



GRANDE ASSET

HOTELS & PROPERTY

10 August 2018

Subject: Reasons for changing in result of operating for the second quarter of 2018 over 20% when compare with the same period of last year

Attention: The President
Stock Exchange of Thailand

Grande Asset Hotels and Property Public Company Limited and its subsidiaries (“the Company and Subsidiaries”) would like to clarify the result of operating of the Company and Subsidiaries for the second quarter of 2018 which was changed over 20% from the same period of last year as follows:

1. The revenue from hotel operation of the Company and its Subsidiaries increased by Baht 133 million when compared with the same period of last year, because of including revenue of Royal Orchid Sheraton hotel after business acquisition in April 2018 and recognized gain on bargain purchase of Baht 235 million in this period.

Cost of hotel operations also increases of Baht 94 million when compared with the same period of last year due to including the cost of hotel operations of Royal Orchid Sheraton hotel of Baht 68 million and rental expenses of Sheraton Huahin Resort and Spa hotel from trust of Baht 33 million.
2. The increase in sales of real estate of the Company of Baht 602 million when compared with the same period of last year. Most of the income came from Hyde Sukhumvit 11 Condominium units transferred since quarter 4/2017. Cost of sales of real estate also increases proportionally with that sales. However, the gross margin of real estate of the Company was decreased with the same period of the last year came from Hyde Sukhumvit Condominium which was the lower average cost than Hyde Sukhumvit 11 Condominium.
3. The decrease in other income of the Company of Baht 15 million when compared with the same period of last year due to decreasing in interest income as the result of the repayment of principal loans of a subsidiary.
4. The selling expenses increased by Baht 30 million when compared with the same period of last year, which was the result of the special business tax, transfer fee and commission fee in related to transfer of Condominium as aforementioned in 2.
5. The administrative expenses of the Company increased by Baht 133 million when compared with the same period of last year, was mainly came from indirect expenses in relevant to Royal Orchid Sheraton hotel’s acquisition and the administrative expenses of this hotel.

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6. The increase in finance cost of Baht 50 million when compared with the same period of last year was because the 2018 interest expenses of Hyde Sukhumvit 11 Condominium recorded in the statement of comprehensive income while 2017 interest expenses occurring before ownership transferring of the first unit which would be capitalized as cost of this project.
7. The income tax expenses of the Company increased by Baht 17 million from the same period of last year, represented the increase in income tax in current year comprising of Baht 20 million current income tax while drop in deferred tax of Baht 3 million.

Please be kindly informed accordingly.

Yours Sincerely,



Mr. Paisit Kaenchan
Chief Executive Officer