First Corporate Solutions Ltd- PB 4606
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01st September 2026

Ms. Nilupa Perera,
Chief Regulatory Officer,
Colombo Stock Exchange,
No. 04-01, West Block,
World Trade Centre,
Echelon Square,
Colombo 01

Dear Madam,

Millennium Housing Developers PLC ("Company") – Emphasis of Matter on Going Concern in the Independent Auditor's Reports.

We wish to make the following disclosure in terms of CSE Rule 7.5(d)(ii)(A)(6):

a) In accordance with Rule 7.5(d)(ii)(A)(5) of the CSE Rules, the securities of the Company were transferred to the Watch List with effect from 07th December 2023, as the Independent Auditor's Report for the year ended 31st March 2023 contained an Emphasis of Matter on Going Concern. The auditors have once again emphasized the same matter in their report for the year ended 31st March 2024 and 31st March 2025.
b) The Company and Group have undertaken the following remedial actions, with respective time frames, to address the Emphasis of Matter on Going Concern (EMGC) noted by the auditors:

i. Cash Flow Support and revenue growth from Katunayake Rever View Project

Following the full settlement of the bank facility relating to the Katunayake Project and the consequent release of the mortgage bond, the Company is well positioned to accelerate the realization of its remaining inventory and strengthen its cash flow and liquidity position. The removal of the mortgage encumbrance is expected to facilitate the sale and transfer of the remaining units and enable the Company to accelerate the conversion of inventory into cash and revenue. Accordingly, the Company has projected revenue of approximately LKR 676 million for the year ending 31 March 2027. Of this amount, LKR 182.69 million was successfully recognized during the first quarter of FY2026/27 in accordance with SLFRS 15 – Revenue from Contracts with Customers. During the second quarter of FY2026/27, up to the end of August 2026, the Company successfully recognized a further LKR 38.39 million in revenue.
Accordingly, the Company has recognized total revenue of LKR 221.08 million during the first five months of FY2026/27. In addition, cash inflows of approximately LKR 44.28 million had been generated for August 2026 through advance customer collections. These advances are expected to result in the recognition of approximately LKR 109.21 million in revenue upon the satisfaction of the related performance obligations, in accordance with SLFRS 15.
The project is expected to generate a further LKR 345.75 million in cash inflows over the remaining project period and remains on track for completion by 31 March 2027. Upon completion and the satisfaction of the remaining performance obligations, a further LKR 454.92 million in revenue is expected to be recognized. The accelerated realization of the remaining inventory,

together with the expected revenue recognition and cash inflows, is anticipated to significantly strengthen the Company's financial performance, cash flow generation and overall liquidity position.

ii. Land Development Projects – Diversification and Growth

The Company has scheduled the initiation of new land development projects during the period from October 2026 to March 2027 as part of its business diversification strategy. Several land parcels have already been identified and site visits conducted in Negombo, Gampaha, and Piliyandala (74 perch), and negotiations are currently in progress.
Feasibility studies and survey work are underway prior to the acquisition of the selected lands and the commencement of development activities. Sales are expected to commence shortly after the completion of development works. These projects are anticipated to accelerate revenue recognition and strengthen the Company's financial stability.

iii. Upcoming High-Rise Development in Nawala

Millennium Housing Limited (bearing Registration No. PB 366), a fully owned subsidiary, has completed the preliminary groundwork to launch a high-rise apartment project in Nawala. On 30.09.2025, a development agreement valued at LKR 162,850,000 was entered into with Ceyoka (Pvt) Ltd, a related party, with the overall project value exceeding LKR 2.1 billion. This landmark project is expected to generate a significant new revenue stream for the Group.

Key milestones of the project are as follows:

- Construction commencement is scheduled during 2026. The project commencement was delayed due to the prolonged approval process with the Urban Development Authority (UDA). The Company expects to obtain the UDA Building Permit to facilitate the commencement of construction.
- Presale launch: Planned immediately following the groundbreaking ceremony

iv. Battaramulla (Subhuthipura) Land Sale

The Company is in advanced negotiations to dispose of a prime land parcel located in Battaramulla, with anticipated proceeds in the range of LKR 450–500 million. The proceeds from the sale will be utilized to settle the outstanding facility secured against this property, while the excess funds will be allocated to new land development projects. The transaction is expected to be concluded in the fourth quarter of the current financial year.
Accordingly, we were able to make the following progress:

- Received reasonable offers from prospective buyers during the year.
- The Company expects to execute the final sale agreements with the selected buyers within 2026.

v. The Heights Residential Apartment Complex in Rajagriya

The Heights project, located at No. 504, Rajagiriya Road, is envisioned as a premium 14-floor residential development consisting of 88 apartments, designed on 80.29 perches of freehold land with a total buildable area of 205,000 ft^2. The project carries a forecasted cost of LKR 4.715 billion and an estimated revenue potential of LKR 6.355 billion. The pile foundation works have now been fully completed, and the project is ready to commence superstructure construction upon obtaining the remaining mandatory approvals. The action plan prioritizes securing required statutory approvals, with superstructure construction scheduled to commence around June 2027.

