

No. L001/2020

25th February 2020

Subject : The explanation of operating results for the year 2019
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the year ended 31st December 2019, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 364 million which was Baht 276 million higher when compared to the year before.

Total revenue for the year increased by Baht 679 million as compared to last year and this was mainly due to the following:

- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships increased by Baht 863 million. The revenue recognition of the property sales projects, as a result of Banyan Tree Villas and Cassia Residence Phuket, was higher when compared to the year before. This was partially offset by a drop in the sale of holiday club memberships. At the time of this report, there is a total of Baht 3,098 million in property sales revenue which will be recognized in the future barring any cancellations.
- The overall revenue from hotel operations which comprise of hotel, golf and retail operations decreased by Baht 216 million over the prior year as a result of a reduction in occupancy of Laguna Phuket hotels. The occupancy was adversely impacted by renovations and constructions within and around some of the Laguna Phuket hotels, the strong Thai Baht, and the drop in Chinese tourist arrivals into Thailand.
- Revenue from office rental operations which includes retail leasing decreased by Baht 7 million due largely to the decrease in occupancy of Thai Wah Tower office.
- Other income increased by Baht 41 million from the gain on revaluation of investment properties amounting to Baht 36 million.

Total expenses increased by Baht 273 million as compared to last year mainly due to the following:

- Cost of property development operations increased by Baht 354 million as more property sales were recognized during the period offset by lower cost of sales of holiday club memberships.
- Cost of hotel operations increased by Baht 40 million due to the operating cost Laguna Holiday Club Resorts which is now classified under the hotel segment, offset by the lower cost of other hotels which is in line with the lower hotel revenue.

- Cost of office rental operations decreased by Baht 7 million as a result of lower building repair expenses.
- Selling expenses increased by Baht 46 million which is principally due to higher commission expense, specific business tax and transfer fee relating to property sales.
- Administrative expenses decreased by Baht 159 million largely as a result of lower payroll costs, legal & professional fee and rental expenses.

Share of profit from investment in associates decreased by Baht 61 million mainly relates to lower profit from Banyan Tree China Pte. Ltd.

Finance cost decreased by Baht 26 million as compared to the same period last year due to the capitalization of interests relating to Cassia 3, Banyan Tree expansion, Banyan Tree Grande Residences, Dhawa and Angsana Ocean View projects which were under construction.

Income tax expenses increased by Baht 97 million as compared to the prior year and this is largely because the higher taxable profit of property sales operation in this year.

Loss attributable to non-controlling interests of the subsidiaries increased by Baht 1 million which is primarily caused by the loss of Talang Development Co., Ltd. offset by gain from gallery operation.

For the reasons stated above, the Company's profit in 2019 is higher as compared to the prior year.

Sincerely Yours,

(Mr. Kuan Chiet)

Vice President – Finance & Administration