

November, 2015

## Norfund invests in Myanmar microfinance joint venture

Norwegian Investment Fund for Developing Countries, Norfund, has entered into conditional agreements pursuant to which Norfund will become an equity shareholder in Myanmar Finance International Ltd. ("MFIL"), a microfinance joint venture with Myanmar Investments International Limited and its partner Myanmar Finance Co. Ltd.

Norfund's main objective is to combat poverty in developing countries through private sector development, with microfinance as one focus area.

Norfund will own 25 percent of Myanmar Finance International Ltd (MFIL,) while Myanmar Investments International Limited (MIL) and Myanmar Finance Co. Ltd. will own 37.5 per cent each in the newly set up MFIL.

Immediately after completion of the Subscription, MFIL intends to secure long-term debt facilities to leverage its business. Norfund's participation as a shareholder and its connections with well-established microfinance lenders will greatly assist in this.

The agreements are subject to normal closing conditions, *inter alia* registration of new shares, amendment of the Articles of Association, etc.

Aung Htun, the Company's Managing Director said, "Norfund is an experienced investor in microfinance businesses in developing countries where they provide both equity and debt financing. We are delighted that Norfund is joining us as co-investors in MFIL. We look forward to leveraging on Norfund's experience in the sector to build MFIL into one of the leading microfinance companies in Myanmar."

U Htet Nyi, Chairman of MFIL added, "We are honoured to welcome Norfund as a shareholder in MFIL. Their participation validates our belief in both the opportunities that exist in the microfinance space in Myanmar as well as the platform that we have already established in MFIL."

Kjell Roland, Norfund's Managing Director said "We are impressed over Myanmar Investments progress and are looking forward to being an active shareholder in MFIL. Microfinance is a cornerstone of Norfund's investments in Financial Institutions in developing countries. Provision of financial services to low-income individuals and Micro, Small and Medium Size Enterprises that otherwise would have little or no means of access to capital is essential for enabling economic growth and poverty reduction in Myanmar."

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### **Notes to Editors:**

Myanmar Investments (the “Company”) is the first Myanmar focused investment company to be admitted to trading 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.

In August 2014 the Company made its first investment in a microfinance joint venture company as detailed in its announcements on 26 August and 1 September 2014.

In July 2015 the Company made an investment in Apollo Towers Pte Ltd a telecommunication tower company as detailed in its announcement on 31 July 2015.

Since its Admission in June 2013, when the Company raised US\$6.1 million, it has since raised a further US\$23.7 million.

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 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.

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

### **About Myanmar Finance International Limited**

Myanmar Finance International Limited was formed in 2014 in Myanmar as a joint venture between Myanmar International Limited and Myanmar Finance Company Limited to provide microfinance products to local communities in Yangon and Bago. As of September 2015, MFIL has 5 branches, with over 21,000 clients and an outstanding loan portfolio of over Kyat 2,696 million (US\$2.1 million at current exchange rates).

On 26 August 2014, the Company announced that its wholly owned subsidiary Myanmar Investments Limited (“Myanmar Investments”), had signed a joint venture agreement for the development of a microfinance business in Myanmar with Myanmar Finance Company Limited (“MFC”); the resultant joint venture company being MFIL.

Subsequently, on 27 January 2015, Myanmar Investments and MFC entered into an option agreement with Norfund whereby Norfund was granted the option to subscribe for up to a 25 per cent. stake in MFIL.

Under the Agreements Norfund will subscribe for new shares for total consideration of US\$[1,445,504] (the "Subscription"). Concurrent with the Subscription, the fourth (and final) tranche of capital is being called from Myanmar Investments and MFC (the "Capital Call"). Myanmar Investments will contribute US\$407,500 in this Capital Call, for a total capital contribution to date of US\$1,920,000. Following completion of the Subscription and Capital Call, Myanmar Investments' and MFC's shareholdings in MFIL will each be reduced to 37.5 per cent., while Norfund will take up a 25 per cent. shareholding in MFIL. MFC has up to nine months to fund its portion of the Capital Call. If MFC does not fund its portion of the Capital Call in full, Myanmar Investments' and Norfund's shareholdings in MFIL will be slightly higher at up to 40.1 per cent. and 27.0 per cent., respectively.

### **About Norfund**

The Norwegian Investment Fund for Developing Countries was established by the Norwegian Parliament in 1997. The organisation is the Norwegian government's main instrument for combatting poverty through private sector development and Norfund's objective is to contribute to sustainable commercial businesses in developing countries. Norfund provides equity, other risk capital and loans to companies in selected countries and sectors where businesses lack access to sufficient capital to develop and grow.

The sectors in which Norfund invests are clean energy, financial institutions and agribusiness, in addition to small and medium sized companies through investment funds. Norfund has substantial experience in investing in the microfinance sector within the Asian region. Norfund always invests jointly with partners, both Norwegian and non-Norwegian.

Its main investment regions are Southern and Eastern Africa, with offices in Nairobi, Johannesburg and Maputo. Norfund also invests in selected countries in South-East Asia and Central America via its regional offices in Bangkok and San José.

All of Norfund's activities are conducted in accordance with the core principles of Norway's development cooperation policy.

Norfund is a state-owned company with limited liability, established by a special Act of the Norwegian Parliament. Norfund is owned on behalf of the Norwegian government by the Ministry of Foreign Affairs. The Minister of Foreign Affairs has constitutional responsibility for the organisation and Norfund's Board of Directors is appointed by the King in Council.

At the end of 2014, Norfund had a portfolio of about US\$1.7 billion and 61 employees.

*[1,281] Kyat = US\$1 (as of [ ] October, 2015)*