

Information Memorandum Concerning the Connected Transactions Land and Houses Public Company Limited

The meeting of the Board of Directors of Land and Houses Public Company Limited ("the Company" or "LH") No. 1/2554 held on February 28, 2012 passed a resolution to establish a property fund, namely Land and Houses Freehold and Leasehold Property Fund ("the Fund"). The resolution also incorporates of an approval on the Company to enter into the connected transaction among the Company, subsidiary companies of the Company, and the Fund. The Fund, after established, will be held by Government of Singapore Investment Corporation ("GIC") at 15.00% equity stake and by the Company at 15.00% equity stake. Thus, GIC and LH are considered to be direct major shareholders of the Fund. At the same time, GIC is also a direct major shareholder in the Company, holding 16.27% equity stake. Therefore, this transaction is considered to be connected transaction in accordance with the Notification of the Capital Market Supervisory Board TorChor.21/2008 regarding Disclosure of Information and Act of Listed Companies concerning the Connected Transactions. The size of transaction calculated based on the latest reviewed financial statement as of December 31, 2011 exceeds 0.03% but less than 3.00% of LH's and its subsidiaries' net tangible assets. Therefore, the transaction is required approval from the Board of Directors, and the Company has duty to disclose details of the transaction to the Stock Exchange of Thailand ("SET") with no requirement to convene the shareholders' meeting to approve the decision to enter into a transaction.

(1) Transaction Date

The Company will enter into this transaction after receiving approval from the Company's Board of Directors meeting No.1/2554, and fulfilling the Fund establishment process

(2) General Features of Transaction

The Company and subsidiary companies are to enter into 2 connected transactions with details as follows;

Transaction (1): Disposition of assets and transferring sub-lease right of L&H Villa Sathon to the Fund

The Company will dispose assets of L&H Villa Sathon, which is owned by L&H Sathon Company Limited, a subsidiary in the Company with a 60.00% equity stake, and transfer to the Fund after establishment in accordance with the resolution of the Board of Directors of the Company No. 1/2554. The assets are comprised of buildings and structures together with utilities systems and facilities and sub-lease right of land (approximate 27 years), relating to the operation of L&H Villa Sathon.

Transaction (2): Payment of the minimum rental income guarantee to the Fund

According to Undertakings Agreement among the Fund, Reco Plaza Pte Ltd. and Land and Houses Public Company Limited. Reco Plaza Pte Ltd. and the Company, as the Income Guarantors of the Fund, agree to guarantee minimum rental income of the Fund by paying supporting amount to the Fund in the amount equivalent to the difference between (a) the Fund's minimum net profits guaranteed by Reco Plaza Pte Ltd. and the Fund, which equals to Baht 179.88 million for the period from the date on which the Fund invests in the properties to 31 December 2012 and Baht 243.16 million annually for the period from year 2013 to 2015 and (b) the Fund's actual net profits, in cases

where the Fund's net profits in any fiscal year as of the last day of such fiscal year of the Fund (1 January – 31 December) is lower than the Fund's minimum net profits specified. However, the supporting amount in each year to be paid by the Income Guarantors to support the Fund's operation during the Guarantee Period as described above shall not exceed 50 percent of the Fund's actual net profits earned before the supporting amount by the Income Guarantors in such relevant year.

Based on the described guarantee scheme, the maximum amount to be subsidized to the Fund by the Company is equivalent to Baht 31.18 million from the date on which the Fund invests in the properties to 31 December 2012 and accumulated amount of Baht 126.44 million for the period from year 2013 to 2015.

(3) The Parties Involved and Relationship between the Parties Involved

Transaction (1): Disposition of assets and transferring sub-lease right of L&H Villa Sathon to the Fund

Buyer	Land and Houses Freehold and Leasehold Property Fund
Seller	L&H Sathon Company Limited, a subsidiary in the Company with a 60.00% equity stake

Transaction (2): Payment of the minimum rental income guarantee to the Fund

Guarantee Payer	1. Land and Houses Public Company Limited 2. Reco Plaza Pte Ltd.
Guarantee Receiver	Land and Houses Freehold and Leasehold Property Fund

Relationship between the Parties Involved

The Fund, after established, will be held by GIC at 15.00% equity stake and by the Company at 15.00% equity stake. Thus, GIC and LH are considered to be direct major shareholder of the Fund. At the same time, GIC is also a direct major shareholder in the Company, holding 16.27% equity stake. Therefore, the transaction is considered to be a connected transaction.

(4) Transaction Value

The transaction value for both transactions is totaled at Baht 785.62 million

Transaction (1): Disposition of assets and transferring sub-lease right of L&H Villa Sathon to the Fund

The transaction value of disposition of the assets and transferring sub-lease right of land relating to operation of L&H Villa Sathon is Baht 628 million, which can be referring to average appraisers' value at Baht 643.50 million, or equivalent to a difference of 2.47%, as a criteria applied in determining the transaction value. The method used for determining appraisal value is income approach method incorporation with information from sub-lease agreement of L&H Villa Sathon.

Transaction (2): Payment of the minimum rental income guarantee to the Fund

Based on the guarantee scheme described in the Undertakings Agreement among the Fund, Reco Plaza Pte Ltd. (a subsidiary company of GIC) and Land and Houses Public Company Limited, the maximum amount to be subsidized to the Fund by the Company is equivalent to Baht 31.18 million from the date on which the Fund invests in the properties to 31 December 2012 and accumulated amount of Baht 126.44 million for the period from year 2013 to 2015. For Reco Plaza, the maximum amount to be subsidized to the Fund is equivalent to Baht 30.30 million from the date on which the Fund invests in the properties to 31 December 2012 and accumulated amount of Baht 116.73 million for the period from year 2013 to 2015.

(5) Connected Transaction Size

The size of transaction represents 2.68% of consolidated net tangible assets of the Company and its subsidiaries based on the latest reviewed financial statement as of December 31, 2011 which exceeds 0.03% but less than 3.00% of LH's and its subsidiaries' net tangible assets. Therefore, the transaction is required approval from the Board of Directors, and the Company has duty to disclose details of the transaction to the SET without requirement to convene the shareholders' meeting to approve the decision to enter into a transaction.

(6) Name of the Connected Person

Mr. Soong Hee Sang who is the representative of GIC, a direct major shareholder of the Company holding 1,630.90 million common shares equivalent to 16.27% equity stake as of record date on August 24, 2011, did not attend the meeting and vote on this agenda

(7) Source of Funds of the Transaction

Source of Funds to be used in the Transaction with expected maximum payments of Baht 31.18 million from the date on which the Fund invests in the properties to 31 December 2012 and accumulated amount of Baht 126.44 million for the period from year 2013 to 2015 will be from the Company's internal cash flows

(8) Directors who have interests and/or directors who are connected persons

Directors who have interests and/or directors who are connected persons will not attend the meeting and have no right to vote for this agenda. The list names of the connected persons are as follows:

<u>Name</u>	<u>Position in the Company</u>
Mr. Soong Hee Sang	Director

(9) Opinions of the Board of Directors Concerning a Decision to Enter into the Transactions

In the opinions of Audit Committee (2 directors attending the meeting) and Board of Directors, this transaction by the Company is a part of the Company's expansion pursuant to which it will increase financial strength and capability to participate in other income generating projects in the future.

Furthermore, disposition of the assets as part of the property fund establishment process will lighten the Company's balance sheet, while support growing recurring incomes in the form of dividends from investment in the Fund. This consequently increase the Company's return on total assets and return on total equity.

(10) Opinions of the Company's Audit Committee and/or Directors which are different from the opinions of the Board of Directors

- None -