

Land and Houses Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2018

1. General information

1.1 The Company's general information

Land and Houses Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in property development. The registered office of the Company is at No. 1 South Sathon Road, 37th Floor, Q. House Lumpini Building, Tungmahamek, Sathon, Bangkok.

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2017, with there being no changes in the structure of shareholding in subsidiaries during the period, except as described in Note 9.3.

1.4 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

| | |
|--------|------------------------------------|
| TFRS 9 | Financial Instruments |
| TFRS 7 | Financial Instruments: Disclosures |

Accounting standard:

| | |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

Financial Reporting Standard Interpretations:

| | |
|----------|---|
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

3. Related party transactions

The relationships between the Company and its related parties are summarised below.

| Name of related parties | Relationship |
|---------------------------------|--|
| Atlantic Real Estate Co., Ltd. | Subsidiary |
| LH Mall & Hotel Co., Ltd. | Subsidiary |
| L&H Retail Management Co., Ltd. | Subsidiary (99.95 percent held by LH Mall & Hotel Co., Ltd.) |

| Name of related parties | Relationship |
|--|--|
| L&H Management Co., Ltd. | Subsidiary (99.93 percent held by LH Mall & Hotel Co., Ltd.) |
| Land and Houses North Co., Ltd. | Subsidiary |
| Land and Houses Northeast Co., Ltd. | Subsidiary |
| Siam Tanee Property Co., Ltd. | Subsidiary |
| Siam Tanee Real Estate Co., Ltd. | Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.) |
| L H Real Estate Co., Ltd. | Subsidiary |
| L H Asset Co., Ltd. | Subsidiary |
| L H Muang Mai Co., Ltd. | Subsidiary |
| Phuket Future Plan Co., Ltd. | Subsidiary (99.99 percent held by L H Muang Mai Co., Ltd.) |
| L&H Property Co., Ltd. | Subsidiary |
| L&H Hotel Management Co., Ltd. | Subsidiary (99.99 percent held by L&H Property Co., Ltd.) |
| Land and Houses U.S.A., Inc. | Subsidiary |
| Asia Asset Advisory Co., Ltd. | Subsidiary |
| LH Financial Group Plc. | Associate |
| Land and Houses Bank Plc. | Associate (99.99 percent held by LH Financial Group Plc.) |
| Land and Houses Fund Management Co., Ltd. | Associate (99.99 percent held by LH Financial Group Plc.) |
| Quality Construction Products Plc. | Associate |
| Home Product Center Plc. | Associate |
| Land and Houses Property and Loan Fund-II | Associate |
| Quality Houses Plc. | Associate |
| Q.H. International Co., Ltd. | Associate (99.99 percent held by Quality Houses Plc.) |
| Quality Houses Leasehold Property Fund | Associate of Quality Houses Plc. |
| Muang Mai Property Co., Ltd. | Shareholder of subsidiary |
| Reco Resorts Pte Ltd. | Shareholder of subsidiary |
| Siam Retail Development Co., Ltd. | Common shareholder |
| Land and Houses Freehold and Leasehold Property Fund | Related company |
| LH Shopping Centers Leasehold Real Estate Investment Trust | Related company |
| LH Hotel Leasehold Real Estate Investment Trust | Related company |
| Trinity Securities Company Limited | Common director |

(Unaudited but reviewed)

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

| | For the three-month periods ended 30 September | | | | Transfer pricing policy |
|---|--|----------------------|----------------------|----------------------|--|
| | Consolidated | | Separate | | |
| | financial statements | financial statements | financial statements | financial statements | |
| | 2018 | 2017 | 2018 | 2017 | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (Eliminated from the consolidated financial statements) | | | | | |
| Interest income | - | - | 118 | 107 | 3.12 - 4.00% p.a. (2017: 3.00 - 4.60% p.a.) |
| Management fee income | - | - | 2 | 2 | Approximate cost |
| Sales of land | - | - | 50 | - | Approximate cost |
| Compensation for using of land | - | - | 36 | - | Approximate cost |
| Interest expenses | - | - | 4 | - | 1.65 - 2.00% p.a. (2017: Nil) |
| <u>Transactions with associates</u> | | | | | |
| Management fee income | 1 | 1 | - | - | Contract price |
| Interest income | 9 | 7 | 5 | 4 | The interest rate as declared by the bank |
| Dividend income | 855 | 871 | 855 | 871 | Declared rate |
| Purchase of goods | 15 | 14 | 13 | 14 | Cost plus margin |
| Property rental fee expenses | 52 | 47 | - | - | Contract price |
| <u>Transactions with related companies</u> | | | | | |
| Property management fee income | 53 | 42 | - | - | Contract price |
| Human-resources management income | 7 | 6 | - | - | Contract price |
| Dividend income | 53 | 32 | 20 | 11 | Declared rate |
| IT management fee income | 1 | - | - | - | Contract price |
| Interest income | 5 | - | - | - | 3.10% p.a. (2017: Nil) |
| Rental and services expenses | 24 | 18 | 15 | 14 | Baht 250 - 900 per square metre per month (2017: Baht 750 - 880 per square metre per month) |
| Property rental fee expenses | 207 | 197 | - | - | Contract price |

(Unaudited but reviewed)

(Unit: Million Baht)

| | For the nine-month periods ended 30 September | | | | Transfer pricing policy |
|---|---|-------|----------------------|-------|--|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2018 | 2017 | 2018 | 2017 | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (Eliminated from the consolidated financial statements) | | | | | |
| Interest income | - | - | 370 | 309 | 3.12 - 4.00% p.a. (2017: 3.00 - 4.60% p.a.) |
| Management fee income | - | - | 6 | 6 | Approximate cost |
| Dividend income | - | - | 232 | 652 | Declared rate |
| Sales of land | - | - | 56 | - | Approximate cost |
| Compensation for using of land | - | - | 42 | - | Approximate cost |
| Interest expenses | - | - | 10 | 1 | 1.65 - 2.00% p.a. (2017: 2.00% p.a.) |
| <u>Transactions with associates</u> | | | | | |
| Management fee income | 3 | 3 | - | - | Contract price |
| Interest income | 24 | 19 | 14 | 12 | The interest rate as declared by the bank |
| Dividend income | 2,105 | 1,967 | 2,105 | 1,967 | Declared rate |
| Purchase of goods | 36 | 39 | 34 | 38 | Cost plus margin |
| Property rental fee expenses | 144 | 125 | - | - | Contract price |
| <u>Transactions with related companies</u> | | | | | |
| Property management fee income | 157 | 129 | - | - | Contract price |
| Human-resources management income | 22 | 19 | - | - | Contract price |
| Dividend income | 122 | 90 | 41 | 36 | Declared rate |
| IT management fee income | 3 | - | - | - | Contract price |
| Interest income | 11 | - | - | - | 3.10% p.a. (2017: Nil) |
| Sales of assets to REIT | - | 3,749 | - | - | Contract price |
| Rental and services expenses | 59 | 51 | 43 | 40 | Baht 250 - 900 per square metre per month (2017: Baht 750 - 880 per square metre per month) |
| Property rental fee expenses | 590 | 409 | - | - | Contract price |

As at 30 September 2018 and 31 December 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| Deposit at financial institution | | | | |
| (shown under cash and cash equivalents) | | | | |
| <u>Associate</u> | | | | |
| Land and Houses Bank Plc. | 2,897.1 | 2,311.4 | 1,763.5 | 1,391.2 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| Current investments (Note 5) | | | | |
| <u>Associates</u> | | | | |
| Land and Houses Bank Plc. | 318.0 | - | - | - |
| Land and Houses Fund Management Co., Ltd. | - | 500.0 | - | 500.0 |
| Total | 318.0 | 500.0 | - | 500.0 |
| Amounts due from and accounts receivables - related parties (Note 6) | | | | |
| <u>Subsidiaries</u> | | | | |
| (Eliminated from the consolidated financial statements) | | | | |
| Land and Houses Northeast Co., Ltd. | - | - | 0.1 | 0.1 |
| | - | - | 0.1 | 0.1 |
| <u>Associates</u> | | | | |
| Q.H. International Co., Ltd. | 0.3 | 0.4 | - | - |
| | 0.3 | 0.4 | - | - |
| <u>Related companies</u> | | | | |
| Quality Houses Leasehold Property Fund | 0.9 | 0.6 | - | - |
| Land and Houses Freehold and Leasehold Property Fund | 2.6 | 1.3 | - | - |
| Siam Retail Development Co., Ltd. | 10.0 | 16.3 | - | - |
| LH Shopping Centers Leasehold Real Estate Investment Trust | 11.1 | 12.1 | - | - |
| | 24.6 | 30.3 | - | - |
| Total | 24.9 | 30.7 | 0.1 | 0.1 |
| Short-term loans and accrued interest receivables - related parties | | | | |
| <u>Subsidiaries</u> | | | | |
| (Eliminated from the consolidated financial statements) | | | | |
| Atlantic Real Estate Co., Ltd. | - | - | 82.0 | 78.5 |
| LH Mall & Hotel Co., Ltd. | - | - | 1,045.9 | 1,019.8 |
| L H Asset Co., Ltd. | - | - | 715.1 | 241.6 |
| | - | - | 1,843.0 | 1,339.9 |
| <u>Associate</u> | | | | |
| Land and Houses Bank Plc. | 3.2 | 1.0 | 0.6 | 0.1 |
| | 3.2 | 1.0 | 0.6 | 0.1 |
| <u>Related company</u> | | | | |
| Reco Resorts Pte Ltd. | 607.3 | - | - | - |
| | 607.3 | - | - | - |
| Total | 610.5 | 1.0 | 1,843.6 | 1,340.0 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| Long-term loans and accrued interest receivables - related party | | | | |
| <u>Subsidiary</u> | | | | |
| (Eliminated from the consolidated financial statements) | | | | |
| Land and Houses U.S.A., Inc. | - | - | 11,561.9 | 13,566.6 |
| Deposit to related company | | | | |
| (shown under other non-current assets) | | | | |
| <u>Related company</u> | | | | |
| Quality Houses Leasehold Property Fund | 15.4 | 14.6 | 12.1 | 11.6 |
| Trade accounts payable - related parties (Note 18) | | | | |
| <u>Associates</u> | | | | |
| Quality Construction Products Plc. | 4.7 | 2.9 | 4.7 | 2.9 |
| Home Product Center Plc. | 0.4 | 0.3 | 0.1 | 0.1 |
| | 5.1 | 3.2 | 4.8 | 3.0 |
| <u>Related company</u> | | | | |
| Land and Houses Freehold and Leasehold Property Fund | - | 0.1 | - | - |
| Total | 5.1 | 3.3 | 4.8 | 3.0 |
| Amounts due to related parties (Note 18) | | | | |
| <u>Subsidiary</u> | | | | |
| (Eliminated from the consolidated financial statements) | | | | |
| Siam Tanee Property Co., Ltd. | - | - | - | 38.0 |
| | - | - | - | 38.0 |
| <u>Associates</u> | | | | |
| Home Product Center Plc. | 0.1 | 3.8 | 0.1 | 3.7 |
| Land and Houses Property and Loan Fund-II | 52.5 | 47.3 | - | - |
| | 52.6 | 51.1 | 0.1 | 3.7 |
| <u>Related companies</u> | | | | |
| Quality Houses Leasehold Property Fund | 0.5 | 0.5 | 0.4 | 0.5 |
| LH Hotel Leasehold Real Estate Investment Trust | 208.5 | 191.3 | - | - |
| LH Shopping Centers Leasehold Real Estate Investment Trust | 0.1 | - | - | - |
| | 209.1 | 191.8 | 0.4 | 0.5 |
| Total | 261.7 | 242.9 | 0.5 | 42.2 |
| Short-term loans and accrued interest payables - related parties | | | | |
| <u>Subsidiaries</u> | | | | |
| (Eliminated from the consolidated financial statements) | | | | |
| Land and Houses Northeast Co., Ltd. | - | - | - | 130.3 |
| L H Real Estate Co., Ltd. | - | - | - | 15.0 |
| Land and Houses North Co., Ltd. | - | - | - | 15.1 |
| L&H Property Co., Ltd. | - | - | 878.5 | - |
| Total | - | - | 878.5 | 160.4 |

