This announcement contains inside information **7 June 2019**

Myanmar Investments International Limited

Strategic and Business Update

Myanmar Investments International Limited [AIM: MIL] ("MIL" or the "Company"), the AIM-quoted Myanmar focused investment company, today announces a Strategic and Business Update which gives detail on the Company's performance for the year ended 31 March 2019 and an update on the Company's strategy and business plans for its next stage of development. All financial estimates are based on unaudited initial management estimates.

Country Overview

Over the last seven years Myanmar has undergone a peaceful transition from military dictatorship to civilian government. While remarkable changes have taken place, there have also been challenges, including existing ethnic and religious issues that have come to greater international attention, partly because of the increased press freedom and access by the international diplomatic community. Specifically, the situation in Rakhine state, which stems from a complex and historically charged background, remains un-remedied.

The country is still at an early stage of its growth and, while there have been a number of significant improvements in the way in which foreign investment can be undertaken, there is still scope for further improvement both in legislation as well as implementation. The recent IMF report summary concluded *"The economic outlook has weakened with risks to stability rising. Growth rebounded in 2017/18, led by exports and a recovery in agriculture, but is losing momentum. The impact from the Rakhine crisis is depressing foreign investor sentiment and donor financing. Macro-financial spill-overs from banking sector restructuring may be severe if banks delay recapitalization. Global risks include trade tensions and global financial volatility, high crude oil prices and spill-overs from a slowdown in China."*

General Elections are scheduled for late 2020, and as a result the Board expects there to be a slowdown in the passing of legislation and implementation at least for the next 24 months. At this time the outcome is not easy to assess.

Strategic Update

To date the Company has made significant and impactful investments in businesses active in the telecom towers, microfinance and retail pharmacy sectors. The telecom towers and microfinance investments are now well established and operating businesses with proven track records and strong positions in their sectors. The retail pharmacy franchise business is still relatively new, but the roll-out of stores is progressing well with 18 stores in operation as at year-end.

Last year the Company adapted its operational approach in Myanmar to ensure we were able to protect and grow our existing investments with a leaner structure that still allowed our business to take advantage of any meaningful new opportunities as and when they arose. During the year we have provided US$1.8 million of additional funding to our existing portfolio companies. Also during the year we have drastically reduced our operating 'run-rate' costs from US$2.2 million per annum to the equivalent of US$1.2 million per annum by year-end. Over the last 12 months the pipeline of new potential investments has been mainly early stage opportunities, with a venture-capital type risk-return profile. As a result, we chose not to make any further investments outside of the existing portfolio.

Going forward, given the continuing general market uncertainties, the Board has decided to concentrate on developing our current investments to optimise their return potential and look to harvest the value in these investments over the next few years. It is unlikely that the Company will consider any new investments whilst uncertainty continues to persist.

During the last year, follow-on investments were made into Myanmar Finance International Limited (“MFIL”) and Medicare International Health & Beauty Pte Ltd (“Medicare”), and considerable effort made in monitoring the development of Apollo Towers Holdings Limited (“Apollo Towers”), specifically in the preparation for the combination of Apollo Towers and Pan Asia Majestic Eagle Limited (“Pan Asia Towers”), to form a new holding company Towers (M) Holdings Pte. Ltd. (“Towers Holdings”).

Our largest investment, in Apollo Towers, once swapped into Towers Holdings, will be on a path to a potential exit over the next one to two years, with scale and growth prospects that could see Towers Holdings acquired, or more likely listed on a stock market. The Directors expect that a listing or sale would create a significant capital return for the Company.

For the investments in MFIL and Medicare, the Board will continue to support their development but at the same time we will also consider potential realisations, if we consider the valuations to be appropriate.

The reduction of costs in 2018/19 was phased in over the year and the Company has reduced its recurring cash overheads (including the costs of being a quoted company but excluding discretionary compensation, share option expenses and transaction costs), from US$2.2 million for the year to 31 March 2018 to approximately US$1.5 million for the year to 31 March 2019, a reduction of 31%. The annualised costs for March 2019 equate to approximately US$1.2 million, which represents a year on year reduction of 45%.

As at 31 March 2019, management estimates the Company had approximately US$3.7 million of cash (2018: US$6.2 million). As such, the Company has adequate cash resources to fund its reduced level of overheads for the foreseeable future.

During the year, the Company adopted an adjustment to the terms of its warrants to allow warrantholders to defer exercising their warrants until December 2021, albeit at the higher exercise price of US$0.90 per warrant, and at the same time included the option for warrantholders to exercise their warrants on a cashless basis once a year.

Summary Business Update

The Company has invested in three businesses in Myanmar, all of which have good future prospects and all of which have a positive impact on the lives of Myanmar’s citizens.

