

Chairman  
Securities Exchange Commission of Myanmar ("SECM")  
2nd floor, MEB HO  
21-25 Sule Pagoda Road  
Yangon, Myanmar

April 23, 2018

**Subject: Valuation Assessment for Amata Holding Public Company Limited (the "Company")**

We have assessed the Offering Price of the unlisted shares of the Company to be Kyats 5,000 per share. We, hereby, submit the document that presents our analysis and explanation regarding the market valuation assessment for the public offering of unlisted shares of the Company as requested by the SECM on April 3, 2018.

We will be at your disposal to respond promptly to any queries from SECM, regarding this subject.

Regards,



U Nyo Myint  
Vice Chairman  
KBZ Stirling Coleman Securities Co., Ltd.



## Valuation Methodology

In arriving at the Offering Price, we have carefully discussed with the Board of Directors of the Company and we have also considered the Company's financial condition, future business prospects, the current market sentiment and initial views from investors, including (i) the long track record of operations and profitability of each of the subsidiaries, (ii) limited start-up or greenfield investment risk and (iii) the financing secured from the IFC into UIG, a subsidiary of the Company. In particular, the financial support of the IFC is exceptionally crucial as it illustrates the viability of our business given that IFC is an experienced investor in the hospitality industry and has made significant investments in numerous countries in the world, including Myanmar. We have utilized two valuation methodologies to derive the unit share price of the Company: (i) Discounted Cash Flow Analysis; and (ii) Comparable Company Analysis in order to support our valuation assessment.

### (I) Discounted Cash Flow Analysis

Based on the below assumptions, using 5-year projected future cash flows, we derived the Company's valuation to be approximately 50.0 billion Kyats. For FY 2016-2017, this valuation of Kyats 50.0 billion is equivalent to 1.6x Price to Book (or) Net Assets Value, 17.9x EBITDA, and 40.8x Net Profit (or) Price to Earnings. Given that the current authorised share capital of the Company is 10,000,000 shares, this would mean each Share of the Company will be valued around 5,000.0 Kyats per Share (i.e. the fair market valuation).

FREE CASH FLOW (FCF)	2018	2019	2020	2021	2022
EBIT	2,376	4,910	6,150	7,414	8,652
Tax	594	1,227	1,537	1,853	2,163
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%
Tax-Effectuated EBIT	1,782	3,682	4,612	5,560	6,489
Plus:					
Depreciation	1,517	2,126	2,821	2,934	2,906
Amortization	80	205	225	306	306
Less:					
Capital Expenditures	(18,713)	(14,633)	(5,006)	(4,000)	(2,452)
Change in Working Capital	4,311	706	1,345	(724)	(2,503)
Free Cash Flow	(11,023)	(7,914)	3,997	4,076	4,746
<b>WEIGHTED AVERAGE COST OF CAPITAL (WACC)</b>					
Weighted Average Cost of Capital	12.4%				
<b>Cost of Equity</b>			<b>Cost of Debt</b>		
Risk Free Rate	8.0%		Cost of Debt	13.0%	
Expected Market Return	15.0%		Tax Rate	25.0%	
Beta	0.6		After Tax Cost of Debt	10.0%	
Cost of Equity	12.4%				
E / (D+E)	100.0%		D / (D+E)	0.0%	
<b>PRESENT VALUE OF CASH FLOWS (PV of CF)</b>					
	2018	2019	2020	2021	2022
	Year 1	Year 2	Year 3	Year 4	Year 5
Discount Factor	0.89	0.79	0.70	0.63	0.56
Present Value of Cash Flows	(9,807)	(6,264)	2,815	2,554	2,646
<b>FIRM VALUE: PERPETUITY GROWTH RATE METHOD</b>					
Growth Rate in Perpetuity	7.5%				
WACC	12.4%	PV of CF	PV of Terminal Value	Firm Value	
		(8,057)	+ 58,090	= 50,033	

**KBZ STIRLING COLEMAN SECURITIES CO., LTD.**

Company Registration Number: 564 FC of 2015-2016 (YGN)

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## (II) Comparable Company Analysis

We select regional companies that are most similar to the Company in terms of the industry that they operate in, namely, tourism and hospitality. If we work out the valuation of our Company based on the average market multiples, we derive the valuation of:

- EV/LTM EBITDA (x) basis: 18.2x Kyats 2,788.0 million = Kyats 50.7 billion
- P/B (x) basis: 2.1x Kyats 32,172.8 million = Kyats 67.6 billion
- P/E (x) basis: 51.4x Kyats 1,227.6 million = Kyats 63.1 billion

We find that our DCF valuation is in line or conservative in comparison to comparable company analysis approach. Below is the list of listed companies in the Southeast Asia region that operate hotels and tourism business for average benchmark multiples.