Short-term loans from/to - related parties are unsecured loans in the form of promissory notes without collateral. The loans are due within one year or at call.

Long-term loans - related party are unsecured loans to Land and Houses U.S.A. Inc. ("LH USA") in the form of promissory notes without collateral. Interest charged at the rate between 3.12% and 4.00% per annum (31 December 2017: between 3.00% and 4.85% per annum). The current portion of long-term loans is presented in long-term loans - related party because the Company has no intention to call for such loans from LH USA within next 12 months.

During the nine-month period ended 30 September 2018, movements of loans to/loans from the Company, subsidiaries and related companies were as follows:

| (Unit: Million Baht) | | | | |
|--|-------------------|----------------|----------------|----------------------|
| Consolidated financial statements | | | | |
| | 1 January 2018 | Increase | Decrease | 30 September 2018 |
| Short-term loans and accrued interest receivables - related parties | | | | |
| <u>Associate</u> | | | | |
| Land and Houses Bank Plc. | 1.0 | 21.4 | (19.2) | 3.2 |
| <u>Related company</u> | | | | |
| Reco Resorts Pte Ltd. | - | 607.3 | - | 607.3 |
| Total | 1.0 | 628.7 | (19.2) | 610.5 |
| (Unit: Million Baht) | | | | |
| Separate financial statements | | | | |
| | 1 January 2018 | Increase | Decrease | 30 September 2018 |
| Short-term loans and accrued interest receivables - related parties | | | | |
| <u>Subsidiaries</u> | | | | |
| Atlantic Real Estate Co., Ltd. | 78.5 | 32.0 | (28.5) | 82.0 |
| LH Mall & Hotel Co., Ltd. | 1,019.8 | 26.1 | - | 1,045.9 |
| L H Asset Co., Ltd. | 241.6 | 488.9 | (15.4) | 715.1 |
| | <u>1,339.9</u> | <u>547.0</u> | <u>(43.9)</u> | <u>1,843.0</u> |
| <u>Associate</u> | | | | |
| Land and Houses Bank Plc. | 0.1 | 12.1 | (11.6) | 0.6 |
| Total | 1,340.0 | 559.1 | (55.5) | 1,843.6 |
| Long-term loan and accrued interest receivables - related party | | | | |
| <u>Subsidiary</u> | | | | |
| Land and Houses U.S.A., Inc. | 13,566.6 | 1,975.6 | (3,980.3) | 11,561.9 |
| Short-term loans and accrued interest payables - related parties | | | | |
| <u>Subsidiaries</u> | | | | |
| Land and Houses Northeast Co., Ltd. | 130.3 | 601.0 | (731.3) | - |
| L H Real Estate Co., Ltd. | 15.0 | - | (15.0) | - |
| Land and Houses North Co., Ltd. | 15.1 | - | (15.1) | - |
| L&H Property Co., Ltd. | - | 878.5 | - | 878.5 |
| Total | 160.4 | 1,479.5 | (761.4) | 878.5 |

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unaudited but reviewed)

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|------------------------------|-----------------------------------|------|----------------------------|------|
| | For the three-month periods | | For the nine-month periods | |
| | ended 30 September | | ended 30 September | |
| | 2018 | 2017 | 2018 | 2017 |
| Short-term employee benefits | 51 | 42 | 152 | 152 |
| Post-employment benefits | 2 | 2 | 6 | 7 |
| Total | 53 | 44 | 158 | 159 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|------------------------------|-------------------------------|------|----------------------------|------|
| | For the three-month periods | | For the nine-month periods | |
| | ended 30 September | | ended 30 September | |
| | 2018 | 2017 | 2018 | 2017 |
| Short-term employee benefits | 41 | 33 | 122 | 125 |
| Post-employment benefits | 1 | 1 | 3 | 4 |
| Total | 42 | 34 | 125 | 129 |

Commitments and contingent liabilities of related parties

The Company and its subsidiaries had commitments related to project management, consulting, and operating lease and service agreement with related companies as described in Note 28.

The Company had outstanding guarantee obligations with its related parties, as described in Note 28.3.

4. Cash and cash equivalents

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|------------------------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| Cash | 5,152 | 4,917 | 2,395 | 2,165 |
| Bank deposits | 2,440,285 | 3,499,880 | 1,130,446 | 979,763 |
| Cheques in transit | 742,979 | 290,542 | 731,520 | 290,542 |
| Fixed deposits receipt | 2,236,030 | 987,669 | 2,000,000 | 600,000 |
| Total | 5,424,446 | 4,783,008 | 3,864,361 | 1,872,470 |

(Unaudited but reviewed)

As at 30 September 2018, bank deposits and fixed deposits receipt carried interests between 0.10% and 1.60% per annum (31 December 2017: 0.10% and 1.25% per annum).

5. Current investments

| | (Unit: Thousand Baht) | | | |
|--|-------------------------|------------------------|-------------------------|------------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| Fixed deposits over three months but not over one year | 318,031 | - | - | - |
| Investments in debt securities expected to be held to maturity-due within one year | 59,976 | - | - | - |
| Investments in LH Money Market Fund, Cost | - | 500,000 | - | 500,000 |
| Add: Unrealised gain on changes in value of investments | - | 30 | - | 30 |
| Trading securities - fair value | - | 500,030 | - | 500,030 |
| Total | 378,007 | 500,030 | - | 500,030 |

6. Trade and other receivables

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| <u>Trade accounts receivable - unrelated parties</u> | | | | |
| Past due | | | | |
| Not yet due | 70,677 | 90,929 | - | - |
| Less than 3 months | 22,140 | 9,147 | - | - |
| 3 - 6 months | 1,791 | 161 | - | - |
| 6 - 9 months | 2 | - | - | - |
| 9 - 12 months | - | - | - | - |
| Over 12 months | 165 | 67 | - | - |
| Total trade receivables - unrelated parties | 94,775 | 100,304 | - | - |
| <u>Other receivables</u> | | | | |
| Amounts due from and accounts receivables - related parties | 24,917 | 30,672 | 127 | 122 |
| Others | 39,359 | 31,569 | 36,201 | 28,793 |
| Other receivables | 64,276 | 62,241 | 36,328 | 28,915 |
| Total trade and other receivables | 159,051 | 162,545 | 36,328 | 28,915 |

7. Real estate development cost (inventories)

The Company and its subsidiary have mortgaged land and structures thereon to secure the loans and the overdraft facilities of the Company and its subsidiary, of with net book values as follows:

| | (Unit: Million Baht) | | | |
|---|-------------------------|------------------------|-------------------------|------------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| Net book value of land and structures thereon mortgaged as collateral | 5,045 | 1,510 | 4,406 | 699 |

8. Restricted bank deposit

The balance as at 30 September 2018 and 31 December 2017 represent saving account which a subsidiary pledged with SCB Asset Management Company Limited, trustee of LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”), to secure land and building rental guarantees for 1 year of Grande Centre Point Hotel Ratchadamri Project. The subsidiary sold this project to LHHOTEL in June 2017.