Apollo Towers is one of Myanmar’s leading independent tower companies (“ITC”) with around 1,800 telecom towers hosting 3,700 tenancies. The telecoms sector continues to experience solid growth, as growing mobile penetration rates and increasing data consumption requires more capacity and greater coverage. Apollo Towers’ unaudited management accounts for the year ended 31 March 2019 show that the company achieved revenues and adjusted EBITDA of US$61 million and US$30 million, a Y-o-Y increase of 18% and 23% respectively. The Company will shortly be exchanging its shares in Apollo Towers for shares in Towers Holdings, which owns Pan Asia Towers, Myanmar’s fourth largest ITC. As a result both Apollo Towers and Pan Asia Towers will be under the common ownership of Towers Holdings. Together the two businesses had an aggregated portfolio of 3,100 towers and 6,600 tenants as at 31 March 2019. On a proforma basis, Apollo Towers' and Pan Asia Towers' unaudited management accounts for the year ended 31 March 2019 indicate combined annual revenues of US$91 million and EBITDA of US$58.5 million. They plan to expand their portfolio further to meet the strong demand for co-tenancies on their existing towers as well as building new 'build-to-suit' towers for the county's four mobile operators.

MFIL, the Company's microfinance joint venture, has increased its number of customers from 54,000 to 71,500 as of March 2019, a CAGR of 54%, and its loan book has grown by a CAGR of 107% to the equivalent of US$14.9 million (last year US$8.6 million), since the time of the Company's initial investment. MFIL now has eleven branches, including five in Yangon and six in Bago.

Medicare, a joint venture with Medicare Vietnam, has doubled the number of pharmacy, health and beauty stores it operates to 18 in Yangon. As at the end of March, MIL had invested US$2,145,000 for a shareholding of 48.8%. The Medicare store concept has been well received by domestic consumers and Medicare is planning on opening a further fourteen more stores by the end of 2019.

William Knight, the Company's Chairman, said "I am pleased with the speed with which we have adjusted our focus and cost base to reflect our current expectations of future investment opportunities in Myanmar. Our existing investments continue to do well and our focus is on making sure we maximise value from them."

Business Update

Apollo Towers

Background

Apollo Towers is the second largest independent telecom tower company in Myanmar. Established in 2013, it provides tower and power services to all of the country's mobile network operators, being Telenor (Apollo Towers' anchor tenant), Ooredoo, MPT (the state-owned enterprise jointly managed with KDDI and Sumitomo) and the newly established, Viettel-led consortium, MyTel.

MIL first invested in Apollo Towers in July 2015 when it led a consortium of investors that invested US$30 million for a 14.2% shareholding in Apollo Towers. It co-invested alongside TPG Growth ("TPG"), the middle market and growth equity investment platform of TPG (formerly Texas Pacific Group), the global investment firm. In June 2016, Apollo Towers successfully secured a US$250 million loan from the United States' Overseas Private Investment Corporation ("OPIC") marking OPIC's first financing in the country. It has since secured additional funding that has strengthened its financial position to ensure it can finance its organic growth for the foreseeable future.

As announced on 21 September 2018, Apollo Towers will come under common ownership with Pan Asia Towers, under Towers Holdings. Upon completion of this transaction, MIL 4's existing 13.6% shareholding in Apollo Towers will be exchanged for a shareholding of approximately 6.2% (subject to finalisation) in Towers Holdings, on which basis approximately 4.1% will be indirectly held by MIL. The process is expected to be finalised shortly.

MIL sits on the board of Apollo Towers (and will sit on the board of Towers Holdings) and contributes actively to the strategy and growth of the company.

Update

- The Myanmar telecoms sector continues to experience solid growth with continuing demand for capacity expansion. Myanmar's mobile penetration rate continues to grow with estimates currently as high as 105%, though this is based on SIM cards and not unique subscribers. Coupled with this is the prevalence of data enabled devices. Smartphones are estimated to account for in excess of 80% of the mobile phones in use in the country and data demand drives the need for connectivity. Connectivity requires an extensive network of telecom towers with reliable power. Myanmar currently has 18,000 towers, of which 11,000 are owned by ITCs, and is expected to reach 22,000 towers within the next few years. Apollo Towers has built a strong reputation in the market for its capability in providing and maintaining “tower and power” solutions for its customers. Pan Asia Towers has built a strong reputation for providing towers only. Towers Holdings will look to leverage the best practices of both companies in providing as full a suite of services as is possible and commercially attractive to the customers of both businesses.

