

-TRANSLATION-

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of Laguna Resorts & Hotels Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Opinion of the Independent Financial Advisor Concerning the Disposition of Assets of Laguna Resorts & Hotels Public Company Limited

Date: 13 September 2010

Subject: Opinion of the Independent Financial Advisor Concerning the Disposition of Assets of Laguna Resorts & Hotels Public Company Limited

To: The Shareholders of Laguna Resorts & Hotels Public Company Limited

Re:

- 1) Resolution of the Board of Directors' meeting of Laguna Resorts & Hotels Public Company Limited No. 4/2010 and No. 5/2010 held on 10 August 2010 and 26 August 2010, respectively
- 2) Information Memorandum on the Disposition of Assets of Laguna Resorts & Hotels Public Company Limited dated 10 August 2010 and the amendment dated 26 August 2010
- 3) Form 56-1 of Laguna Resorts & Hotels Public Company Limited ending 31 December 2009
- 4) Financial Statements for the year ended 31 December 2007 - 2009 and Financial Statements for the 6 months period ended 30 June 2010 of Laguna Resorts & Hotels Public Company Limited
- 5) The asset appraisal report on the assets of Dusit Thani Laguna Phuket by Knight Frank Chartered (Thailand) Company Limited as of 2 August 2010
- 6) The Article of Association, Affidavit, the information from the interviewing with the management and other documents from Laguna Resorts & Hotels Public Company Limited

Disclaimers:

- 1) The study results of Capital Advantage Company Limited ("CapAd" or "independent financial advisor") in this report were based on information and assumptions provided by the management of Laguna Resorts & Hotels Public Company Limited and the information of the Company disclosed to the public on the websites of the Securities and Exchange Commission (www.sec.or.th) and the Stock Exchange of Thailand (www.set.or.th).
- 2) CapAd shall not be responsible for the profits or the losses, or any impacts resulting from this transaction.
- 3) CapAd conducted the study with knowledge, skills, and carefulness and on the basis of the professional ethics.
- 4) CapAd considers and provides opinion based on the situation and information at the present time. If such situation and information have been changed significantly, the study results in this report may be affected.
- 5) The study results providing for the shareholders of Laguna Resorts & Hotels Public Company Limited are the opinion on the reasonableness and appropriateness of the disposition of assets. It does not include the possibility or successfulness of assets disposition.

The Board of Directors' meeting of Laguna Resorts & Hotels Public Company Limited (the "Company" or "LRH") No. 4/2010 held on 10 August 2010 passed a resolution to appoint Capital Advantage Company Limited ("CapAd" or "independent financial advisor") to be the independent financial advisor in studying and providing the opinion on the disposition assets of Dusit Thani Laguna Phuket ("DTLP"), which consists of land, buildings, plant and machinery, furniture, fixtures and equipments, and inventories owned by LRH and its wholly-owned subsidiaries, by way of closed bid tender (the

"Disposition of Assets" or "Transaction") at the total consideration of Baht 2,620,000,000 (Two Billion Six Hundred and Twenty Million Baht). The independent financial advisor provides opinions on the reasonableness and appropriateness of the transaction and fairness of asset price to the audit committee and the shareholders of LRH as to opine on the decision to approve or not approve the Disposition of Assets.

The Transaction is considered to be a disposition of assets in accordance with the Notification of the Capital Market Supervisory Board No. Thor Jor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets, which refers to the Notification of the Board of the Stock Exchange of Thailand, Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004. Since the highest transaction size as calculated by the Net Profit After Tax Method is 92.43% of total latest 4-quarter net profit of LRH as shown in the consolidated financial statement of the Company, which is over 50%, it is classified as "Transaction Type 1", and therefore requires the disclosure of information to the Stock Exchange of Thailand ("SET") and the approval from the shareholders' meeting with a vote of not less than three-fourth of total voting right of shareholders who attend the meeting and are eligible to vote.

CapAd provides the opinion based mainly on the truth and completeness of the information and documents received from the Company as well as the interview with the management of the Company. We have considered such information thoroughly and reasonably according to the professional standards. Also, we have considered and reviewed, as carefully as a person of ordinary prudence would do, the appraisal reports on the Company's assets prepared by Knight Frank Chartered (Thailand) Company Limited ("Knight Frank"), which is an independent appraiser accredited by the Thai Valuers Association and the Valuers Association of Thailand.

After studying all information and documents of the Company together with all other relevant information, CapAd would like to summarize our opinion as follows:

Executive Summary

CapAd has an opinion that the disposition assets of Dusit Thani Laguna Phuket (DTLP), which consists of land, buildings, plants and machineries, furniture, fixtures and equipments, and inventories owned by LRH and its wholly-owned subsidiaries by way of closed bid tender at the total consideration of Baht 2,620 million, to Dusit Thani Plc. ("DTC") is reasonable and benefits the Company as well as the shareholders of the Company. This is because the Disposition of Assets will reduce the Company's investment portfolio in Phuket and its reliance on revenues from Phuket. LRH will also have higher liquidity from the sale proceeds from the Transaction and realize profit from the Disposition of Assets.

Moreover, LRH will have the opportunity to use the proceeds to invest in a hotel or hotel-related project located outside Thailand which will increase the investment opportunity of the Company and/or repay bank loans and/or pay dividends to the shareholders of the Company. Even though the amount of the proceeds to be allocated to each of the uses has not yet been determined by the Company's Board of Directors ("BOD"), it shall carefully be determined by the BOD as to maximize benefits of the shareholders as follows: (1) for an investment in a hotel oversea, the investment criteria shall be determined and, if necessary, the Company may appoint a hotel consultant or expert to conduct the feasibility study and provide the advice, and/or (2) repay bank loan to reduce the financing cost of the Company, and/or (3) pay dividends to the shareholders.

However, during the period after the Disposition of Assets until the Company makes a new hotel investment (or until the new investment begins to generate revenues and profit), the Company's revenues and net profit will decrease. The buyer of the disposed assets will also become a new competitor of LRH in the hotel business. Additionally, if the Company does make an investment overseas, it will have risks from new investment outside Thailand including return risk, country risk and exchange rate risk.

Furthermore, the Company has not yet clarified the use of proceeds from the Disposition of Assets. Therefore, there is a risk to the shareholders that revenues and profit of the Company will decline for a period of time. There is also uncertainty for the return from the unclear use of proceeds from the Disposition of Assets.

In regards to the disposal price by way of closed bid tender with the final offering price by DTC of Baht 2,620 million, CapAd is of the opinion that the selling price of the DTLP is considerably reasonable. The selling price is higher than the appropriate value of the disposed assets valued by the independent financial advisor based on the Adjusted Book Value Approach and the Discounted Cash Flow Approach, which is between Baht 1,910.69 – 2,386.03 million. These two approaches could reflect the fundamental value of the disposed assets and also take into the account the historical performance and the future growth prospects of the hotel business under the current situation and assumptions.

Based on the reasons illustrated above, CapAd has an opinion that shareholders of LRH should approve the Disposition of Assets. However, the final decision as to whether to approve the Transaction should be made at the shareholders' own discretion. The Company's shareholders should study information in the documents sent with the invitation to Extraordinary General Meeting of Shareholders No. 1/2010 before making any decision.

Details of the independent financial advisor's opinion are described as follows:

1. Details and Characteristics of the Disposed Assets

1.1 Background and Objectives of the Transaction

The Board of Directors meeting of Laguna Resorts & Hotels Public Company Limited (the "Company" or "LRH") No. 4/2010 and No. 5/2010 held on 10 August 2010 and 26 August 2010, respectively, passed a resolution to dispose assets of Dusit Thani Laguna Phuket ("DTLP"), which consists of lands, buildings, plants and machineries, furniture, fixtures and equipments, and inventories, by way of closed bid tender. At present LRH has owned 6 hotels which consist of (1) Dusit Thani Laguna Phuket, (2) Laguna Beach Resort, (3) Sheraton Grande Laguna Phuket, (4) Banyan Tree Phuket, (5) Laguna Holiday Club Resort, and (6) Banyan Tree Bangkok. The total revenues of the 5 hotels in Phuket in 2009 contributed to 82% of the total revenues of the 6 hotels owned by LRH. Consequently, revenues of LRH depend significantly on the hotel business in Phuket. This causes investment risk to the Company if there is any event that affects the hotel and tourism industry in Phuket.

The global financial crisis which started in 2008 and the ensuing global recession severely impacted the tourism and hotel industry in Thailand as a whole and LRH's hotels and other tourism related businesses in Laguna Phuket were not spared. The global financial meltdown was exacerbated by the prolonged Thai political turmoil which deterred tourists who could afford the luxury of travel during the recession from selecting Thailand as their holiday destination. These unfortunate events in the last two years exposed the Company's vulnerability and confirmed the Company's concerns that it has too much exposure in Phuket and in Thailand.