9. Investments in subsidiaries

9.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

| Company's name | (Unit: Thousand Baht) | | | | | | | |
|---|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|--|------------------------|
| | Paid-up capital | | Shareholding percentage | | Cost | | Carrying amount based on equity method | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| | | | (Percent) | (Percent) | | | | |
| Atlantic Real Estate Co., Ltd. | 15,000 | 15,000 | 99.99 | 99.99 | 14,998 | 14,998 | (23,291) | (11,214) |
| LH Mall & Hotel Co., Ltd. and its subsidiaries | 2,000,000 | 2,000,000 | 99.99 | 99.99 | 2,000,000 | 2,000,000 | 2,753,935 | 2,528,365 |
| Land and Houses North Co., Ltd. | 13,500 | 13,500 | 99.99 | 99.99 | 13,500 | 13,500 | 15,796 | 15,776 |
| Land and Houses Northeast Co., Ltd. | 150,000 | 150,000 | 99.99 | 99.99 | 149,999 | 149,999 | 319,680 | 406,489 |
| Siam Tanee Property Co., Ltd. and its subsidiary | 100,000 | 100,000 | 99.99 | 99.99 | 64,859 | 64,859 | 159,965 | 155,719 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| Company's name | Paid-up capital | | Shareholding percentage | | Cost | | Carrying amount based on equity method | |
|---|-----------------|---------------|-------------------------|---------------|------------------|------------------|--|------------------|
| | 30 | 31 | 30 | 31 | 30 | 31 | 30 | 31 |
| | September 2018 | December 2017 | September 2018 | December 2017 | September 2018 | December 2017 | September 2018 | December 2017 |
| | | | (Percent) | (Percent) | | | | |
| L H Real Estate Co., Ltd. | 58,000 | 58,000 | 99.99 | 99.99 | 25,000 | 25,000 | 18,808 | 18,950 |
| L H Asset Co., Ltd. | 100,000 | 100,000 | 99.99 | 99.99 | 52,734 | 52,734 | 483,822 | 492,464 |
| L H Muang Mai Co., Ltd. and its subsidiary | 900,000 | 900,000 | 55.00 | 55.00 | 495,000 | 495,000 | 708,979 | 686,451 |
| L&H Property Co., Ltd. and its subsidiary | 130,000 | 130,000 | 60.00 | 60.00 | 174,000 | 174,000 | 299,043 | 270,938 |
| Land and Houses U.S.A., Inc. | (a) | (a) | 100.00 | 100.00 | 1,343,127 | 1,343,127 | 1,679,841 | 802,039 |
| Asia Asset Advisory Co., Ltd. | 100 | 313 | 99.94 | 99.98 | 100 | 313 | 1,025 | 1,371 |
| | | | | | <u>4,333,317</u> | <u>4,333,530</u> | <u>6,417,603</u> | <u>5,367,348</u> |

(a) As at 30 September 2018 and 31 December 2017, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 40 million.

9.2 Share of comprehensive income and dividend received

During the periods, the Company has recognised its share of comprehensive income from investments in subsidiaries in the separate financial statements as follows:

(Unit: Thousand Baht)

| Company's name | For the three-month periods ended 30 September | | | | | |
|--|--|-----------------|-------------------------------------|---------------|-------------------|----------|
| | Share of profit or loss | | Share of other comprehensive income | | Dividend received | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Atlantic Real Estate Co., Ltd. | (10,279) | (355) | - | - | - | - |
| LH Mall & Hotel Co., Ltd. and its subsidiaries | 40,695 | 45,911 | 86,922 | 40,379 | - | - |
| Land and Houses North Co., Ltd. | (5) | (11) | - | - | - | - |
| Land and Houses Northeast Co., Ltd. | 48,752 | 48,336 | - | - | - | - |
| Siam Tanee Property Co., Ltd. and its subsidiary | 4,355 | 532 | - | - | - | - |
| L H Real Estate Co., Ltd. | 6 | (35) | - | - | - | - |
| L H Asset Co., Ltd. | (15,806) | 1,151 | - | - | - | - |
| L H Muang Mai Co., Ltd. and its Subsidiary | 19,611 | (7,960) | - | - | - | - |
| L&H Property Co., Ltd. and its subsidiary | 11,514 | 11,724 | - | - | - | - |
| Land and Houses U.S.A., Inc. | (118,311) | (120,523) | (49,029) | (17,503) | - | - |
| Asia Asset Advisory Co., Ltd. | (34) | (49) | - | - | - | - |
| Total | <u>(19,502)</u> | <u>(21,279)</u> | <u>37,893</u> | <u>22,876</u> | <u>-</u> | <u>-</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| Company's name | For the nine-month periods ended 30 September | | | | | |
|--|---|-----------|-------------------------------------|----------|-------------------|---------|
| | Share of profit or loss | | Share of other comprehensive income | | Dividend received | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Atlantic Real Estate Co., Ltd. | (12,077) | (13,802) | - | - | - | - |
| LH Mall & Hotel Co., Ltd. and its subsidiaries | 110,998 | 135,850 | 114,571 | 21,806 | - | - |
| Land and Houses North Co., Ltd. | 20 | (113) | - | - | - | - |
| Land and Houses Northeast Co., Ltd. | 145,690 | 57,683 | - | - | 232,499 | - |
| Siam Tanee Property Co., Ltd. and its subsidiary | 4,246 | (12,093) | - | - | - | 109,999 |
| L H Real Estate Co., Ltd. | (142) | (151) | - | - | - | - |
| L H Asset Co., Ltd. | (8,642) | 29,650 | - | - | - | - |
| L H Muang Mai Co., Ltd. and its subsidiary | 22,528 | (13,256) | - | - | - | - |
| L&H Property Co., Ltd. and its subsidiary | 28,105 | 1,041,647 | - | - | - | 542,100 |
| Land and Houses U.S.A., Inc. | 884,858 | (356,745) | (7,056) | (81,746) | - | - |
| Asia Asset Advisory Co., Ltd. | (133) | 6,823 | - | - | - | - |
| Total | 1,175,451 | 875,493 | 107,515 | (59,940) | 232,499 | 652,099 |

9.3 Significant changes in investments in subsidiaries

L H Muang Mai Co., Ltd. and its subsidiary

On 29 June 2018, the Extraordinary General Meeting of Shareholders of Phuket Future Plan Co., Ltd. ("PFP"), the Company's 55% owned indirect subsidiary (99.99% held by L H Muang Mai Co., Ltd.) passed a resolution approving the dissolution of its legal entity which will be effective on 30 June 2018. PFP filed for deregistration on 2 July 2018. PFP has been completely the liquidation process on 4 September 2018.

Reduction of share capital of subsidiary

During the current period, Asia Asset Advisory Co., Ltd. ("AAA"), the Company's 99.94% (31 December 2017: 99.98%) owned subsidiary, decreased the registered share capital as detailed below:

(Unit: Million Baht)

| Company's name | Date of approval the share capital reduction by the Extraordinary General Meeting of subsidiary | Date of registration of reduction of share capital at the Ministry of Commerce | Paid up share capital | | |
|----------------|---|--|-----------------------|------------------|----------------|
| | | | Old | Reduction | New |
| | | | AAA | 24 November 2017 | 5 January 2018 |

The Company received the proceed from the aforesaid share capital reductions of AAA Baht 0.21 million in January 2018.

10. Investments in associates

10.1 Details of investments in associates as presented in the consolidated and separate financial statements are as follows:

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
|---|---------------------------------------|--------------------------|-------------------------|---------------|-------------------|-------------------|---|-------------------|
| | | | 30 | 31 | 30 | 31 | 30 | 31 |
| | | | September 2018 | December 2017 | September 2018 | December 2017 | September 2018 | December 2017 |
| | | | (Percent) | (Percent) | | | | |
| LH Financial Group Plc. | Holding company | Thailand | 21.88 | 21.88 | 4,538,712 | 4,538,712 | 8,862,655 | 8,444,892 |
| Quality Construction Products Plc. | Manufacture of construction materials | Thailand | 21.16 | 21.16 | 179,178 | 179,178 | 378,559 | 379,416 |
| Home Product Center Plc. | Trading of construction materials | Thailand | 30.23 | 30.23 | 1,489,020 | 1,489,020 | 6,127,343 | 6,252,422 |
| Land and Houses Property and Loan Fund-II | Real estate business | Thailand | 49.99 | 49.99 | 743,925 | 743,925 | 402,521 | 442,187 |
| Quality Houses Plc. | Real estate business | Thailand | 24.98 | 24.98 | 3,282,682 | 3,282,682 | 7,256,325 | 7,058,906 |
| | | | | | <u>10,233,517</u> | <u>10,233,517</u> | <u>23,027,403</u> | <u>22,577,823</u> |

10.2 Share of comprehensive income and dividend received

During the periods, the Company recognised its share of comprehensive income from investments in associate companies in the consolidated financial statements and separate financial statements as follows:

(Unit: Thousand Baht)

| Company's name | For the three-month periods ended 30 September | | | | | |
|---|--|----------------|-------------------------------------|---------------|-------------------|----------------|
| | Share of profit or loss | | Share of other comprehensive income | | Dividend received | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| LH Financial Group Plc. | 170,454 | 168,670 | 150,762 | 40,073 | - | 129,773 |
| Quality Construction Products Plc. | (2,052) | 6,435 | - | - | - | - |
| Home Product Center Plc. | 412,917 | 357,647 | (667) | (16,298) | 596,382 | 516,865 |
| Land and Houses Property and Loan Fund-II | 18,631 | 16,227 | - | - | 44,567 | 37,139 |
| Quality Houses Plc. | 330,144 | 281,672 | 23,534 | 3,751 | 214,075 | 187,316 |
| Total | <u>930,094</u> | <u>830,651</u> | <u>173,629</u> | <u>27,526</u> | <u>855,024</u> | <u>871,093</u> |

(Unit: Thousand Baht)

| Company's name | For the nine-month periods ended 30 September | | | | | |
|---|---|------------------|-------------------------------------|-----------------|-------------------|------------------|
| | Share of profit or loss | | Share of other comprehensive income | | Dividend received | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| LH Financial Group Plc. | 515,590 | 577,612 | 41,216 | (24,040) | 139,043 | 370,781 |
| Quality Construction Products Plc. | 1,682 | 1,980 | - | - | 2,539 | - |
| Home Product Center Plc. | 1,187,173 | 1,015,928 | (212) | (16,786) | 1,312,040 | 1,113,246 |
| Land and Houses Property and Loan Fund-II | 49,468 | 40,580 | - | - | 89,134 | 81,706 |
| Quality Houses Plc. | 753,032 | 638,558 | 6,335 | (6,384) | 561,948 | 401,392 |
| Total | <u>2,506,945</u> | <u>2,274,658</u> | <u>47,339</u> | <u>(47,210)</u> | <u>2,104,704</u> | <u>1,967,125</u> |

(Unaudited but reviewed)

10.3 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange, their fair values are as follows:

(Unit: Million Baht)

| Company's name | Country of listing | Fair values as at | |
|------------------------------------|--------------------|-------------------|------------------|
| | | 30 September 2018 | 31 December 2017 |
| | | | |
| LH Financial Group Plc. | Thailand | 7,277 | 7,833 |
| Quality Construction Products Plc. | Thailand | 461 | 575 |
| Home Product Center Plc. | Thailand | 62,819 | 50,891 |
| Quality Houses Plc. | Thailand | 9,205 | 8,617 |
| Total | | 79,762 | 67,916 |

10.4 The Company's interim financial statements for the three-month and nine-month periods ended 30 September 2018 included investments in the following associates accounted for under the equity method, and share of profit from investments in the associates under the equity method, determined based on the financial statements of those companies which have been reviewed as stipulated.