- Apollo Towers has nearly doubled its tower portfolio to 1,800 towers since MIL’s investment in 2015 and Towers Holdings will have higher capacity to build more towers in its next phase of development. An estimated 16% of Myanmar’s ITC telecom towers are now under Apollo Towers’ management, making it the second largest independent telecom tower in Myanmar.
- Apollo Towers is experiencing a significant increase in the number of co-tenants on its towers from both the entry of Myanmar’s fourth mobile operator, MyTel, and also the country’s multiple new internet service providers. As at 31 March 2019 its co-location ratio (being the number of multiple tenancies on its towers) was 2.06 times. The co-location ratio (or “Lease-up-Rate” or “LUR”) is a key driver of profitability for tower companies. By adding additional tenants to existing towers, the yield on invested capital can significantly improve, making each additional tenant highly accretive in terms of EBITDA and eventually enterprise value. Market analysis for Myanmar points to a LUR of 2.2x to 2.3x by 2021.
- Pan Asia Towers was established in 2013 and owns 1,300 towers that it has constructed and leased to Ooredoo Myanmar Limited (Pan Asia Towers’ anchor tenant), Telenor Myanmar Limited and MPT. In addition, Pan Asia Towers has long-term tenancy contracts with all the country’s MNOs including a large-scale commitment for additional tenancies from the recent arrival, MyTel.
- 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 3,100 towers and 6,600 tenants, which, on a pro-forma aggregated basis would represent a LUR of approximately 2.1x as at the end of March 2019.
- Apollo Towers’ unaudited management accounts for the year to 31 March 2019 show that the company achieved revenues and adjusted EBITDA of US$61 million and US$30 million, a Y-o-Y increase of 18% and 23% respectively.
- Apollo Towers’ and Pan Asia Towers’ unaudited management accounts for the year to 31 March 2019, were they to be aggregated on a proforma basis, indicate annual revenues of US$91 million and an EBITDA of US$58.5 million. Apollo Towers’ and Pan Asia Towers’ unaudited management accounts for the three months from January to March 2019, were they to be annualised, normalised and aggregated on a proforma basis, indicate annual revenues of US$100 million and an EBITDA of US$72 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, coupled with cash flows from operations, there will be available capital to build further 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 2.1x and will target a LUR of 2.2x within a few years in line with the market.
- The transfer of the shares in Apollo Towers to Towers Holdings does not trigger a repayment of Apollo Towers’ existing debt facilities, which were US$234 million as at the end of March, specifically the US$250 million loan facility granted by the US Government’s Overseas Private Investment Corporation (“OPIC”) and the mezzanine facility. Based on the existing and new acquisition debt facilities, less the available cash, the net debt in the two businesses at the March year end was US$335 million.

<u>Myanmar Finance International Limited (“MFIL”)</u>

Background
MFIL is one of the leading microfinance operators in Myanmar and provides small loans (US$200 on average per borrower, but it can be as high as US$6,600) to small-scale business operators in rural and semi-urban areas in Yangon and Bago. It is an approved deposit-taking microfinance institution in Myanmar.

MFIL was established as a microfinance joint venture in August 2014 by MIL and Myanmar Finance Company Limited ("MFC") a company controlled by U Htet Nyi, a Myanmar entrepreneur and honorary consul for Norway and Finland. In November 2015, the Norwegian Investment Fund for Developing Countries ("Norfund"), the Norwegian development finance institution, also became a shareholder such that the shareholdings today are MIL 37.5%, MFC 37.5% and Norfund 25%, with a total paid up capital of nearly US$7 million. MIL's total investment cost to date is US$2.67 million.

MIL sits on the board of MFIL and works closely with the management and shareholders in growing the business, especially in assisting with securing debt finance.

