



26th June 2020,

Mr. Renuke Wijayawardhane,
Chief Regulatory Officer,
Colombo Stock Exchange,
04-01, West Block, World Trade Centre,
Echelon Square,
Colombo 01.

Dear Sir,

**RE: 'CORPORATE DISCLOSURE GUIDANCE NOTE' TO BE MADE ON THE
IMPACT OF COVID -19**

This is with reference to your letter dated 09th May 2020 and the CSE circular dated 20th April 2020 (Circular No 06-04-2020) regarding the disclosures to be made by Listed Companies on the impact of COVID -19.

Impact to Sri Lankan Tourism Industry.

Leisure industry is considered as one of the main industries affected by the COVID-19 outbreak. The sector is experiencing a rapid and sharp drop in demand at global level. With the closing down of airports and the quick spread of the virus across countries, both domestic and foreign demand reached zero level. The lockdown effects within the country has hampered the interim businesses from the local market and recovery will largely depend on how fast economic activity picks up internally and reopening of borders and the recovery of key market segments. With the assistance of Sri Lanka Tourism Development Authority (SLTDA), the government has formulated short term and long-term plans to rebuild the industry.

Impact to Palm Garden Hotels PLC and Palm Group.

As a separate legal entity, Palm Garden Hotels PLC is not having an immediate direct impact, due to COVID 19 pandemic, since the Company is not an operating hotel.

Please refer the below table for the nature of operations and the principal place of business of the subsidiaries, which are consolidated at Palm Garden Hotels PLC level.

No	Name of the Company	Nature of operations	Principal place of business
01	Eden Hotel Lanka PLC	Operating Hotel	Aluthgama
02	Dickwella Resorts (Pvt) Limited	Operating Hotel	Dickwella
03	Green Paradise (Pvt) Limited	Operating Hotel	Dambulla
04	Sun and Fun Resorts Limited	Operating Hotel	Passikudha
05	Riverina Resorts (Pvt) Limited	Under Construction	Aluthgama
06	Bodufaru Beach Resort (Pvt) Limited	Under Construction	Republic of Maldives
07	Browns Ari Resort (Pvt) Limited	Under Construction	Republic of Maldives
08	Browns Raa Resort (Pvt) Limited	Under Construction	Republic of Maldives
09	Browns Kaafu N Resort (Pvt) Limited	Under Construction	Republic of Maldives

A) Impact Assessment to Local Hotels.

Eden Hotel Lanka PLC, Dickwella Resorts (Pvt) Limited, Green Paradise (Pvt) Limited and Sun and Fun Resorts Limited, are representing the leisure sector of the Palm Group. These hotels have temporarily suspended its commercial operations and are currently closed for guests. However, essential functions are carried out with a skeleton staff to maintain the hotels required levels.

Europe, Russia, India, China, UK, Germany are the main market segments for these hotels. The management has considered short to medium term strategies for all the properties and is currently in the process of operating these properties as quarantine hotels which will support cashflows. The management is in constant dialog with Foreign Tour Operators (FTO's) and local Destination Management Companies (DMC's), to ascertain the current market conditions of the target market segments. Even though the industry is having a temporary drawback, those local and foreign tour operators are positive for the medium term with a possible opening of airports. Several Foreign Tour Operators are in discussion to finalize contracts for the upcoming winter season.

Impact analysis for Debtors Collection

With the COVID 19 pandemic, debt recovery slowed down. However, Group has a robust collection process, which prompts active engagement with the local and foreign tour operators and regular follow ups. Evaluations are regularly carried out on the outstanding debtor balances. Proactive decisions are made to improve the debtor collection process. The Group will make provisions if the need arises depending on the collection process.

Expense management initiatives are undertaken at each hotel level and the operations are limited to the minimum required level with staff following all the rules and regulations imposed by health organizations and the government, as precautionary measures at all locations.

The Directors have made an assessment of the Company's/ Group's ability to continue as a Going Concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainty that may cast a significant doubt upon the Company's/Group's ability to continue as a Going Concern and they do not intend either to liquidate or to cease operations of the Company and subsidiaries of Palm Group.

B) Impact Assessment to Foreign Investments.

Palm group made significant investments in Maldives to expand its local presence globally. These strategic investments are currently under construction and is expected to deliver better results upon completion of construction, which will increase the overall value proposition and shareholder value of Palm Garden Hotels PLC and Palm Group.

Apart from the operational aspect, we assure our investors that, all measures will be taken by the Entity to safeguard/maintain their investment and the confidence placed in the Company under the present circumstances.

We also confirm that the Company has informed its Directors, Key Management Personnel and other related parties who have access to unpublished price-sensitive information to take additional precautions in the event such parties intend to trade Palm Garden Hotels PLC shares during the delayed period of information submission.

Thank you

Yours faithfully,

for and on behalf of Palm Garden Hotels PLC



LOLC Corporate Services (Pvt) Ltd
Secretaries