(Unit: Thousand Baht)

| | Consolidated and separate financial statements | | | | |
|--|---|--|----------------|---|------------------|
| | Investments under the equity method as at 30 September 2018 | Share of profit from investments under the equity method | | | |
| | | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
| | | 2018 | 2017 | 2018 | 2017 |
| Reviewed by auditor and other auditors of the same firm | | | | | |
| Home Product Center Plc. | 6,127,343 | 412,917 | 357,647 | 1,187,173 | 1,015,928 |
| Land and Houses Property and Loan Fund-II | 402,521 | 18,631 | 16,227 | 49,468 | 40,580 |
| Quality Houses Plc. | 7,256,325 | 330,144 | 168,670 | 753,032 | 577,612 |
| LH Financial Group Plc. | 8,862,655 | 170,454 | 281,672 | 515,590 | 638,558 |
| Reviewed by other auditor | | | | | |
| Quality Construction Products Plc. | 378,559 | (2,052) | 6,435 | 1,682 | 1,980 |
| Total | 23,027,403 | 930,094 | 830,651 | 2,506,945 | 2,274,658 |

(Unaudited but reviewed)

11. Other long-term investments

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| Available-for-sale securities | | | | |
| Equity securities - Overseas | 2,368,704 | 2,368,704 | 2,368,704 | 2,368,704 |
| Unit trust - Domestic | 2,381,277 | 2,073,502 | 1,091,343 | 783,568 |
| Add: Changes in fair value of securities | 1,304,811 | 2,620,368 | 752,602 | 2,211,373 |
| Available-for-sale securities - net | 6,054,792 | 7,062,574 | 4,212,649 | 5,363,645 |
| Other investments | | | | |
| Equity securities - Domestic | 204,239 | 204,239 | 26,000 | 26,000 |
| Unit trust - Domestic | 165 | 165 | - | - |
| Less: Allowance for impairment | (110,500) | (110,500) | (26,000) | (26,000) |
| Other investments - net | 93,904 | 93,904 | - | - |
| Total | 6,148,696 | 7,156,478 | 4,212,649 | 5,363,645 |

As at 30 September 2018, a subsidiary has pledge domestic unit trust of approximately Baht 1,842 million (31 December 2017: Baht 1,699 million) to secure credit facilities from a financial institution.

12. Land held for development

As at 30 September 2018 and 31 December 2017, the Company has mortgaged some of the land held for development to secure long-term loans with net book value as follows:

(Unit: Million Baht)

| | Consolidated and separate financial statements | |
|--|--|---------------------|
| | 30 September 2018 | 31 December 2017 |
| | Net book value of mortgaged land held for development to secure loans | 1,860 |

13. Investment properties

Movements of the investment properties account during the nine-month period ended 30 September 2018 are presented below.

| | (Unit: Thousand Baht) | |
|--|-----------------------------|-----------------------------|
| | Consolidated | Separate |
| | <u>financial statements</u> | <u>financial statements</u> |
| Net book value as at 1 January 2018 | 17,397,423 | 210,048 |
| Acquisition - at cost | 477,560 | 1,143 |
| Disposals - net book value | (3,168,980) | - |
| Depreciation charged | (263,928) | - |
| Translation adjustment | (73,428) | - |
| Net book value as at 30 September 2018 | <u>14,368,647</u> | <u>211,191</u> |

The apartments with a total net book value as at 30 September 2018 of Baht 2,229 million (31 December 2017: Baht 6,098 million) have been pledged as collateral for long-term loans from overseas financial institutions.

In May 2018, Land and Houses U.S.A., Inc., the subsidiary which the Company hold 100% of shares, sell an apartment in the United States of America to a non-related party at the amount of USD 140 million. The subsidiary had gain on such transaction approximately USD 41 million, and recognised such transactions in the profit or loss for the current period.

14. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2018 are presented below.

| | (Unit: Thousand Baht) | |
|--|-----------------------------|-----------------------------|
| | Consolidated | Separate |
| | <u>financial statements</u> | <u>financial statements</u> |
| Net book value as at 1 January 2018 | 568,944 | 328,821 |
| Acquisitions - at cost | 57,488 | 44,821 |
| Disposals - net book value | (3,129) | (3,113) |
| Depreciation charged | (91,256) | (41,322) |
| Translation adjustment | (7) | - |
| Net book value as at 30 September 2018 | <u>532,040</u> | <u>329,207</u> |

15. Leasehold rights

(Unit: Thousand Baht)

| Project | Remaining periods of leasehold rights (years) | Consolidated financial statements | | | 30 September 2018 |
|---|---|-----------------------------------|------------------|-----------------|-------------------|
| | | 1 January 2018 | Increase | Amortisation | |
| Grande Centre Point Hotel Sukhumvit 55 | 29 | 1,584,531 | - | (40,766) | 1,543,765 |
| Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya | 30 | 2,014,906 | 2,286,829 | (7,949) | 4,293,786 |
| Terminal 21 Shopping Center Rama III | 33 | 42,000 | 402,528 | (8,455) | 436,073 |
| Vacant land | 10, 40 | 24,090 | 221,097 | (3,044) | 242,143 |
| Total | | 3,665,527 | 2,910,454 | (60,214) | 6,515,767 |

A subsidiary has pledged its land leasehold rights of Grande Centre Point Hotel Sukhumvit 55 and Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center Pattaya project with construction as collateral for bank overdrafts and long-term loans.

In addition, the Company provided letter of comfort to the lenders of LH Hotel Leasehold Real Estate Investment Trust ("LHHOTEL"), relating to maintain the percentage of unit holding in LHHOTEL by LH Mall & Hotel Company Limited and maintain the period of the sublease of the Grande Centre Point Hotel Terminal 21 and the Grande Centre Point Hotel Ratchadamri by L&H Hotel Management Company Limited.

16. Other intangible assets

Movements of other intangible assets account (computer software) during the nine-month period ended 30 September 2018 are presented below.

| | (Unit: Thousand Baht) | |
|---|-----------------------------------|-------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Net book value as at 1 January 2018 | 34,716 | 17,835 |
| Acquisition of computer software | 5,610 | 2,308 |
| Amortisation | (9,388) | (2,844) |
| Translation adjustment | (131) | - |
| Net book value as at 30 September 2018 | 30,807 | 17,299 |

(Unaudited but reviewed)

17. Bank overdrafts and short-term loans from financial institution

| | (Unit: Thousand Baht) | | | |
|--|--------------------------------------|------------------------|--------------------------------------|------------------------|
| | Interest rate (percent per annum) | | Consolidated financial statements | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| | MOR | - | 5,767 | - |
| Bank overdrafts | MOR | - | 5,767 | - |
| Promissory notes | 2.50 - 2.75 | - | 609,000 | - |
| Total bank overdrafts and short-term loans from financial institution | | | <u>614,767</u> | <u>-</u> |

Short-term loans from financial institution of subsidiary are secured by the pledge of unit trusts of LH Shopping Centers Leasehold Real Estate Investment Trust and LH Hotel Leasehold Real Estate Investment Trust and guaranteed by the Company.

18. Trade and other payables

| | (Unit: Thousand Baht) | | | |
|------------------------------------|--------------------------------------|---------------------|----------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| | 1,886,532 | 1,776,791 | 1,522,610 | 1,155,077 |
| Trade payables - unrelated parties | 1,886,532 | 1,776,791 | 1,522,610 | 1,155,077 |
| Trade payables - related parties | 5,074 | 3,252 | 4,802 | 2,965 |
| Other payables - related parties | 261,738 | 242,943 | 470 | 42,189 |
| Accrued expenses | 1,273,236 | 1,285,790 | 1,041,612 | 989,003 |
| Others | 150,422 | 91,067 | 32,779 | 25,670 |
| Total trade and other payables | <u>3,577,002</u> | <u>3,399,843</u> | <u>2,602,273</u> | <u>2,214,904</u> |

19. Long-term loans

| | (Unit: Thousand Baht) | | | |
|-----------------------|--------------------------------------|---------------------|----------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| | 8,724,804 | 7,724,603 | 4,000,000 | 3,075,180 |
| Long-term loans | 8,724,804 | 7,724,603 | 4,000,000 | 3,075,180 |
| Less: Current portion | (100,134) | (3,139,180) | - | (3,075,180) |
| Net | <u>8,624,670</u> | <u>4,585,423</u> | <u>4,000,000</u> | <u>-</u> |

(Unaudited but reviewed)

Movements of the long-term loans during the nine-month period ended 30 September 2018 are summarised below.

| | (Unit: Thousand Baht) | |
|---------------------------------|-----------------------|----------------------|
| | Consolidated | Separate |
| | financial statements | financial statements |
| Balance as at 1 January 2018 | 7,724,603 | 3,075,180 |
| Add: Additional borrowing | 5,930,000 | 4,000,000 |
| Less: Repayment | (4,920,380) | (3,075,180) |
| Less: Translation adjustment | (9,419) | - |
| Balance as at 30 September 2018 | 8,724,804 | 4,000,000 |

As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries have pledged part of land and structures thereon of projects, investment properties, land held for development and land leasehold rights as collateral for long-term loans.

