

No. L016/2020

7th August 2020

Subject : The explanation of operating results for the 2nd quarter 2020
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30th June 2020, Laguna Resorts & Hotels Public Company Limited was adversely impacted by the Covid-19 pandemic and suffered a substantial net loss of Baht 550 million as compared to a Baht 84 million loss for the same period last year.

Total revenue for the three-month period decreased by Baht 644 million as compared to the same period last year due largely to the following:

- The overall revenue from hotel operations which comprise hotel, golf, and retail operations declined by Baht 613 million over the same period in the prior year as a result of the closure of our hotels to comply with the government's measures to counter the spread of Covid-19.
- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships increased by Baht 64 million. The Company benefitted from the properties sold pre Covid-19 and the higher recognition is largely attributed to the recognition of several properties in the luxury segment namely Banyan Tree villas and Laguna Residences which are higher in value. At the time of this report, there is a total of Baht 3,365 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing contracted by Baht 15 million due largely to the lower occupancy of Thai Wah Tower office.
- Other income fell by Baht 85 million from the gain of the change of fair value of investments in the same period last year.

Total expenses reduced by Baht 291 million as compared to the same period last year which is generally attributed to the following:

- The cost of hotel operations decreased by Baht 242 million which is in line with the lower hotel revenue.
- The overall expense reduction was partially offset by the higher cost of property development operations amounting to Baht 26 million as higher property sales were recognized during the period.

- The cost of office rental operations shrank by Baht 4 million as a result of the lower electricity expense and provision for doubtful debt.
- Selling expenses were Baht 47 million lower due to the reduction of selling expenses of hotel and property development operations.
- Administrative expenses declined by Baht 24 million as property tax, management fees, and rental expenses were lower.

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

Finance cost increased by Baht 36 million as compared to the same period last year due to a higher loan balance in the current period and lower capitalized interests of property sales projects as the construction of some projects were halted due to the Covid-19 pandemic.

Income tax expenses was Baht 89 million higher and this was due largely to the reversal of deferred tax assets of unused tax loss.

Gain attributable to non-controlling interests of the subsidiaries decreased by Baht 9 million which is primarily caused by the loss of Gallery sales operations and Laguna Service 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