Update
- MFIL is a profitable microfinance company and has a positive impact on the lives and economic well-being of its customers.
- The key driver of profitability for a microfinance business is the net interest margin. Gross loan rates are capped at 30%. The highest marginal cost is the cost of funds followed by the cost of operations and the provisions for loan losses. In addition to keeping tight control on loan losses, the key means of driving profitability further is through scale and by lowering the cost of operations.
- MFIL is looking to grow its loan book by increasing the average size of loan, adding more qualified customers, and broadening its product offering to include microbusiness loans in the existing areas of operation as well as expand its geographic presence. It recognises, however, that with growth and expansion of products, it must continue to invest more in systems and training.
- During the year to 31 March 2019, MFIL continued its strong growth trajectory with its borrower base now over 71,500 borrowers and its loan book up to MMK 22.5 billion (US$14.9 million), a CAGR of 54% and 107% respectively since MIL's initial investment.
- Similarly, over that same time period, the average loan size provided by MFIL has increased by 294% to MMK 315,000 (US$200) from MMK 80,000 at the time of the initial investment.
- MFIL's net profit after tax for the year to 31 March 2019 was US$306,000 according to the preliminary unaudited management accounts.
- Certain areas in which MFIL operates are showing strains in terms of borrower over-indebtedness and excessive competition. MIL will continue to work closely with MFIL management to navigate through these challenges ahead, with the cooperation of the industry through the Myanmar Microfinance Association. As a result, MFIL's portfolio-at-risk ("PAR") (over 30 days) stood at 2.1% as at end March (2018: 0.5%). Over the last year the industry has seen a gradual but persistent rise in PAR. Although we believe MFIL's is still below industry norms it nonetheless is a cause for concern and management has been reviewing its operations and implementing remedial actions.
- The new micro-business product has been well received and as of end March, comprises 28% of the total loan portfolio.
- During the year MFIL opened 2 new branches in Bago so that it now has eleven branches: five in Yangon and six in Bago.
- As at the year-end, MFIL had drawn down on US$12.3 million of local currency facilities from a combination of international microfinance lenders and local banks.
- During the year, the shareholders of MFIL injected an additional US$1 million shareholder capital into MFIL, on a pro-rata basis among all shareholders. This takes the paid-up capital of MFIL to nearly US$7 million from US$6 million previously.

Medicare International Health & Beauty ("Medicare")

Background

Medicare is the first full service chain of modern pharmacy, health and beauty franchise stores in Myanmar. MIL established the business in 2017 together with Medicare Vietnam, Vietnam's leading pharmacy, health, beauty and personal care retail groups. The business is now the largest such chain in the country and is reputed to be the largest employer of trained pharmacists in the country. There are now 18 modern franchised stores on the streets and in the shopping centres of Yangon. Medicare provides the growing customer base at its franchised stores with a very broad range (4,500 SKUs) of international quality products at affordable prices. All of these stores demonstrate the modern "Medicare" brand concept of being "informative, friendly and bright with an energetic and smart style". Similar in style to international brands such as "Boots" (UK), "Guardian" (Asia), "Watsons" (Asia) or "Walgreens" (US), such branded quality chains are not yet common in Myanmar; the bulk of the estimated 8,000 pharmacies in Myanmar are stand-alone "Mom & Pop" stores.

In May 2017, MIL formed this joint venture with the following joint venture partners:

- H&B Management Solutions Pte. Ltd., which owns Medicare Vietnam, one of the largest pharmacy, health, beauty and personal care retail group that runs over 80 outlets in Vietnam; and,
- Randy Guttery, an industry veteran with significant experience leading Asian-based retail concepts.

Analysts have positive views for the prospects for the pharmacy, healthcare and personal care retail sector given the expected rise in consumer spending power. McKinsey has predicted that the middle and affluent classes in Myanmar are set to boom in the coming years and this segment could grow to 19 million people by 2030, tripling consumer spending from US$35 billion to US$100 billion. The expected rise in consumer spending power should bode well for the pharmacy, healthcare and personal care retail sector in the longer term. 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.

As at the year end, MIL had invested US$2,145,000 for a shareholding of 48.8%.

Update

- Since its establishment in May 2017, Medicare has rolled out 18 stores in Yangon with a further fourteen expected to open by December 2019.
- From a standing start, it now employs over 170 staff. All store managers are pharmacists, who are University educated and are bi-lingual in Myanmar and English.
- The concept has been well received by the Myanmar consumer. At this stage, Medicare is refining its product offering both in terms of the range of products that it offers as well as the locations in which it operates. It is expected that once this testing phase is concluded, Medicare could then expand the number of stores to over 50 stores, predominantly in Yangon and the other major cities.
- Medicare's net loss for the year to 31 March 2019 was US$1.2 million according to the preliminary unaudited management accounts. These start-up losses are in line with Medicare management's expectations and reflect the net effect of the profitable stores positive contribution being masked by losses incurred on more recent stores coupled with central overheads.
- Going forward, Medicare will require additional equity funding to cover the start-up costs and operating losses until critical mass is achieved as well as funding the store roll-out programme over the next few years.

For further information please contact:

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

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

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

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

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's largest investment to-date (US$21 million investment for a 9.1% effective shareholding) is in Apollo Towers, Myanmar's second largest telecommunications towers company with approximately 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. The reorganisation with Pan Asia Towers is expected to produce a more efficient and profitable combined investment with greater prospects for an eventual liquidity event. In June 2016, 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 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% 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 80 outlets in Vietnam; and b) Randy Guttery, an industry veteran in the retail sector in Asia. 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 26th 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. According to the IMF, Myanmar's GDP growth rate is expected to be 6.8% through to 2024.

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

MMK 1,508 = US$1.00 (as at 6 June 2019)