M.K. Real Estate Development Public Company Limited

Management Discussion and Analysis

For the Three-month and Six-month Periods ended 30 June 2026

Business Overview

M.K. Real Estate Development Public Company Limited (“the Company” “the Group”) operate in the real estate development business, consisting of:

(1) Residential real estate development for sale.

The Company’s low-rise residential development projects primarily target customers seeking homes for their own residence, as well as first-home buyers, under the “Chuan Chuen” brand, which is recognised for its quality, functional living space, and value-for-money pricing. These projects are further enhanced by a comprehensive well-being care concept. The Company focuses on high-potential locations situated near public transportation routes and in areas where it already has an established customer base.

(2) Real estate development for rental and services, comprising:

2.1 Factory and warehouse rental business under the “Bangkok Free Trade Zone” or “BFTZ” brand, developed by Prospect Development Company Limited. Currently, the BFTZ brand is highly recognised among both domestic and international customers. Clients have strong confidence in the brand and continue to demand rental space consistently. In addition, Prospect Development Company Limited also provides property management services for the Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust, as well as for joint ventures.

2.2 Rental space for healthcare businesses and wellness rehabilitation accommodation, consisting of rental areas at the RAKxa Integrative Wellness project in Bang Krachao, Samut Prakan, and the RXV Wellness Village project in Sam Phran, Nakhon Pathom.

Summary of Operating Results

For the three-month period ended June 30, 2026, the Company reported a net loss of THB 339.88 million, or a loss of THB 0.24 per share, compared with a net loss of THB 39.33 million, or a loss of THB 0.03 per share, for the same period of the previous year.

For the six-month period ended June 30, 2026, the Company reported a net loss of THB 495.48 million, or a loss of THB 0.35 per share, compared with a net loss of THB 165.99 million, or a loss of THB 0.12 per share, for the same period of the previous year.

The details are as follows:

								Unit : THB'000
	2nd quarter				6 months			
Operating Results	**2026**	**2025**	***Change***	**%**	**2026**	**2025**	***Change***	**%**
Total revenue	**250,989**	**708,207**	***(457,218)***	***(64.56)***	**595,638**	**1,103,198**	***(507,560)***	***(46.01)***
Revenue from Sale and Services								
1. Revenue from sale of real estate								
Revenue	73,959	112,323	*(38,364)*	*(34.16)*	156,088	192,863	*(36,775)*	*(19.07)*
Gross Profit	12,168	6,648	*5,520*	*83.03*	31,860	21,967	*9,893*	*45.04*
Gross profit margin (%)	16.45	5.92			20.41	11.39		
2. Revenue from rental and rendering of services								
Revenue	57,657	163,946	*(106,289)*	*(64.83)*	120,390	350,656	*(230,266)*	*(65.67)*
Gross Profit	11,021	67,995	*(56,974)*	*(83.79)*	26,228	152,022	*(125,794)*	*(82.75)*
Gross profit margin (%)	19.11	41.47			21.79	43.35		
3. Revenue from management of real estate								
Revenue	45,405	69,361	(23,956)	(34.54)	89,985	106,672	*(16,687)*	*(15.64)*
Gross Profit	30,463	48,147	(17,684)	(36.73)	62,834	73,287	*10,453*	*14.26*
Gross profit margin (%)	67.09	69.42			69.83	68.70		
All businesses								
Sales & Sevices revenue	177,021	345,630	*(168,609)*	*(48.78)*	366,463	650,191	*(283,728)*	*(43.64)*
Gross profit	53,652	122,790	*(69,138)*	*(56.31)*	120,922	247,276	*(126,354)*	*(51.10)*
Gross profit margin (%)	30.31	35.53			33.00	38.03		
Investments and other income	73,968	362,577	*(288,609)*	*(79.60)*	229,175	453,007	*(223,832)*	*(49.41)*
Total Cost & expenses	**323,555**	**433,831**	***(110,276)***	***(25.42)***	**617,776**	**757,215**	***(139,439)***	***(18.41)***
Cost of businesses	123,369	222,840	*(99,471)*	*(44.64)*	245,541	402,915	*(157,374)*	*(39.06)*
Selling and administrative expenses	150,430	174,898	*(24,468)*	*(13.99)*	278,729	318,207	*(39,478)*	*(12.41)*
Foreign exchange loss	49,756	-	*49,756*	-	93,506	-	*93,506*	-
Other expenses	-	36,093	*(36,093)*	*(100.00)*	-	36,093	*(36,093)*	*(100.00)*
Profit (loss) from operations	**(72,566)**	**274,376**	***(346,942)***		**(22,138)**	**345,983**	***(368,121)***	
Finance cost	(265,203)	(220,080)	*45,123*	*20.50*	(480,237)	(422,245)	*57,992*	*13.73*
Loss sharing under equity method	(15,777)	(11,515)	*4,262*		(15,396)	(10,304)	*5,092*	
Income tax income (expense)	11,869	(84,825)	*(96,694)*		18,800	(83,656)	*(102,456)*	
Non-controlling interests	(1,796)	(2,719)	*(923)*		(3,495)	(4,237)	*(742)*	
Net loss	**(339,881)**	**(39,325)**	***(300,556)***		**(495,476)**	**(165,985)**	***(329,491)***	
Net loss margin (%)	(135.42)	(5.55)			(83.18)	(15.05)		
Net loss per share (Baht)	(0.24)	(0.03)	*(0.21)*		(0.35)	(0.12)	*(0.23)*	

