

Tor Hor D061/2006

10 August 2006

Subject: **Purchase of 17 Office Space Units in Thai Wah Tower I**

Attn: **President
The Stock Exchange of Thailand**

The Board of Directors' Meeting No. 4/2006 of Laguna Resorts & Hotels Public Company Limited (“**LRH**”), held on 10 August 2006, approved the purchase of 17 office space units (the “**Office Space Units**”) located in Thai Wah Tower I from Thai Wah Public Company Limited (“**TWC**”) by Thai Wah Plaza Limited (“**TWPL**”) at the total consideration at Baht 150,000,000.

The transaction is considered as a connected party transaction under the Stock Exchange of Thailand (“**SET**”) notification re: disclosure of information and acts of listed companies concerning the connected transactions, dated 19 November, 2003. The total value of the transaction is 2.09 percent of net tangible assets (“**NTA**”) of LRH as disclosed in its financial statements as at 30 June 2006. The size of the transaction is higher than 0.03 percent but less than 3 percent of LRH’s NTA, LRH is therefore not required to obtain approval from its shareholders for entering into this transaction. LRH is nevertheless required to seek approval only from its Board of Directors and to report and disclose details of the transaction to the SET.

Remarks: As at 30 June 2006, 3 percent of LRH’s NTA is Baht 215,360,050.

The information memorandum of this transaction is prepared in accordance with the attached details.

Please be informed accordingly.

Yours faithfully,

Laguna Resorts & Hotels Public Company Limited

(Ms. Sirivan Skulkerevathana)

Director

Information Memorandum
Relating to the Acquisition of 17 Office Space Units located in Thai Wah Tower I
from Thai Wah Public Company Limited By Thai Wah Plaza Limited

The Board of Directors' Meeting No. 4/2006 of Laguna Resorts & Hotels Public Company Limited ("LRH") held on August 10, 2006 passed a resolution concerning the acquisition of 17 office space units located in Thai Wah Tower I from Thai Wah Public Company Limited ("TWC") by Thai Wah Plaza Limited (a subsidiary in which LRH indirectly holds 100% of the available shares through its wholly owned subsidiary (100%), TWR-Holdings Limited ("TWRH"). The transaction is considered a connected transaction and the details of which are as follows:

1. Date of approval

August 10, 2006

Expected date on which the transaction to be occurred

No later than November 30, 2006

2. General explanation regarding the nature of the transaction

TWC agrees to sell and TWPL agrees to purchase 17 strata-titled office space units (the "Office Space Units") located in Thai Wah Tower I, No. 21 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand ("Thai Wah Tower"). The details of the transaction appear in 3. below.

3. Details of the transaction

• **Description of Office Space Units**

The Office Space Units comprise of the units detailed below:

No.	Floor no.	Registered Unit No.	Floor Area (Sq.m.)
1	19	21/63	458
2	19	21/64	456
3	20	21/65	304
4	20	21/66	297
5	21	21/67	599
6	22	21/68	319
7	1	21/69	81
8	1	21/70	46

No.	Floor no.	Registered Unit No.	Floor Area (Sq.m.)
9	1	21/71	81
10	1	21/72	56
11	1	21/73	42
12	1	21/74	42
13	2	21/75	78
14	5	21/76	158
15	5	21/77	48
16	Basement	21/78	1,008
17	Basement	21/79	981

Some of the Office Space Units are currently used by TWC and others are leased to LRH and/or its subsidiaries and third party tenants.

Subject to the Sale & Purchase Agreement to be entered into by TWPL and TWC, the purchase of the Office Space Units is subject to the following conditions:

- (a) the purchase price shall not be adjusted to reflect the increase or decrease in the actual area as compared to the area specified in the title deed of each Office Space Unit;
- (b) The Office Space Units are currently mortgaged to TWC's creditors which shall be released prior to the completion of the transaction;
- (c) The lease of the Office Space Units which are currently used by TWC for office operation shall be concluded between TWPL and TWC and TWC shall obtain approval from the Bankruptcy Court or otherwise so as to be able to enter into any agreements relating to the lease of those Office Space Units with TWPL and to make payment of any rents or service fees associated with such agreements;
- (d) TWPL shall assume the rights and obligations under the existing leases between TWC and the lessees, provided that TWPL has been provided with the details of the leases which have been entered into prior to 20 July 2006, and any new lease or amendment to or renewal of the existing lease to be made after 20 July 2006 shall be subject to TWPL's prior written consent; and
- (e) TWC shall not enter into any negotiation or arrangement with any other parties (other than TWPL) with a will to dispose of any of the Office Space Units by way of sale or otherwise.

