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No.DO 004/2563

February 12, 2020

Subject: The Acquisition and Disposition of Assets to Real Estate Investment Trust of M.K. Real Estate Development Public Company Limited

To : President

The Stock Exchange of Thailand

M.K. Real Estate Development Public Company Limited (the "Company"), hereby notify that the Board of Directors Meeting of the Company No. 2/2020 held on February 12th, 2020 has passed a resolution to approve the Company and/or Prospect Development Company Limited ("PD"), a subsidiary in which the Company holds 99.99% of shares issued and sold, to enter into transactions to acquire and dispose of assets between the Company and/or PD and Prospect Logistics and Industrial Leasehold Real Estate Investment Trust (the "Trust"). The Trust manager is in the process of preparing documents to be submitted to The Securities and Exchange Commission ("SEC") for permission to set up Trust. In addition, the Company's Board of Directors has passed a resolution to approve the authority of the authorized person in relation to the acquisition and disposition of assets to Trust as the following:

(A) **Approved the disposition of assets by approving the following related transactions:**

- Approved PD to sell sub-leasehold right at the date when the Trust invests into sub-leasehold right and PD will terminate sub-lease agreement of part of land and building in Bangkok Free Trade Zone ("BFTZ"). As PD sub-leased part of land and building in BFTZ from Chaiyanan Bangplee Parkland Company Limited ("CBP"), PD will terminate sub-lease agreement so the Trust will enter into sub-lease agreement directly with CBP. The value of sub-leasehold right to be sold to the Trust will be at least THB 1,922.80 million and not exceeding to THB 2,235.00 million.
- Approved the Company and PD to enter into an undertaking transaction between the Company, PD and Finansa Public Company Limited ("FNS") as promisors and the Trust as promisee, to assure the duty of the Company, PD and FNS towards the Trust (the

“Undertaking Transaction”). (The details of Undertaking Transaction appear in 1.3.2 “Undertaking Transaction”)

- Approved the Authority of Chief Executive Officer in relation to the disposition of assets to Trust as the following:
 - Negotiate with the Trust to determine the form of assets disposal, the terms and conditions on assets disposal to the Trust and enter into agreements with the Trust, including any amendments to the terms and conditions as appropriate.
 - Negotiate with the Trust to determine the final asset value to be sold to the Trust by considering the demand of institutional investors through book building and conditions of assets at that time.
 - Consider to dispose or not dispose certain assets if the conditions or the result of negotiations with the Trust are deemed not benefit to the Company and/or its shareholders.
 - Prepare, sign, deliver agreements or commitment in relation to assets disposal to the Trust, e.g., registration of sub-leasehold and other related agreements.
 - Negotiate, determine terms and conditions, prepare, sign, and deliver agreements in relation to asset disposal to the Trust, including but not limited to Undertaking Agreement.

The highest size of Disposition of Assets Transaction is not exceeding THB 2,235.00 million or equivalent to 14.34% pursuant to the total value of consideration method. The Disposition of Assets Transaction size is less than 15.00%, so it is not considered as the disposition of assets category 1 - 4 under the Notification of the Capital Market Supervisory Board No. Tor Jor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (including additional amendments) and the Notification of The Board of Governors of The Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (including additional amendments) (the “Notification on Acquisition and Disposition”). However, the Company discloses information memorandum relating to Disposition of Assets Transaction to the Stock Exchange of Thailand (“SET”) because the Trust will invest into the sub-leasehold right of part of land and building in BFTZ, which consists of sub-leasehold right of both PD and FNS. According to disposition of assets transaction size of FNS is considered as the disposition of assets category 2 under the Notification

on Acquisition and Disposition, FNS is obligated to disclose information memorandum relating to the disposition of assets transaction to the SET. Therefore, the Company will disclose information memorandum relating to the Disposition of Assets Transaction to the SET as well.

