



Browns Beach Hotels PLC

Co. Reg. No. PQ. 202

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10th May 2020

Mr. Renuke Wijayawardhane
Chief Regulatory Office
Colombo Stock Exchange
04-01, West Block
World Trade Centre
Colombo 1

Dear Sir

DISCLOSURE REGARDING IMPACT OF COVID-19

We refer to the circular no. 06-04-2020 issued by the Colombo Stock Exchange on 20th April 2020 and wish to make the following disclosures with regard to the impact of the COVID-19 pandemic on Browns Beach Hotels PLC:

1. The impact of COVID – 19 pandemic on the business/ operations of the Company

With the spread of the virus on a global scale in mid-March 2020 and rightly the stringent measures taken by the Government including the closure of the Katunayaka international Airport and lock down of the country, have compelled the temporary closure of the hotel.

2. The Company's response to the impact of the COVID – 19 pandemic

The property is currently being manned by a small team headed by the hotel General Manager to ensure security and safety of the property and to carry out regular maintenance and cleaning in order to maintain the buildings, plant and equipment and other assets in good order.

The management has assessed the impact on the performance and cashflows of the Company in the 1st quarter of the financial year and taken several measures to cut costs including voluntary salary reductions at all levels with minimum hardship to low income staff. Plans have been made to commence hotel operations to the domestic markets in Sri Lanka no sooner the climate is conducive for same.

The Company is also in discussion with the Banks to avail ourselves of the relief measures that have been recommended by the Central Bank to the industry including moratoriums on the servicing of debt. This would relieve the cash constraints during the next few months. The Company along with the rest of the industry in Sri Lanka is lobbying the Government for concessions to the hotel industry in order to help the Company sustain the payment of staff salaries until the hotel re-commences operations.

3. The Company's expectation of the future impact of COVID – 19 on the Company's future operations and financial conditions.

Due to the closure, the hotel is deprived of revenue and hence will report a loss in the 1st and 2nd quarters of the financial year 2020/21. However, the cost reduction methods being implemented, the freezing of

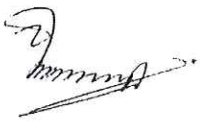
capital expenditure and the support offered by lenders would help to mitigate the adverse impact on the profitability and cashflow of the property.

The global situation is extremely volatile at present and since the impact of the pandemic on the Company's business is closely linked to the situation in Sri Lanka, the stability of the source markets and the international airline industry, an estimation of the medium to long term outlook may not be realistic at this stage. However, we will continue to monitor developments both locally and globally and take timely action to mitigate any risks to the financial stability of the Company.

We are working through a strategy to gradually reopen the properties once the airlines resume operations with minimal capacity.

Yours faithfully

BROWNS BEACH HOTELS PLC



Dr. Parakrama Dissanayake
Director