

12th March 2021

Our Ref: SEC/LD/468

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 proposed Related Party Transaction between Lankem Developments PLC (LDPLC) and its subsidiary Agarapatana Plantations Ltd (APL) which would take effect subject to approval of the shareholders of Agarapatana Plantations Ltd being obtained at the Extraordinary General Meeting of APL to be held on 30th March 2021.

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| (i) Proposed date of the transaction and applicable period | - 30 th March 2021
Applicable period – 2020/2021 |
| (ii) Name of relevant Related Party | - Agarapatana Plantations Ltd (APL) |
| (iii) Relationship between the Entity and the Related Party | - Parent Company and Subsidiary |
| (iv) Details of the transaction | - Issue of 90,000,000 ordinary shares at Rs. 4/- per share by APL by way of a Private Placement in settlement of the debt of Rs. 360 Mn owed by APL to LDPLC. |

(v) Rationale for entering into the transaction

- The proposed Private Placement will enable APL to reduce its debts thus 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 transaction is 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 (Income Approach- Discounted Cash Flow method)obtained by APL and also other valuation methods such as Net Assets Basis and Revenue Multiples by the Industry, in connection with the shares of APL prior to forming its view on the transaction.

(vii) The aggregate value of the Related Party Transactions for the financial period 2020/2021 with - Agarapatana Plantations Limited (inclusive of the aforesaid transaction) - Rs. 722.9Mn

(viii) Aggregate value of all Related Party Transactions for the same financial period (inclusive of the aforesaid transactions) - Rs. 1,092.1Mn

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



Secretaries
NN/-