

Mr. Renuke Wijayawardhane,
Chief Regulatory Officer,
Colombo Stock Exchange,
#04-01, West Block,
World Trade Centre,
Echelon Square,
Colombo 1.

Dear Sir,

IMPACT OF COVID-19 PANDEMIC ON SERENDIB HOTELS PLC

With reference to your Circular dated 20 April 2020, we hereby disclose the following with regard to our business/operations in view of the ongoing COVID-19 pandemic.

We wish to bring to your attention that the outbreak of COVID-19 pandemic has brought about an unprecedented impact to Serendib Hotels PLC as it has in the global travel and tourism industry. With the disruptions to global travel and restrictions in place, the travel and tourism industry is experiencing major evolving challenges. While definitive conclusions cannot be made at this point in time, we are in the process of understanding the significant impact and challenges to the Company. In the meantime, the Company has taken strict measures in compliance with the directives issued by the Government of Sri Lanka (GoSL) to ensure health and safety of our employees and guests.

Our Response to COVID-19

Health and safety of our staff and hotel guests is top priority. As a result, Club Hotel Dolphin, Hotel Sigiriya, Avani Bentota Resort and Lantern Boutique Collection remains closed indefinitely until such time the country returns to normalcy with strict safety measures in place. Since the temporary closure of the properties on 28th March 2020 guests were safely removed from the property whilst stringent health and safety measures were actioned within the premises in accordance with guidelines set out by World Health Organization and Ministry of Health.

As our way of giving back to the community and nation, Club Hotel Dolphin was offered as a quarantine centre to the GoSL as a relief effort to fight the crisis at no cost to the government. The quarantine centre is being operated under the supervision of Sri Lanka Army with our staff currently running back of the house functions. The quarantine centre is currently dedicated for doctors, nurses and other healthcare workers who have been exposed to suspected COVID-19 patients and the Sri Lanka Armed Forces returning from overseas operations.

With our brave and dedicated team supporting the Sri Lanka Army, we hope to continue our service to support the national effort in fighting COVID-19.

With international and local travel restrictions issued, the hotels saw a zero to minimum occupancy resulting in the decision to temporarily close the properties. The escalating situation of COVID-19 in the European region has a direct impact as most of our source markets are from the European Union. As such the temporary closure of the properties will continue until global travel normalizes.

To mitigate the progressive challenges, our focus primarily is re-rationalizing the overhead structure. Several measures have been taken for cost containment including halting of discretionary expenditure, capital expenditure and recruitment to derive maximum efficiency in operations.

Future Outlook

During these challenging times we are relying on the dedication and resilience of our team who are researching and readying themselves to meet the demands of a possible transformed guest. Steps are being taken to position the hotels in a revised travel industry with new norms and trends. With the use of existing resources and services, alternative streams of revenue are being considered alongside the possibility of attracting new markets to meet the developing challenges.

With our committed team, we hope to overcome this global challenge by extending our fullest support to the nation.

Yours faithfully,



Shantha Kurumbalapitiya

Director/ MD

25th April 2020