The Company's considered the alternatives to mitigate this risk, for example, increase the investment in the hotel oversea to reduce the revenue portion of hotels in Phuket comparing to total revenues. However, it is required high investment and takes time to achieve the purpose. Thus, the Company decided to dispose a hotel in Phuket in order to reduce the revenue portion of hotels in Phuket comparing to total revenues of the Company.

The Company decided to dispose DTLP based on these reasons: (a) The financial performance of DTLP for the last 2 years was least affected by the world economic slowdown and the political instability in Thailand comparing to other 4 hotels in Phuket owned by the Company. Therefore, DTLP should be sold at the better price than other hotels. (b) DTLP is the oldest hotel with more than 20-year operation. Thus, it requires high renovation expenses.

As a result, the disposition of assets of DTLP will help to reduce the Company's investment portfolio in Phuket. The Company plans to use the net proceeds from the Disposition of Assets to invest in a hotel or hotel-related project located outside the borders of Thailand, repay bank loans, and/or pay dividends to the shareholders. The amount of the proceeds to be allocated to each of the uses shall be determined by the BOD of the Company. The overseas investment is aimed at diversifying the Company's present operations in Phuket which presently forms the majority of the Company's revenue.

The BOD meetings on 10 August 2010 and 26 August 2010 passed the resolution for the Disposition of Assets and thereby approved to further propose the Disposition of Assets to the shareholders' meeting for consideration and approval. The Extraordinary General Meeting of Shareholders ("EGM") of LRH No. 1/2010 will be held on 7 October 2010 to approve the Disposition of Assets of DTLP.

1.2 Type and Size of Transaction

The BOD meetings No. 4/2010 and No. 5/2010 held on 10 August 2010 and 26 August 2010, respectively passed the resolution for the disposition of assets of Dusit Thani Laguna Phuket, which consists of lands, buildings, plants and machineries, furniture, fixtures and equipments, and inventories as detailed in section 1.3, and thereby approved to further propose the Disposition of Assets to the EGM for consideration and approval.

The Transaction is considered to be a disposition of assets in accordance with the Notification of the Capital Market Supervisory Board No. Thor Jor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets, which refers to the Notification of the Board of the Stock Exchange of Thailand, Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004. The transaction size can be calculated as follows:

Criteria for calculation of the transaction size	Transaction size
Asset value	N/A (The disposed asset is not a securities, therefore no net tangible assets (NTA))
Net profit	(Baht 99.40 million / Baht 107.55 million) 92.43%*
Value of consideration	(Baht 2,620.00 million / Baht 21,044.58 million) 12.45%
Value of securities issued for the payment	N/A (No securities issued)

Source: LRH

Note: The figures in the table can be derived as follows:

- The Criteria by Asset Value = [Net Tangible Assets (NTA) of DTLP / NTA of LRH] x Shareholding in DTLP
Which Net Tangible Assets (NTA) = Total Assets – Total Liabilities – Intangible Assets – Minority Interests
- The Criteria by Net Profit = [Net profit of DTLP / Net profit of LRH] x Shareholding in DTLP
 - Net profit calculates from the total net profit of the latest 4 consecutive quarters from 1 July 2009 to 30 June 2010
 - Net profit of DTLP excludes Dusit Thani Pool Villas. The figures were derived from the management accounts, which were used for the audited or reviewed financial statement of the Company. Net profit of the Company is net profit of equity holders of the parent company in the latest reviewed consolidated financial statement for the 6-month period ended 30 June 2010.
 - * Due to net profit of the latest 4 quarters were affected by the economic slowdown and the political instability in Thailand, the portion of net profit of DTLP comparing to total net profit of the Company was higher than normal situation. The historical net profit ratios are shown in section 3.3, page 24
- The Criteria by Value of Consideration = Proceeds from the disposition of DTLP / Total Assets of LRH
 - Total Assets of LRH was derived from the latest reviewed consolidated financial statement for the 6-month period ended 30 June 2010.

The highest transaction size as calculated by the Net Profit criteria (calculated from the reviewed and audited financial statement based on the total latest 4-quarter period net profit from 1 July 2009 to 30 June 2010) is 92.43%, which is over 50%. Thus, it is classified as "Transaction Type 1", and therefore requires the disclosure of information to the SET and the approval from the EGM with a vote of not less than three-fourth of total voting right of shareholders who attend the meeting and are eligible to vote.

1.3 Details of Disposed Assets

LRH will dispose assets of Dusit Thani Laguna Phuket as follows:

▪ Summary of Dusit Thani Laguna Phuket

Property Name	Dusit Thani Laguna Phuket (assets under LRH)
Location	Bang Tao Beach, Phuket 390/1 Moo1 Srisoonthorn Road, Cherngtalay, Thalang, Phuket 83110
Description of DTLP	<ul style="list-style-type: none"> • A 5-star luxury hotel comprising 226 rooms and various facilities in low-rise buildings (excluding 28 rooms of Dusit Thani Pool Villas*) • Situated on 6 contiguous land plots, totaling 33.66 rai or 13,462.7 sq. wah owned by LRH and its wholly-owned subsidiaries, Phuket Resort Development Limited ("PKRD") and Laguna Grande Limited ("LGL") • Facilities include six dining outlets, four conference rooms, business centre, spa, swimming pool, two tennis courts, retail shops, water sport centre, kids club, beachside and garden wedding venues, fitness centre, and car parking.
Asset Items	Lands, buildings, plants and machineries, furniture, fixtures and equipments, and inventories
Obligation	Lands and buildings are mortgaged to a local bank. The release of the mortgage is expected to be completed by the occurrence date of the Transaction.

Note: * Dusit Thani Pool Villas were initially operated as part of DTLP's hotel rooms since mid of 2008. Consequently, Dusit Thani Pool Villas are excluded from the disposed assets.

▪ Financial information

As DTLP is one of the businesses owned by LRH, DTLP does not have its own audited financial statement. The financial information is therefore based on management accounts and other financial information extracted from LRH's audited and reviewed financial statements. The details are as follows:

(Unit: Baht million)	As of 30 June 2010	As of 31 December 2009	As of 31 December 2008	As of 31 December 2007
Total assets ^(a)	1,024.27	1,096.85	1,818.18	1,870.28
Total liabilities ^(b)	98.82	143.21	119.71	126.07
	For the 6 months ended 30 June 2010	For the 12 months ended 31 December 2009	For the 12 months ended 31 December 2008	For the 12 months ended 31 December 2007
Total revenues ^(c)	264.72	425.64	474.65	510.59
Total expenses ^(c)	171.92	319.00	334.24	327.37
Profit before tax	92.80	106.64	140.41	183.22
Net profit ^(d)	69.33	79.55	105.37	137.37

Source: LRH

Note: (a) Includes cost of land which are co-owned with subsidiaries of LRH

(b) Includes only accounts payable and other liabilities items, excluded bank loans because loans are not related to DTLP operation