However, the Disposition of Assets Transaction and Undertaking Transaction are not considered as connected transaction of the Company according to the Notification of the Capital Market Supervisory Board No. Tor Jor 21/2551 Re: Rules on Related Transaction (including additional amendments) and the Notification of The Board of Governors of The Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction, 2003 (including additional amendments). (the "Notification on Connected Transaction")

(B) Approved the acquisition of assets by approving the following related transactions:

- Approved the Company and/or subsidiary companies to subscribe for Trust's units that are offered by the Trust (the "Acquisition of Trust's Units Transaction") by approving the Company and/or subsidiary companies to enter into the Acquisition of Trust's Units Transaction at least 15.00% but not exceeding 20.00% of the amount of initial public offering of Trust's units and the value of the acquisition of Trust's units will not exceed THB 500.00 million and also approve the Company and/or subsidiary companies to obtain bridging loans from financial institution(s) for the Acquisition of Trust's Units Transaction and will repay such loans with the proceeds from Disposition of Assets Transaction (if any).
- Approved the Authority of Chief Executive Officer to determine the final proportion for the Company and/or subsidiary companies to enter into the Acquisition of Trust's Units Transaction, including any other actions in relation to the subscription of Trust's units.

The highest value of Acquisition of Trust's Units Transaction will not exceed THB 500.00 million or equivalent to 3.21% pursuant to the total value of consideration method. The Acquisition of Trust's Units Transaction size is less than 15.00%, so it is not considered as the acquisition of assets category 1 - 4 under the Notification on Acquisition and Disposition. However, the Company discloses information memorandum relating to the Acquisition of Trust's Units Transaction to the SET because the Acquisition of Trust's Units Transaction is related to the Disposition of Assets Transaction between PD and the Trust, which disclose information memorandum relating to the Disposition of Assets Transaction to the SET. Therefore, the Company will disclose information memorandum relating to the Acquisition of Trust's Units Transaction to the SET as well.

However, the Acquisition of Trust's Units Transaction is not considered as connected transaction of the Company according to the Notification on Connected Transaction.

(C) Approved PD to be the property manager of the assets sold to the Trust

Approved PD to be the property manager of the assets sold to the Trust for 10 years according to the Property Manager Agreement (in addition, the term may be extended for another 10 years with the extended terms and conditions to be stipulated in the Property Management Agreement). However, PD is in the process of negotiating terms and conditions of Property Management Agreement.

(D) Approved the sub-lease and service of certain roads in the BFTZ

Approved PD to grant the sub-lease and provide service for certain roads in the BFTZ to the Trust. The Trust will enter into Sub-lease Agreement for roads in the form of sub-lease for sharing the roads with other tenants of BFTZ.

The company would like to disclose information regarding the said transaction as follows:

1. Disposition of Assets Transaction

1.1 Date of Transaction

The Disposition of Assets Transaction will occur after the permission to set up the Trust has been approved by SEC and the Trust's units are offered for sale and registration of the Trust's assets is completed. The Company expects the Disposition of Assets Transaction will occur within the third quarter of 2020

1.2 The Relevant Parties:

1.2.1 The Disposition of Assets Transaction

Seller : PD (99.99% owned subsidiary of the company)

Purchaser : the Trust

1.2.2 The Undertaking Transaction

Promisors : The Company and PD

Promisee : The Trust

1.3 General Information, Type and the Size of Transactions

1.3.1 The Disposition of Assets Transaction

(1) General Information, Type and the Size of Transaction

After the offering of Trust's units has completed, PD will terminate sub-lease agreement of part of land and building in BFTZ. As PD sub-leased part of land and building in BFTZ from CBP, PD will terminate sub-lease agreement so the Trust will enter into sub-lease agreement directly with CBP. The sub-lease period will begin from the date when the Trust invests into the sub-leasehold right of part of land and building in BFTZ until the expiration of the registered sub-leasehold period.

