

No. L017/2019

12th November 2019

Subject : The explanation of operating results for the 3rd quarter 2019
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30rd September 2019, Laguna Resorts & Hotels Public Company Limited suffered a net loss of Baht 87 million as compared to a Baht 59 million loss for the same period last year. The Company's business in Quarter 3 is traditionally softer compared to Quarter 1 and 4 due to low tourist arrivals in Phuket during this time of the year.

Total revenue for the three-month period decreased by Baht 230 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 59 million over the prior year as a result of the decrease in occupancy and room rates of Laguna Phuket hotels and Banyan Tree Bangkok.
- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships decreased by Baht 172 million. The difference is largely attributed to the revenue recognition of property sales projects namely Laguna Residences, Laguna Park and Banyan Tree Villas which were lower when compared to the same period last year. At the time of this report, there is a total of Baht 4,772 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing decreased by Baht 4 million due largely to the decrease in occupancy of Thai Wah Tower office.

Total expenses decreased by Baht 169 million as compared to the same period last year which is generally caused by the following:

- Cost of hotel operations decreased by Baht 1 million which is in line with the lower hotel revenue.
- Cost of property development operations decreased by Baht 86 million as lower property sales were recognized during the period.

- Cost of office rental operations decreased by Baht 3 million as a result of lower building repair expense.
- Selling expenses decreased by Baht 8 million as a result of lower property development operations selling expenses.
- Administrative expenses decreased by Baht 71 million due mainly to a decrease in staff costs, loss on exchange rate, training & recruitment expenses and provision for impairment of property, plant and equipment.

Share of loss from investment in associates increased by Baht 3 million mainly relates to share of loss from Thai Wah Plc.

Finance cost decreased by Baht 7 million as compared to the same period last year as a result of interests of Cassia 3, Banyan Tree expansion, Banyan Tree Grande Residences and Dhawa projects were capitalized.

Income tax expense decreased by Baht 25 million due mainly to an increase of taxable loss in the current period as compared to the same period last year.

Loss attributable to non-controlling interests of the subsidiaries increased by Baht 6 million which is primarily caused by the loss of Talang Development Co., Ltd.

For the reasons stated above, the company's loss is higher as compared to the same period last year.

Sincerely Yours,

(Mr. Kuan Chiet)

Vice President – Finance & Administration