c) Further disclosures in terms of Rule 7.5(d)(ii)(A)(5)(d):

i. In the event of any deviation from the proposed remedial actions, the extent of such deviation will be communicated to investors by way of a market announcement through the Exchange within one (01) Market Day from the date of obtaining the approval of the Board of Directors for such deviation.

ii) In the event the matters giving rise to the emphasis of matter on going concern is not resolved within a period of fifteen (15) months from the date of transferring the Securities of the Entity to the Watch List, the trading of Securities of the Company shall be suspended. In the event the trading suspension continues for a period in excess of twelve (12) months, the securities of the Company shall be delisted by the Board of Directors of the CSE in terms of Rule 14 of the Listing Rules;

iii) In the event the matters giving rise to the Emphasis of Matter on Going Concern are resolved and independently verified by the auditors during the period the securities remain on the Watch List, such resolution will be announced to the Market through the CSE forthwith.

Thanking you,

Yours faithfully,

BY ORDER OF THE BOARD OF MILLENNIUM HOUSING DEVELOPERS' PLC

First Corporate Solutions Ltd.
PB 4605
Company Secretary

Director First Corporate Solutions Ltd
Company Secretaries

Annexure 01 — Status of Action Plan to resolve EMGC- Millennium Housing Developers PLC

Remedial Action as approved by Board of Directors

	Remedial Action as outlined in the monthly market announcement	Whether the action plan was implemented during the month YES/NO	If the answer is YES, the details of the action taken If the answer is No, the reason for not implementing same	Whether there are any deviations of the action plan based on the previous market announcement	Total funds generated from/required for each remedial action (Rs.)	Source/ Mode of Capital Infusion to the Group (debt/equity by way of rights issues, private placements, issue of warrants etc.)	Progress and level of achievement of the action plan (i.e xx'/o of remedial action)	Timeline for completing the remaining portion of the action plan	Any agreements entered or executed	Impact on the financials, including key financial ratios (revenue, profits, total current/non- current assets and liabilities, borrowings, equity, net current liability position, earnings per share etc.)
1	The Katunayake project has achieved significant progress in both sales and construction, reinforcing the Company's revenue stream and supporting cash flow stability. As part of the ongoing financial optimization, LKR 100 million has been settled against the facility obtained for this project. Consequently, the Company expects a net cash flow surplus exceeding LKR 320 million from the project. Additionally, with a stockholding valued over at LKR 500 Mn, the project is well-positioned to sustain the business's going concern and future operational needs.	Yes	The Katunayake project has achieved significant progress in terms of both sales and construction, reinforcing the Company's revenue stream and cash flow stability.	Yes	The Company has projected revenue of approximately LKR 676 million for the year ending 31 March 2027. Of this amount, LKR 182.69 million was successfully recognized during the first quarter of FY2026/27 in accordance with SLFRS 15 – Revenue from Contracts with Customers. During the second quarter of FY2026/27, up to the end of August 2026, the Company successfully recognized a further LKR 38.39 million in revenue. Accordingly, the Company has recognized total revenue of LKR 221.08 million during the first five months of FY2026/27. In addition, cash inflows of approximately LKR 44.28 million had been generated for August 2026 through advance customer collections. These advances are expected to result in the recognition of approximately LKR 109.21 million in revenue upon the satisfaction of the related performance obligations, in accordance with SLFRS 15. The project is expected to generate a further LKR 345.75 million in cash inflows over the remaining project period and remains on track for completion by 31 March 2027. Upon completion and the satisfaction of the remaining performance obligations, a further LKR 454.92 million in revenue is expected to be recognized. This is expected to significantly strengthen the Company's financial performance, cash flows and overall liquidity position.	New sales proceeds and debtor collection.	In progress	Mar-27	N/A	Revenue & Profits: Increased sales boost revenue and profitability; reduced finance costs enhance net earnings. Cash Flow: Expected surplus of over LKR 346 million strengthens liquidity. Assets: Stock valued at LKR 455 million supports ongoing sales and operations. Liabilities & Borrowings: Lower borrowings improve gearing and liability position. Equity: Strengthened through profit contribution and reduced debt. Key Ratios: Current Ratio & Net Current Liability: Strengthened. EPS & ROE: Positively impacted by better profitability.
