

5 May 2025

To: The Directors of Sinarmas Land Limited who are considered independent for the purposes of making a recommendation to the Shareholders in respect of the Offer (the “**Independent Directors**”)

Dear Sirs,

Response to The Business Times Article and The Edge Singapore Article of 5 May 2025

*For ease of reference, all capitalised terms used herein shall bear the same meaning as used in the circular to shareholders dated 25 April 2025 (the “**Circular**”) issued by Sinarmas Land Limited (the “**Company**” or “**Sinarmas Land**”).*

We refer to the following news articles published on 5 May 2025:

- (a) The article titled “Sinarmas Land offer price may be hiked” (The Business Times), in which the author, Mr. Ben Paul, has argued that the “IFA’s estimated range of values for Sinarmas Land shares of S\$0.35 to S\$0.361 is way off the mark” and that “the components of Sinarmas Land could fetch prices in the private market that are well above the valuations implied by their public-listed holding companies”, suggesting that an incorrect valuation basis has been adopted; and
- (b) The article titled “SIAS disagrees with IFA and IDs’ views over ‘exploitative’ privatisation offer for Sinarmas Land” (The Edge Singapore), in which the Securities Investors Association (Singapore) (“**SIAS**”) contended that “the unlisted assets have effectively been double-discounted in the SOTP analysis” and that “the IFA assumed a “holding company discount” of 20%-22% ... an assumption which can be questioned”.

With regard to the above, W Capital Markets Pte. Ltd. (“**W Capital Markets**”), being the IFA appointed by the Company to provide an opinion in respect of the Offer, wish to categorically refute the various comments made in the above news articles as follows:-

“Sinarmas Land offer price may be hiked” (The Business Times)

1. Approach taken to arrive at the estimated range of values of the Shares

As set out under paragraph 7.9 of our IFA Letter, W Capital Markets has used the Sum-of-the-Parts (SOTP) valuation analysis to derive the estimated range of values of the Shares, which is a widely accepted and commonly used valuation methodology and we consider the methodologies adopted in arriving at our estimated range of values of the Shares to be appropriate taking into account, *inter alia*, (i) the corporate structure of the Group which involves an investment holding company with diverse assets; (ii) BSDE and DMAS are entities listed on the IDX that are managed by separate management teams with independent governance structures and the BSDE and DMAS shares are actively traded; and (iii) the valuation of the Remaining Unlisted Assets has taken into consideration the RNAV of the Remaining Unlisted Assets and the mean & median P/RNAV of the Precedent Property Privatisation Transactions. In this regard, we are of the view that we have adopted the most appropriate methodologies for the given circumstances when conducting our

assessment of the Offer and we firmly stand by our opinion and recommendations that were set out in our IFA Letter dated 25 April 2025.

2. Changes to basis of valuation after a target company is taken private

With regard to the author's assertion that IFAs tend to ignore how the basis of valuation might change once the target company is taken private, W Capital Markets takes the position that it is not the IFA's role to speculate and assess on a fundamentally different post-transaction private-market valuation framework when the Company is no longer publicly listed and that our adopted basis of valuation and yardsticks for assessment does not deviate from conventional industry practice taken by other IFAs in Singapore. As a case in point and as illustrated in paragraph 7.7 of our IFA Letter, all the Precedent Property Privatisation Transactions on the SGX-ST, comprising privatisation transactions of property-related companies announced on SGX-ST between 1 January 2022 to the Latest Practicable Date with a fair and reasonable opinion issued by the respective IFAs, were transacted at a discount to their RNAV, with Offer Price/RNAV ranging from 0.48 times to 0.79 times.

In addition, it should be noted that Sinarmas Land is a pure investment holding company with no immediate control over the assets owned by its IDX-listed subsidiaries which are managed by separate management teams with independent governance structures. Accordingly, the more likely and practicable way for Sinarmas Land to realise the value of its investments in the IDX-listed subsidiaries is to sell the shares of BSDE and DMAS which are actively traded and for which the market price provides an indication of fair value of the Listed Indonesia Assets as ascribed by the stock market.

“SIAS disagrees with IFA and IDs' views over 'exploitative' privatisation offer for Sinarmas Land” (The Edge Singapore)

3. Assessed value of the Remaining Unlisted Assets in the SOTP valuation analysis

In our assessment of the fair value of the Remaining Unlisted Assets, as set out in paragraph 7.9.2 of our IFA Letter, we have highlighted, *inter alia*, that: (i) RNAV may not be a realisable value as the disposal values of such assets are likely to vary depending on the prevailing market and economic conditions; (ii) the RNAV computation does not take into account factors such as, *inter alia*, time value of money, legal and professional fees, liquidation costs, other potential duties, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the RNAV that can be realized; and (iii) all the Indonesian Comparable Companies (save for one outlier) and all the Singapore Comparable Companies are trading at discount to their NAV and all of the Precedent Property Privatisation Transactions on the SGX-ST, which were opined to be fair and reasonable, were also conducted at a discount to RNAV. Accordingly, we are of the view that there is sound basis, and deem it appropriate, to use the mean and median P/RNAV of the Precedent Property Privatisation Transactions as set out under paragraph 7.7 of our IFA Letter to derive at a valuation of the Remaining Unlisted Assets of between S\$757.9 million to S\$769.9 million.



4. Holding Company Discount

When performing a SOTP valuation analysis, it is a commonly accepted practice to apply a holding company discount to the valuation of the holding company relative to its sum of parts to reflect the true market perception of the risks and challenges associated with owning a holding company. Such discounts can also be attributable to the additional corporate expenses at the holding company, tax implications relating to dividend or capital distributions from the subsidiaries to the holding company, as well as investors' potential lack of control over the underlying assets and their reduced marketability. As mentioned above, Sinarmas Land is a pure investment holding company with diverse assets and has no immediate control over the assets owned by its IDX-listed subsidiaries which are managed by separate management teams with independent governance structures. Accordingly, we consider it to be appropriate to apply a holding company discount and it is our professional judgement that the holding company discount of 20%-22% is a reasonable assumption to be adopted. The application of a holding company discount to the SOTP is a totally different concept, distinct and separate from the valuation methodology used to value the Remaining Unlisted Assets, and hence, we strongly disagree with SIAS's view that there is double discounting of the Remaining Unlisted Assets.

We are of the view that the adopted methodologies in our IFA Letter are consistent with widely accepted industry practice and professional standards in Singapore and we have taken into account a range of factors which we consider, based on available information as at the Latest Practicable Date, to be pertinent and have significant bearing on our assessment of the Offer (as summarised in paragraph 8 of our IFA Letter), in arriving at our independent opinion and advice on the Offer.

Whilst we acknowledge that no single method of valuation will be met with universal acceptance, the Board of W Capital Markets would like to put on record and assure the Independent Directors that we have always been mindful and use our best endeavours to ensure that we exercise due care, skill and professional judgement in all advisory engagements and firmly believe that our IFA opinion in respect of the Offer is supported by reasonable grounds and assumptions.

Yours sincerely,
For and on behalf of
W Capital Markets Pte. Ltd.

Wayne Lee
Chairman and CEO