

8th March 2022

Our Ref: SEC/LD/282

Mr. R. Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
Level 4, West Tower
World Trade Centre
Echelon Square
COLOMBO 1.

Dear Sir,

RELATED PARTY TRANSACTION

In terms of Section 9 of the Listing Rules of the Colombo Stock Exchange we write to inform of the following Related Party Transactions and proposed Related Party Transaction between Lankem Developments PLC (LDPLC) its subsidiary Agarapatana Plantations Ltd (APL) and other related parties:

(i) Proposed date of the transaction and applicable period

- (a) Restructure of debts of Rs.216,866,886/- owed by APL under LDPLC – 3rd March 2022

Applicable period – 2021/2022

- (b) Issue of shares by APL to LDPLC – 31st March 2022 (Subject to shareholder approval being obtained at the Extraordinary General Meeting of APL to be held on 31st March 2022)

Applicable period – 2021/2022

(ii) Name of relevant Related Parties

- (a) Agarapatana Plantations Ltd (APL), The Colombo Fort Land & Building PLC (CFLB) and Union Commodities (Pvt) Ltd (UNICOM)

(b) Agarapatana Plantations Ltd (APL)

(iii) Relationship between the Entity and the Related Parties

- The Colombo Fort Land & Building PLC - Ultimate Parent
Union Commodities (Pvt) Ltd - Related party
Agarapatana Plantations Ltd – Subsidiary Company

(iv) Details of the transaction

- (a) A debt of Rs. 216,866,886/- owed by APL to The Colombo Fort Land & Building PLC (CFLB) (Rs. 103,637,854/-) and Union Commodities (Pvt) Ltd (UNICOM) (Rs. 113,229,032/-) being restructured under the Parent Company LDPLC.

(b) Issue of 45,834,476/- ordinary shares at Rs. 5/- per share by APL by way of a Private Placement in settlement of the debt of Rs. 229,172,380/- owed by APL to LDPLC, subject to shareholder approval as mentioned in item (i) (b) above .

The said sum of Rs. 229,172,380/- comprises of Rs. 216,866,886/- mentioned under (a) above and a sum of Rs. 12,305,494/- owed by APL to LDPLC.

(v) Rationale for entering into the transaction

- a) To facilitate the restructure of debts of the Company's subsidiary APL.

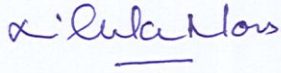
b) The proposed Private Placement will enable APL to reduce its debts thereby improving its gearing ratio and the working capital position thus strengthening its Balance Sheet which in turn may enable LDPLC to reverse part of the impairment made against the investment in APL

(vi) The Related Party Transactions Review Committee of the Entity is of the view that the transactions are on normal commercial terms, and is not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transactions Review Committee has reviewed an independent business valuation (based on Discounted Cash Flow and the Adjusted Net Asset methods) obtained by APL and a BenchMark – Secondary method of Share Valuation recommended by IFRS-13 for unquoted companies in connection with the shares of APL prior to forming its view on the transaction/s.

(vii) The aggregate value of the Related Party Transactions for the financial period 2021/2022 with CFLB (Inclusive of the aforesaid transaction)	Rs. 103.6Mn
The aggregate value of the Related party Transactions for the financial period 2021/22 with UNICOM (Inclusive of the aforesaid transaction)	Rs. 113.2Mn
The aggregate value of the Related party Transactions for the financial period 2021/22 with APL (Inclusive of the aforesaid transaction)	Rs. 233.2Mn
(viii) Aggregate value of all Related Party Transactions	Rs. 490.3MN

for the same financial period
(Inclusive of the aforesaid transactions)

Yours faithfully,
By Order of the Board
LANKEM DEVELOPMENTS PLC
CORPORATE MANAGERS & SECRETARIES (PVT) LTD

A handwritten signature in blue ink, appearing to read 'S. Lankem', with a horizontal line underneath the signature.

Secretaries

NN/-