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**Myanmar Strategic Holdings Ltd.  
("MSH" or the "Company")**

**INTENTION TO FLOAT ON THE MAIN MARKET OF THE LONDON STOCK EXCHANGE**

**Providing exposure to the growth of Myanmar**

**Myanmar Strategic Holdings** (LSE:SHWE), the independent developer and operator of consumer-focused businesses in Myanmar, one of the fastest growing economies in the world, is pleased to announce its intention to seek admission of its Ordinary Shares to trading on the standard segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities (together, "Admission").

It is expected that the Admission will become effective and that dealings will commence in late August 2017, under the ticker SHWE. Allenby Capital Limited ("Allenby") is acting as Broker to the Company. The market capitalisation of the Company on Admission is expected to be approximately US\$22.7m (£17.5m) (based on a price per share of US\$10).

**Highlights:**

- Independent developer and operator focusing on Myanmar's emerging consumer base, providing investors with exposure to one of the fastest growing economies worldwide
- Focus on opportunities relating to Myanmar's hospitality and education sectors, among others. Potential expansion opportunities, both within its existing sectors and within new consumer related sectors
- Track record of deal origination and delivery with an experienced management team on the ground:
  - Launched Hospitality division in 2014 and commenced domestic expansion in 2015:
    - 422 beds across three boutique hostels in Bagan, Mandalay and Inle Lake
    - Further 50 beds expected by November 2017 in a fourth boutique hostel in Bagan
    - Roll-out plan being developed by management to introduce new sites in both well-known and emerging touristic locations
    - Since 2011, the country's tourism industry has seen significant growth with both tourist revenues and arrivals increasing nearly 500 percent to

approximately \$2.1 billion and 4.7 million, respectively, in fiscal year ended March 2016

- Diversified into Education in 2016 with the acquisition of the exclusive rights to develop Pearson's *Wall Street English* ("WSE") brand in Myanmar
  - WSE is one of the world's largest providers of English language education to adults and a globally recognised and trusted brand
  - The first English language centre launched in February 2017, in Junction Square in the capital, Yangon. It spans over 800m sq., and has almost 500 enrolled students as at 1 August 2017
  - A second site totalling around 600m sq. is due to open by the end of 2017, also located in downtown Yangon within the City Mall St. John
  - Roll-out plan to develop up to a further eight English language centres across the country within the next eight years
  - According to McKinsey, discretionary spending in recreation, education and culture will grow to US\$14 billion by 2030 (vs. US\$2 billion in 2010)
- Identified deal pipeline through an established institutional and operational network
- Asset light strategy by entering into operating and management agreements rather than purchasing underlying assets, allowing MSH to seek to optimise its risk / reward profile
- Experienced Board with decades of Asian and emerging markets exposure

**Enrico Cesenni, CEO and Founder of MSH, said:** *"I am pleased to be announcing our intention to float on the London market. The listing and new funds will initiate a transformational period for the Company, as it prepares to scale up its operations in Myanmar."*

*"Myanmar represents an excellent opportunity, both for the local people and for investors. Its re-emergence after years of isolation means that it is now enjoying a rapid period of growth and development as it converges with its South East Asian neighbours. As the country's urban population increases, and average consumer incomes continue to rise, preferences are shifting towards higher quality products and experiences and the country has the potential to be the next great economic growth story."*

*"With an established track record of execution in Myanmar, extensive experience in investment management, advisory and deal making and with capital available to fuel the development of the Group, we now look forward to helping our businesses and their local communities plan for the future and unlock their potential."*

#### **Opportunity:**

- **Resurgent macroeconomic backdrop in Myanmar enhanced by ASEAN's sustained growth prospects<sup>1</sup>:** with a population of over 51 million, Myanmar is the fifth most populous country in Southeast Asia and the 26th in the world<sup>2</sup>. Myanmar shares borders with China, India and Thailand and enjoys strong ties with the ASEAN community as well as China, Japan and the United States. According to the Asian Development Bank, for the year ended 31 March 2017, Myanmar was one of the fastest growing economies worldwide achieving real GDP growth of 6.4 per cent (7.3 per cent in the year ended 31 March 2016). The democratic process, initiated in 2012 and resulting in the 2016 elections, is expected to provide significant stability going forward. Furthermore, the Myanmar government's stated intention is to build the institutions and the systems that are required to support long-term growth.