Company Name	Exchanges	Market Capitalization (USD million)	Share Price (USD)	52-Week High Share Price (USD)	52-Week Low Share Price (USD)	TEV/LTM P/BV (x) EBITDA (x)	P/E (x)	
Fiditour Joint Stock Company	Hanoi Stock Exchange (HNX)	-	1.76	2.05	1.28	10.0	3.7	17.1
Saigon Hotel Corporation	Hanoi Stock Exchange (HNX)	-	1.73	1.74	0.58	29.5	1.0	18.9
PT Pembangunan Graha Lestari Indah Tbk	Indonesia Stock Exchange (IDX)	5.63	0.01	0.01	0.0	15.7	1.3	66.6
PT Arthavest Tbk	Indonesia Stock Exchange (IDX)	8.2	0.02	0.05	0.02	9.17	0.6	30.9
PT Pudijadi Prestige Tbk	Indonesia Stock Exchange (IDX)	11.8	0.04	0.05	0.02	11.3	0.5	43.1
PT Mas Murni Indonesia, Tbk	Indonesia Stock Exchange (IDX)	23.3	0.01	0.01	0.0	10.5	0.5	15.3
Mandarin Hotel Public Company Limited	The Stock Exchange of Thailand (SET)	31.3	1.16	1.35	0.74	20.7	2.1	50.1
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Discovery World Corporation	Philippines Stock Exchange (PSE)	34.6	0.06	0.07	0.04	22.1	1.4	89.8
PT Panorama Sentrawisata Tbk	Indonesia Stock Exchange (IDX)	48.0	0.04	0.06	0.04	7.47	0.9	29.8
Waterfront Philippines, Incorporated	Philippines Stock Exchange (PSE)	52.9	0.02	0.03	0.01	5.02	0.5	10.0
Asia Hotel Public Company Limited	The Stock Exchange of Thailand (SET)	69.1	2.16	2.3	1.84	13.1	0.4	146.5
PT Jakarta International Hotels & Development Tbk	Indonesia Stock Exchange (IDX)	83.1	0.04	0.05	0.03	14.2	0.3	268.5
Grande Asset Hotels and Property Public Company L	The Stock Exchange of Thailand (SET)	106.2	0.04	0.04	0.02	22.0	1.2	88.0
Royal Orchid Hotel (Thailand) Public Company Limit	The Stock Exchange of Thailand (SET)	109.1	1.16	1.23	0.77	13.7	4.2	30.4
Laguna Resorts & Hotels Public Company Limited	The Stock Exchange of Thailand (SET)	134.0	0.8	0.85	0.66	20.0	0.4	15.8
AF Global Limited	Singapore Exchange (SGX)	175.6	0.17	0.18	0.11	14.6	0.9	41.4
Amara Holdings Limited	Singapore Exchange (SGX)	227.4	0.4	0.44	0.27	34.0	0.9	41.6
Hotel Royal Limited	Singapore Exchange (SGX)	249.6	2.97	3.08	2.37	18.9	0.6	33.1
Dusit Thani Public Company Limited	The Stock Exchange of Thailand (SET)	266.7	0.32	0.39	0.24	15.0	1.9	168.7
Shangri-La Hotel Public Company Limited	The Stock Exchange of Thailand (SET)	290.7	2.24	2.27	1.69	5.75	1.2	15.9
Stamford Land Corporation Ltd	Singapore Exchange (SGX)	319.3	0.37	0.42	0.32	7.77	0.9	10.5
Banyan Tree Holdings Limited	Singapore Exchange (SGX)	322.7	0.4	0.5	0.3	61.2	0.7	24.3
OHTL Public Company Limited	The Stock Exchange of Thailand (SET)	416.3	27.57	34.19	27.4	29.3	18.1	90.5
PT Jakarta Setiabudi Internasional Tbk	Indonesia Stock Exchange (IDX)	429.0	0.19	0.25	0.19	19.4	2.8	45.0
TA Global Berhad	Bursa Malaysia (KLSE)	455.8	0.09	0.1	0.05	9.48	0.6	6.08
Shangri-La Hotels (Malaysia) Berhad	Bursa Malaysia (KLSE)	550.2	1.25	1.31	1.14	13.9	2.1	29.2
PT Indonesian Paradise Property Tbk	Indonesia Stock Exchange (IDX)	591.6	0.05	0.06	0.03	27.5	2.2	63.5
The Erawan Group Public Company Limited	The Stock Exchange of Thailand (SET)	624.5	0.25	0.26	0.13	16.6	4.0	45.6
Hotel Grand Central Limited	Singapore Exchange (SGX)	729.6	1.06	1.09	0.96	14.1	0.7	25.9
OUE Limited	Singapore Exchange (SGX)	1,233.2	1.37	1.56	1.19	22.7	0.4	46.5
Hotel Properties Limited	Singapore Exchange (SGX)	1,454.1	2.79	2.96	2.54	16.3	1.0	17.4
Central Plaza Hotel Public Company Limited	The Stock Exchange of Thailand (SET)	2,378.2	1.76	1.78	0.99	18.6	7.0	39.5
Mandarin Oriental International Limited	Singapore Exchange (SGX)	2,580.2	2.05	2.86	1.22	22.6	2.1	54.7
Minor International Public Company Limited	The Stock Exchange of Thailand (SET)	5,978.8	1.29	1.38	0.95	24.1	4.8	36.6
Shangri-La Asia Limited	Singapore Exchange (SGX)	7,741.1	2.18	2.38	1.05	17.5	1.2	45.0
					<b>Mean</b>	<b>18.2</b>	<b>2.1</b>	<b>51.4</b>