(c) Excluded revenues and expenses from Dusit Thani Pool Villas

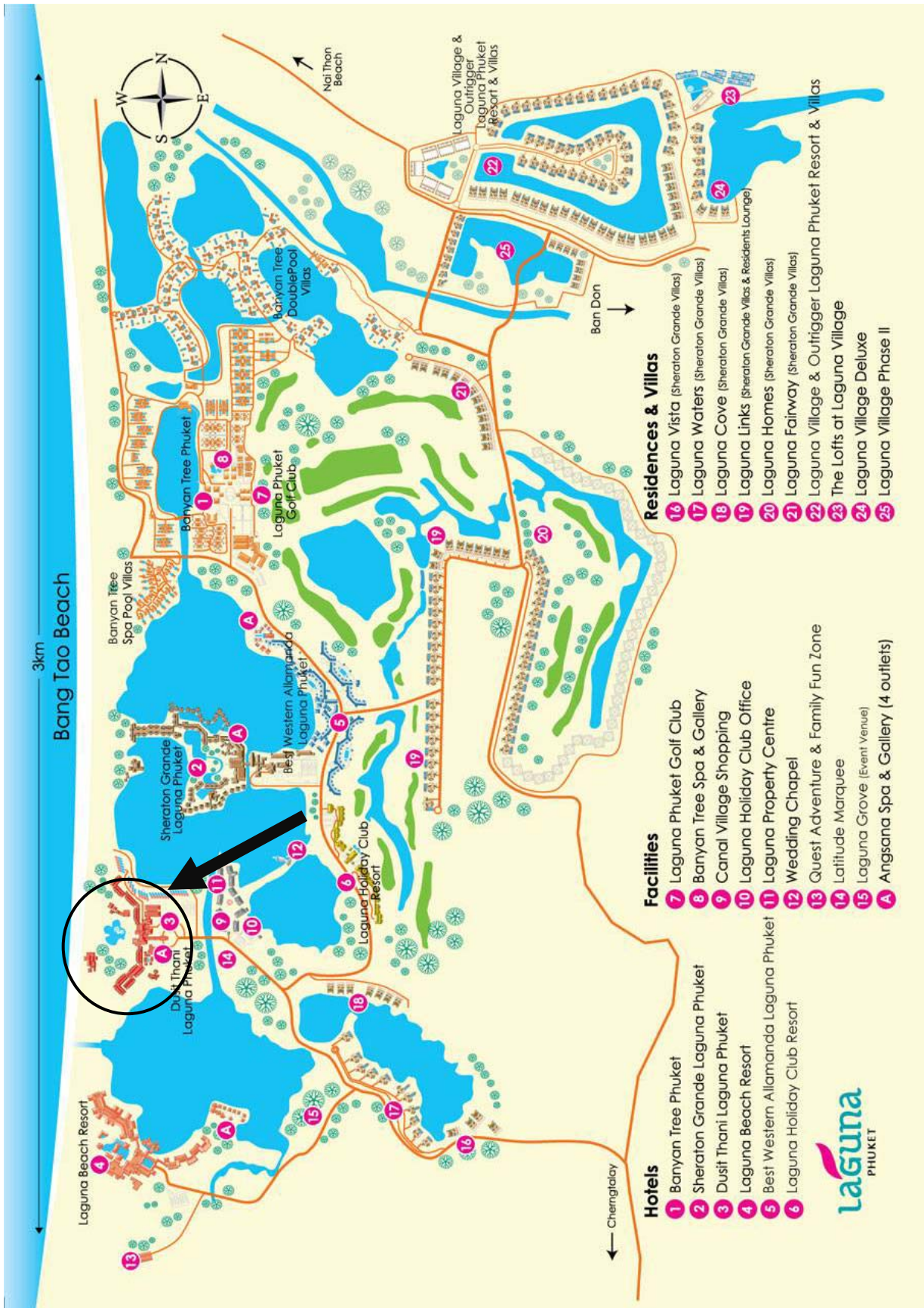
(d) After deducting corporate income tax from taxable profit at the rate of 25%

The historical revenues and expenses of DTLP were the best estimation by the Company. This is due to several accounting items of DTLP and Dusit Thani Pool Villas were historically not recorded separately as well as some accounting items are unable to clearly separate between DTLP and Dusit Thani Pool Villas. The Company, therefore, estimated such figures based on one of the following allocation criteria: (a) per available room, (b) per the proportion of revenues, (c) only record as DTLP items, or (d) only record as Dusit Thani Pool Villas items (Except for the revenues and expenses from Room Department, which have been recording separately). However, after the Disposition of Assets, the Company planned to separately record all accounting items of DTLP and Dusit Thani Pool Villas.

Map shows the location of DTLP and other hotels of LRH in Phuket



Map shows the location of DTLP and other hotels of LRH on Bangtao Beach



- Analysis of the Operating Performance and Financial Status of Dusit Thani Laguna Phuket

Operating Performance

Revenues

	For the 6 months ended 30 June 2010		For the 12 months ended 31 December 2009		For the 12 months ended 31 December 2008		For the 12 months ended 31 December 2007	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Room Revenues*	175.14	66.16	274.08	64.39	296.72	62.51	313.58	61.41
Food & Beverage Revenues	82.47	31.15	130.83	30.74	156.50	32.97	166.18	32.55
Other Revenues	7.11	2.69	20.73	4.87	21.43	4.51	30.83	6.04
Total Revenues	264.72	100.00	425.64	100.00	474.65	100.00	510.59	100.00

Source: LRH

Note: * Excluded revenue from Dusit Thani Pool Villas

For the 6-month period ended 30 June 2010, DTLP had total revenues of Baht 264.72 million, increased of Baht 35.58 million or increased 15.53% from the same period of 2009, which had total revenues of Baht 229.14 million. The increase of total revenues was mainly from the increase of room revenues and food & beverage revenues as a result of the recovery of the world economy, which resulted in the recovery of Thai tourism industry in the first half of 2010 despite the political turmoil during May - June 2010.

In 2009, DTLP had total revenues of Baht 425.64 million, decreased of Baht 49.01 million or decreased 10.33% from 2008. This is mainly due to the decrease of room revenues and food & beverage revenues as a result of the decrease of occupancy rate, which were badly affected by the continuing impact of the global economic downturn and local political instability.

In 2008, DTLP had total revenues of Baht 474.65 million, decreased of Baht 35.94 million or decreased 7.04% from 2007. This is mainly due to the decrease of room revenues and food & beverage revenues as a result of the impact of the global economic crisis and local political instability, and the decrease of other revenues of Baht 9.40 million or decreased 30.50% from 2007.

Expenses

For the 6-month period of 2010, DTLP had total expenses of Baht 171.92 million, increased of Baht 8.80 million or increased 5.39% from the same period of 2009. The increase of total expenses was mainly from the increase in hotel operating costs which was aligned with the increase of revenues from hotel operations as a result of the recovery of economy and tourism industry.

In 2009, DTLP had total expenses of Baht 319.00 million, decreased of Baht 15.24 million or decreased 4.56% from 2008. The decrease of total expenses was mainly resulted from the decrease of cost of hotel operations of Baht 22.43 million and increase of depreciation expenses of Baht 8.35 million, aligned with the decrease of revenues from hotel operations as a result of the economic recession and the decrease in payroll costs as caused by an introduction of unpaid leave scheme during the year.

In 2008, DTLP had total expenses of Baht 334.24 million, increased of Baht 6.87 million or increased by 2.10% from 2007. This was mainly due to the increase of depreciation expenses of Baht 10.40 million from new hotel facilities and room renovation costs.

Net Profit

For the 6-month period of 2010, DTLP had net profit of Baht 69.33 million, increased of Baht 19.85 million or increased 40.13% from the same period of 2009. This is due to the recovery of world economy, which resulted in the recovery of the Thai tourism industry despite the political demonstration during the 2nd quarter of 2010.

In 2009, DTLP had net profit of Baht 79.55 million, decreased of Baht 25.82 million or decreased 24.50% from 2008 as a result of the world economic recession and political instability, which cause the continuously decline in tourism industry since 2008.

In 2008, DTLP had net profit of Baht 105.37 million, decreased of Baht 32.00 million or decreased 23.30% from 2007 as a result of the world economic recession and political instability, which cause the decline in tourism industry.

Financial StatusAssets

As of 30 June 2010, DTLP had total assets of Baht 1,024.27 million, decreased of Baht 72.58 million or decreased by 6.62% from at the end of 2009. This is mainly due to a) the decrease of cash and cash equivalents, trade accounts receivable totaling of Baht 39.99 million, or decreased by 49.47%, and b) the decrease of fixed assets of Baht 26.79 million, or decreased by 3.11%.

At the end of 2009, DTLP had total assets of Baht 1,096.85 million, decreased of Baht 721.33 million or decreased by 39.67% from at the end of 2008 due to the decrease of fixed assets of Baht 716.21 million or decreased by 45.38% from at the end of 2008 as a result the changing value of hotel buildings and an office building from Income Approach to Depreciated Replacement Cost Approach. This was to comply with a new accounting guidance on asset valuation methods of the Federation of Accounting Professions.

At the end of 2008, DTLP had total assets of Baht 1,818.18 million, decreased of Baht 52.10 million or decreased by 2.79% from at the end of 2007, which had total assets of Baht 1,870.28 million. The decrease of total assets was mainly from the decrease of trade accounts receivable and fixed assets of Baht 17.20 million and Baht 28.99 million or decreased by 23.06% and 1.67%, respectively.

Liabilities

As of 30 June 2010, DTLP had total liabilities of Baht 98.82 million, decreased of Baht 44.39 million or decreased by 30.99% from at the end of 2009, mainly due to the decrease of trade accounts payable and other current liabilities of Baht 12.69 million and Baht 53.93 million or decreased by 26.32% and 23.64%, respectively.

At the end of 2009, DTLP had total liabilities of Baht 143.21 million, increased of Baht 23.50 million or increased by 19.63% from at the end of 2008, mainly due to the increase of trade accounts payable and other current liabilities of Baht 4.09 million and Baht 17.68 million or increased by 21.03% and 18.89%, respectively.

