

No. L018/2020

11th November 2020

Subject : The explanation of operating results for the 3rd quarter of 2020
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30th September 2020, Laguna Resorts & Hotels Public Company Limited was adversely impacted by the Covid-19 pandemic and suffered a substantial net loss of Baht 275 million as compared to a Baht 87 million loss for the same period last year.

Total revenue for the three months decreased by Baht 691 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 515 million over the same period in the prior year. Like almost all businesses in the hospitality industry in Thailand, the Covid-19 pandemic has significantly impacted the Group's businesses, especially the hotel business. The Group's hotels had to cease operations from April to May 2020 to comply with the government's measures to stop the spread of COVID-19. To reduce the Group's overhead costs, the Group's hotels continued to remain closed from June to August 2020 due to the lack of tourists and reopened in September 2020 after the Thai Government launched the subsidized travel scheme to stimulate domestic travel in Thailand.
- Revenue from property development operations which comprise property sales and the sale of holiday club memberships decreased by Baht 163 million. The difference is largely attributed to the lower revenue recognition of property sales projects namely Cassia which was lower when compared to the Laguna Park project in the same period last year. At the time of this report, there is a total of Baht 3,678 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 decreased by Baht 14 million due largely to the lower occupancy of Thai Wah Tower office.
- Other income decreased by 3 million Baht mainly due to the write-off of accrued expenses in the third quarter of the previous year.
- Total expenses reduced by Baht 545 million as compared to the same period last year which is generally attributed to the following:

- The cost of hotel operations decreased by Baht 283 million due to the lower hotel revenue and cost-saving measures put in place after the start of Covid-19.
- The cost of property development operations decreased by Baht 74 million as lower property sales were recognized during the period.
- The cost of office rental operations decreased by Baht 6 million. This is largely attributed to lower property tax and electricity expenses in the current period.
- Selling expenses were Baht 79 million lower due to the reduction of selling expenses of the hotels, Laguna golf and office rental operations.
- Administrative expenses declined by Baht 103 million as property tax, management fees, and rental expenses were lower.

Share of loss from investment in associates increased slightly as compared to the same period last year.

Finance cost increased by Baht 23 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 increased Baht 14 million as there was no deferred tax assets set up during the current period.

Loss attributable to the non-controlling interests of the subsidiaries decreased by Baht 6 million which is primarily from the gain of Talang Development 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 – Finance & Administration