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13rd February 2020

RE: Financial Statements Analysis Report 2019

Dear: President

The Stock Exchange of Thailand

L.P.N. Development Public Co., Ltd. would like to submit the financial statements in 2019 of the Company and subsidiary companies as well as the performance report as follows:

L.P.N. Development Public Co., Ltd. and subsidiary companies provide a complete range of property development services with the focus on the quality of life of the residents. The emphasis is put on “Vibrant Community” strategy, social and environmental responsibility and sustainable growth. In 2019, the real estate sector was beginning to face a slowdown as a result of various negative factors, particularly the Bank of Thailand’s Loan to Value (LTV) measure. The situation is worrisome since real estate business is the significant driving force of the economy. The government has thus issued measures to boost the real estate market i.e. tax deduction of up to 200,000 THB for first time homebuyers, reduction of ownership transfer fee and mortgage registration fee to 0.01%, housing loan measures of the Government Housing Bank and financial support for down payment. Such measures gradually help improve the sales and ownership transfer volume of the Company.

In 2019, the net profit of the Company and subsidiary companies has increased from that in 2018 because of better operational efficiency. The gross profit has also increased from 2018. As for the statement of financial position as of 31 December 2019, the total assets of the Company were 23.47335 billion THB and the total liabilities were 10.31425 billion THB, increasing 10.46% and 24.04% from 2018 respectively. The financial liquidity has efficiently been managed, therefore, the interest bearing debt to equity ratio and the debt to equity ratio did not exceed 1:1 following the policy of the Company. The shareholders’ equity was 13.1591 billion THB, increasing 1.74% from 2018.

The performance of the Company which can be categorized by business type is as follows:

1. Real Estate Development Business:

- 1) Income from residential condominium decreased 2.43290 billion THB or 28.24% from 2018.
- 2) The development of single house projects has been expanded; therefore, it achieved the growth of 61.23% from 2018 i.e. from 1.57270 billion THB to 2.53566 billion THB, accounting for 29.09% of the income from sales of real estate.

2. Rental Business:

The strategy to invade the rental market was established to generate recurring income. The income from rental in 2019 increased 30.89% from 2018 i.e. from 132.19 million THB to 173.02 million THB mainly from Lumpini Township Rangsit - Klong 1 project.

3. Service Business:

The income was generated from managing external property projects and grew 130.99 million THB or 14.04% from 2018 i.e. from 932.81 million THB to 1.0638 billion THB.

Projects completed, new projects launched, sales volume and backlog in 2019

1. Projects completed and ready to be handed over in 2019

There was the total of 8 projects of the Company and subsidiary companies completed in 2019. One project was completed in Q1 and 7 projects were completed in Q4 as follows:

1) Residential condominium: 6 projects

- 1.1) Lumpini Ville Sukhumvit 76 - Bearing (Phase 2)
- 1.2) Lumpini Place Ratchada - Sathu
- 1.3) Lumpini Selected Sutthisarn - Saphan Kwai
- 1.4) Lumpini Ville Suksawasdi - Rama 2
- 1.5) Lumpini Park Vibhavadi - Chatuchak
- 1.6) Lumpini Park Phahol 32

2) Single house developed by subsidiary company: 2 projects

- 2.1) Baan Lumpini Town Ville Ratchapruk - Pinklao (Phase 2)
- 2.2) Baan Lumpini Town Place Rama 2 - Takham

2. New projects launched, sales volume and backlog in 2019

The sales volume in 2019 was 7 billion THB. In 2019, the launch of new projects was postponed in response to the slowdown. Ready-to-move-in condominium units were liquidated, 90% of which was ready-to-move-in projects completed before 2019. The sales volume was 6.3 billion THB. The other 10% was new projects launched in 2019. There were 6 projects with the sales volume of 700 million THB i.e.

- 1) Residential condominium: 3 projects
 - 1.1) Lumpini Tower Vibhavadi-Chatuchak Building B
 - 1.2) Lumpini Ville Sukhumvit 101/1-Punnavithi
 - 1.3) Lumpini Ville Chaengwattana 10
- 2) Single house developed by subsidiary company: 3 projects
 - 2.1) Baan Lumpini Town Ville Ratchapruerk-Pinklao (Phase 2)
 - 2.2) Baan Lumpini Town Place Rama 2-Takham
 - 2.3) Baan Lumpini Town Ville Rangsit Klong 2 (Phase 2)

The combined value of all new projects launched was 3.2 billion THB.