The value of sub-leasehold right to be sold to the Trust will be at least THB 1,922.80 million and not exceeding to THB 2,235.00 million (exclusive of value added tax, fee and expense for ownership transfer). The value of sub-

leasehold right will be considered from return on sub-leasehold and appraised value from 2 appraisers which are 15 Business Advisory Co., Ltd. and Nexus Property Consultants Co., Ltd. The appraised value is as follows:

Appraiser as approved by SEC	Appraised Value of PD's assets using the Income Approach (THB million)
15 Business Advisory Co., Ltd.	2,031.80
Nexus Property Consultants Co., Ltd.	2,006.90

However, the final assets value will depend on the final offering price of the Trust's units, which will be determined by book building process and other factors such as, the general capital market condition and other financial products offered at that time.

(2) Transaction Size

The calculation of transaction size under the Notification of Acquisition and Disposition, is calculated from the interim consolidated financial statement of the Company as of 30 September 2019 as follows:

(a) **Net Tangible Asset**

Not Applicable

(b) **Net Profit from Operations**

Not Applicable

(c) **Compare to Total Value of consideration**

$$\begin{aligned}
 \text{Value of Consideration} &= \frac{\text{Disposal Price}}{\text{Book value of total assets}} \\
 &= \frac{\text{Not exceeding THB 2,235.00 million}}{\text{THB 15,585.23 million}} \\
 &= \text{Not exceeding 14.34\%}
 \end{aligned}$$

(d) **Compare to Value of Securities**

Not Applicable

The highest value of transaction size of disposal assets calculated by Total Value of Consideration method is not exceeding 14.34%. This is not regarded as category 1 - 4 of disposition of assets transaction under the Notification on Acquisition and Disposition, due to the transaction is not exceeding 15.00%

1.3.2 **Undertaking Transaction**

(1) **General Information of the Transaction**

The Company and PD will enter into Undertaking Agreement between the Company, PD and FNS (as the Promisors) and the Trust (as the Promisee) to assure the duty of the Company, PD and FNS towards the Trust. The key undertakings are as follows:

- (a) The Company, PD and FNS agree and ensure that their group of associated persons hold and retain the proportion totally of not less than 15.00% of the total amount of Trust's units offered under this initial public offering only for a period of 5 years from the date of Trust's sub-leasehold right becomes effective and not less than the covenant in loan agreement. If the Lender terminates or revises the covenant regarding the Trust's units holding period to be less than 5 years, the Promisors shall hold Trust's units for a period of 5 years. Also, during the aforementioned Trust's units holding period, the Promisors will not sell, transfer, pledge or impose any collateral conditions which causes the held Trust's units less than the proportion as set forth without prior written consent from the Trust.
- (b) PD and/or its group of associated persons shall maintain shareholding percentage in Prospect REIT Management Company Limited ("REIT Manager" or "Prospect REIT Management") of not less than 75.00% of total issued shares of Prospect REIT Management. As long as Prospect REIT Management represents as REIT Manager, PD and/or its group of associated persons agree not to distribute, sell, transfer, pledge or impose any collateral

conditions which causes the shareholding percentage in Prospect REIT Management less than the proportion as set forth and/or result in losing control of Prospect REIT Management to other persons without prior written consent from the Trust.

- (c) Trust has a right of first refusal in the assets intended to be sold, sub-leased, or transferred by PD and/or its group of associated persons.
- (d) The registration of charge on the entrance/exit way to main road by to the Trust in order to allow the Trust and/or its attendants, including its lessee, to have the usage right on such entrance/exit way to main road throughout the sub-leasehold period without any compensation.
- (e) Any other agreed conditions which benefit the Trust.

(2) Transaction Size

Undertaking Transaction is a part of the Disposition of Assets Transaction to assure the duty of the Company and PD towards the Trust. The Company and PD will not receive any compensation from entering into this transaction with the Trust beside the compensation from the Disposition of Assets Transaction.