At the end of 2008, DTLP had total liabilities of Baht 119.71 million, decreased of Baht 6.35 million or decreased by 5.04% from at the end of 2007, which had total liabilities of Baht 126.07 million, mainly due to the decrease of trade accounts payable of Baht 8.94 million, or decreased by 31.50%

- Details of Assets

- 1) Land

6 contiguous land plots, totaling 33.66 rai or 13,462.7 square wah owned by LRH and its wholly-owned subsidiaries (PKRD and LGL), situated at Cherngtalay Sub-District, Talang District, Phuket Province, details as follows:

	Title Deed No.	Location	Owner
1	42109	Bang Tao Beach, Phuket	LRH
2	42110 (Partial, in 2 subdivided plots)	Bang Tao Beach, Phuket	LRH
3	5917	Bang Tao Beach, Phuket	LGL and LRH
4	11956	Bang Tao Beach, Phuket	LGL and LRH
5	5971 (Partial)	Bang Tao Beach, Phuket	PKRD and LRH

- 2) Building

	Description	Location	Owner
1	Low-rise buildings consisting of 226 rooms and facilities	Dusit Thani Laguna Phuket	LRH

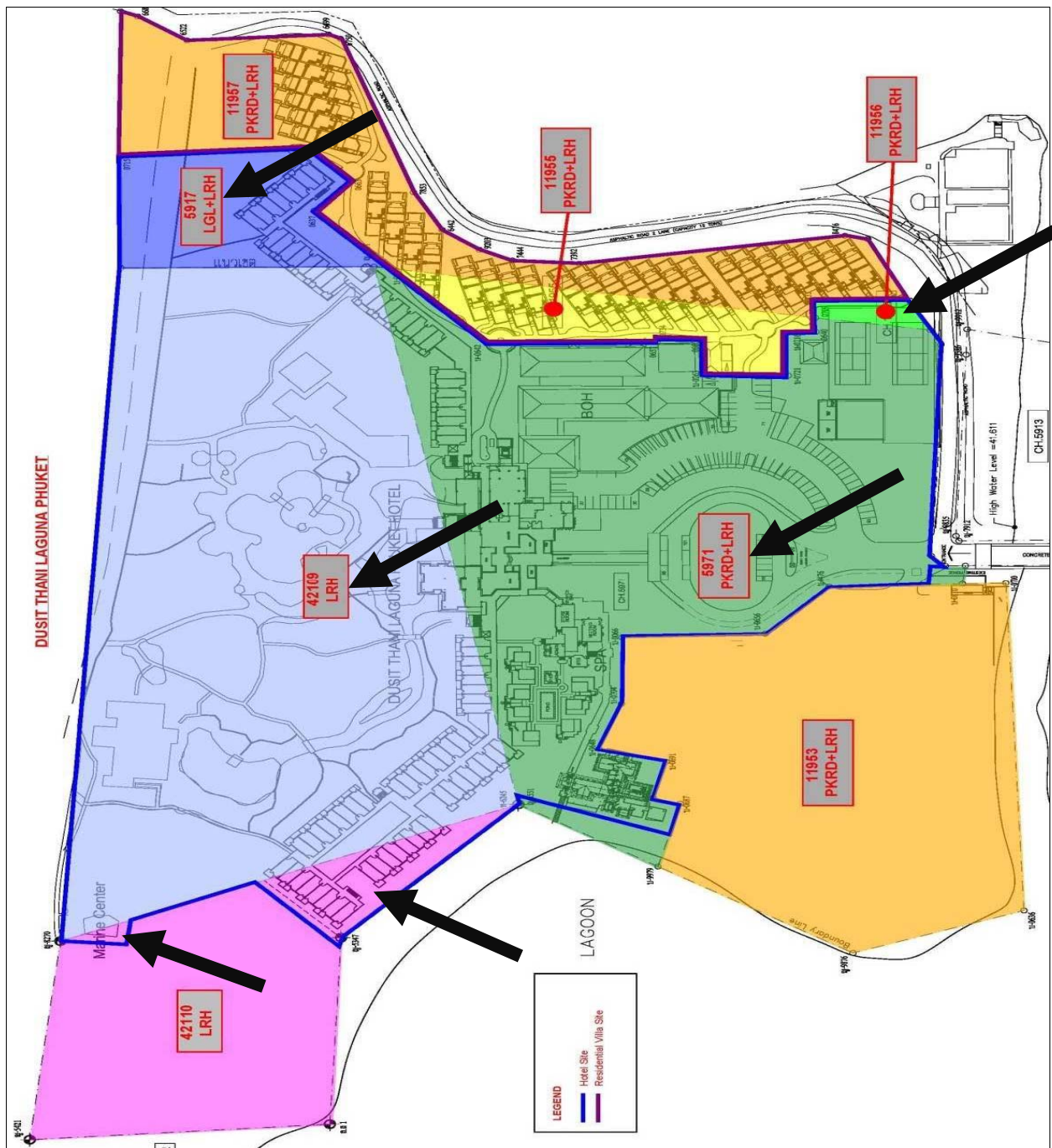
3) Plant & Machinery

	Description	Location	Owner
1	Power supply system, generators, air-conditioning systems, cold and hot water systems, waste water systems, fire protection systems, lifts, PABX system, MATV system.	Dusit Thani Laguna Phuket	LRH

4) Furniture, Fixtures and Equipment, and Inventories

	Description	Location	Owner
1	Furniture, fixtures, building improvements, equipments, and inventories used in the operations of DTLP.	Dusit Thani Laguna Phuket	LRH

Map shows land areas of Dusit Thani Laguna Phuket (DTLP)



- Value of Disposed Assets

As of 30 June 2010, the value of the disposed assets is approximately Baht 962.59 million (total book value of buildings, plants and machineries, furniture, fixtures and equipments, and inventories of DTLP is approximately Baht 417.30 million and total book value of lands on which DTLP is located and owned by LRH, LGL, and PKRD is approximately Baht 545.29 million).

Asset Items	Book Value (Baht million) as at 30 June 2010	
Land		545.29
• No. 42109	276.26	
• No. 42110 (Partial, in 2 subdivided plots)	12.54	
• No. 5917	33.72	
• No. 11956	3.20	
• No. 5971 (Partial)	219.57	
Others		417.30
• Buildings	292.11	
• Plants and machineries, furniture, fixtures and equipments, and inventories	125.19	
Total		962.59

1.4 Parties and Relation

- Seller : Laguna Resorts & Hotels Public Company Limited (LRH) and its wholly-owned subsidiaries, Phuket Resort Development Limited (PKRD) and Laguna Grande Limited (LGL).
- Buyer : Dusit Thani Public Company Limited, the successful bidder in the closed bid tender is not a connected party to the Sellers.

Note: Dusit Thani Plc. holds LRH shares for 0.75% of total paid-up capital as of 26 August 2010. Therefore, Dusit Thani Plc. is not eligible to vote in this Disposition of Assets agenda.

The Asset Purchase Agreement can be summarized as follows:

- The Seller shall be responsible to completely release all the current mortgages on DTLP building and hotel land before transferring assets to the Buyer.
- The Seller shall be responsible for any losses on lawsuits arisen on or before the Completion Date, and such payments shall be deducted from the Sales Price.
- The Seller shall be responsible for the Major Renovation Costs, which is approximately Baht 45 million. The renovation has begun and will be completed within September 2010.
- The Seller shall be responsible for the transfer of licenses to the Buyer at the Sellers' own cost.
- The Seller shall be responsible for severance payment required by law related to the termination of employment if hotel employees refuse to be transferred to the Buyer as of the Cut-off date.
- The Buyer shall be responsible for any fees and taxes related to assets transfer.
- The Sales Price is inclusive of the withholding tax of 1% of total Sales Price that the Buyer will pay or has paid. Any such tax withheld shall be deducted from the Sales Price.
- The Buyer and Seller shall be approved by the shareholders' meeting of each party to enter the Transaction.
- At the cut-off time, the Sellers and the Buyer shall conduct any required examinations, audits and inventories of the Hotel necessary to make the adjustments and proration to the Purchase Price. The adjustment items included outstanding equipments lease and service agreement, pre-paid license fee, cash on hand, pre-paid deposit for booking, rental agreements, room revenues, foods & beverages, and value added tax of guests who stay over cut-off time, utilities expenses, etc. Those items will be adjusted in the Purchase Price, which the Company estimated to be not more than Baht 5 million or 0.2% of the Purchase Price.