- **Cross-sectoral growth boosted by greenfield advantage:** according to McKinsey, four key factors may enable and accelerate Myanmar's growth, namely (i) digital leapfrogging, (ii) structural sector shifts, (iii) urbanisation and (iv) a globally connected economy. The Directors believe that there is an opportunity to leapfrog some intermediate stages of development and install a highly productive and efficient infrastructure. For example, the introduction of 3G by Telenor and Ooredoo in 2014 has driven the emergence of new business opportunities in the technology, logistics and financial services sectors.
- **Economic convergence supporting a "reversion to the mean" investment thesis:** just after World War II, Myanmar was the second richest country in Southeast Asia. In 1962, the socialist regime came into power and in 1988 sanctions were imposed on the country. At the end of 2012, there were fewer than 100 ATMs, limited mobile phone coverage and limited FDI. Within a four-year timeframe (by mid-2016), the largest bank in the country had almost 700 ATMs, two new foreign mobile network operators had introduced 3G networks and Myanmar had obtained a record FDI of US\$9.4bn for the year ended 31 March 2016. The Directors believe that the country is poised to close its development gap compared to other neighbouring economies such as Thailand, Indonesia and Cambodia.
- **Experienced local and international management based in Myanmar:** the Group can leverage on an experienced management team with substantial experience in investing and operating consumer businesses in Asia, Europe and the United States. In relation to specific subject matters, Management can capitalise on the expertise of its Board.
- **A Board with extensive knowledge of Asia and emerging markets as well as developed markets and established business practices:** led by its Chairman, Richard Greer, the Board has over 100 years' cumulative business experience, of which over 50 years have been focused in Asia. Both the independent Chairman and the Non-Executive Director have direct experience running, investing in and representing businesses in frontier, emerging and developing markets.
- **Asset light strategy minimising risk and enabling the Group to generate returns:** MSH and its subsidiaries (the "Group") typically operates an asset light strategy by entering into operating and management agreements rather than purchasing or investing in the underlying assets. The Directors believe that this strategy enables the Group to minimise the cash outflows, optimise the risk/reward profile and shorten the payback period of its operational investments. The Group intends to target an average payback period of less than three years on its investments.
- **Track record of execution and ongoing commitment to operational excellence:** The Group signed its first management agreement in August 2014 and commenced operations in December 2014 after a short refurbishment period of approximately 100 days in a challenging rural location. Management has demonstrated its execution capabilities in Myanmar's changing environment by achieving top ratings for Ostello Bello Bagan across the largest OTAs and subsequently scaling up the Hospitality division to three locations and 422 beds in 2 years.
- **Diversification into other consumer businesses with short cash conversion cycles:** with the launch of its Education division, the Group has demonstrated its ability to diversify into related consumer businesses and attract the interest of leading global businesses such as Pearson. The Directors view both businesses as offering attractive operating margins, strong cash

generation potential and attractive payback periods. Management is carefully evaluating the gradual expansion into other consumer-related ventures.

- **Pipeline of opportunities combined with prospects of organic and M&A expansion of existing assets:** Management has identified potential growth opportunities across its existing divisions. Although the Group intends to grow organically for the foreseeable future, when presented with opportunities Management and the Board will evaluate potential bolt-on acquisitions that might address product and/or geographical gaps and accelerate the Group's growth.
- **The Group is concentrated on growing its Myanmar platform:** MSH is focused on Myanmar with no distraction from regional ambitions. Should some of the Group's businesses reach maturity in Myanmar or the domestic opportunities subside, the Directors will evaluate whether international expansion should be undertaken to fulfil the businesses' wider regional potential.
- **Ongoing commitment to sustainable development:** Management and the Directors engage with local communities and leading international NGOs to promote sustainable development.

<sup>1</sup> ADB, *Asian Development Outlook 2016*: "developing Asia will continue to contribute 60% of world growth...South Asia is forecast to post the most rapid growth in developing Asia... Southeast Asia is seen reversing its growth slowdown in the next two years."

<sup>2</sup> Population 2016, World Development Indicators database, World Bank, 17 April 2017

## **Board of Directors**

Collectively the Directors of the Company have decades of experience in investing, developing, managing, operating, building and selling businesses across a range of different sectors in Asia. On Admission, the Board will consist of two Executive Directors and two Non-Executive Directors. The Directors will be responsible for the management and operations of the Company.