1.4 Details of the Disposed Assets

1.4.1 Disposition of Assets Transaction

- Assets Information

	Details
Name of Property	Bangkok Free Trade Zone
Address	1040/1 Moo 15 Bangsaothong, Samutprakarn, Thailand
Ownership of Asset	Wat Paknam and Wat Mongkolnimit
Description of Investment by Trust	19 Years sub-leasehold rights of land and buildings of BFTZ from the date of registration until 22 December 2039. The Trust will enter into sub-lease agreement with CBP. The assets to be invested by the Trust consist of total area of 128-1-90.27 rai (approximately 205,561.07 square meters) and total leasable area of warehouse and factory of

	approximately 131,839.00 square meters, which can be categorized in four types of building: Warehouse, Stand-alone factory, Mini factory and Built-to-Suit.				
Appraised Value	The appraisal price of assets under sub-leasehold rights in part of land and buildings in BFTZ as of 31 January 2020 are as follow: <table border="1" style="margin-left: 20px;"> <tr> <td>15 Business Advisory Co., Ltd.</td> <td>Nexus Property Consultants Co., Ltd.</td> </tr> <tr> <td>THB 2,031.80 million</td> <td>THB 2,006.90 million</td> </tr> </table>	15 Business Advisory Co., Ltd.	Nexus Property Consultants Co., Ltd.	THB 2,031.80 million	THB 2,006.90 million
15 Business Advisory Co., Ltd.	Nexus Property Consultants Co., Ltd.				
THB 2,031.80 million	THB 2,006.90 million				

- Details of land relating to Disposal of Assets Transaction

Title Deed Number	Owner	Land Number	Survey Page	Total Area (Rai-Ngan-Square Wah)
4495	Wat Paknam	3	835	99-1-78.16
4496	Wat Mongkolnimit	4	836	29-0-12.11
Total Area				128-1-90.27

- Details of warehouse and factory relating to Disposal of Assets Transaction

Free Zone ¹				
	Land Area under sub-lease agreement	Leasable Area under sub-lease agreement	No. of Building	No. of Unit
Warehouse	54-3-10.82 rai (87,643.28 square meters)	63,712.00	9	46
Stand-alone Factory	16-0-2.90 rai (25,611.61 square meters)	11,956.00	9	9
Mini Factory	15-1-27.25 rai (24,508.99 square meters)	14,926.00	4	20
Built-to-Suit	13-1-37.19 rai (21,348.77 square meters)	15,306.00	2	2
Total Free Zone's area	99-1-78.16 rai (159,112.65 square meters)	105,900.00	24	77

Free Zone ¹				
	Land Area under sub-lease agreement	Leasable Area under sub-lease agreement	No. of Building	No. of Unit
General Zone				
Warehouse	5-1-32.95 rai (8,531.81 square meters)	5,695.00	1	1
Stand-alone Factory	12-1-93.57 rai (19,974.30 square meters)	9,746.00	8	8
Mini Factory	11-0-85.58 rai (17,942.31 square meters)	10,498.00	3	15
Built-to-Suit	-	-	-	-
Total General Zone's area	29-0-12.10 rai (46,448.42 square meters)	25,939.00	12	24
Total area	128-1-90.27 rai (205,561.07 square meters)	131,839.00	36	101

Notes: ¹Including the building under construction as of 30 September 2019 totaling of 4 buildings
12 units

1.4.2 Undertaking Transaction

The Company and PD will enter into Undertaking Transaction between the Company, PD and FNS (as Promisors) and the Trust (as Promisee) to assure the duty of the Company, PD and FNS towards the Trust.

1.5 Total Value of Consideration

1.5.1 Acquisition of Assets

The maximum value of PD's assets to be sold to Trust is at least THB 1,922.80 million but not exceeding THB 2,235.00 million. (The details of transaction size appear in 1.3.1 The Disposition of Assets Transaction)

However, the final assets value will depend on the final offering price of the Trust's units, which will be determined by book building process and other factors such as, the general capital market condition and other financial products offered at that time.

