

NO. AC. 02/2022

28 February 2022

Subject: Clarification of changes in operating performance of more than 20%

To: The President of the Stock Exchange of Thailand

M.K. Real Estate Development Plc. would like to inform its financial results for the year 2021, which ended on 31 December 2021. The Company and its subsidiaries reported a net loss of THB 185.31 million or loss per share of THB 0.17, comparing to a net loss of THB 3.42 million or loss per share of THB 0.003 for the previous year, an increase on loss of THB 181.89 million. Details are as follows:

Unit : THB'000

Operating results :	2021	2020	Increase (Decrease)	%
<b>Real Estate</b>				
Revenue	2,481,142	2,530,403	<b>(49,261)</b>	<b>(1.95)</b>
Gross Profit	445,656	625,523	<b>(179,867)</b>	<b>(28.75)</b>
Gross profit margin (%)	17.96	24.72	<b>(6.76)</b>	<b>(27.34)</b>
<b>Rental and Property Management</b>				
Revenue	432,375	422,640	<b>9,734</b>	<b>2.30</b>
Gross Profit	229,772	219,338	<b>10,434</b>	<b>4.76</b>
Gross profit margin (%)	53.14	51.90	<b>1.24</b>	<b>2.40</b>
<b>Golf Services</b>				
Revenue	91,728	100,843	<b>(9,114)</b>	<b>(9.04)</b>
Gross Profit	33,700	37,303	<b>(3,603)</b>	<b>(9.66)</b>
Gross profit margin (%)	36.74	36.99	<b>(0.25)</b>	<b>(0.68)</b>
<b>Health &amp; Wellness</b>				
Revenue	25,821	3,044	<b>22,777</b>	<b>748.28</b>
Gross Profit	(107,167)	(5,918)	<b>(101,249)</b>	<b>1,710.93</b>
Gross profit margin (%)	(415.03)	(194.41)	<b>(220.62)</b>	<b>113.48</b>
<b>All bussiness</b>				
Sales & Sevices revenue	3,031,066	3,056,929	<b>(25,864)</b>	<b>(0.85)</b>
Gross profit	601,960	876,245	<b>(274,285)</b>	<b>(31.30)</b>
Gross profit margin (%)	19.86	28.66	<b>(8.80)</b>	<b>(30.72)</b>
Total revenue	3,413,067	3,446,475	<b>(33,408)</b>	<b>(0.97)</b>
Total Cost & Expense	3,659,376	3,456,207	<b>203,169</b>	<b>5.88</b>
Cost of Goods Sold	2,429,105	2,180,684	<b>248,421</b>	<b>11.39</b>
Selling & Admin. Expense	840,596	903,381	<b>(62,785)</b>	<b>(6.95)</b>
Finance cost	477,465	378,561	<b>98,904</b>	<b>26.13</b>
Net profit	(185,311)	(3,421)	<b>(181,891)</b>	
Net porofit margin (%)	(5.43)	(0.10)	<b>(5.33)</b>	
Net profit per share (Baht)	(0.17)	(0.003)	<b>(0.17)</b>	

Total revenue from sales and services was THB 3,031.07 million, a decrease of THB 25.86 million or -0.85%.  
The main businesses of the Company and its subsidiaries were as follows:

(1) Real Estate Business

For the year 2021, sales from the real estate business were THB 2,481.14 million, a decrease of THB 49.26 million or -1.95% when comparing to the previous year of which THB 2,140.84 were sales from residential units, a decrease of THB 318.12 or -13.0%. The decline in residential unit sales was mainly due to the impact of COVID-19 throughout the year 2021, which affected the income of target customers for housing unit price between THB 2-3 Million Baht. In addition, financial institutions adopted more stringent housing loan approval policies, which resulted in the housing loan approval rate being relatively low. Under the circumstances of tight liquidity and intense competition, MK gave its priority to the management of housing inventory and financial liquidity. As a result, MK sold undeveloped land for the amount of THB 340.3 million to improve its liquidity. Going forward into 2022, with the COVID-19 situation becoming less intense together and the continuation of Government measures to help the real estate sector, such as the reduction in the transfer fee to 0.01% for residential housing with a value below THB 3.0 million, these should encourage consumers in their buying decisions, which will result in higher housing revenue for the company in 2022.

(2) Rent and Service and Property Management Business

MK Group generated revenue from rent and service and Property Management in 2021 for a total amount of THB 432.38 million, an increase of THB 9.73 million or 2.30% of which THB 341.33 was rental revenue which decreased by THB 32.93 or 8.8% from THB 374.27 reported in 2020. The decline in rental revenue came mainly from the decrease in the available rental space in the Bangkok Free Trade Zone project held under Prospect Development Co., Ltd.'s ("Prospect"), as 130,092 sq.m. of warehouse / factory area was sold to Prospect Logistics and Industrial Leasehold Real Estate Investment Trust ("Prospect REIT") during 3Q20 which made the available for rent space to decrease to 120,662 sq.m at the end of 2020. However, during 2021, more space has been developed which brought the total available space for rent to 162,612 sq.m by the end of 2021. As a result of decreased available rental space at the beginning of the year, the company reported just THB 57.44 million of rental revenue for 1Q21. However, as more space was added during the year, the company closed the year 2021 with THB 275.76 million of total rental revenue which was close to the level of the year before.