As of 31 December 2019, the sales volume and backlog of the Company and subsidiary companies were as follows:

Unit: Million THB

<u>Sales Volume</u>	<u>Amount</u>	<u>Backlog</u>	<u>Hand Over in 2020</u>
1. Residential condominium	4,600	1. Residential condominium	3,400
2. Single house	2,400	2. Single house	600
3. Total sales volume	7,000	3. Total backlog	4,000

Performance in 2019 and 2018

Consolidated profit/loss statements

The net profit of the Company and subsidiary companies decreased 8.14% from the same period of the previous year. It is because the income from sale decreased 14.43% but the gross profit from sale increased 1.00%. Most projects were completed and ready to be handed over in Q4/2019. At the same time, the income from rental and service business and management business increased 30.89% and 14.04% respectively from the same period of the previous year. It derived from the expansion of rental business at Lumpini Township Rangsit - Klong 1 project and management service provided to external projects.

Table 1 : Income Proportion of the Company and Subsidiary Companies

Unit: Million THB

Type of Income	2019	2018	% Variance	Note
1. Income from sales of real estate ¹	8,717.30	10,187.25	(14.43%)	Note ¹ The details of the income in 2019 are as follows: 1. 44% derived from ready-to-move-in projects completed in 2018 i.e. 21% from residential condominium projects and 23% from single house projects. 2. 36% derived from a completed project in Q1/2019 and 7 projects in Q4/2019 i.e. 35% from residential condominium projects and 1% single house projects. 3. The remaining 20% derived from ready-to-move-in projects completed prior to 2018.
1.1 Residential condominium	6,181.64	8,614.54	(28.24%)	
Proportion (%)	70.91%	84.56%	(13.65%)	
1.2 Single house	2,535.66	1,572.70	61.23%	
Proportion (%)	29.09%	15.44%	13.65%	
2. Income from rental and service business	173.02	132.19	30.89%	
3. Income from management business	1,063.80	932.81	14.04%	
4. Total Main Income	9,954.12	11,252.25	(11.54%)	

Statements of Financial Position as of 31 December 2019 and 2018Total assets

The total assets of the Company increased 2.22314 billion THB or 10.46% i.e. from 21.25021 billion THB to 23.47335 billion THB.

It is because:

1. The Company paid a deposit for a plot of land on Chaengwattana soi 17 road for project development in the future.
2. Projects under development and inventory increased 2.11594 billion THB or 12.50% i.e. from 16.92807 billion THB to 19.04401 billion THB as a result of:
 - 2.1 The development of 1 single house project i.e. Lumpini Town Place Sukhumvit - Srinakarin on a plot of land from the land bank and
 - 2.2 The investment in plots of land for the development of 7 projects in 2019, namely,

5 Residential Condominium Projects	
1. Lumpini Ville Sukhumvit 101/1- Punnavithi	4. Lumpini Ekkachai Soi 48
2. Lumpini Place Taopoon-Interchange	5. Charansanitwong soi 65
3. Lumpini Ville Chaengwattana 10	

2 Single House Projects
1. Baan 365 Muangthong-Chaengwattana
2. Lumpini Town Ville Ladkrabang-Suvarabhumi (Projects of subsidiary company)

Total liabilities

The total liabilities increased 1.99868 billion THB or 24.04% i.e. from 8.31557 billion THB to 10.31425 billion THB. The main reason is that the loan from financial institutions for project development and business operation increased 2.39055 billion THB or 45.53% i.e. from 5.25046 billion THB to 7.64101 billion THB.

Financial structure

The Company emphasizes the importance of efficient management of financial structure to be flexible in time of economic fluctuations and maintain the financial costs to be appropriate for business operation in the future. The financial policy is carefully implemented to enhance financial stability and liquidity as well as the confidence in the performance of the Company as follows:

1. The Company issued debentures with credit rating as follows:

2019	Offering Value	Tenure	Period	Interest Rate
12 April	1,168	3 years	12 April 2019 - 12 April 2022	2.95
10 October	1,000	3 years	10 October 2019 - 10 October 2022	2.70

2. The Company has been repurchasing stocks since the end of 2018. As of 31 December 2019, the Company has bought back 21.5 million shares worth 142.11 million THB (the stock repurchase period was from 4 December 2019 to 3 June 2022).

As a result of the above reasons, the interest bearing debt to equity ratio and the debt to equity ratio has increased from 0.41:1 to 0.58:1 and from 0.64:1 to 0.78:1 as of 31 December 2018 and 31 December 2019 respectively. The ratios do not exceed 1:1 and are in compliance with the policy of the Company.

Cash flow statements

As for cash flow statements as of 31 December 2019 and 2018, the net cash flow increased 113.58 million THB or 29.29%. The main reasons are as follows:

1. **Increased cash flow from 2018** is as the consequence of the issuance of debentures, loan from financial institutions for project development, purchase of 8 plots of land for project development, payment for the deposit for a plot of land for project development in the future and payment for the development of 7 projects that were handed over in Q4/2019.
2. **Decreased cash flow from 2018** is because:
 - 1) The ownership transfer of residential condominium units decreased from that of the same period of the previous year.
 - 2) The investment was made in an associated company, namely, Dolsiri Development Co., Ltd.