1.5.2 Undertaking Transaction

Undertaking Transaction is a part of the Disposition of Assets Transaction to assure the duty of the Company and PD towards the Trust. The Company and PD will not receive any compensation from entering into this transaction with the Trust beside the compensation from the Disposition of Assets Transaction.

1.6 Value of Assets to be Disposed

1.6.1 The Disposition of Assets Transaction

The value of assets for the Disposition of Assets Transaction is at least THB 1,922.80 million but not exceeding THB 2,235.00 million. However, the final assets value will depend on the final offering price of the Trust's units, which will be determined by book building process and other factors such as, the general capital market condition and other financial products offered at that time.

1.6.2 Undertaking Transaction

No compensation paid

1.7 Criteria used to Determine the Consideration Value

1.7.1 Disposition of Assets Transaction

Criteria used to determine the consideration value are:

- (1) The appraised value by independent appraisers approved by SEC.
- (2) The appropriate return to Trust investors.
- (3) The potential for commercial value of the disposed assets.
- (4) Domestic and International interest rates.

However, the final assets value will depend on the final offering price of the Trust's units, which will be determined by book building process and other factors such as, the general capital market condition and other financial products offered at that time.

1.7.2 Undertaking Transaction

Undertaking Transaction is a part of the Disposition of Assets Transaction to assure the duty of the Company and PD towards the Trust. The Company and PD will not receive any compensation from entering into this transaction with the Trust beside the compensation from the Disposition of Assets Transaction.

1.8 Expected Benefits to the Company and/or PD

PD will receive compensation from disposition of assets and property management fee from the Trust. The proceeds can be used according to the Company and/or PD's business plan such as investing in new projects, repaying debts and loans from financial institutions, or using as working capital.

1.9 Objectives for the Use of Proceeds

PD may use the proceeds from the disposition of assets to the Trust to invest in new projects, repay debts and loans from financial institutions, or use as working capital.

However, the objectives for the use of proceeds as mentioned are the Company and/or PD's current business plan which can be adjusted as deemed appropriate at the time.

1.10 Conditions Precedent of the Transaction

The Disposition of Asset Transaction will occur after permission to set up the Trust has been approved by the SEC and Trust's units are offered for sale and registration of the Trust's asset is completed.

1.11 Opinion of the Board of Directors on the Transaction

The Board of Directors Meeting of the Company No. 2/2020 held on February 12th, 2020 has passed a resolution to approve PD to enter into the Disposition of Assets Transaction and other transactions related to the Disposition of Assets Transaction. The Board of Directors of the Company opined that the transactions are reasonable and in the best interest for the Company and its shareholders. PD may use the proceeds from the disposition of assets to the Trust to invest in new projects, repay debts and loans from financial institutions, or use as working capital which could reduce the financial support to PD by the Company in the long run.

1.12 Opinion of the Audit Committee and/or the Director which is Different from the Opinion of the Board of Director

The Audit Committee attended the Board of Directors Meeting of the Company No. 2/2020 held on February 12th, 2020. After consideration, the Audit Committee's opinion is not different from that of the Board of Directors of the Company according to the details in 1.11. Therefore, the Company's Board of Directors approves PD to enter into the transactions.

2. Acquisition of Assets

The Acquisition of Trust's Units Transaction

2.1 Date of Transaction

The Acquisition of Trust's Units Transaction will occur after the permission to set up the Trust has been approved by SEC. The Company expects the Acquisition of Trust's Units Transaction will occur within the third quarter of 2020

2.2 The Relevant Parties

Purchaser : The Company and/or subsidiary companies

Seller : The Trust

2.3 General Information, Type and the Size of Transaction

(1) General Information, Type and the Size of Transaction

The Company and/or subsidiary companies will subscribe for Trust's units that are offered by the Trust at least 15.00% but not exceeding 20.00% of the amount of initial public offering of Trust's units and the value of the acquisition of Trust's units will not exceed THB 500.00 million.