- **Revenue from sales and services** for the second quarter and the six-month period of 2026 amounted to THB 177.02 million and THB 366.46 million, respectively. These figures represented decreases of THB 168.61 million, or 48.78%, and THB 283.73 million, or 43.64%, respectively, compared with the corresponding periods of the previous year. Revenue from the core businesses operated by the Company and its subsidiaries comprised the following:

1) Revenue from sale of real estate

The low-rise residential property market in the THB 2–5 million price range continued to be affected by weak purchasing power, driven by high household debt burdens and tighter lending criteria imposed by financial institutions. The market was also impacted by uncertainties surrounding the global and Thai economies, as well as changing preferences among younger generations, who increasingly favor renting over home ownership. Meanwhile, prospective homebuyers who remain in the market have tended to spend more time comparing available options and taking longer to make purchasing decisions. In response to these market conditions, the Company has placed greater emphasis on inventory management and aligning construction plans with sales volumes. In certain projects where no completed units remain available for sale, the Company has introduced installment-based pre-construction home sales instead of waiting until construction is completed. The Company has also focused on offering value-for-money propositions in terms of usable living space, pricing, and competitive promotional campaigns tailored to each location. In addition, the Company has closely monitored and followed up with customers who are in the process of resolving credit issues or applying for mortgage financing, with the aim of supporting and facilitating the completion of their home purchases.

Operating results for the second quarter of 2026 compared with the second quarter of 2025: The Company generated revenue from real estate sales of THB 73.96 million, comprising: 1.1) Revenue from residential housing project sales amounted to THB 61.61 million, a decrease of THB 42.26 million, or 40.69%, due to the various factors impacting the market as previously described. 1.2) Revenue from land sales amounted to THB 12.35 million, an increase of THB 3.90 million, or 46.15%. Overall, revenue from real estate sales decreased by THB 38.36 million, or 34.16%. The business recorded a gross profit of THB 12.17 million, representing a gross profit margin of 16.45%.

Operating results for the six-month period of 2026 compared with the six-month period of 2025: The Company generated revenue from real estate sales of THB 156.09 million, comprising: 1.1) Revenue from residential housing project sales amounted to THB 116.02 million, a decrease of THB 68.39 million, or 37.09%, due to the various factors impacting the market as previously described.1.2) Revenue from land sales amounted to THB 40.07 million, an increase of THB 31.62 million, or more than 100%. Overall, revenue from real estate sales decreased by THB 36.78 million, or 19.07%. The business recorded a gross profit of THB 31.86 million, representing a gross profit margin of 20.41%.

