



# GRANDE ASSET

HOTELS & PROPERTY

20 February 2019

**Subject:** Clarification for changing in the operating performance for 2018 from the prior year by more than 20%

**Attention:** The President  
Stock Exchange of Thailand

Grande Asset Hotels and Property Public Company Limited and its subsidiaries (“the Group”) would like to clarify the result of operating performance of the Group for 2018 which decreased from the prior year by more than 20% as follows:

1. The revenues from hotel operation business of the Group increased from the prior year by Baht 646 million, due to the fact that the company acquired Royal Orchid Sheraton hotel since April 2018 in which added the revenue by Baht 595 million. With the increasing number of arriving visitors as well as the increasing hotel’s promotion activities during the year, the hotel occupancy rate and the revenues from food and beverage of the Group were increased accordingly.

Cost of hotel operations also increased from the prior year by Baht 408 million according to the increasing revenues from hotel operations, in addition with the increasing cost of rental of Sheraton Huahin Resort and Spa hotel from trust which has commenced since October 2017.

2. The revenues of real estate business of the Company increased from the prior year by Baht 390 million due to units transferring of Hyde Sukhumvit 11 Condominium since the fourth quarter of 2017. Cost of sales of real estate business also increased according to the increase in revenues.

However, the gross margin of real estate business of the Company decreased in which was variable, depending on the gross margin of transferred units of that projects.

3. The Company had recognized gain on bargain purchase of Baht 235 million this year after business acquisition of Royal Orchid Sheraton hotel in April 2018. Nonetheless, in the prior year, the subsidiary had gain on sales of Sheraton Huahin Resort and Spa hotel’s assets to real estate investment trust (REIT) by Baht 573 million.
4. Other income of the Group increased from the prior year by Baht 83 million mainly from the management fees charge to joint venture companies, interest income and dividend received from the investment in REIT.

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5. The selling expenses of the Group increased from the prior year by Baht 67 million mainly because of the effects of business combinations and the soft opening of Hyatt Regency Bangkok Hotel, Sukhumvit during the year; therefore, the selling expenses of hotel operation increased. For the real estate business, the selling expenses such as special business tax and transfer fee, increased according to the increasing revenues of selling units. However, there was no any significant change in selling expense per total revenue ratio because of the decrease in sale promotion expenses from the prior year.
6. The administrative expenses of the Group increased from the prior year by Baht 357 million mainly from the effects of business combinations, the pre-opening expenses of Hyatt Regency Bangkok Hotel, Sukhumvit and the overall growth of the Group's business.
7. Finance cost increased from the prior year by Baht 183 million due to the project's construction, Hyde Sukhumvit 11 Condominium and Hyatt Regency Bangkok Hotel, Sukhumvit, had already completed. Therefore, the interest paid in 2018 were recorded as finance cost in statement of comprehensive income, while the interest paid in 2017 were recorded as the cost of projects. Moreover, interest rate of loans was higher than the prior year.
8. The income tax expenses of the Group decreased from the prior year by Baht 96 million in accordance with the decrease in the Group's operating result.

Please be kindly informed accordingly.

Yours Sincerely,



Mr. Sathit Kiatkrajai  
Executive Vice President - Accounting & Control