- The Buyer shall sign the attached agreements, for example, Laguna Service Agreement, Laguna Excursion Agreement, Laguna License Agreement, Management Agreement's Novation Agreement, Shared Facilities Agreement, and Laguna Phuket Charter.
- The Buyer shall register a number of servitudes to provide the convenience for the guests and facilitate business of Dusit Thani Pool Villas and to allow the Seller to access near-by lands it still owns and to access the beach.

1.5 Process for the Disposition of Assets

The Transaction was done by way of a closed bid tender of the assets. Jones Lang LaSalle (Thailand) Limited was appointed as the exclusive property advisor and marketing agent for the Disposition of Assets. Details of the bidding process are as follows:

Date	Process
26 April 2010	Appointed Jones Lang LaSalle (Thailand) Limited as the exclusive property advisor and marketing agent ("JLL").
31 May 2010	JLL commenced formal marketing and interested investors performed initial due diligence after signing the Company's confidentiality agreement.
7 July 2010	Deadline for the submission of Expression of Interests ("EOI") which is non-legal binding. A total of 7 bidders submitted EOIs.
8 July 2010	3 bidders were selected by LRH to go into the final round bid.
9 July 2010	The 3 successful bidders were advised accordingly and encouraged to conduct their final due diligence and to review the draft Asset Purchase Agreement ("APA") with the view of signing this agreement within several days if they are selected as the successful bidder.
6 August 2010	Deadline for the submission of final bid. 2 bidders submitted the binding proposals and the other confirmed the same price as indicated in its submitted EOI.
7 August 2010	Successful bidder selected by LRH based on the highest bid price.
10 August 2010	The Board of Directors of LRH approved for the APA to be signed with the successful bidder but the Disposition is subject to the approval by the shareholders of LRH.

The term of payment for the successful bidder is as follows:

- An initial amount equivalent to 10% of the Total Consideration or Baht 262,000,000 within 5 working days from the execution of the Asset Purchase Agreement;
- A further 89% of the Total Consideration or Baht 2,331,800,000 on 11 October 2010; and
- The final 1% of the Total Consideration or Baht 26,200,000 on the Completion Date of the Transaction. The Company expected that the Completion Date will be around 7 December 2010 or such other date as mutually agreed by the parties in writing which shall not be later than 30 December 2010.

1.6 Conditions of the Transaction

In accordance with the Notification of the Capital Market Supervisory Board No. Thor Jor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets, which refers to the Notification of the Board of the Stock Exchange of Thailand, Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004, the Transaction is considered to be a "Transaction Type 1" of the disposition of assets.

Therefore LRH is required to disclose information to the SET and the approval from the shareholders' meeting with a vote of not less than three-fourth of total voting right of shareholders who attend the meeting and are eligible to vote.

2. Information of Laguna Resorts & Hotels Public Company Limited

2.1 Background

Laguna Resorts & Hotels Public Company Limited (the Company or LRH) was formerly named Thai Wah Resorts Development Company Limited and founded in 1983. It shortly thereafter acquired a large parcel of land on the site of an abandoned tin mine at Bangtao Bay, Phuket, Thailand which was later developed to become the Laguna Phuket integrated resort complex. The Company's major shareholder is Banyan Tree Holdings Ltd., registered in Singapore. LRH has been listed on the SET since 1993. Head quarter of LRH is located at No. 21/11, 21/12 B, 21/13, 21/65 and 21/66, Thai Wah Tower I, 6th and 22nd floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2.2 Company Business

The key businesses of the Company are hotels, property development and office rental. The Company's major business investment largely revolves around the operation and management of the integrated resort of Laguna Phuket, located on the island of Phuket in Thailand, as well as its Banyan Tree Hotel and office tower located in Bangkok.

2.2.1 Hotel Operations

▪ Hotels

The Group has owned in 5 hotels in Phuket and 1 hotel in Bangkok all of which are top-tier and luxury properties. Each of the hotels offers deluxe and superior suites, exclusive villas and residences, bars and restaurants, swimming pools, fitness centers, meeting facilities, business centers, etc.

Hotel	Location	Opening year	Number of rooms	Owned by (% held by LRH)	Operator
Dusit Thani Laguna Phuket	Bangtao, Phuket	1987	226	LRH	Dusit Thani Public Company Limited
Laguna Beach Resort	Bangtao, Phuket	1991	254	LBC (50%)	LRH
Sheraton Grande Laguna Phuket	Bangtao, Phuket	1992	422	BGL (100%)	Sheraton Overseas Management Corporation
Banyan Tree Phuket	Bangtao, Phuket	1995	174	LBTL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Resorts & Spas (Thailand) Co., Ltd.
Banyan Tree Bangkok	Sathorn, Bangkok	2002 (purchased in 2005)	327	TWPL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Resorts & Spas (Thailand) Co., Ltd.
Laguna Holiday Club Phuket Resort	Bangtao, Phuket	2006	79	LHC (100%)	LRH

Note: Explanation of the company abbreviations is in page 15-16

Excluded Outrigger Laguna Phuket Resort and Villa, due it is the property project for sales with the guarantee return (former named Laguna village). The Company signed the management agreement with Outrigger, a resort management operator from Hawaii, USA, in order to manage the Company's properties in Laguna Village. This project is managed by Outrigger Hotel (Thailand) Co., Ltd.

The summary of each hotel's revenues can be shown as follows:

(Unit: Baht million)

Hotel	Revenues for 2009	%	Revenues for 6-month of 2010	%
Dusit Thani Laguna Phuket *	425.62	15.70	264.72	17.36
Laguna Beach Resort	308.80	11.39	201.97	13.25
Sheraton Grande Laguna Phuket	550.36	20.30	331.23	21.73
Banyan Tree Phuket	798.72	29.46	465.41	30.53
Banyan Tree Bangkok	589.44	21.74	253.30	16.61
Laguna Holiday Club Phuket Resort **	38.02	1.40	7.95	0.52

Source: LRH

Note: * Only revenue from hotel operation (excluded interest income) and excluded revenues from Dusit Thani Pool Villas

** Only revenue from hotel operation. However, due to most of Laguna Holiday Club Phuket Resort's revenues is from property sales, total revenues from hotel operation and other businesses of Laguna Holiday Club Phuket Resort are recorded under revenues from property sales category in the audited and reviewed financial statements.

▪ Hotel-related operations

Laguna Phuket is operated under an integrated resort concept, along with many hotel-related facilities which are also provided to support the concept.

Hotel-related operations	Opening year	Owned by (% held by LRH)	Type of business/ facilities
Laguna Service Company Limited	1991	LSC (89.2%)	Provides essential services such as laundry, water supply, inter-resort transport, landscaping, common area maintenance, marquee facilities, a gas station, staff transportation, centralised destination marketing and other centralised services for the Laguna Phuket hotels and ancillary operations.
Laguna Phuket Golf Club	1992	LGL (100%)	A resort style 18-hole, par-71 golf course
Quest Laguna Phuket Adventure	1994	LEL (100%)	A corporate training facility providing management groups with programs tailored to suit individual company goals. Quest also operates recreational programs for resort guests and children.
Canal Village Laguna Shopping	1994	LRH	A boutique shopping centre with more than 50 leased outlets, centrally located on 10 Rai of land within Laguna Phuket.
Banyan Tree and Angsana Gallery	1996	BTG(T) (51%), BTG(S) (51%), LBTG (51%)	A chain of retail outlets specialising in indigenous handicrafts and spa products. The chain has 16 outlets worldwide, 8 of which are located within the Laguna Phuket.
Laguna Wedding Chapel	2005	LRH	Thailand's first resort wedding chapel offering comprehensive wedding packages and well positioned to capture the lucrative Japanese and European wedding markets.
Laguna Tours	2007	LEL (100%)	Started operations by selling selected third parties' tours to Laguna Phuket guests. From mid 2008, Laguna Tours established its own operated tours offering speed boat tours and city tours, as well as offering luxury boat charters.

Note: Explanation of the company abbreviations is in page 15-16

2.2.2 Property Development Operations

▪ Property Sales

Property Sales offers a range of residential and vacation properties such as apartments, semi-detached and detached villas including hotel residences such as the high-end Dusit Thani Pool Villas and Banyan Tree Residences that are situated within a resort or hotel property. Investors in Laguna properties have the option to receive a return on their investment by joining a hotel management scheme and renting their properties to guests.

Project	Location	Type	Selling Price (Baht million)
Laguna Village	Phuket	Residence	32-38
		Deluxe Residence	55-60
		Townhome	19-20
		Deluxe Townhome	23-25
		Villa	13-15
The Loft at Laguna Village	Phuket	1 Bedroom	8-10
		2 Bedrooms	14-18
		Penthouse	31-35
Banyan Tree Phuket	Phuket	House with 2 swimming pools	80-110
		2-Bedroom House with swimming pool	60-70
		Grande Residence	120-125
Banyan Tree Bangkok	Bangkok	2 Bedrooms	25-42

▪ Estate Service Management

A vital differentiation from other property developers, Estate Service Management started operation in 2007 to provide services to the customers who buy properties within Laguna Phuket. The services comprise of pool maintenance, handyman services, ground and landscape maintenance, engineering services, and common area management.