2) Revenue from rental and rendering of services

Operating results for the second quarter of 2026 compared with the second quarter of 2025: The Company generated rental and service income of THB 57.66 million, comprising: 2.1) Rental income from factory and warehouse properties amounted to THB 32.03 million, a decrease of THB 106.38 million, or 76.86%. This decrease was primarily attributable to the reduction in leasable space following the sale of assets to the Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust (Prospect REIT) in late Q2 2025. 2.2) Rental income from space leased to healthcare and wellness-related businesses, including rehabilitation and residential facilities, amounted to THB 25.63 million, remaining unchanged from the corresponding period of the previous year. Overall, the rental and services business recorded a gross profit of THB 11.02 million, representing a gross profit margin of 19.11%.

Operating results for the six-month period of 2026 compared with the six-month period of 2025: For the six-month period of 2026, the Company generated rental and service income of THB 120.39 million, comprising: 2.1) Rental income from factory and warehouse properties amounted to THB 69.23 million, a decrease of THB 230.48 million, or 76.90%. This decrease was primarily attributable to the reduction in leasable space following the sale of assets to the Prospect Logistics and Industrial Freehold and Leasehold Real Estate Investment Trust (Prospect REIT) in late Q2 2025. 2.2) Rental income from space leased to healthcare and wellness-related businesses, including rehabilitation and residential facilities, amounted to THB 51.16 million, remaining unchanged from the corresponding period of the previous year. Overall, the rental and services business recorded a gross profit of THB 26.23 million, representing a gross profit margin of 21.79%.

3) Revenue from management of real estate

Operating results for the second quarter of 2026 compared with the second quarter of 2025: The Company generated real estate management income of THB 45.41 million, a decrease of THB 23.96 million, or 34.54%. The decrease was primarily due to the acquisition fee income recognised in late Q2 2025. This income was generated from the Company's subsidiary, which serves as the manager of PROSPECT REIT, successfully sourcing additional assets for the REIT, comprising leasehold land, land, factory, warehouse, office and other constructions. The real estate management business recorded a gross profit of THB 30.46 million, representing a gross profit margin of 67.09%.

Operating results for the six-month period of 2026 compared with the six-month period of 2025: For the six-month period of 2026, the Company generated real estate management income of THB 89.99 million, a decrease of THB 16.69 million, or 15.64%. The decrease was primarily due to the acquisition fee income recognised in late Q2 2025. This income was generated from the Company's subsidiary, which serves as the manager of PROSPECT REIT, successfully sourcing additional assets for the REIT, comprising leasehold land, land, factory, warehouse, office and other constructions. The real estate management business recorded a gross profit of THB 62.83 million, representing a gross profit margin of 69.83%.

In summary, the decrease in business costs in line with the decline in sales and service revenue, together with effective cost management, resulted in a gross profit of THB 53.65 million for the second quarter of 2026, representing a gross profit margin of 30.31%. For the first six months of 2026, the Company recorded a gross profit of THB 120.92 million, representing a gross profit margin of 33.00%.

- **Other Income**: The Company's other income comprises gains on the disposal of investments and investment income, as well as other income. Investment income primarily consists of dividend income, while other income mainly comprises common area management income recognised prior to the establishment of juristic entities for residential property projects, as well as income from repair and renovation services for warehouse and factory rental buildings. These services are part of the ordinary business operations of the subsidiary engaged in warehouse rental, and the size of each transaction depends on the nature of the work and customer requirements.

Other income for the second quarter of 2026 compared with the second quarter of 2025 comprised: 1) Gain on disposal of investments and investment income amounted to THB 45.15 million, an increase of THB

21.33 million, or 89.53%, primarily due to a gain on the disposal of investments classified as assets held for sale and 2) Other income amounted to THB 28.82 million, representing a slight decrease from the same period of the previous year.

Other Income for the six-month period of 2026 compared with the six-month period of 2025 comprised: 1) Gain on disposal of investments and investment income amounted to THB 179.48 million, an increase of THB 81.07 million, or 82.38%, primarily due to a gain on the disposal of investments classified as assets held for sale. and 2) Other income amounted to THB 49.70 million, representing a slight increase from the same period of the previous year.

In addition, a significant portion of the Company's income in the second quarter and the first six months of 2025 was attributable to a gain on the disposal of assets, comprising leaseholds land, land, factory, warehouse, office and other constructions to PROSPECT REIT, amounting to THB 308.50 million.

