towers”), for shares in Towers (M) Holdings Pte. Ltd. (“Towers Holdings”) which owns Pan Asia Majestic Eagle Limited (“Pan Asia Towers”) another Myanmar independent tower company (“ITC”).

Upon completion of this reorganisation, MIL 4’s existing 13.5 per cent shareholding in Apollo Towers will be exchanged for a shareholding of approximately 6.2 per cent in Towers Holdings, of which approximately 4.2 per cent will be indirectly held by MIL.

**Apollo Towers**

Through MIL 4, MIL is an indirect shareholder in Apollo Towers, which owns Myanmar’s second largest ITC, Apollo Towers Myanmar Limited (“Apollo Myanmar”). Apollo Myanmar has constructed and operates approximately 1,800 of the estimated 9,200 ITC telecommunications towers in Myanmar. Apollo Myanmar recently secured a large-scale commitment for additional tenancies on its existing towers from Telecom International Myanmar Company Limited, Myanmar’s most recently licenced Mobile Network Operator (“MNO”), operating under the brand name “MyTel”. The Directors of MIL (the “Directors”) believe that this will have a positive impact on Apollo Towers’ profitability. MIL currently holds a 66.7 per cent shareholding in MIL 4 which in turn holds a 13.5 per cent shareholding in Apollo Towers, giving MIL an indirect interest of 9.0 per cent in Apollo Towers.

It is intended that all of the shares in Apollo Towers will be exchanged by its shareholders for new shares in Towers Holdings.

**Pan Asia Towers**

This reorganisation forms part of a much larger transaction under which funds controlled by TPG Capital (“TPG”), an equity investment platform of TPG (one of the world’s largest alternative asset managers with assets under management of US\$84 billion), have set up Towers Holdings which has acquired Pan Asia Towers, Myanmar’s fourth largest ITC.

Pan Asia Towers was established in 2013 and owns approximately 1,300 towers that it has constructed and leased to Ooredoo Myanmar Limited and other MNOs under long-term lease agreements. In addition, Pan Asia Towers has long-term contracts with all of the country’s MNOs and has also secured a large-scale commitment for additional tenancies from MyTel.

Apollo Myanmar and Pan Asia Towers have been instrumental in rolling out the telecommunications infrastructure that has lifted Myanmar’s mobile penetration rate, as measured by the number of active SIM cards relative to the total population, from 10 per cent in 2013 to ostensibly 100 per cent today. However, with many subscribers having dual SIMs Telenor estimates the number of unique mobile subscribers to be only half of this number. Analysys Mason, a telecommunications consulting and research

company, therefore estimates that Myanmar has only about 67 per cent of the towers in place that are required by 2021 to meet the MNOs' target of nationwide coverage. Consequently, both Apollo Myanmar and Pan Asia Towers continue to be committed to their role as key infrastructure partners for the country's MNOs and the building of further telecommunications towers.

This unprecedented roll out of telecommunications infrastructure has been supported by a favourable regulatory framework that seeks to limit the duplication of towers through proximity regulations which promote infrastructure sharing amongst MNOs. As a result, Analysys Mason expects that the tenants per tower for Myanmar ITCs (known as the "Lease-up-Rate" or "LUR") will grow from 1.5x in 2017 to 2.2x by 2021. By adding additional tenants to existing towers, the ITCs can significantly improve the yield on invested capital making each additional tenant highly accretive in terms of EBITDA and eventually enterprise value.

### **Towers Holdings**

It is intended that both Apollo Towers and Pan Asia Towers will be under the common ownership of Towers Holdings. Together the two businesses will have an initial aggregated portfolio of approximately 3,100 towers and 6,000 tenants, which, on a pro-forma aggregated basis, would have represented a LUR of 2.0x as at the end of March 2018. The Directors estimate that, on a pro-forma aggregated basis, the two businesses would have had combined revenues of approximately US\$90 million and an EBITDA of approximately US\$53 million for the financial year ending 31 March 2018. Apollo Towers' and Pan Asia Towers' unaudited management accounts for the three months from January to March 2018, were they to be annualised and aggregated, indicate annual revenues of US\$102 million and an EBITDA of US\$59 million.

Going forward, the two businesses intend to increase the number of towers in their portfolios and, given the existing undrawn debt facilities available to them both, coupled with cash flows from their operations, there will be available capital to add a further 1,000 additional towers over the next few years. Additionally, the two businesses intend to add additional tenancies to these new towers as well as their existing towers and thereby increase the combined LUR from the current pro-forma level of 2.0x and will target to achieve or exceed an LUR 2.2x within a few years in line with the market.

The existing debt facilities will remain in place, including the US\$250 million loan facility granted by the US Government's Overseas Private Investment Corporation ("OPIC") to Apollo Myanmar (of which only US\$165 million has been drawn) and Apollo Towers' US\$100 million mezzanine facility. In addition, based on the existing and new acquisition debt facilities, less the available cash, the net debt in the two businesses at closing is expected to be approximately US\$319 million.