▪ Holiday Club Business

Holiday Club operations are conducted through Laguna Holiday Club Limited for operations in Thailand and PT. AVC Indonesia for operations in Indonesia. Laguna Holiday Club commenced operations in 1998 selling memberships that entitle participants

to annual vacations at the participating member resorts of Laguna Holiday Club Phuket Resort, Best Western Allamanda Laguna Phuket, Sheraton Grande Laguna Phuket, Sheraton Private Pool Residences, Angsana Resort & Spa Bintan, Springfield Cha-am, Chiang Mai Twin Peaks, Boathouse Hua Hin, and View Talay Pattaya. Members also have access to over 4,000 resorts in more than 100 countries through reciprocal arrangements with RCI and Interval International. Laguna Holiday Club is now well established with 4 sales branches located in Laguna Phuket, Bangkok, Hua Hin, and Bintan (Indonesia).

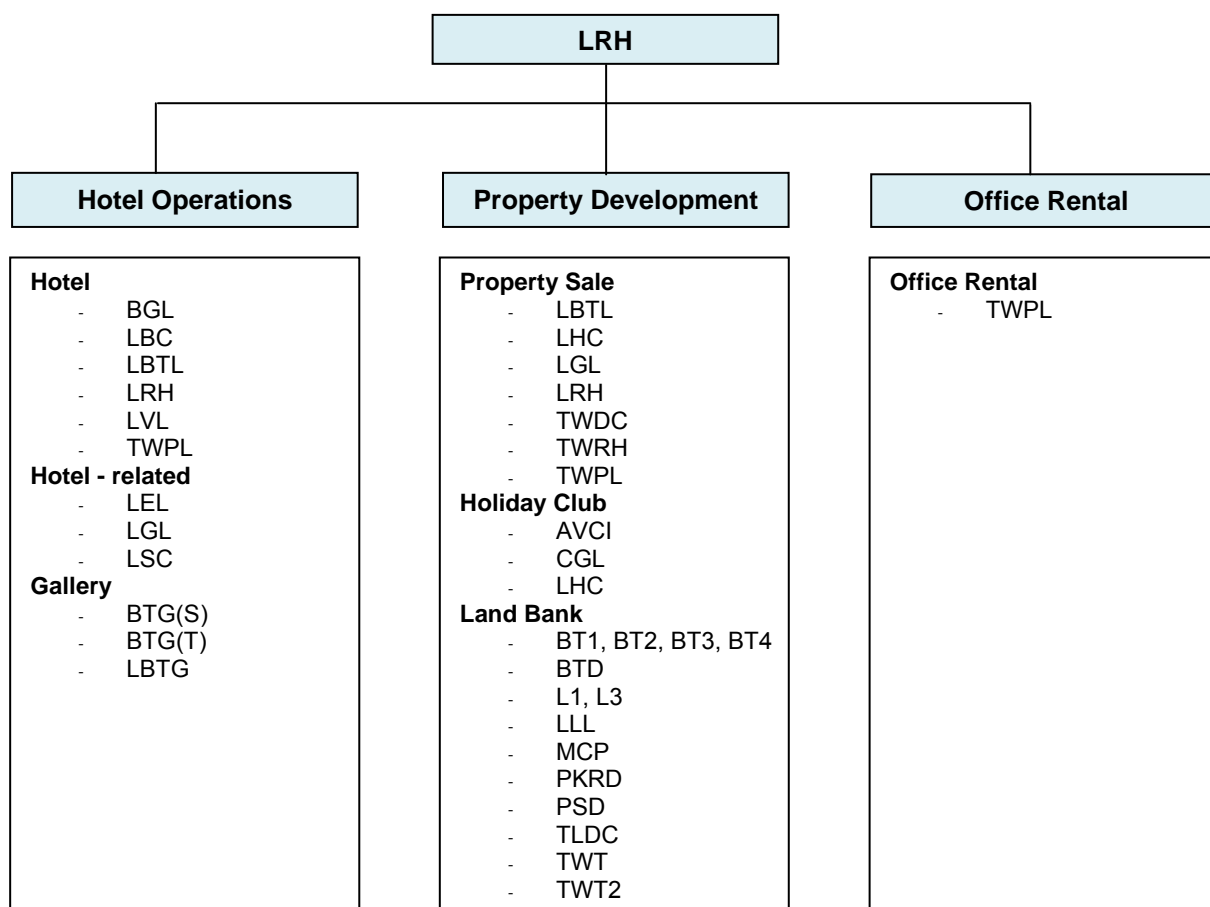
2.2.3 Office Rental

Strategically located on South Sathorn Road, Thai Wah Tower I is a 24-storey granite clad building and is one of the very first office condominium buildings in Bangkok. The entire building has approximately 20,000 square meters of usable area of which 15,390 square meters is owned by LRH. Through the years the building has maintained its reputation as a premium office building with timely refurbishments.

2.2.4 Overseas Investment in Hotels and Resorts

Banyan Tree Lijiang, opened in 2006, is a joint venture company incorporated in the People's Republic of China between Laguna Banyan Tree Limited ("LBTL"), a wholly owned subsidiary of the Company, and Banyan Tree Holdings Limited ("BTH"). The property features 122 luxurious villas, restaurants, bar, spa complex, gallery shop, gym, treks and tours. Otherwise, LRH invests overseas through Tropical Resorts Limited ("TRL") and Bibace Investments Ltd. ("BI") which invests in luxury resorts largely throughout the Pacific Rim area.

Business group structure of LRH can be summarized as follows:



Source: LRH

Abbreviation	Company Name in Full	Abbreviation	Company Name in Full
AVCI	PT. AVC Indonesia	LEL	Laguna Excursions Limited
BGL	Bangtao Grande Limited	LGL	Laguna Grande Limited
BT1	Bangtao (1) Limited	LHC	Laguna Holiday Club Limited
BT2	Bangtao (2) Limited	LLL	Laguna Lakes Limited
BT3	Bangtao (3) Limited	LRH	Laguna Resorts & Hotels Public Company Limited
BT4	Bangtao (4) Limited	LSC	Laguna Service Company Limited
BDT	Bangtao Development Limited	LVL	Laguna Village Limited
BTG(S)	Banyan Tree Gallery (Singapore) Pte. Ltd.	MCP	Mae Chan Property Company Limited
BTG(T)	Banyan Tree Gallery (Thailand) Limited	PKRD	Phuket Resort Development Limited
CGL	Cheer Golden Limited	PSD	Pai Samart Development Company Limited
L1	Laguna (1) Limited	TRL	Tropical Resorts Limited
L3	Laguna (3) Limited	TWDC	Twin Waters Development Company Limited
LBC	Laguna Beach Club Limited	TWPL	Thai Wah Plaza Limited
LBTG	Lijiang Banyan Tree Gallery Trading Company Limited	TWRH	TWR-Holdings Limited
LBTL	Laguna Banyan Tree Limited	TWT	Thai Wah Tower Company Limited
LCL	Laguna Central Limited	TWT2	Thai Wah Tower (2) Company Limited

Source: LRH

2.3 Revenue Structure

The revenue and percentage of total revenues generated by each individual line of business is detailed as follows:

(Unit: Baht million)	1H/2010	%	2009	%	2008	%	2007	%
Revenue from Hotels	1,891.53	77.30	3,300.15	73.60	3,954.45	57.20	4,124.29	57.80
Revenue from Property Development	429.29	17.50	1,015.72	22.70	2,488.77	36.00	2,808.49	39.40
Revenue from Office Rental	22.62	0.90	58.94	1.30	66.02	1.00	67.56	0.90
Other income	104.17	4.30	108.06	2.40	403.07	5.80	136.85	1.90
Total revenues	2,447.61	100.00	4,482.87	100.00	6,912.32	100.00	7,137.18	100.00

Source: LRH

2.4 Shareholder Structure

The top 10 majority shareholders of LRH as of 26 August 2010 (latest book closing date) is as follows:

No.	Name	No. of shares	% of Paid-up Capital
1	Banyan Tree Holdings Limited*	74,632,342	44.78%
2	Universal Starch Plc.	29,447,324	17.67%
3	Thai Trust Fund Management Company Limited**	23,469,665	14.08%
4	Banyan Tree Resorts and Spas (Thailand) Co., Ltd.*	15,737,807	9.44%
5	GOLDMAN SACHS & CO	3,000,500	1.80%
6	Mr. Suwit Laohapolwattana	2,418,900	1.45%
7	Citibank Nominees Singapore Pte Ltd - UBS AG London Branch-NRBS IPB CLIENT SEG	1,374,400	0.82%
8	Gerlach & Co-Dimensional Emerging Markets Value Fund	1,342,400	0.81%
9	Dusit Thani Plc.***	1,250,000	0.75%
10	The Viriyah Insurance Co., Ltd.	1,103,725	0.66%
	Total top 10 majority shareholders	153,777,063	92.26%
	Other shareholders	12,905,638	7.74%
	Total	166,682,701	100.00%

Source: LRH

Note: * Banyan Tree Group holds 91,422,911 shares or 54.85% of total paid-up capital of the Company
 - Banyan Tree Holdings Limited holds 74,632,342 shares or 44.78% of total paid-up capital of the Company
 - Banyan Tree Resort and Spa (Thailand) Co., Ltd. holds 15,737,807 shares or 9.44% of total paid-up capital of the Company
 - Kim Eng Securities Pte. Ltd. (which holds shares for Banyan Tree Hotels & Resorts Pte. Ltd., a 100% subsidiary of Banyan Tree Holdings Limited) holds 1,052,762 shares or 0.63% of total paid-up capital of the Company
 ** Banyan Tree Holdings Limited holds 18,175,265 unit of Thai Trust Fund Management Co., Ltd.
 *** DTC is a shareholder of LRH with 0.75% shareholding as of 26 August 2010. Therefore, DTC is not eligible to vote in this Disposition of Assets agenda.

2.5 Management Structure

Board of Directors of LRH as of 20 August 2010 is comprised of 12 persons as follows:

No.	Name	Position
1	Mr. Kwonping Ho	Chairman
2	Mr. Surapon Supratya	Director
3	Mr. Michael R. Ayling	Director
4	Mr. Kwoncjian Ho	Director
5	Mr. Steven M. Small	Director
6	Mr. Ariel P. Vera	Director
7	Mr. Bernold O. Schroder	Director
8	Mr. Stuart D. Reading	Director
9	Mr. Vudhiphol Suriyabhivadh	Independent Director and Chairman of Audit and Risk Committee
10	Dr. Jingjai Hanchanlash	Independent Director, Audit and Risk Committee Member, and Chairman of Nomination and Remuneration Committee
11	Mr. Udom Vichayabhai	Independent Director, Audit and Risk Committee Member, and Nomination and Remuneration Committee Member
12	Mr. Satit Rungkasiri	Independent Director and Nomination and Remuneration Committee Member

2.6 Summary of Financial Statements and Analysis of LRH

- Summary of the Financial Statements

The audited consolidated financial statement of LRH from as of 31 December 2007 – 31 December 2009 and the reviewed consolidated financial statement of LRH as of 30 June 2010 can be summarized as follows:

(Unit: Baht million)	As of 30 June 2010	As of 31 December 2009	As of 31 December 2008	As of 31 December 2007
Balance Sheet Statement				
Assets				
Cash and cash equivalents	466.20	627.91	474.13	1,533.42
Trade accounts receivable - net	471.41	804.91	1,197.85	1,726.42
Property development cost – net	1,696.16	1,540.10	1,044.63	875.92
Total current assets	3,068.51	3,424.25	3,506.79	4,743.67
Long-term trade accounts receivable	643.36	777.25	843.64	278.62
Property, plant and equipment - net	15,414.36	15,567.80	18,350.36	18,667.45
Total non-current assets	17,976.07	18,276.19	21,432.46	20,270.17
Total assets	21,044.58	21,700.43	24,939.26	25,013.84
Liabilities				
Short-term loans from financial institutions	730.00	520.00	486.00	862.00
Trade accounts payable	162.17	248.15	213.23	271.47
Current portion of long-term loans from financial institutions	725.25	827.77	890.42	824.91
Other current liabilities	727.92	1,059.90	1,275.99	1,404.94
Total current liabilities	2,514.09	2,829.27	2,998.95	3,535.80
Long-term loans from financial institutions - net of current portion	2,008.08	1,956.43	2,098.93	2,480.35
Total non-current liabilities	2,090.44	2,048.25	2,216.00	2,570.95
Total liabilities	4,604.53	4,877.52	5,214.95	6,106.75
Shareholders' equity				
Registered capital 211,675,358 ordinary shares of Baht 10 each	2,116.75	2,116.75	2,116.75	2,116.75

(Unit: Baht million)	As of 30 June 2010	As of 31 December 2009	As of 31 December 2008	As of 31 December 2007
Paid-up capital 166,682,701 ordinary shares of Baht 10 each	1,666.83	1,666.83	1,666.83	1,666.83
Revaluation surplus on assets	7,107.92	7,124.04	9,589.53	9,869.86
Retained earning	3,949.41	4,285.67	4,519.01	3,516.34
Equity attributable to the Company's shareholders	15,495.08	15,858.73	18,582.60	17,795.68
Minority interest	944.97	964.18	1,141.71	1,111.41
Total shareholders' equity	16,440.06	16,822.91	19,724.30	18,907.09

(Unit : Baht million)	6-month period of 2010	2009	2008	2007
Income Statement				
Total revenue	2,447.61	4,482.87	6,912.32	7,137.18
Total expenses	2,230.77	4,039.75	5,477.15	5,356.06
Finance cost	(70.73)	(159.04)	(185.81)	(220.66)
Corporate income tax	62.03	115.85	196.78	188.96
Net profit	65.41	164.34	1,172.15	1,366.55
Equity holders of the parent company	30.44	133.36	1,103.68	1,289.57
Minority interest	34.97	30.98	68.47	76.98

(Unit: Baht million)	6-month period of 2010	As of 31 December 2009	As of 31 December 2008	As of 31 December 2007
Cash Flow Statement				
Net cash flows from operating activities	200.42	788.73	922.34	1,111.67
Net cash flows from (used in) investing activities	(102.44)	(77.09)	(794.59)	(1,024.87)
Net cash flows used in financing activities	(259.68)	(557.85)	(1,187.05)	358.69
Net increase (decrease) in cash and cash equivalents	(161.71)	153.78	(1,059.30)	445.50
Financial Ratio				
Gross profit margin (%)	8.86%	9.88%	20.76%	24.85%
Net profit margin (%)	2.67%	3.67%	16.96%	19.12%
Debt to equity ratio (time)	28.01%	28.99%	26.44%	32.30%
Return on asset (%)	0.31%	0.76%	4.70%	5.46%
Return on equity (%)	0.40%	0.98%	5.94%	7.23%

▪ Analysis of the Operating Performance and Financial Status of LRH

Operating Performance

Revenues

Revenues of LRH are derived from 3 major businesses, (1) revenues from hotel operations (2) revenues from property development operations and (3) revenues from office rental operations.

For the 6-month period of 2010, the Company had total revenues of Baht 2,447.61 million, increased Baht 284.53 million or increased 13.15% from the same period of 2009, which had total revenues of Baht 2,163.09 million. The increase of total revenues was mainly from the increase of revenues from hotel operations of Baht 299.01 million or increased 18.78% from the same period of 2009 as a result of the recovery of the world economy, which resulted in the recovery of Thailand tourism industry, though there was some affect from the political demonstration during the 2nd quarter of 2010. However, the Company had the decrease of revenues from property development operations and revenues from office rental operation of Baht 52.56 million and Baht 13.45 million or decreased 10.91% and 37.29% from the same period of 2009, respectively.

In 2009, the Company had total revenues of Baht 4,482.87 million, decreased Baht 2,429.45 million or decreased 35.15% from 2008. This is mainly due to (1) the decrease of revenues from hotel operations of Baht 654.30 million or decreased 16.55% from 2008 as a result of the decrease of occupancy rate and promotion to discount the room rate during the economic recession as well as the lower retail sales of Banyan Tree Gallery, (2) the decrease of revenues from property development of Baht 1,473.05 million or decreased 59.19% from 2008 as a result of the world economic recession and (3) the decrease of insurance claim of Baht 202.75 million or decreased 89.67% from 2008 as a result of the final settlement of an insurance claim in the prior year relating to the tsunami in 2004 offset by the settlement for losses incurred during an illegal blockade at Laguna Phuket in February 2009.