For 2021, in addition to the ongoing projects under development, Prospect set up BFTZ Bangpakong Co., Ltd. which is a 50:50 joint venture company with Sansiri Plc. to develop warehouse and factory for rent in Bangpakong Chachoengsao Province. Moreover, BFTZ Wangnoi Co, Ltd. which is a 50:50 joint venture with Finansa Plc. was established to develop warehouse and factory for rent in Wangnoi Ayutthaya province. In addition, Prospect bought all common shares of Freezone Asset Co., Ltd. which holds the right to rent 20,243 sq.m of warehouse and factories in Bangkok Free Trade Zone project. Altogether, an additional 100,000 sq.m of rental space was added in 2022. When the rental space has been fully developed and rented out, it will be sold to the REIT to realize profit and to raise cash to further develop more space for rent. In addition, MK reported a rental revenue

of Bt. 55.4 million from Park Court Project which was held and managed by Munkong Living Co., Ltd (“Munkong Living”). However, the decision was made in 4Q21 to sell all shares of Munkong Living to a third party for a realized gain of Bt. 272.1 million. In addition to raising more cash, the Group wants to focus more on the warehousing business for industrial clients, which offers a better margin and stable growth rate. The warehousing business has also proved less vulnerable to the effects of COVID-19.

In addition to rental and service revenue, Prospect also has revenue from its property management business where the company manages industrial real estate for Prospect REIT together with a management fee generated by Prospect REIT Management Co., Ltd., MK reported property management revenue of Bt. 91.04 million for year 2021, an increase of Bt.48.37 million or 88.21% from the same period last year. The gross profit increased by THB 29.45 million in 2021. The gross profit margin for this business was relatively high at 60% of total revenue. The property management business has been growing steadily and has been less affected by COVID-19.

#### (3) Golf Course and Property Management Business

Due to the COVID-19 situation during 2021 and the lock-down measures imposed by the government, the golf course was temporarily closed for 40 days. During the shutdown, MK took this opportunity to perform the necessary maintenance of the golf course to maintain high standards. In addition, to gain more customer confidence, all staff members including caddies were vaccinated with 2 doses of vaccine. ATK tests were also performed on a weekly basis. As a result, the golf course was awarded with The Best of SHA 3-Stars Award in 2021 together with the Amazing Thailand Safety and Health Administration – (SHA) which was subsequently raised to the SHA Plus level by the Ministry of Tourism & Sports. The abovementioned measures gained the golfers’ confidence and made the 4Q04 revenue to an all-time high of Bt. 30.85 million. For 2021, The company reported total revenue of Bt. 91.73 million, a slight decrease by Bt. 9.11 million or -9.0% compared to the same period last year, while the gross margin was relatively unchanged.

#### (4) Health and Wellness Business

Aside from the businesses mentioned above, MK continued to follow the business strategy focused on the addressing the balance of net profit derived from sales of residential units and recurring income. MK’s long term plan is to grow the contribution from recurring income. To this end, MK Group reached an agreement with Vitalife (owned by Bumrungrad Hospital) to develop the RAKxa Wellness & Medical Retreat to be a fully integrative wellness & medical retreat. The Project covers a total of 180 rais of land located at Bang Krachao, Samutprakarn Province with a total investment cost of over THB 2,000 million. For the first phase, MK developed 27 villas on 60 rais of land. The retreat was officially launched in December 2020. Due to the outbreak of COVID-19, the project was delayed from its original plan and had to be shut down for almost 2 months under the lock-down measure imposed by the government. One consequence of the Covid crisis is that the Group is now more confident

that the health and wellness business will see higher demand. This health and wellness business is one of the businesses that is aligned with The National Economic & Social Development Plan (Year 2017-2026) to promote Thailand to be a Medical Hub and promote Medical and Wellness Tourism. Nevertheless, while Thailand was still locked down and foreigners could not travel to Thailand, MK revised the business strategy to focus on local customers and the outcome was satisfactory. MK realized revenue for an amount of THB 25.82 million and together with the treatment fees received via Vitalife, the total revenue for the RAKxa project was THB 50.0 million in 2021. More than 60% of revenue in 2021 came from the membership program where RAKxa had 100 members at the end of the year with a combined membership fee of Bt. 66 million. Nevertheless, for 2021, RAKxa reported a loss of Bt. 107.17 million due mostly to the depreciation of fixed assets which is an accounting rather than cash loss. In addition, the staff cost was relatively high as RAKxa had to train more staff to be ready once the project is in full operation post the COVID-19 crisis.

In addition to the financial results of the main businesses, the Group realized a gain from investment in Frasers Property BFTZ Co., Ltd., a joint venture company, and in Prospect REIT for total amount of THB 61 million. While the economic slowdown due to COVID-19 negatively affected the earnings of the group, the Group was able to control selling and administrative expenses in 2021 at an appropriate level. The selling and administrative expenses were THB 840.6 million, decreased by THB 62.79 million or -6.95% when comparing to the previous year. Financing costs increased by THB 98.90 million or 26.13% when comparing to the previous year due to additional capital requirement to invest in the health and wellness business. MK Group is still confident that post the COVID-19 crisis, consumer behavior will change toward greater health consciousness which will create higher demand for the wellness business. Together with the development of rental space for industrial clients which has a relatively strong demand, management anticipates an improvement in the Group's earnings going forward. MK Group will also continue to focus on maintaining its liquidity to mitigating risk resulting from economic fluctuations rather than focus on debt reduction.

While the COVID-19 pandemic has had a negative impact on the economy, it also highlights that the progress pre-pandemic in restructuring MK's business towards businesses that can deliver sustainable earnings has helped and will help reduce the negative impact from unexpected social and economic shocks. To put this into perspective, of the total gross profit (excluding sale of vacant land), the proportion contributed by rental and service businesses increased from 4.5% at the end of 2015 to 28.9% at the end of 2021.

Please be informed accordingly.

Yours sincerely,

(Mrs. Sutida Suriyodorn)

Senior Executive Vice President