Most loan agreements contain certain covenants and restrictions imposed by the lenders regarding, the proportion of shareholding of the major shareholders, changes in management, guarantees to loans or aval to promissory notes of any other persons or other companies, dividend payments, merger or consolidation with any other companies, the maintenance of certain financial ratios and formal reporting when the Company has a legal case which may affect its ability to repay loan.

As at 30 September 2018 and 31 December 2017, there were available long-term loan facilities from financial institutions as follows:

| | (Unit: Million Baht) | | | |
|----------------------------|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| Undrawdown loan facilities | 1,172 | 2,900 | 70 | 70 |

20. Debentures

Details of approval to issue the debenture of the Company are as follows:

| | |
|-------------|---|
| Approved by | The Annual General Meeting of the Company's shareholders held on 27 April 2017 |
| Amount | Revolving amount of Baht 60,000 million or the equivalent in any other currencies |
| Term | Maximum terms of 10 years |

(Unaudited but reviewed)

| | |
|--------------------|---|
| Type | Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debenture holder representation |
| Method of issuance | To be issued in Thailand and/or offshore |

As at 30 September 2018, the Company has unissued debentures under the above mentioned approval totaling Baht 20,550 million (31 December 2017: Baht 18,750 million).

The outstanding balance of debentures as at 30 September 2018 and 31 December 2017 are detailed below.

| | | | | | Consolidated and separate financial statements | | | |
|--|-------------------------|-----------|-------------|-------------------|--|-------------------|------------------------|---------------------|
| | | | | | Number of debenture (Shares) | | Amount (Thousand Baht) | |
| | | | | | 30 September | 31 December | 30 September | 31 December |
| No. | Interest rate per annum | Age | Repayment | Maturity | 2018 | 2017 | 2018 | 2017 |
| <u>Unsubordinated and unsecured debentures</u> | | | | | | | | |
| No. 4/2014 | Fixed rate 3.70% | 3.5 years | At maturity | 17 March 2018 | - | 1,000,000 | - | 1,000,000 |
| No. 1/2015 | Fixed rate 3.02% | 3.5 years | At maturity | 25 September 2018 | - | 1,000,000 | - | 1,000,000 |
| No. 2/2015 (1) | Fixed rate 2.81% | 3 years | At maturity | 2 April 2018 | - | 7,000,000 | - | 7,000,000 |
| No. 2/2015 (2) | Fixed rate 3.31% | 5 years | At maturity | 2 April 2020 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| No. 3/2015 (1) | Fixed rate 2.41% | 3 years | At maturity | 8 October 2018 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| No. 3/2015 (2) | Fixed rate 2.66% | 4 years | At maturity | 8 October 2019 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| No. 3/2015 (3) | Fixed rate 2.99% | 5 years | At maturity | 8 October 2020 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| No. 1/2016 | Fixed rate 1.82% | 3 years | At maturity | 29 April 2019 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| No. 2/2016 | Fixed rate 2.23% | 3 years | At maturity | 28 October 2019 | 7,250,000 | 7,250,000 | 7,250,000 | 7,250,000 |
| No. 1/2017 | Fixed rate 2.48% | 3 years | At maturity | 28 April 2020 | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| No. 2/2017 | Fixed rate 2.22% | 2 years | At maturity | 28 April 2019 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| No. 3/2017 | Fixed rate 2.13% | 3 years | At maturity | 5 October 2020 | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| No. 1/2018 | Fixed rate 2.96% | 7 years | At maturity | 7 March 2025 | 1,200,000 | - | 1,200,000 | - |
| No. 2/2018 | Fixed rate 1.98 % | 3 years | At maturity | 7 May 2021 | 6,000,000 | - | 6,000,000 | - |
| Total | | | | | <u>39,450,000</u> | <u>41,250,000</u> | <u>39,450,000</u> | <u>41,250,000</u> |
| Less: Current portion of debentures | | | | | | | <u>(10,000,000)</u> | <u>(13,000,000)</u> |
| Net | | | | | | | <u>29,450,000</u> | <u>28,250,000</u> |

Movements of the debentures during the nine-month period ended 30 September 2018 are summarised below.

| | (Unit: Thousand Baht) |
|---------------------------------|-----------------------|
| Balance as at 1 January 2018 | 41,250,000 |
| Add: Issue of new debenture | 7,200,000 |
| Less: Redemption | <u>(9,000,000)</u> |
| Balance as at 30 September 2018 | <u>39,450,000</u> |

Prospectus contains certain covenants and restrictions regarding the maintenance of certain financial ratios, dividend payments and formal reporting when the significant events occurred such as a legal case.

21. Provisions

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | |
|-----------------------------------|---------------------------------|-------------------------|------------------------------|--------------|----------|--------|-----------|
| | After-sale maintenance expenses | | Compensation for Housing | | | Total | |
| | Legal cases | Estate Juristic Persons | Public utilities maintenance | Damages | | | |
| | | | | from project | Other | | |
| As at 1 January 2017 | 68,575 | 350,031 | 162,612 | 60,620 | - | 15,000 | 656,838 |
| Increase during the period | 136,674 | 787,324 | 25,392 | 41,770 | - | - | 991,160 |
| Reverse | - | (330) | - | - | - | - | (330) |
| Utilised | (33,229) | (1,002) | (12,880) | (33,438) | - | - | (80,549) |
| As at 30 September 2017 | 172,020 | 1,136,023 | 175,124 | 68,952 | - | 15,000 | 1,567,119 |
| As at 1 January 2018 | 170,073 | 1,084,661 | 183,674 | 71,941 | - | 15,000 | 1,525,349 |
| Increase during the period | 46,900 | 26,875 | 113,242 | 92,034 | 114,419 | - | 393,470 |
| Reverse | - | (273,228) | - | - | - | - | (273,228) |
| Utilised | (43,415) | (1,319) | (11,506) | (38,674) | (32,995) | - | (127,909) |
| As at 30 September 2018 | 173,558 | 836,989 | 285,410 | 125,301 | 81,424 | 15,000 | 1,517,682 |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | | |
|-------------------------------|---------------------------------|-------------------------|------------------------------|--------------|----------|-------|-----------|
| | After-sale maintenance expenses | | Compensation for Housing | | | Total | |
| | Legal cases | Estate Juristic Persons | Public utilities maintenance | Damages | | | |
| | | | | from project | Other | | |
| As at 1 January 2017 | 67,191 | 350,031 | 155,752 | 59,945 | - | - | 632,919 |
| Increase during the period | 135,915 | 787,324 | 24,320 | 41,390 | - | - | 988,949 |
| Reverse | - | (330) | - | - | - | - | (330) |
| Utilised | (32,894) | (1,002) | (12,880) | (33,328) | - | - | (80,104) |
| As at 30 September 2017 | 170,212 | 1,136,023 | 167,192 | 68,007 | - | - | 1,541,434 |
| As at 1 January 2018 | 167,874 | 1,084,661 | 175,121 | 70,883 | - | - | 1,498,539 |
| Increase during the period | 45,825 | 26,875 | 111,709 | 91,530 | 114,419 | - | 390,358 |
| Reverse | - | (273,228) | - | - | - | - | (273,228) |
| Utilised | (42,942) | (1,319) | (9,899) | (37,975) | (32,995) | - | (125,130) |
| As at 30 September 2018 | 170,757 | 836,989 | 276,931 | 124,438 | 81,424 | - | 1,490,539 |

22. Share capital

The increase in share capital of the Company during the nine-month period ended 30 September 2017 resulting from exercising of warrants are summarised below.

| Date of exercised | Type of warrant | Number of exercised warrants (Unit) | Ordinary shares issued for exercised warrants (Shares) | Exercise price (Baht per share) | Date of registration of share capital with the Ministry of Commerce | Date of the Stock Exchange of Thailand approved ordinary shares as listed securities |
|---------------------------------------|-----------------|--|---|------------------------------------|---|--|
| 30 December 2016 | LH-W3 | 106,998,154 | 106,998,154 | 3.50 | 6 January 2017 | 11 January 2017 |
| 31 March 2017 | LH-W3 | 24,157,575 | 24,157,575 | 3.50 | 5 April 2017 | 10 April 2017 |
| 4 May 2017 (a final exercise date) | LH-W3 | 32,011,455 | 32,011,455 | 3.50 | 23 May 2017 | 25 May 2017 |
| Total | | <u>163,167,184</u> | <u>163,167,184</u> | | | |

Reconciliation of number of shares

(Unit: Shares)

| | Consolidated and separate financial statements | |
|---|---|-----------------------|
| | For the nine-month periods ended 30 September | |
| | <u>2018</u> | <u>2017</u> |
| <u>Registered share capital</u> | <u>12,031,105,828</u> | <u>12,031,105,828</u> |
| <u>Issued and paid-up share capital</u> | | |
| Balance beginning of period | 11,949,713,176 | 11,786,545,992 |
| Increased due to exercise of warrants | - | 163,167,184 |
| Balance ending of period | <u>11,949,713,176</u> | <u>11,949,713,176</u> |

The registered ordinary shares which are not issued and paid-up are the ordinary shares reserved for exercise of warrants