- **Selling and Administrative Expenses** for the second quarter of 2026 amounted to THB 150.43 million, representing a decrease of THB 24.47 million, or 13.99%, compared with the second quarter of 2025. For the six-month period of 2026, selling and administrative expenses amounted to THB 278.73 million, a decrease of THB 39.48 million, or 12.41%, compared with the corresponding period of the previous year. The decrease was primarily attributable to lower revenue and the Company's effective expense management.

- **Other Expenses** for the second quarter and the six-month period of 2026 included unrealised foreign exchange losses arising from foreign-currency-denominated borrowings of THB 49.76 million and THB 93.51 million, respectively. No such unrealised foreign exchange loss was recognised in the same periods of the previous year.

- **Finance costs** for the second quarter and the six-month period of 2026 amounted to THB 265.20 million and THB 480.24 million, respectively. These represented increases of THB 45.12 million, or 20.50%, and THB 57.99 million, or 13.73%, respectively, compared with the corresponding periods of the previous year. The increases were primarily attributable to higher funding costs incurred to refinance and repay maturing financial obligations.

Summary of Financial Position

Unit : THB million

	30 Jun 26	31 Dec 25	*Change*	%
Total Assets	**17,305.9**	**16,399.8**	***906.1***	***5.53***
Investment properties	5,799.2	5,729.5	*69.7*	*1.22*
Real estate development for sale & Land held for development	2,199.4	2,283.8	*(84.4)*	*(3.69)*
Property, plant and equipment	2,077.4	2,054.9	*22.5*	*1.09*
Short-term loans to related parties	2,001.6	1,912.9	*88.7*	*4.63*
Investments in JVs & associates	1,479.9	1,392.4	*87.5*	*6.29*
Other assets	3,748.4	3,026.3	*722.1*	*23.86*
Total Liabilities	**12,794.8**	**11,481.2**	***1,313.6***	***11.44***
Interest bearing debts (loan agreement terms)	9,780.0	7,981.8	*1,798.2*	*22.53*
Other liabilities	3,014.8	3,499.4	*(484.6)*	*(13.85)*
Equity attributable to owners of the parent	**4,463.5**	**4,874.7**	***(411.2)***	***(8.44)***

The Group had total assets of THB 17,305.88 million, an increase of THB 906.13 million, or 5.53%, from the end of 2025. The increase was primarily attributable to deposits for land acquisitions, increases in trade and other receivables, and increases in investments in associates. The principal components of total assets were investment properties, accounting for 33.5% of total assets; real estate development properties for sale and land held for future development, accounting for 12.7%, which decreased due to sales of houses and land during the period; property, plant and equipment, accounting for 12.0%; short-term loans to related parties, accounting for 11.4%; and investments in joint ventures and associates, accounting for 8.6%.

The Group had total liabilities of THB 12,794.78 million, an increase of THB 1,313.62 million, or 11.44%, from the end of 2025. The increase was primarily attributable to a THB 1,808.24 million, or 22.65%, increase in interest-bearing debts, resulting from fundraising to repay maturing financial obligations and additional investments in associates. Interest-bearing liabilities comprised borrowings from other entities, accounting for 50.8%, followed by debentures at 27.2%, project loans at 16.2%, and borrowings from related parties at 5.8%.

Total shareholders' equity amounted to THB 4,511.10 million, while equity attributable to owners of the parent amounted to THB 4,463.48 million, representing a decrease of 8.44% compared with the end of 2025. The decrease was primarily attributable to the net loss of THB 495.48 million, partially offset by other comprehensive income of THB 84.24 million, which mainly resulted from the recognition of gains from the fair value measurement of financial assets through other comprehensive income. Book value per share was THB 3.13.

As of June 30, 2026, the Company's current ratio was 0.82 times, compared with 0.74 times as of the end of 2025. The increase was attributable to an increase in current assets, while current liabilities decreased. The debt-to-equity ratio (D/E ratio) and interest-bearing debt-to-equity ratio, calculated in accordance with the terms and conditions of the Company's borrowings, were 2.84 times and 2.10 times, respectively, as of the end of Q2 2026, compared with 2.33 times and 1.55 times, respectively, as of the end of 2025. The increases were primarily attributable to higher total liabilities, while shareholders' equity decreased.