### **Richard Edgar Greer, 62, Independent Non-Executive Chairman**

Richard has over forty years' experience working in corporate finance, of which seventeen years were spent involved in Asian and cross-border investments. He is a non-executive director of Schroder Japan Growth Fund, a UK listed investment trust, and a former partner and compliance officer at Laurel Capital Kingsway LLP, an FCA authorised investment firm specialising in Asia. From 1978 to 1993 Richard worked in Japan, initially for Jardine Matheson and later as branch manager for Baring Securities Limited (Japan). He has extensive research experience and was appointed to head the Japanese Ministry of Finance's group to represent EU investment banks and brokerages. Since returning to London, Richard has served as global head of research at Barings, Caspian Limited and Commerzbank AG, before becoming a partner at WMG Limited, a wealth management group. Richard earned a bachelors' degree in History from Corpus Christi College, Cambridge.

### **Enrico Cesenni, 34, Chief Executive Officer and Founder**

Before founding the Company in 2013, Enrico spent a decade in investment banking and mergers and acquisitions based in London. He initially covered financial institutions at Lehman Brothers and Nomura before focusing on the consumer retail sector at Goldman Sachs. With a longstanding interest in entrepreneurial opportunities in Asia, Enrico spent some time at Upstream Ventures in 2009, a Singapore-based early stage venture capital fund, before founding MACAN in 2012, a company to hold a growing portfolio of operating assets and investments in Europe and the Far East, including Myanmar Strategic Holdings. Enrico earned an MBA from INSEAD and an undergraduate degree in Institutions and Financial Markets Management from Università Commerciale Luigi Bocconi.

### **Dennis Yeo Ting Teck, 44, Chief Financial Officer**

Before joining MSH in 2016, Dennis spent over 18 years in accounting and finance roles across South East Asia. Dennis started his career at Asia Pacific Breweries where he worked in different finance, planning, and control functions. He continued his career at Heineken, serving most recently as Head of Finance and ICT for Heineken's greenfield operations in Myanmar. Dennis earned a Bachelor in Business (Accountancy) from the Royal Melbourne Institute of Technology and obtained his CPA designation while in Australia.

**Christopher John David Clarke, 67, Independent Non-Executive Director**

Christopher has practiced law for over 40 years, of which over 30 years were spent in Asia, including the People's Republic of China. Christopher currently serves as a non-executive director at London Power Networks, Eastern Power Networks and South Eastern Power Networks. He previously served as an independent non-executive director at Baltrans Holdings and Arnhold Holdings, both of which were quoted on the Hong Kong Stock Exchange. Christopher started his career in Hong Kong, eventually becoming partner and managing partner of Denton Hall (Asia), CMS Cameron McKenna (Asia) and DLA Piper (Hong Kong). He attended Fettes College and then The College of Law and qualified as solicitor of the Supreme Court of England and Wales in 1974 and as a Solicitor in Hong Kong in 1975.

For more information please visit [www.ms-holdings.com](http://www.ms-holdings.com) or contact:

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**Notes to editors:**

Myanmar Strategic Holdings, the independent developer and operator of consumer-focused businesses in Myanmar, one of the fastest growing economies in the world.

Initially concentrating on Hospitality and Education, the Company is focused on the broader consumer sector in Myanmar. The Asian Development Bank forecasts real GDP growth of around 8.4 per cent for the next few years.

The Company's earliest investments have been in the Hospitality sector – through its portfolio the Company manages 422 beds in 3 locations across Myanmar and is developing a fourth, expected to open in late 2017. Since the beginning of 2016, the Company has diversified into other business streams and has signed an exclusive agreement to manage Pearson's English language learning franchise, Wall Street English, as the brand expands into Myanmar.

Myanmar is one of the fastest growing and most promising economies within Asia Pacific. Its annual GDP growth stood at 6.4% for the year ended 31 March 2017, making it one of the top 10 fastest

growing economies in the world, whilst McKinsey has estimated that consumer spending in Myanmar could triple by 2030.

Myanmar Strategic Holdings is well placed to grant investors early exposure to Myanmar's renewed economic and political trajectory.

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