

28 February 2018

Subject : Management Discussion and Analysis of the year ended 31 December 2017  
Attn. : Director and Manager  
The Stock Exchange of Thailand  
Encls. : A copy of Audited Financial Statements for the year ended 31 December 2017

The Company, Land and Houses Public Company Limited, would like to submit the audited financial statements for period of the year ended 31 December 2017, for your information and publication.

In the year 2017, the Company and its subsidiaries recorded the net profit in the amount of 10,463 million baht while the same period last year recorded the net profit in the amount of 8,618 million baht, increasing 1,845 million baht or 21.41% because of the following:

1. In 2017, the Company recorded sales income in an amount of 31,724 million baht while the same period last year the Company recorded sales income, in an amount of 27,372 million baht, increase of 4,352 million baht or increase by 15.90%.
2. In 2017, the Company recorded gross profit margin of 35.46%, while the same period last year the Company recorded gross profit margin of 34.89%, increase by 0.57%

The increase in sales and gross profit margin in 1 and 2 make an increase of 1,700 million baht in gross profit.

3. In 2017, the Company recorded gain on change in shareholders' equity of an associate in an amount of 1,135 million baht. It came from the issuance of 7,545 million new ordinary shares through a private placement of the Company's associate, LH Financial Group Public Co., Ltd., ("LHBANK"), at 2.20 baht per share, totaling 16,599 million baht or 35.62% of the registered share capital. Upon the completion of the transaction, the Company's shareholding has been diluted from 33.98% to 21.88%, so the Company recognized gain due to the reduction in ownership interest.
4. In 2017, the Company's subsidiary which the Company hold 60% share, 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. The profit from the sale of such property is a normal business operation. The Company wish to sell hotels and shopping centers with good performance to RIET and the proceeds from the sales will be used for new hotels and shopping centers development.

5. In 2017, the Company recorded gain on sale of land held for development in an amount of 80 million baht while the same period last year the Company's subsidiary, which the Company held 55% share, recorded gain on sale of land held for development in an amount of 1,240 million baht. On a prorated basis of shareholding, the Company recorded gain on sale of such land in an amount of 682 million bah, decreasing 602 million baht.
6. Details of the revenue from sale are as follows:

Type of product	2017	2016
Single Detached House	60.0%	72.2%
Town House	5.7%	6.2%
Condominium	34.3%	21.6%
Total	100%	100%

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

(million baht)

	2016	2017
Rental and services income	3,197	2,536
Cost	2,441	1,812
Gross profit	756	724
Gross profit margin	23.6%	28.5%

Gross profit of the Company's rental and service income in 2017 decreased by 4.9% 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.

8. In 2017, details of share of profit from investment in associates compared to 2016 are as follows:

(million baht)

Name of the Company	2017	2016
LH Financial Group Public Co.,Ltd.	737	916
Quality Construction Products Public Co.,Ltd.	1	(22)
Home Product Center Public Co.,Ltd.	147	1,247
LH Property and Loan Fund II	57	52
Quality House Public Co.,Ltd.	865	770
<b>Total</b>	<b>3,137</b>	<b>2,963</b>

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

	2017	%	2016	%	Increase / Decrease	
					MB.	%
Sales income	31,724	100.0	27,372	100.0	4,352	15.9
Selling expenses	987	3.1	920	3.8	67	7.3
Administrative expenses	2,067	6.5	2,022	7.7	45	2.2
Provision of legal cases	736	2.3	37	0.1	699	1,899.2
Specific Business Tax	1,221	3.8	991	3.6	230	23.2
Finance Cost	641	2.0	373	1.4	268	71.8
Exchange Losses (Derivatives)	303	1.0	122	0.4	181	148.4
Income Tax	1,890	6.0	1,572	5.7	318	20.2
<b>Total</b>	<b>7,845</b>	<b>24.7</b>	<b>6,037</b>	<b>22.06</b>	<b>1,808</b>	<b>29.9</b>

In 2017, there is an increase of 699 million baht in provision of legal cases when compared to 2016. It came from the amount which was set aside for liabilities arising as a result of lawsuits against the Company by the residents who lived in Single detached houses projects and Townhouse projects.

In 2017, the Company's finance cost is increase in an amount of 268 million baht because of an increase in real estate investment.

In 2017, an increase of 230 million baht in specific business tax came from due to the recognition of higher income.

Please be informed accordingly.

Yours sincerely,

Mr. Wit Tantiworawong  
Senior Executive Vice President