

No. L019/2017

4th May 2017

Subject : The explanation of operating results for the 1st quarter 2017
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31st March 2017, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 110 million which was Baht 79 million lower when compared to the same period last year.

Total revenue for the three-month period decreased by Baht 296 million as compared to the same period last year due largely to the following:

- Revenue from hotel operations which comprise of hotel, golf and retail operations decreased by Baht 8 million. The performance of Banyan Tree Bangkok, Banyan Tree Phuket and Angsana Laguna Phuket improved over the same period last year but this was eroded by the decline in Gallery sales.
- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships decreased by Baht 293 million. The difference is largely attributed to the revenue recognition of two property sales projects namely Cassia Phuket and Laguna Park which was lower when compared to the same period last year when the two projects were completed and benefitted from the recognition of a backlog of sales from prior years. At the time of this report, there is a total of Baht 2,339 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing increased by Baht 5 million due largely to the increase in rental and service fee rate of Thai Wah Tower I and property tax reimbursement was charged in the 1st quarter as compared to last year which was charged in 2nd quarter.

Total expenses decreased by Baht 154 million as compared to the same period last year which is generally caused by the following:

- Cost of hotel operations decreased by Baht 6 million which is in line with the lower hotel revenue.
- Cost of property development operations decreased by Baht 197 million as lower property sales were recognized during the period.

- Cost of office rental operations increased by Baht 2 million as property tax was charged in the 1st quarter as compared to the prior year which was charged in the 2nd quarter.
- Selling expenses decreased by Baht 3 million as a result of lower hotel selling expenses.
- Administrative expenses increased by Baht 50 million due mainly to an increase in loss on exchange rate, rental expenses, staff costs and legal fees. This is partly mitigated by a decrease in utilities costs and allowance for doubtful debts.

Share of loss from investment in associates decreased by Baht 15 million and this relates to the profit from Thai Wah PLC. (the Company started to take equity from January 2017) and the loss of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost decreased by Baht 4 million as compared to the same period last year as interest rate was lower but partially offset by higher loan balances in the current period.

The lower profit in the current period resulted in a Baht 38 million decrease in Income tax expenses as compared to the same period last year.

Profit attributable to non-controlling interests of the subsidiaries decreased by Baht 6 million which is primarily caused by the lower profit of Gallery sales operations and Laguna Service Co., Ltd.

For the reasons stated above, the company made a lower of profit as compared to the same period last year.

Sincerely Yours,

(Mr. Kuan Chiet)

Vice President – Finance & Administration