

27th April 2020

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Colombo Stock Exchange
04-01 West Block
World Trade Centre
Echelon Square
Colombo 01

Attn: Mr. Renuke Wijeyawardhane
Chief Regulatory Officer

Dear Sirs,

THE LIGHTHOUSE HOTEL PLC – CORPORATE DISCLOSURE

With reference to your Circular dated 20th April 2020, we hereby disclose the following regarding our business/operations in view of the ongoing COVID-19 pandemic as discussed at a meeting of the Board of Directors on 2nd April, 2020.

The impact of COVID-19 pandemic on the business/operations of the company

The impact of COVID-19 pandemic on our business is unprecedented. Almost all operational revenue streams are ceased and any indication of when we may resume operations are highly contingent on a number of local as well as international developments with regard to the battle against the pandemic.

Currently, all hotels are operating with zero occupancy except Hotel J – Unawatuna with minimum occupancy.

In an environment where airport closures, global travel bans, and all measures taken to control the spread of COVID-19 cripple the tourism industry, it is then that we are driven back to our values which are based on the fundamental that people come first. Therefore, as a company bound to face the brunt of the virus, we understand the importance of the safety measures implemented by world leaders and therefore respectfully accept the current hibernation phase for tourism.

The company's response to the impact of the COVID-19 pandemic

In preparation for the said period of hibernation, the board has understood the importance of maintaining the sustainability of the company, its hotels and its workforce and have therefore formulated a strategy to guide the company during this period. As such, we have

taken steps to curtail fixed costs whilst continuously enacting stringent protocols to minimize other direct costs.

Our strategy in this regard is threefold, considering internal stakeholders, external stakeholders and our valued guests, whilst striving for fairness and transparency in all actions.

On an external front, we have requested banks for debt moratoriums and working capital loans as per the Central Bank guidelines, which would give us comfort in managing future cashflows of the business.

Likewise, internally we have been in discussion with each of our hotels, where we have reinforced our commitment to our employees and for that reason we have proposed a voluntary reduction of basic salary and allowances. These measures have been implemented on a staggered basis in proportion to total compensation, with the top level being encouraged to forgo up to 50% of their compensation whilst the lowest level employees are shielded from any such voluntary deductions.

In addition to managing the financial impact of COVID-19, we have also put in place strict guidelines for future hotel operations based on the advice of the *World Health Organization* and the Ministry of Health and Indigenous Medical Services (*Getting your workplace ready for COVID-19: OPERATIONAL GUIDELINES ON PREPAREDNESS AND RESPONSE FOR COVID-19 OUTBREAK FOR WORK SETTINGS*).

The company's expectation of the future impact of COVID-19 on the company's future operations and the financial condition.

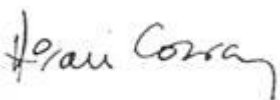
In the short-term, it is difficult to predict the impact of COVID-19 as there remains many unknowns. We are preparing to handle the emerging changes in customer behaviour by initiating training programs to enable our associates to welcome future travellers, both local and international. We will also utilize existing banking facilities in order to mitigate cash outflows.

In the medium to long term, we are taking a much more optimistic view. We believe that Sri Lanka is one of the better placed destinations for a wide range of travellers.

Despite many assumptions that could be made in the long term to predict the impact of COVID-19, there are many unknowns which could potentially result in a paradigm shift. As such, the sole comparison we wish to present is our performance following the incidents of April 2019, where Jetwing Lighthouse displayed tremendous resilience by outperforming its peers in many aspects.

With Jetwing's sharp focus on the Industry, the long years of experience in many facets of it, and the eclectic team of experienced associates, we believe we are well positioned to adapt and innovate for the next normal when this hibernation ends

Yours faithfully,



Chairman
Hiran Cooray