23. Surplus on changes in value of available-for-sale investments

During nine-month periods ended 30 September 2018 and 2017, movement of surplus on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|-----------------------------------|----------------------|------------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Balance as at beginning of period | 2,099,809 | 1,231,959 | 1,769,098 | 1,022,642 |
| Changes during the period due to | | | | |
| - Revaluation | (1,315,557) | (83,239) | (1,458,771) | (110,496) |
| - Income taxes | 263,111 | 16,648 | 291,754 | 22,099 |
| Balance as at end of period | <u>1,047,363</u> | <u>1,165,368</u> | <u>602,081</u> | <u>934,245</u> |

24. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

| | For the three-month periods ended 30 September | | | |
|---|--|----------------|----------------------|----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Current income tax: | | | | |
| Interim corporate income tax charge | 357,082 | 500,571 | 299,782 | 457,429 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 41,578 | (181,732) | 48,114 | (165,040) |
| Income tax expenses reported in the statements of income | <u>398,660</u> | <u>318,839</u> | <u>347,896</u> | <u>292,389</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | For the nine-month periods ended 30 September | | | |
|---|---|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Current income tax: | | | | |
| Interim corporate income tax charge | 1,288,165 | 1,341,015 | 1,142,573 | 1,244,320 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 7,576 | 239,261 | (8,920) | (194,049) |
| Income tax expenses reported in the statements of income | 1,295,741 | 1,580,276 | 1,133,653 | 1,050,271 |

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

(Unit: Thousand Baht)

| | For the three-month periods ended 30 September | | | |
|--|--|----------|----------------------|----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Deferred tax relating to gain/loss on changes in value of available-for-sale investments | 34,591 | (37,671) | 56,323 | (27,577) |

(Unit: Thousand Baht)

| | For the nine-month periods ended 30 September | | | |
|--|---|--------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Deferred tax relating to gain/loss on changes in value of available-for-sale investments | 263,111 | 16,648 | 291,754 | 22,099 |

25. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period, plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued. There is no calculation of diluted earnings per share for the three-month period ended 30 September 2017 as warrant (LH-W3) were expired on 4 May 2017.

| Consolidated and separate financial statements | | | | | |
|--|-----------------|--|-------------------|--------------------|--------|
| For the three-month periods ended 30 September | | | | | |
| Profit for the period | | Weighted average number of ordinary shares | | Earnings per share | |
| 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| (Thousand Baht) | (Thousand Baht) | (Thousand shares) | (Thousand shares) | (Baht) | (Baht) |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company | | | | | |
| 2,313,881 | 3,125,371 | 11,949,713 | 11,949,713 | 0.19 | 0.26 |
| Consolidated and separate financial statements | | | | | |
| For the nine-month periods ended 30 September | | | | | |
| Profit for the period | | Weighted average number of ordinary shares | | Earnings per share | |
| 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| (Thousand Baht) | (Thousand Baht) | (Thousand shares) | (Thousand shares) | (Baht) | (Baht) |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company | | | | | |
| 8,204,181 | 8,507,957 | 11,949,713 | 11,927,415 | 0.69 | 0.71 |
| Effect of dilutive potential ordinary shares | | | | | |
| Warrants (LH-W3) | | | | | |
| | - | | 36,098 | | |
| Diluted earnings per share | | | | | |
| Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares | | | | | |
| | 8,507,957 | | 11,963,513 | | 0.71 |

26. Dividend

| Dividends | Approved by | Approved dividend per share | Interim dividend per share | Additional dividend paid per share | Total additional dividend paid | Portion belonging | Net dividend paid |
|---------------------------|---|-----------------------------|----------------------------|------------------------------------|--------------------------------|--|-------------------|
| | | | | | | to shareholders not entitled to dividend | |
| | | (Baht) | (Baht) | (Baht) | (Million Baht) | (Million Baht) | (Million Baht) |
| Final dividend for 2016 | Annual General Meeting of the shareholders on 27 April 2017 | 0.65 | (0.35) | 0.30 | 3,575 | (12) | 3,563 |
| Interim dividend for 2017 | Board of Directors' Meeting on 11 August 2017 | 0.40 | - | 0.40 | 4,780 | (17) | 4,763 |
| | | | | | | | 8,326 |
| Final dividend for 2017 | Annual General Meeting of the shareholders on 26 April 2018 | 0.75 | (0.40) | 0.35 | 4,182 | (1) | 4,181 |
| Interim dividend for 2018 | Board of Directors' Meeting on 14 August 2018 | 0.40 | - | 0.40 | 4,780 | - | 4,780 |
| | | | | | | | 8,961 |

27. Segment information

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services. During the period, the Company and its subsidiaries have no change on operating segment information.

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows.

| | (Unit: Million Baht) | | | | | |
|--|--|-----------------------------|--------|---------------------------|------------------------------|-----------------------------------|
| | For the three-month period ended 30 September 2018 | | | | | |
| | Real estate business | Rental and service business | Others | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
| Revenue from external customers | 7,095 | 864 | - | 7,959 | - | 7,959 |
| Inter-segment revenue | - | 58 | - | 58 | (58) | - |
| Interest revenue | 134 | 10 | - | 144 | (122) | 22 |
| Infrastructure service income | 75 | - | - | 75 | - | 75 |
| Interest expense | (132) | (137) | - | (269) | 118 | (151) |
| Depreciation and amortisation | (19) | (117) | - | (136) | - | (136) |
| Share of profit from investments in associates | 328 | 19 | 583 | 930 | - | 930 |
| Segment profit (loss) | 2,142 | (73) | 583 | 2,652 | 54 | 2,706 |
| Unallocated revenue and expenses: | | | | | | |
| Other income | | | | | | 96 |
| Other expenses | | | | | | (65) |
| Income tax expenses | | | | | | (399) |
| Non-controlling interests of the subsidiaries | | | | | | (24) |
| Profit for the period | | | | | | 2,314 |

(Unaudited but reviewed)

(Unit: Million Baht)

| For the three-month period ended 30 September 2017 | | | | | | |
|--|-------------------------|-----------------------------------|--------------|---------------------------------|------------------------------------|---|
| | Real estate business | Rental and service business | Others | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
| Revenue from external customers | 9,190 | 809 | - | 9,999 | - | 9,999 |
| Inter-segment revenue | - | 58 | - | 58 | (58) | - |
| Interest revenue | 119 | 9 | - | 128 | (108) | 20 |
| Infrastructure service income | 59 | - | - | 59 | - | 59 |
| Interest expense | (128) | (140) | - | (268) | 108 | (160) |
| Depreciation and amortisation | (14) | (108) | - | (122) | - | (122) |
| Gain on change in shareholders' equity of an associate | - | - | 1,135 | 1,135 | - | 1,135 |
| Share of profit from investments in associates | 288 | 17 | 526 | 831 | - | 831 |
| Segment profit (loss) | 1,825 | (49) | 1,662 | 3,438 | (6) | 3,432 |
| Unallocated revenue and expenses: | | | | | | |
| Other income | | | | | | 54 |
| Other expenses | | | | | | (41) |
| Income tax expenses | | | | | | (319) |
| Non-controlling interests of the subsidiaries | | | | | | (1) |
| Profit for the period | | | | | | 3,125 |

(Unit: Million Baht)

| For the nine-month period ended 30 September 2018 | | | | | | |
|---|-------------------------|-----------------------------------|--------------|---------------------------------|------------------------------------|---|
| | Real estate business | Rental and service business | Others | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
| Revenue from external customers | 22,750 | 2,585 | - | 25,335 | - | 25,335 |
| Inter-segment revenue | - | 162 | - | 162 | (162) | - |
| Interest revenue | 404 | 29 | - | 433 | (380) | 53 |
| Infrastructure service income | 232 | - | - | 232 | - | 232 |
| Interest expense | (415) | (455) | - | (870) | 352 | (518) |
| Depreciation and amortisation | (49) | (376) | - | (425) | - | (425) |
| Gain on sales of assets | 115 | 1,333 | - | 1,448 | - | 1,448 |
| Share of profit from investments in associates | 755 | 49 | 1,703 | 2,507 | - | 2,507 |
| Segment profit | 6,468 | 1,117 | 1,703 | 9,288 | 40 | 9,328 |
| Unallocated revenue and expenses: | | | | | | |
| Other income | | | | | | 228 |
| Other expenses | | | | | | (19) |
| Income tax expenses | | | | | | (1,296) |
| Non-controlling interests of the subsidiaries | | | | | | (37) |
| Profit for the period | | | | | | 8,204 |

(Unaudited but reviewed)

(Unit: Million Baht)

| For the nine-month period ended 30 September 2017 | | | | | | |
|--|-------------------------|-----------------------------------|--------------|---------------------------------|------------------------------------|---|
| | Real estate business | Rental and service business | Others | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
| Revenue from external customers | 24,761 | 2,331 | - | 27,092 | - | 27,092 |
| Inter-segment revenue | - | 166 | - | 166 | (166) | - |
| Interest revenue | 334 | 15 | - | 349 | (310) | 39 |
| Infrastructure service income | 195 | - | - | 195 | - | 195 |
| Interest expense | (349) | (410) | - | (759) | 310 | (449) |
| Depreciation and amortisation | (41) | (371) | - | (412) | - | (412) |
| Gain on sale of assets | 93 | 2,058 | - | 2,151 | 24 | 2,175 |
| Gain on change in shareholders' equity of an associate | - | - | 1,135 | 1,135 | - | 1,135 |
| Share of profit from investments in associates | 641 | 41 | 1,593 | 2,275 | - | 2,275 |
| Segment profit | 6,095 | 1,972 | 2,729 | 10,796 | 43 | 10,839 |
| Unallocated revenue and expenses: | | | | | | |
| Other income | | | | | | 144 |
| Other expenses | | | | | | (207) |
| Income tax expenses | | | | | | (1,580) |
| Non-controlling interests of the subsidiaries | | | | | | (688) |
| Profit for the period | | | | | | 8,508 |

