

EASTERN STAR

Eastern Star Real Estate Public Company Limited
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Subject : Clarification of change from operation of more than 20% for the year ended December, 31 2019

To : Director and Manager,
The Stock Exchange of Thailand

For the year ended December 31, 2019, Eastern Star Real Estate Public Company Limited and its subsidiaries (The company) reported profit of Baht 52.65 million while the same period of 2018 net profit was Baht 115.45 million, changes by Baht 61.43 million or 54%. The company would clarify the main reasons of change more than 20% as follows:

Revenue from sales of real estate for the year 2019 decreased by Baht 347.37 million and cost of real estate sold decreased by Bath 211.58 million, compared with the year 2018. In 2019, the company recognized primarily revenue from the remaining units of the existing projects in Bangkok. The revenue from rental for the year 2019 increased by Baht 10.32 million or 30%, compared with the year 2018. Main reason resulted from the increasing in the rental of apartments, which was redesigned and renovated.

An accredited independent valuer assessed lands and properties of the company and found that most of the new appraised value is higher than the book value. The company adjusted the book value of land price according to new appraised land prices, so the company had to reverse loss on diminution in value of assets, increased by Baht 26.32 million.

However, the company has monthly fixed expenses and expenses from developing projects which the company has not yet recognized revenue in this year, such as sale office expenses, advertising expenses, etc. In addition, there were depreciation of sales offices increased from new projects launched and written-off assets of terminated sale office (expired rental contract). Therefore, the net profit for the year 2019 significantly decreased when compared with the decreasing in revenue.

Please be informed.

Sincerely yours,



(Mr. Torsak Lertsrisakulrat)

Managing Director