

No.L035/2018

June 29, 2018

Subject: The Explanation for the Issue on the Hotel Management Fees

**To: Shareholders
Laguna Resorts & Hotels Public Company Limited**

At the Annual General Meeting of the Company held on 27 April, 2018, several shareholders raised the issue on the fairness of the hotel management fees paid by the Company to Banyan Tree Group.

The Audit & Risk Committee has reviewed the list of hotel management fees (verified by EY Office Singapore) charged by Banyan Tree to other hotels it manages and has come to the conclusion that the fees charged to the Company is within the range of fees which Banyan Tree charges other hotels.

LRH is not privy to strategic information on management fee structure of the hotels it does not own. However LRH has been advised by the Banyan Tree Group that any disparity in the management fees between hotels are due to commercial reasons which have been negotiated based on specific aspects of each property. In some cases, the hotel management agreement could be a part of a much larger business transaction between the Banyan Tree Group and the hotel owning company resulting in a significantly different management fee structure.

Yours sincerely,

For and on behalf of the Audit & Risk Committee



Vudhiphol Suriyabhivadh
Audit & Risk Committee Chairman