

13 November 2017

Subject : Management Discussion and Analysis of Second quarter ended 30 September 2017
Attn. : Director and Manager
The Stock Exchange of Thailand
Encls. : A copy of Reviewed Financial Statements for the second quarter ended 30 September 2017

The Company, Land and Houses Public Company Limited, would like to submit the reviewed financial statements for period of the second quarter ended 30 September 2017, for your information and publication.

According to the Company's second quarter income statements ended 30 September 2017, the Company and its subsidiaries recorded net profit of 3,125 million baht while the same period last year the Company and its subsidiaries recorded net profit of 1,993 million baht, increase of 1,132 million baht or increase by 56.8% because of the following;

1. In the third quarter of 2017, the Company recorded sales income in an amount of 9,190 million baht while the same period last year the Company recorded sales income, in an amount of 6,268 million baht, increase of 2,922 million baht or increase by 46.6%.
2. In the third quarter of 2017, the Company recorded gross profit margin of 35.5%, while the same period last year the Company recorded gross profit margin of 36.1%, increase by 0.6%

The increase in sales and gross profit margin in 1 and 2 make an increase of 997 million baht in gross profit.

3. In the third quarter of 2017, the Company's associate, LH Financial Group Public Co.,Ltd., ("LHBANK"), issued new ordinary shares through a private placement to CTBC Bank Co.,Ltd, totaling 35.62% of the registered share capital, at 2.20 baht per share which is higher than book value of LHBANK. Upon the completion of the transaction, the Company's shareholding in LHFG diluted from 33.98% to 21.88% of the issued and paid-up share capital. In this connection, the Company recognized gain due to the reduction in ownership interest in the profit of 1,135 million baht while there is no such transaction in the same period last year.

4. Details of the revenue from sale are as follows:

Type of product	Quarter 3 rd /2017	Quarter 3 rd /2016
Single Detached House	55%	82%
Town House	8%	7%
Condominium	37%	11%
Total	100%	100%

5. Details of the Company's rental and services income compared to last year are as follows:

(million baht)

	Quarter 3 rd /2017	Quarter 3 rd /2016
Rental and services income	809	665
Cost	634	445
Gross profit	175	220
Gross profit margin	21.6%	33.1%

Gross profit of the Company's rental and service income in the third quarter of 2017 decreased by 11.5% from last year due to the sale of the Grand Center Point Ratchadamri to LH Hotel Leasehold Real Estate Investment Trust in the second quarter of 2017 and lease back for operation, therefore, the cost is increase.

6. In the third quarter of 2017, details of share of profit from investment in associates compared to the third quarter of 2016 are as follows:

Name of the Company	Quarter 3 rd /2017	Quarter 3 rd /2016
LH Financial Group Public Co.,Ltd.	169	237
Quality Construction Products Public Co.,Ltd.	6	(7)
Home Product Center Public Co.,Ltd.	358	287

LH Property and Loan Fund II	16	17
Quality House Public Co.,Ltd.	282	192
Total	831	726

7. The comparison of the Company's administration expenses of the third quarter 2017 and the third quarter of 2016 are as follows:

	Q3/2017	%	Q3/2016	%	Increase / Decrease	
					MB.	%
Sales income	9,190	100.0	6,268	100.0	2,922	46.6
Selling expenses	266	2.9	241	3.8	25	10.4
Administrative expenses	490	5.3	481	7.7	14	2.9
Provision of legal cases	775	8.4	4	0.0	771	19,275.0
Specific Business Tax	356	3.9	240	3.8	116	48.3
Finance Cost	160	1.8	78	1.2	82	106.4
Exchange Losses (Derivatives)	40	0.4	-	0.0	40	n/a
Income Tax	319	3.5	343	5.5	(24)	-7.0
Total	2,406	26.2	1,387	22.1	1,021	73.6

In the third quarter of 2017, the Company's finance cost is increase in an amount of 82 million baht because of an increase in real estate investment.

In the third quarter of 2017, an increase of 771 million baht in administrative expense came from an amount of 771 million baht of provision which was set aside for liabilities arising as a result of lawsuits against the Company.

For the period of 9 months in 2017, the Company recorded the net profit in an amount of 8,508 million baht while the same period last year recorded the net profit margin in an amount of 6,620 million baht, increase of 1,888 million baht or increase by 28.5% because of the followings;

1. In the first nine months of 2017, the Company recorded sales income in an amount of 24,761 million baht while the same period last year the Company recorded sales

income in an amount of 20,495 million baht, increase of 4,266 million baht or increase by 20.8%.

2. In the first nine months of 2017, the Company recorded gross profit margin of 35.7%, while the same period last year the Company recorded gross profit margin of 35.2%, increase by 0.5%

The increase in sales and gross profit margin makes an increase of 1,612 million baht in gross profit.

3. In the first nine months of 2017, the Company's subsidiary recorded the amount of 2,080 million baht of profit from the sale of Grand Center Point Rachadamri Hotel. On a prorated basis of shareholding, the Company recorded profit from the sale of such property in an amount of 1,248 million baht and recognized gain on change in shareholders' equity of an associate of 1,135 million baht while the same period last year the Company recorded the profit from the sale of land in an amount of 682.00 million baht. So, profit of special item is increase of 1,701 million baht.

4. Details of the revenue from sale are as follows:

Type of product	9 months of 2017	9 months of 2016
Single Detached House	58%	73%
Town House	7%	7%
Condominium	35%	20%
Total	100%	100%

5. Details of the Company's rental and services income compared to last year are as follows:

(million baht)

	First 9 months of 2017	First 9 months of 2016
Rental and services income	2,331	1,871
Cost	1,753	1,361
Gross profit	578	510
Gross profit margin	24.8%	27.3%

6. In the first nine months of 2017, details of share of profit from investment in associates compared to the first nine months of 2016 are as follows:

Name of the Company	First 9 months of 2017	First nine months of 2016
LH Financial Group Public Co.,Ltd.	578	704
Quality Construction Products Public Co.,Ltd.	2	(15)
Home Product Center Public Co.,Ltd.	1,016	848
LH Property and Loan Fund II	40	40
Quality House Public Co.,Ltd.	639	601
Total	2,275	2,178

7. The comparison of the Company's administration expenses of the first nine months of 2017 and the first nine months of 2016 are as follows:

	First 9 months 2017	%	First 9 months 2016	%	Increase / Decrease	
					MB.	%
Sales income	24,761	100.0	20,495	100.0	4,266	20.8
Selling expenses	729	2.9	681	3.3	48	7.0
Administrative expenses	1,466	5.9	1,478	7.2	(12)	-0.8
Provision for legal cases	787	3.2	33	0.0	754	2,284.8
Specific Business Tax	954	3.9	728	3.6	226	31.0
Finance Cost	450	1.8	255	1.2	195	76.5
Exchange Losses (Derivatives)	207	0.8	121	0.6	86	71.1
Income Tax	1,580	6.4	1,269	6.2	311	24.5
Total	6,173	24.9	4,565	22.3	1,608	35.2

In the first nine months of 2017, the Company's finance cost is increase in an amount of 195 million baht because of an increase in real estate investment.

In the first nine months of 2017, the Company recorded an amount of 787 million baht of provision for legal cases while the same period last year the Company recorded an amount of 33 million baht of provision for legal cases, increased in an amount of 754 million baht.

In the first nine months of 2017 an increase of 311 million baht in income tax came from an increase of the Company's profit of normal operation and increase in profit from the sale of asset compared to the same period last year.

Please be informed accordingly.

Yours sincerely,

Mr. Wit Tantiworawong
Senior Executive Vice President