However, the final Trust's units subscription amount will depend on the final offering price of the Trust's units, which will be determined by book building process and other factors such as, the general capital market condition and other financial products offered at that time.

(2) Transaction Size

The calculation of transaction size under the Notification of Acquisition and Disposition, is calculated from the interim consolidated financial statement of the Company as of 30 September 2019 as follows:

(a) Net Tangible Asset

Not Applicable

(b) Net Profit from Operations

Not Applicable

(c) **Total Value of consideration**

$$\begin{aligned} \text{Value of Consideration} &= \frac{\text{Trust's units subscription amount}}{\text{Book value of total assets}} \\ &= \frac{\text{Not exceeding THB 500.00 million}}{\text{THB 15,585.23 million}} \\ &= \text{Not exceeding 3.21\%} \end{aligned}$$

(d) **Value of Securities**

Not Applicable

The highest value of transaction size of acquisition of Trust's units calculated by Total Value of Consideration method is not exceeding 3.21%. This is not regarded as category 1 -4 of acquisition transaction under the Notification on Acquisition and Disposition, due to the transaction does not exceeding 15.00%.

2.4 Details of the Acquired Assets

The Company and/or subsidiary companies will subscribe for Trust's units that are offered by the Trust at least 15.00% but not exceeding 20.00% of the amount of initial public offering of Trust's units and the value of the acquisition of Trust's units will not exceed THB 500.00 million.

2.5 Total Value of Consideration

The highest Trust's units subscription amount subscribed by the Company and/or subsidiary companies, is not exceeding THB 500.00 million (The details of transaction size appear in 2.3 General Information, Type and the Size of Transactions)

However, the final Trust's units subscription amount will depend on the final offering price of the Trust's units, which will be determined by book building process and other factors such as, the general capital market condition and other financial products offered at that time.

2.6 Value of Assets to be Acquired and Criteria used to Determine the Consideration Value

The final Trust's units subscription amount will depend on the final offering price of the Trust's units, which will be determined by book building process and other factors such as, the general capital market condition and other financial products offered at that time.

2.7 Expected Benefits to the Company and/or Subsidiary Companies

After The Acquisition of Trust's Units Transaction is completed, the Company and/or subsidiary companies will be unitholders of the Trust and benefit by receiving dividend and capital gain in case the price of Trust's units increases in the future.

2.8 Sources of Fund for The Acquisition of Trust's Units Transaction

The Company and/or subsidiary company will use the proceeds from the Disposition of Assets Transaction and/or working capital and/or bridging loans from financial institution(s) to acquire Trust's units and will repay such loans with the proceeds from Disposition of Assets Transaction.

2.9 Conditions Precedent of the Transaction

The Acquisition of Trust's Units Transaction will occur after permission to set up the Trust has been approved by the SEC.

2.10 Opinion of the Board of Directors on the transaction

The Board of Directors Meeting of the Company No. 2/2020 held on February 12th, 2020 has passed a resolution to approve the Company and/or subsidiary companies to enter into the Acquisition of Trust's Units Transaction. The Board of Directors of the Company opined that the transaction are reasonable and in the best interest for the Company and its shareholders. The Company and/or subsidiary companies will benefit by receiving dividend and capital gain in case the price of Trust's units increases in the future.

2.11 Opinion of the Audit Committee and/or the Directors which is different from the opinion of the Board of Director

The Audit Committee attended the Board of Directors Meeting of the Company No. 2/2020 held on February 12th, 2020. After consideration, the Audit Committee's opinion is not different from that of the Board of Directors of the Company according to the details in 2.10.

Therefore, the Company's Board of Directors approves the Company and/or subsidiary companies to enter into the transaction.

Please be informed accordingly.

Sincerely yours,

M.K. Real Estate Development PCL

-SIGN-

(Mr. Vorasit Pokachaiyapat)

Chief Executive Officer