TWPL and TWC will negotiate and enter into the Sale & Purchase Agreement which is expected to be executed within the third quarter of 2006.

- **The use of such Office Space Units**

TWPL currently owns a number of office premises in Thai Wah Tower, which are all leased, and the acquisition of the Office Space Units will further supplement its ownership in Thai Wah Tower. Some of the Office Space Units will continue to be used by LRH and TWC as office premises and in the future some may be used by Banyan Tree Bangkok as part of their hotel operations. The Banyan Tree Bangkok hotel is owned by TWPL and is located next to Thai Wah Tower I.

- **The basis used to determine the value of consideration**

The value of the consideration was agreed by both parties after arm's length negotiations on the basis of a willing and able buyer and a willing and able seller and taking into consideration average selling prices of office premises transacted in Bangkok.

- **The total value of the consideration and condition of payment**

The entire consideration for the Office Space Units is Thai Baht One Hundred and Fifty Million (THB 150,000,000) provided that this consideration shall be payable in cash and only upon the completion of the conditions set out in the Sale & Purchase Agreement to be entered into between TWPL and TWC.

Any costs associated with transfer of the Office Space Units including transfer fee, duty stamp, and taxes arising from the transfer (if any) shall be borne by TWPL.

- **Source of fund**

TWPL is exploring three options for the source of fund for this acquisition. The options are either entirely funded by a loan from TWPL's major shareholder, TWRH or entirely funded by a loan from a financial institution(s) or the combination of both options depending on which option will be more economical to TWPL and meet the requirement of a financial institution(s).

Expected Terms and Conditions of Loan from TWRH

Interest Rate: TWRH's average cost of funds + 1.10 %

Repayment date: Not more than 10 years

Expected Terms and Conditions of Loan from Financial Institution(s)

Interest Rate:	MLR or lower
Repayment date:	Not more than 10 years
Collateral:	Mortgage of the acquired Office Space Units as to be requested and negotiated with the financial institution(s).
Covenants:	It is possible that the loan agreement with the financial institution(s) will contain the restriction on dividend payment by TWPL.

4. Name of connected persons who are contractual parties

TWC is TWPL's connected person because TWC is major shareholder of LRH who holds 100% of the available shares through its wholly owned subsidiary (100%), TWRH, in TWPL.

The shareholding interest of TWC in LRH and that of LRH and TWC in TWPL appear in 5. below.

5. Characteristics and scope of interests of connected persons when agreeing to enter into this connected transaction

TWC is LRH's major shareholder holding 34.78 percent of LRH's total issued shares.

TWPL, LRH's wholly owned subsidiary holding 100 percent of TWPL's total issued shares through its wholly owned subsidiary (100%), TWRH.

6. Directors who have interests and/or directors who are connected persons who have no right to vote and did not present when the approval of the transaction is being considered at the Board of Directors' Meeting

Mr. Ho Kwon Ping, Mr. Surapon Supratya and Mr. Kuan Chiet who are also Class A Directors of Thai Wah Group Planner Company Limited, the Plan Administrator of TWC, did not attend and vote in the LRH's Board of Directors' Meeting held on August 10, 2006 that approved the purchase of Office Space Units from TWC by TWPL.

7. **Opinion of the Board of Directors and the Audit and Risk Committee concerning a decision to enter into this transaction**

The Board of Directors and the Audit and Risk Committee are of the opinion that the purchase of the Office Space Units be approved as the purchase price has been negotiated

on an arm's length basis between a willing and able buyer and a willing and able seller and is also made under the normal commercial terms.

In view that TWPL already owns a number of office units in Thai Wah Tower and they are all currently occupied, the acquisition of the Office Space Units will further strengthen TWPL's ownership position in Thai Wah Tower and also provide flexibility to LRH in terms of office and hotel space requirements.

To the extent of LRH's 100% ownership in TWPL through its wholly owned subsidiary of TWRH, LRH has an interest in all of the potential profits, if any, generated by TWPL and in the profit generated from the operation of the Banyan Tree Hotel.

Signed _____ Authorized Signature

(Ms. Sirivan Skulkerevathana)

Laguna Resorts & Hotels Public Company Limited