Once the reorganisation is complete, MIL 4's 13.5 per cent shareholding in Apollo Towers will have been exchanged for an approximate 6.2 per cent shareholding in Towers Holdings. The ratio, for deriving the relative shareholdings in Towers Holdings, was derived on an arm's length basis between MIL 4 and TPG taking into account input from an independent valuer and is still subject to finalisation of some of the account balances. MIL's indirect interest in Towers Holdings will be approximately 4.2 per cent.

The Directors have assessed the fair value of MIL's investment in Apollo Towers as at 31 March 2018 to be US\$24 million, using a discounted cashflow basis of valuation. The Directors believe that contributing MIL's investment in Apollo Towers into the reorganisation will enhance the future growth of this investment. It is expected that the future gains the two businesses will achieve will exceed the value

accretion that might be achieved by Apollo Towers and Pan Asia Towers independently. The two businesses are expected to manage Myanmar's largest portfolio of towers and the Directors believe that together they will have stronger growth prospects than Apollo Towers on its own. The Directors also believe that the increased scale of the two businesses will make them more competitive in servicing the needs of its customers and provide them with economies of scale to operate more efficiently. It is considered that having the two businesses under common ownership would make a suitable candidate for strategic investors or a listing on one of the region's stock exchanges over the next three to five years. It is therefore advantageous for MIL to move its investment into a combined business holding company rather than remain as a minority investor in one of the businesses.

As referred to in earlier announcements, MIL had the opportunity to invest in Pan Asia Towers directly. However, the Directors ultimately felt that the Company already had a large enough exposure to the Myanmar telecom tower sector through the investment in Apollo Towers and that participating in the reorganisation without additional investment was a preferred strategy.

**Mike Dean, co-founder of MIL, commented:**

**"The surge in mobile telephony in Myanmar has been one of the outstanding Myanmar success stories of the past few years. Apollo Towers has been at the forefront of this incredible transition. By bringing Apollo Towers and Pan Asia Towers under common ownership we believe that the combined businesses will continue to grow in strength and profitability as it brings affordable telephony and data services to more and more Myanmar citizens."**

*The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

For further information please contact:

Craig Martin  
Managing Director  
Myanmar Investments International Limited  
+95 (0) 1 391 804  
craigmartin@myanmarinvestments.com

Michael Dean  
Finance Director  
Myanmar Investments International Limited  
+95 (0) 1 391 804  
mikedean@myanmarinvestments.com

**Nominated Adviser**

Philip Secrett / Jamie Barklem  
Grant Thornton UK LLP  
+44 (0) 20 7383 5100

**Broker**

William Marle / Giles Rolls  
finnCap Ltd  
+44 (0) 20 7220 0500

**For more information about MIL, please visit [www.myanmarinvestments.com](http://www.myanmarinvestments.com)**

**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.

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 to-date (US\$21 million investment for a 9.0 per cent effective shareholding) is in Apollo Towers, Myanmar’s second largest telecommunications towers company with 1,800 towers. Apollo operates in the high growth telecommunications 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, OPIC provided a US\$250 million debt facility to Apollo Towers. The reorganisation with Pan Asia Towers is expected to produce a more efficient and profitable combined investment.

MIL’s first investment in August 2014 was into Myanmar Finance International Limited (“MFIL”) which today is one of the leading microfinance companies in Myanmar. Since MIL invested, MFIL’s business has expanded rapidly. The business is profitable with 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 per cent shareholder in MFIL.

MIL’s third investment in May 2017 was into Medicare International Health and Beauty Pte. Ltd., (“Medicare”). This was a greenfield pharmacy, healthcare and personal care product retail franchise joint venture. The joint venture partners are: a) H&B Management Solutions Pte. Ltd., which owns Medicare Vietnam, one of the largest pharmacy, health, beauty and personal care retail groups which runs over 70 outlets in Vietnam; and b) Randy Guttery, an industry veteran with significant experience leading Asian-based retail concepts. It is expected that Medicare 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.

Myanmar, a country of approximately 54 million people and roughly the size of France, has been isolated for much of the last 50 years. Strategically situated in one of the world’s most economically dynamic regions amid the intersection of India, China and South East Asia it is a key component of China’s ‘One Belt One Road’ strategy providing direct access to the Indian Ocean.

Whilst it was once one of the more prosperous countries in Southeast Asia with 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. However, it has a number of competitive advantages: a population of 54 million people (it is the 26<sup>th</sup> most populous country in the world); a large workforce with a high literacy rate of 90%; 68% of the population is of working age (between 15 and 65); and 28% of the population is under 24 which is expected to provide a strengthening consumer demand.

Today its economy is picking up and the IMF is projecting GDP growth for Myanmar to average 7.2% p.a. through to 2023.

Myanmar has undergone an unprecedented transformational reform process, initiated by the U Thein Sein administration in 2011. The elections in 2015 were the first democratic elections in 50 years.

This remarkable change has not been without its difficulties and the situation in Rakhine state, which stems from a complex and historically charged background, remains un-remedied. The Advisory Commission on the Rakhine State crisis, led by the late former UN Secretary-General Kofi Annan, has provided an important framework which can provide the foundations for addressing the distressing situation there.

**For more information about MIL, please visit [www.myanmarinvestments.com](http://www.myanmarinvestments.com)**

MMK 1,560 = US\$1.00 as at 20 September 2018