- 3) The Company lent money to an associated company for project development purpose.
- 4) The investment was made in the decoration of condominium units for rent in Lumpini Township Rangsit - Klong 1 project.
- 5) The Company repurchased stock valuing 104.43 million THB.

As a result of the above reasons, the net cash flow increased 113.58 million THB from 2018.

Important numbers in the financial statements 2019 and 2018

Table 2: Profit/Loss Statement in 2019 and 2018

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	2019	2018	% Variance	2019	2018	% Variance
1. Gross income million THB	10,040.40	11,301.89	(11.16%)	7,783.64	9,172.49	(15.14%)
2. Gross profit from sale (%)	31.70	30.70	1.00%	30.11	29.32	0.80%
3. Gross profit from rental and service business (%)	37.02	30.96	6.06%	32.46	18.82	13.65%
4. Gross profit from management business (%)	35.09	33.30	1.79%	-	-	-
5. Gross profit from main income million THB	3,200.39	3,478.86	(8.00%)	2,313.55	2,656.71	(12.92%)
(%)	32.15	30.92	1.23%	30.16	29.16	1.00%
6. Expenses on sales million THB	670.12	780.72	(14.17%)	590.15	698.88	(15.56%)
(%)	6.67	6.91	(0.24%)	7.58	7.62	(0.04%)
7. Expenses on sales million THB (excluding ownership transfer)	326.97	354.23	(7.70%)	292.55	317.84	(7.96%)
(%)	3.26	3.13	0.13%	3.76	3.47	0.29%
8. Expenses on management million THB	1,012.13	985.92	2.66%	487.60	507.97	(4.01%)
(%)	10.08	8.72	1.36%	6.26	5.54	0.72%
9. Profit before interest and income tax million THB	1,585.00	1,745.37	(9.19%)	1,336.67	1,494.98	(10.59%)
(%)	15.79	15.44	0.35%	17.17	16.30	0.87%
10. Profit before tax million THB	1,580.68	1,742.63	(9.29%)	1,305.24	1,493.72	(12.62%)
(%)	15.74	15.42	0.32%	16.77	16.28	0.49%
11. Net profit million THB	1,256.04	1,367.27	(8.14%)	1,039.45	1,171.09	(11.24%)
(%)	12.51	12.10	0.41%	13.35	12.77	0.58%
12. Net profit per share THB	0.86	0.93	(7.53%)	0.71	0.79	(10.13%)
13. Book value per share THB	9.04	8.77	3.08%	8.44	8.29	1.81%

After Revision

Table 3: Statement of Financial Position as of 31 December 2019 and 2018

Unit : million THB

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	as of 31 Dec 19	as of 31 Dec 18	as of 31 Dec 19	as of 31 Dec 18	as of 31 Dec 19	as of 31 Dec 18
14. Cash and cash equivalent	501.30	387.72	29.29%	374.41	282.09	32.73%
15. Trade debtors and other debtors	326.16	401.67	(18.80%)	192.67	306.32	(37.10%)
16. Land and project costs during construction	9,614.33	9,243.16	4.02%	7,817.35	7,686.94	1.70%
17. Backlog	9,429.68	7,684.91	22.70%	9,089.96	7,269.15	25.05%
18. Other current assets ^{Note 1}	69.00	68.10	1.32%	725.00	698.00	3.87%
19. Non-current assets ^{Note 2}	3,532.87	3,464.65	1.97%	3,784.81	3,697.17	2.37%
20. Total assets	23,473.35	21,250.21	10.46%	21,984.19	19,939.66	10.25%
21. Overdraft and short-term loan	3,475.64	3,246.08	7.07%	3,346.69	3,058.99	9.41%
22. Trade account payable and other creditors	1,844.87	2,289.54	(19.42%)	1,623.76	2,078.35	(21.87%)
23. Long-term loan	4,165.38	2,004.39	107.81%	4,163.80	1,993.98	108.82%
24. Overdue corporate income tax	123.80	152.71	(18.93%)	118.76	137.91	(13.89%)
25. Non-current liabilities ^{Note 3}	704.56	622.86	13.12%	455.02	433.01	5.08%
26. Total liabilities	10,314.25	8,315.57	24.04%	9,708.03	7,702.24	26.04%
27. Shareholders' equity	13,159.10	12,934.64	1.74%	12,276.16	12,237.42	0.32%

After Revision

^{Note 1} Comprising temporary investment and short - term loan to connected business.

^{Note 2} Comprising investment in subsidiary companies and associated companies, real estate for investment, land, building and equipment, goodwill, non-tangible assets, lease hold, deferred tax assets, withholding tax and other non-current assets.

^{Note 3} Comprising income from rental fee received in advance, estimation of staff benefits, deposit of rental and service fee and other non-current liabilities.

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak

Chief Executive Officer and Managing Director