2	The Company is set to embark on a new high-rise development project comprising 30 apartment units to enhance business continuity and drive future growth, thereby strengthening its long-term financial sustainability through a joint development agreement with a group company.	Yet to commence	The Company entered into a development agreement with the Related Party on 30.09.2025 for LKR 162,850,000, and has made the necessary disclosure to the CSE in compliance with Listing Rule SEC 9.14.7(1), thereby paving the way for the commencement of the new high-rise development project.	No	The development is projected to generate total revenue of LKR 1.5 billion against an estimated cost of LKR 2.1 billion. Construction is planned to begin in January 2026, with the project expected to be completed within 30 months.	Initial funding for the project will be sourced from three main avenues: borrowings and customer advances. There is no cost incurred for the acquisition of the land, as it is owned by a related company	In progress	(Project commencement was delayed due to delays in the approval process with the UDA)	Agreement Entered – 30.09.2025	Revenue & Profits: Expected to increase upon unit sales, enhancing profitability. Assets: Rise in work-in-progress and inventory during development phase. Borrowings & Liabilities: Likely short-term increase due to funding, offset by customer advances. Cash Flow: Supported by customer advances and phased funding. Net Current Liability: May widen initially, but improve as sales progress. Key Ratios: Debt-to-Equity: May rise short term, normalize post-completion. Current Ratio: Temporarily lower, then improve with inflows. EPS & ROE: Expected to improve upon project completion.
3	The Company initiates land development projects as part of its business diversification strategy. This initiative accelerates revenue recognition, strengthens the Company's financial position, and supports its going concern status.	Yes	The Company has already commenced negotiations with potential landowners as part of its ongoing effort to initiate new development projects. These discussions align with the Company's strategy to diversify its operations and expand its project pipeline.	No	The company is currently evaluating the feasibility of few selected lands in Negombo / Gampaha / Piliyandala (74 Perch) for potential development. The project will cover land acquisition, development, and the establishment of necessary infrastructure facilities. It is planned to be carried out within a defined timeframe, with part of the revenue expected to be recognized in the 2026/2027 financial year through the sale of a portion of the developed plots.	Initial funding for the project will be sourced from three main avenues: borrowings and customer advances.	In progress	Oct 2026 - Mar 2027	An agreement yet to be entered.	Revenue & Profits: Likely to improve once projects are launched and sales begin. Assets: Increase in non-current assets from land acquisitions. Borrowings: May rise initially to fund purchases. Equity: Strengthens over time through retained profits or equity funding. Net Current Liability & Current Ratio: May weaken short term, expected to improve with sales and cash inflows. Key Ratios: Debt-to-equity may rise initially; EPS and ROE expected to improve with project execution.
4	Proposed Disposal of Battaramulla (Subhuthipura) Land which belonged to a fully owned subsidiary of MHDL PLC and Utilization of Proceeds.	Yes	The company has commenced negotiations with a potential buyer and has received formal confirmation of their intent to proceed with the transaction. The sale is expected to generate proceeds of LKR 450 million. The funds will be utilized to settle the outstanding facility secured against the property with Sampath Bank, while the excess funds will be allocated to new land development projects. The transaction is expected to be concluded in the fourth quarter of the current financial year.	No	The funds of LKR 450 million generated from this transaction will be fully utilized to settle the mortgage facility over the property with Sampath Bank, while the excess funds will be allocated to new land development projects.	Sales proceeds	In progress	July - October 2026	Pending sales and purchase agreement.	Borrowings & Liabilities: Significantly reduced, improving the company's gearing and net current liability position. Assets: Reduction in cash (from proceeds) and removal of land asset from the balance sheet. Equity: May increase if a gain on disposal is recognized. Key Ratios: Debt-to-Equity: Improved due to lower borrowings. Interest Coverage: Enhanced with reduced interest expenses. EPS & ROE: Likely to improve due to better profitability. Current Ratio: May improve if the loan was a current liability.

5		The company plans to commence The Heights project under its fully owned subsidiary. The development, located at No. 504, Rajagiriya Road, is positioned as a premium 14-floor residential complex comprising 88 apartments, designed on 80.29 perches of freehold land with a total buildable area of 205,000 ft². The project carries a forecasted cost of LKR 4.715 billion and an estimated revenue potential of LKR 6.355 billion. The pile foundation works have been fully completed, and the superstructure works will commence immediately upon obtaining the fresh regulatory approvals.	Superstructure works yet to commence	Currently in discussion	N/A	The project will be financed through a combination of a bank facility and customer advances, which will be received progressively over the project period. This blended funding structure ensures adequate capitalisation for each stage of construction in line with project milestones and cash flow requirements.	The project's initial capital requirements will be met primarily through bank borrowings and customer advance receipts. Since the land is already owned by a subsidiary company, no acquisition cost will be incurred for the site.	In progress	Jun-27	N/A	Revenue & Profits: Expected to increase upon unit sales, enhancing profitability. Assets: Rise in work-in-progress and inventory during development phase. Borrowings & Liabilities: Likely short-term increase due to funding, offset by customer advances. Cash Flow: Supported by customer advances and phased funding. Net Current Liability: May widen initially, but improve as sales progress. Key Ratios: Debt-to-Equity: May rise short term, normalize post-completion. Current Ratio: Temporarily lower, then improve with inflows. EPS & ROE: Expected to improve upon project completion.