

No. L041/2015

16th November 2015

Subject : The explanation of operating results for the 3rd quarter 2015
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30th September 2015, Laguna Resorts & Hotels Public Company Limited suffered a net loss of Baht 88 million as compared to a Baht 106 million loss in the same period last year.

Total revenue for the three-month period increased by Baht 298 million as compared to the same period last year due largely to the following:

- The overall revenue from hotel operations which comprise of hotel, golf and retail operations decreased by Baht 7 million. This is to a large extent attributed to the lower performance of the two Laguna Phuket hotels which were adversely impacted by the Russian rouble crisis and the lower revenue from retail operation. On the other hand, Banyan Tree Bangkok achieved higher revenues on the back of the peaceful political scene in Bangkok. In the same period last year the political unrest in Bangkok negatively affected Banyan Tree Bangkok's performance. Additionally, the Laguna Phuket Golf Club fully reopened on 1 January 2015 after it was partially closed for a comprehensive upgrade in 2014.
- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships increased by Baht 309 million. The main increase in revenues is from the revenue recognition of Laguna Park and Cassia Phuket projects. There is a total of Baht 2,330 million in property sales revenue which will be recognized over the next several years including the 4th quarter of 2015 barring any cancellations.
- Revenue from office rental operations which includes retail leasing decreased by Baht 3 million due largely to the decrease in the rental rate of Laguna Canal Village.
- Other income decreased by Baht 1 million and this is due mainly to lower service fee charge during the period when compared to the last year.

Total expenses increased by Baht 265 million as compared to the same period last year which is generally caused by the following:

- Cost of hotel operations decreased by Baht 11 million due largely to the lower operating costs of the two hotels in Laguna Phuket (which are in line with their lower business levels) but partially offset by higher operating costs of Banyan Tree Bangkok hotel and depreciation.

- Cost of property development operations increased by Baht 248 million as a result of the higher property sales recognized during the period.
- Cost of office rental operations increased by Baht 2 million as common area charges were higher.
- Selling expenses were Baht 8 million lower due to the reduction in property sales commission expenses.
- Administrative expenses increased by Baht 34 million mainly due to higher hotel repair and maintenance and payroll costs.

Share of loss from investment in associate is Baht 1.5 million in the current period compared to a share of profit of Baht 0.5 million in the prior year period. This relates to the operating result of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost increased by Baht 1 million as compared to the same period last year which is in line with the higher short-term loan balances in the current period and partially offset by lower long term loan balances.

Income tax was Baht 10 million higher as compared to the same period last year as there were higher non-taxable expenses in the current period.

Profit attributable to non-controlling interests of the subsidiaries amounted to Baht 1.7 million in the current period as compared to a loss amounting to Baht 0.3 million in the prior period. This is mainly due to higher profit of retail operations.

For the reasons stated above, the company made a lower loss for the 3rd quarter ending 30 September 2015 as compared to the same period last year.

In addition, the “Earnings Before Interest, Tax, Depreciation and Amortization” (EBITDA) for the current period amounted to Baht 29 million which is an improvement over the Baht 8 million loss in the same period last year.

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President –
Finance & Administration