28. Commitments and contingent liabilities

28.1 Commitments

28.1.1 As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries have commitments to complete projects on hand as follows:

| | (Unit: Million Baht) | | | |
|--|----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 September 2018 | 31 December 2017 | 30 September 2018 | 31 December 2017 |
| Commitments under construction contracts | 3,502 | 3,369 | 3,183 | 1,478 |
| Commitment in respect of the installation of central utilities of projects on hand | 1,138 | 1,200 | 1,089 | 1,127 |

28.1.2 As at 30 September 2018 and 31 December 2017, L&H Property Company Limited (“LHP”), the subsidiary which the Company hold 60% of shares and LH Mall & Hotel Company Limited (“LHMH”), the subsidiary which the Company hold 99.99% of shares, have the following commitments under land and construction lease agreement and land lease agreement as follows:

a) Land and construction lease agreement - LHP

| Agreement date | Agreement period | Maturity date | Rental rate |
|-------------------|---------------------|---------------|---|
| 7 June 2005 | 30 years* | 31 May 2038 | <p>From 1 June 2008, the following rental is to be paid in monthly installments</p> <p>1st - 5th year, total rental payment of Baht 33 million (Full amount has been paid)</p> <p>6th - 10th year, total rental payment of Baht 42 million (Full amount has been paid)</p> <p>11th - 15th year, total rental payment of Baht 54 million (As at 30 September 2018: already paid Baht 3 million in total)</p> <p>16th - 20th year, total rental payment of Baht 69 million</p> <p>21st - 25th year, total rental payment of Baht 88 million</p> <p>26th - 30th year, total rental payment of Baht 112 million</p> |

* The agreement runs from 1 June 2008 (3 years after the period of construction).

In addition, as at 30 September 2018 and 31 December 2017, LHP is committed to pay security expenses at the rate of Baht 11,160 per month throughout the period of construction and the period of the lease.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets of Grande Centre Point Hotel Ratchadamri project to REIT.

b) Land lease agreement - LHP

| Agreement date | Agreement period | Rental rate |
|-------------------|---------------------|---|
| 10 March 2006 | 30 years* | <p>Land leasing fee is to be monthly paid as follows:</p> <p>1st - 5th year, total rental of Baht 20 million (Full amount has been paid)</p> <p>6th - 10th year, total rental of Baht 23 million (As at 30 September 2018: already paid Baht 14 million in total)</p> <p>11th - 15th year, total rental of Baht 27 million</p> <p>16th - 20th year, total rental of Baht 31 million</p> <p>21st - 25th year, total rental of Baht 35 million</p> <p>26th - 30th year, total rental of Baht 41 million</p> |

* The agreement runs from 1 September 2010 to 31 August 2040. However, the lessor consented to allow LHP to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and LHP agreed to pay additional ground rental fee of Baht 160,000 per month.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets of Terminal 21 Shopping Center Project and Grande Centre Point Hotel Terminal 21 Project to REIT.

c) Land lease agreements - LHMH

| Agreement date | Agreement period | Maturity date | Rental rate |
|----------------|------------------|---------------|--|
| 3 October 2013 | 30 years* | 30 June 2047 | From 1 April 2017, the following rental is to be paid in annually installments 1st - 7th year, total rental payment of Baht 35 million (As at 30 September 2018: already paid Baht 10 million) 8th - 17th year, total rental payment of Baht 100 million 18th - 27th year, total rental payment of Baht 150 million 28th - 30th year, total rental payment of Baht 75 million |

* The agreement runs from 1 April 2017 (3 years after the period of construction).

In addition, LHMH, is committed to pay commission at Baht 5 million per year in the second and third year of construction period.

d) Land lease agreements - LHMH

| Agreement date | Agreement period | Rental rate |
|----------------|------------------|--|
| 4 August 2015 | 30 years* | Land leasing fee is to be monthly paid as follows: 1st - 3rd year, total rental payment of Baht 71 million 4th - 6th year, total rental payment of Baht 78 million 7th - 9th year, total rental payment of Baht 86 million 10th - 12th year, total rental payment of Baht 95 million 13th - 15th year, total rental payment of Baht 104 million 16th - 18th year, total rental payment of Baht 115 million 19th - 21st year, total rental payment of Baht 126 million 22nd - 24th year, total rental payment of Baht 139 million 25th - 27th year, total rental payment of Baht 153 million 28th - 30th year, total rental payment of Baht 168 million |

* The agreement runs after the construction period of 3 years. However, the lessor consented to allow LHMH, to develop or construct on the leased land for 3 years after the transfer and lease registration date. LHMH is committed to pay commission at Baht 1,716,000 per month in the first and second year of construction period and Baht 1,980,000 per month in the third year of construction period.

e) Land lease agreements - LHMH

| Agreement date | Agreement period | Rental rate |
|-------------------|---------------------|---|
| 1 August 2017 | 40 years* | <p>Land leasing fee is to be annually paid as follows:</p> <p>1st - 3rd year, total rental payment of Baht 15 million</p> <p>4th - 6th year, total rental payment of Baht 17 million</p> <p>7th - 9th year, total rental payment of Baht 19 million</p> <p>10th - 12th year, total rental payment of Baht 21 million</p> <p>13th - 15th year, total rental payment of Baht 23 million</p> <p>16th - 18th year, total rental payment of Baht 25 million</p> <p>19th - 21st year, total rental payment of Baht 27 million</p> <p>22nd - 24th year, total rental payment of Baht 30 million</p> <p>25th - 27th year, total rental payment of Baht 33 million</p> <p>28th - 30th year, total rental payment of Baht 36 million</p> <p>31st - 33rd year, total rental payment of Baht 40 million</p> <p>34th - 36th year, total rental payment of Baht 44 million</p> <p>37th - 39th year, total rental payment of Baht 48 million</p> <p>40th year, total rental payment of Baht 18 million</p> |

* The agreement runs from 1 April 2019. However, the lessor consented to allow LHMH to develop or construct on the leased land between 1 August 2017 and 31 March 2019.

f) Land lease agreements - LHMH

| Agreement date | Agreement period | Rental rate |
|-------------------|---------------------|---|
| 18 January 2018 | 33 years* | <p>Land leasing fee is to be annually paid as follows</p> <p>1st - 3rd year, total rental payment of Baht 30 million</p> <p>4th - 6th year, total rental payment of Baht 33 million</p> <p>7th - 9th year, total rental payment of Baht 36 million</p> <p>10th - 12th year, total rental payment of Baht 45 million</p> <p>13th - 15th year, total rental payment of Baht 50 million</p> <p>16th - 18th year, total rental payment of Baht 55 million</p> <p>19th - 21st year, total rental payment of Baht 60 million</p> <p>22nd - 24th year, total rental payment of Baht 66 million</p> <p>25th - 27th year, total rental payment of Baht 73 million</p> <p>28th - 30th year, total rental payment of Baht 80 million</p> <p>31st - 33rd year, total rental payment of Baht 135 million</p> |

* The agreement runs from 18 January 2021. However, the lessor consented to allow LHMH to develop or construct on the leased land between 18 January 2018 and 17 January 2021.

28.1.3 As at 30 September 2018 and 31 December 2017, the subsidiary, is committed to pay a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the lease agreements to lease assets of the followings:

(Unaudited but reviewed)

| <u>Fund and/or REIT</u> | <u>Project</u> | <u>Term</u> |
|---|---------------------------------------|---|
| Land and Houses Property and Loan Fund-II | Grande Centre Point Hotel Ploenchit | From 1 January 2016 to 31 December 2018 |
| LH Hotel Leasehold Real Estate Investment Trust | Grande Centre Point Hotel Terminal 21 | From 16 December 2015 to 15 December 2018 |
| | Grande Centre Point Hotel Ratchadamri | From 15 June 2017 to 14 June 2020 |

The subsidiary has the following future minimum lease payments required under the lease agreements for the fixed rental.

(Unit: Million Baht)

| | <u>Consolidated financial statements</u> | |
|-----------------------------|--|-----------------------------|
| | <u>30 September 2018</u> | <u>31 December 2017</u> |
| Payable: | | |
| In up to 1 year | 319 | 588 |
| In over 1 and up to 3 years | 173 | 356 |

28.1.4 As at 30 September 2018 and 31 December 2017, the Company has commitment related to purchase of land as follows.

(Unit: Million Baht)

| | <u>Consolidated and separate financial statements</u> | |
|--------------------------------|---|-----------------------------|
| | <u>30 September 2018</u> | <u>31 December 2017</u> |
| Commitment to purchase of land | 3,306 | 3,917 |

28.1.5 As at 30 September 2018, the subsidiaries have servitude over land of approximately 97 rai (31 December 2017: 93 rai) of which the cost is included in the cost of projects.

28.1.6 Operating lease commitments

The Company and its subsidiaries have entered into lease agreements and service agreements in respect of the lease of office building space. The terms of the agreements are 3 years.

(Unaudited but reviewed)

As at 30 September 2018 and 31 December 2017, the future minimum lease payments and services fee payments required under these non-cancellable contracts were as follows.

| | (Unit: Million Baht) | | | |
|-----------------------------|----------------------|-----------|----------------------|----|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 | 31 | 30 | 31 |
| September | December | September | December | |
| 2018 | 2017 | 2018 | 2017 | |
| Payable: | | | | |
| In up to 1 year | 50 | 56 | 40 | 46 |
| In over 1 and up to 3 years | 64 | 82 | 53 | 73 |

28.2 Bank guarantees

As at 30 September 2018 and 31 December 2017, there were the following outstanding bank guarantees issued by the banks in respect of certain performance bonds required in the normal course of business by the Company and its subsidiaries.

| | (Unit: Million Baht) | | | |
|---|----------------------|--------------|----------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 | 31 | 30 | 31 |
| September | December | September | December | |
| 2018 | 2017 | 2018 | 2017 | |
| Letter of guarantees for arrangement and maintenance of public utilities | 3,665 | 2,998 | 3,438 | 2,769 |
| Letter of guarantees for electricity usage | 69 | 62 | 47 | 49 |
| | <u>3,734</u> | <u>3,060</u> | <u>3,485</u> | <u>2,818</u> |

28.3 Guarantees

28.3.1 As at 30 September 2018 and 31 December 2017, the Company has the following obligations in respect of guarantees.

(Unit: Million Baht)

| Guarantor | Guarantee | 30 September 2018 | 31 December 2017 |
|----------------------|-----------|----------------------|---------------------|
| Land and Houses Plc. | Customers | 7 | 7 |

28.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to the subsidiary company for loans of the subsidiary's project. As at 30 September 2018, the subsidiary has outstanding loans as specified in the letter of comfort amounting to Baht 4,221 million (31 December 2017: Baht 1,730 million).

28.4 Litigations

- 1) In 2006, two housing estate juristic persons and housing residents filed a lawsuit against the Company and Atlantic Real Estate Co., Ltd., the Company's 99.99% owned subsidiary, for claim of Baht 1,013 million in relation to access to public thoroughfares. Subsequently, in June 2009, the plaintiffs requested to reduce the claim to be Baht 800 million. The Court of First Instance and the Appeal Court dismissed the lawsuit on 24 July 2014 and 24 April 2017, respectively. At present, the case is under the process of the Supreme Court.

In February 2009, the Company and its subsidiary were additional sued in 2 lawsuits which were under the claims Baht 310 million and Baht 102 million, in accordance with the Customer Protect Act.

- a) Currently, the Court has suspended the civil case Baht 310 million while waiting for the Court decision of the civil case Baht 800 million.
- b) On 10 August 2012, the Court of First Instance issued a verdict on a civil case with the amount in dispute of Baht 102 million. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5% per annum, commencing from 8 December 2008 until the full amount is paid. Subsequently, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay for damages of Baht 5 million plus interest at a rate of 7.5% per annum, commencing from 10 December 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

- 2) In 2010 - 2016, a housing estate juristic persons and housing residents filed totaling 10 lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling Baht 494 million. The Court of First Instance ordered the Company to pay for damages of Baht 27 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. Subsequently, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay for damages of Baht 13.5 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

In 2018, a housing estate juristic persons and housing residents filed additional 2 lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling Baht 23 million. At present, the case is under the process of the Court of First Instance.

- 3) In August and September 2016, the Company has been sued by two condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of Baht 544 million. Currently, the Company and the plaintiffs signed settlement agreements to settle the outstanding disputes in relation to these cases. The Court of First Instance has rendered its judgment as per the settlement agreements.
- 4) In July 2017, the Company has been sued by condominium juristic persons in civil lawsuits (Consumer Protection legal cases) for breach of agreements, claiming for compensation total of Baht 81 million. Currently, the Company and the plaintiffs signed settlement agreements to settle the outstanding disputes in relation to these cases. The Court of First Instance has rendered its judgment as per the settlement agreements.
- 5) As at 30 September 2018, the Company has been sued for breach of agreements, claiming for a total of Baht 160 million (31 December 2017: Baht 151 million).

As at 30 September 2018, the Company has set aside a provision of Baht 837 million for liabilities arising as a result of the legal cases (31 December 2017: Baht 1,085 million).

28.5 Cross Currency and Interest Rate Swap agreements

The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 30 September 2018 and 31 December 2017 are as follows:

| Consolidated financial statements | | | | |
|---|------------------|---|-------------------|------------------|
| As at 30 September 2018 | | | | |
| Currency and Interest Revenue Rate Swap agreement | | Currency and Interest Expense Rate Swap agreement | | Termination date |
| Principal amount | Interest rate | Principal amount | Interest rate | |
| Baht 1,984.2 million | Fixed rate 2.60% | USD 60.0 million | Fixed rate 3.02% | 31 January 2019 |
| Baht 1,733.4 million | Fixed rate 2.00% | USD 54.0 million | Fixed rate 3.29% | 29 May 2020 |
| Baht 1,745.9 million | Fixed rate 2.50% | USD 54.8 million | Fixed rate 3.569% | 14 December 2021 |
| Baht 2,385.2 million | Fixed rate 3.00% | USD 67.0 million | Fixed rate 3.31% | 14 December 2021 |
| Baht 2,017.2 million | Fixed rate 3.00% | USD 61.0 million | Fixed rate 3.45% | 16 November 2022 |
| Baht 580.0 million | Fixed rate 1.65% | USD 18.5 million | Fixed rate 3.10% | 28 February 2019 |

| Separate financial statements | | | | |
|---|------------------|---|-------------------|------------------|
| As at 30 September 2018 | | | | |
| Currency and Interest Revenue Rate Swap agreement | | Currency and Interest Expense Rate Swap agreement | | Termination date |
| Principal amount | Interest rate | Principal amount | Interest rate | |
| Baht 1,984.2 million | Fixed rate 2.60% | USD 60.0 million | Fixed rate 3.02% | 31 January 2019 |
| Baht 1,733.4 million | Fixed rate 2.00% | USD 54.0 million | Fixed rate 3.29% | 29 May 2020 |
| Baht 1,745.9 million | Fixed rate 2.50% | USD 54.8 million | Fixed rate 3.569% | 14 December 2021 |
| Baht 2,385.2 million | Fixed rate 3.00% | USD 67.0 million | Fixed rate 3.31% | 14 December 2021 |
| Baht 2,017.2 million | Fixed rate 3.00% | USD 61.0 million | Fixed rate 3.45% | 16 November 2022 |

| Consolidated and separate financial statements | | | | |
|---|------------------------------|---|--|------------------|
| As at 31 December 2017 | | | | |
| Currency and Interest Revenue Rate Swap agreement | | Currency and Interest Expense Rate Swap agreement | | Termination date |
| Principal amount | Interest rate | Principal amount | Interest rate | |
| Baht 1,950.8 million | Fixed rate 3.00% | USD 54.8 million | Fixed rate 2.915% | 16 May 2018 |
| Baht 3,075.1 million | Floating rate MLR - 2.25% | USD 95.8 million | Floating rate LIBOR 6 months plus 3.19% | 16 May 2018 |
| Baht 1,984.2 million | Fixed rate 2.60% | USD 60.0 million | Fixed rate 3.02% | 31 January 2019 |
| Baht 2,385.2 million | Fixed rate 3.00% | USD 67.0 million | Fixed rate 3.31% | 14 December 2021 |
| Baht 2,017.2 million | Fixed rate 3.00% | USD 61.0 million | Fixed rate 3.45% | 16 November 2022 |

The estimated fair values of the derivatives are as follows:

(Unit: Million Baht)

| | Consolidated | | Separate | |
|---|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | As at | As at | As at | As at |
| | 30 September | 31 December | 30 September | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| | Fair value | Fair value | Fair value | Fair value |
| | Gain | Gain | Gain | Gain |
| Cross Currency and Interest Rate Swap agreements | 332 | 426 | 356 | 426 |

29. Fair value hierarchy

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries had the following assets that were measured at fair value using different levels of inputs as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

| Consolidated financial statements | | | | |
|---|---------|---------|-------|-------|
| As at 30 September 2018 | | | | |
| Level 1 | Level 2 | Level 3 | Total | |
| Financial assets measured at fair value | | | | |
| Other long-term investments - Available-for-sale securities | | | | |
| Equity securities - Overseas | 3,088 | - | - | 3,088 |
| Investment units - Domestic | 2,967 | - | - | 2,967 |

(Unit: Million Baht)

| Consolidated financial statements | | | | |
|---|---------|---------|-------|-------|
| As at 31 December 2017 | | | | |
| Level 1 | Level 2 | Level 3 | Total | |
| Financial assets measured at fair value | | | | |
| Current investments - Trading securities | | | | |
| | - | 500 | - | 500 |
| Other long-term investments - Available-for-sale securities | | | | |
| Equity securities - Overseas | 4,584 | - | - | 4,584 |
| Investment units - Domestic | 2,479 | - | - | 2,479 |

(Unit: Million Baht)

| Separate financial statements | | | | |
|---|---------|---------|-------|-------|
| As at 30 September 2018 | | | | |
| Level 1 | Level 2 | Level 3 | Total | |
| Financial assets measured at fair value | | | | |
| Other long-term investments - Available-for-sale securities | | | | |
| Equity securities - Overseas | 3,088 | - | - | 3,088 |
| Investment units - Domestic | 1,125 | - | - | 1,125 |

(Unit: Million Baht)

| Separate financial statements | | | | |
|---|---------|---------|-------|-------|
| As at 31 December 2017 | | | | |
| Level 1 | Level 2 | Level 3 | Total | |
| Financial assets measured at fair value | | | | |
| Current investments - Trading securities | | | | |
| | - | 500 | - | 500 |
| Other long-term investments - Available-for-sale securities | | | | |
| Equity securities - Overseas | 4,584 | - | - | 4,584 |
| Investment units - Domestic | 780 | - | - | 780 |

During the current period, there were no transfers within the fair value hierarchy.

30. Subsequent events after reporting period

30.1 On 5 October 2018, the Company issued unsubordinated, unsecured and without holder representation debenture as follow:

| No. | Interest rate per annum | Age | Repayment | Maturity | Number of debenture (Shares) | Amount (Thousand Baht) |
|------------|-------------------------|---------|-------------|----------------|------------------------------|------------------------|
| No. 3/2018 | Fixed rate 3.02% | 3 years | At maturity | 5 October 2021 | 5,000,000 | 5,000,000 |

30.2 On 8 October 2018, Land and Houses U.S.A., Inc. ("LH USA"), the Company's 100% owned subsidiary, entered into a loan agreement with an overseas financial institution to obtain the credit facility of USD 60 million. Such loans carried interest at the rate of 3.83 percent per annum. Interests are repayable on a monthly basis. Loan principal will be repaid within 1 November 2023. This loan is secured by a LH USA's apartment in the United States of America with net book value of USD 117 million.

31. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 November 2018.