In 2008, the Company had total revenues of Baht 6,912.32 million, decreased Baht 224.86 million or decreased 3.15% from 2007, which had total revenues of Baht 7,137.18 million. This is mainly due to the decrease of revenues from hotel operations of Baht 169.84 million or decreased 4.12% from 2007 as a result of the decline of tourism industry and the decrease of revenues from property development operations of Baht 319.72 million or decreased 11.38% from 2007 due to the clients reduced their budget for the property investment as a result of the world economic crisis and the political instability in Thailand. However, the Company had revenue from insurance claim relating to the tsunami in 2004 of Baht 226.11 million.

Expenses

For the 6-month period of 2010, the Company had total expenses of Baht 2,230.77 million, increased Baht 291.88 million or increased 15.05% from the same period of 2009. The increase of total expenses was mainly from the increase of cost of hotel operations, selling expenses and administrative expenses of Baht 82.27 million, Baht 28.17 million and Baht 113.92 million or increased 13.56%, 14.93% and 16.29% from the same period of 2009, respectively. The increase of those expenses was aligned with the increase of revenues from hotel operations as a result of the recovery of economy and tourism industry. However, the Company had the decrease of cost of property development operations of Baht 20.59 million or decreased 13.64% from the same period of 2009 as a result of the decrease of revenues from property development operations.

In 2009, the Company had total expenses of Baht 4,039.75 million, decreased Baht 1,437.10 million or decreased 26.24% from 2008. The decrease of total expenses was mainly from the decrease of cost of hotel operations and cost of property development operations of Baht 218.64 million and Baht 730.33 million or decreased 14.18% and 71.86% from 2008, respectively. The decrease aligned with the decrease of revenues from hotel operations and property development operations as a result of the economic recession. The decrease of total expenses was also from the decrease of selling expenses and administrative expenses of Baht 151.11 million and Baht 259.12 million or decreased 28.02% and 15.18% from 2008, respectively. This due to the affect from the economic recession, the decrease in payroll costs (introduction of unpaid leave scheme during the year) and a decrease in legal fees (associated with the tsunami insurance claim from 2008).

In 2008, the Company had total expenses of Baht 5,477.15 million, increased Baht 121.09 million or increased by the small portion of 2.26% from 2007, which had total expenses of Baht 5,256.06 million. This is mainly due to the increase of cost of hotel operations and administrative expenses of Baht 84.92 million and Baht 215.02 million or increased 5.83% and 13.02% from 2007, respectively. The increase of administrative expenses was mainly from the increase of payroll costs and legal fees relating to tsunami insurance claim. However, the Company had the decrease of cost of property development operations and selling expenses of Baht 251.63 million and Baht 33.23 million or decreased 19.84% and 5.81% from 2007, which was aligned with the decrease of revenues from hotel operations and revenues from property development operations as a result of the economic crisis and political instability in Thailand.

Net Profit

For the 6-month period of 2010, the Company had net profit of Baht 65.41 million, decreased Baht 2.02 million or decreased 2.99% from the same period of 2009. This is due to the recovery of world economy, which resulted in the recovery of the Thailand tourism industry, though there was some affects from the political demonstration during the 2nd quarter of 2010.

In 2009, the Company had net profit of Baht 164.34 million, decreased Baht 1,007.81 million or decreased 85.98% from 2008 as a result of the world economic recession and political instability, which cause the continuously decline in tourism industry since 2008.

In 2008, the Company had net profit of Baht 1,172.15 million, decreased Baht 194.40 million or decreased 14.23% from 2007, which had net profit of Baht 1,366.55 million as a result of the world economic recession and political instability, which cause the decline in tourism industry.

In 2007, 2008, 2009 and 6-period of 2010, the Company had gross profit of 23.49%, 15.86%, 7.66% and 4.81%, respectively and had net profit of 19.12%, 16.96%, 3.67% and 2.67%, respectively. Gross profit and net profit of the Company decreased continuously due to the affect from financial crisis, the economic slowdown and the political instability in Thailand.

Financial Status

Assets

As of 30 June 2010, the Company had total assets of Baht 21,044.58 million, decreased Baht 655.85 million or decreased 3.02% from at the end of 2009. This is mainly due to the decrease of Cash and cash equivalents, trade accounts receivable, Long-term trade accounts receivable and fixed assets (property, plant and equipment) of Baht 161.71 million, Baht 333.50 million, Baht 133.90 million and Baht 153.44 million or decreased 25.75%, 41.43%, 17.23% and 0.99% from at the end of 2009, respectively. However, the Company had the increase of property development cost of Baht 156.06 million or increased 10.13% from at the end of 2009.

At the end of 2009, the Company had total assets of Baht 21,700.43 million, decreased Baht 3,238.82 million or decreased 12.99% from at the end of 2008 due to the decrease of fixed assets of Baht 2,782.56 million or decreased 15.16% from at the end of 2008 as a result the changing value of 5 hotel buildings and an office building from Income Approach to Depreciated Replacement Cost Approach. This was to comply with a new accounting guidance on asset valuation methods of the Federation of Accounting Professions, the decrease of trade accounts receivable and other current assets of Baht 392.94 million and Baht 214.71 million or decreased 32.80% and 50.52% from at the end of 2008, respectively. The decrease of total assets was also due to the decrease of long-term loans to associate of Baht 308.97 million, which already paid to LRH in 2009.

At the end of 2008, the Company had total assets of Baht 24,939.26 million, decreased Baht 74.58 million or decreased 0.30% from at the end of 2007, which had total assets of Baht 25,013.84 million. The decrease of total assets was mainly from the decrease of cash and cash equivalents of Baht 1,059.30 million or 69.08% from at the end of 2007 due to the Company use cash to purchase assets relating to the property projects and repay long-term and short-term loans and the decrease of trade accounts receivable and fixed assets of Baht 528.57 million and Baht 317.09 million or decreased 30.62% and 1.70% from at the end of 2007, respectively. However, there were the increase of long-term trade accounts receivable and land awaiting development of Baht 565.02 million and Baht 378.95 million or increased 202.80% and 87.69% from at the end of 2007, respectively. There was also the increase of good will of Baht 365.70 million or increased 1,847.48% from at the end of 2007 due to the investment in 3 subsidiaries.

Liabilities

As of 30 June 2010, the Company had total liabilities of Baht 4,604.53 million, decreased Baht 273.00 million or decreased 5.60% from at the end of 2009 due to the decrease of other current liabilities and long-term loans from financial institutions of Baht 331.97 million and Baht 50.87 million or decreased 31.32% and 1.83% from at the end of 2009. However, there was the increase of short-term loans from financial institutions of Baht 210.00 million or increased 40.38% from at the end of 2009.

At the end of 2009, the Company had total liabilities of Baht 4,877.52 million, decreased Baht 337.43 million or 6.47% from at the end of 2008 mainly due to decrease of other current liabilities and long-term loans from financial institutions of Baht 216.10 million and Baht 205.15 million or decreased 16.94% and 6.86% from at the end of 2008.

At the end of 2008, the Company had total liabilities of Baht 5,214.95 million, decreased Baht 891.79 million or 14.60% from at the end of 2007, which had total liabilities of Baht 6,106.75 million. This is mainly due to decrease of other current liabilities, long-term loans and short-term loans from financial institutions of Baht 128.95 million, Baht 315.91 million and Baht 376.00 million or decreased 9.18%, 9.56% and 43.62% from at the end of 2007.

The Company had low debt to equity ratio, which were 32.30%, 26.44%, 28.99% and 28.01% for the end of 2007, 2008, 2009 and 30 June 2010, respectively.

Shareholders' Equity

As of 30 June 2010, the Company had total shareholders' equity of Baht 16,440.06 million, decreased Baht 382.86 million or decreased 2.28% from at the end of 2009 mainly due to the decrease of retained earning of Baht 336.26 million or decreased 7.85% from at the end of 2009 as a result of the dividend payment in April 2010.

At the end of 2009, the Company had total shareholders' equity of Baht 16,822.91 million, decreased Baht 2,901.39 million or decreased 14.71% from at the end of 2008 mainly due to the decrease of the revaluation surplus on hotel buildings and the decrease of retained earnings of Baht 2,465.49 million and Baht 233.34 million or decrease 25.71% and 5.16% from the end of 2008, respectively, though there was the dividend payment in April 2009.

At the end of 2008, the Company had total shareholders' equity of Baht 19,724.30 million, increased Baht 817.21 million or increased 4.23% from at the end of 2007, which had total shareholders' equity of Baht 18,907.09 million. This is mainly due to the increase of Baht 1,002.67 million or increased 28.51% from the end of 2007 as a result of the better operating performance. However, there was the decrease of the revaluation surplus on assets of Baht 280.33 million or decreased 2.84% from at the end of 2007.

Liquidity

Cash flow

As of 30 June 2010, the Company had net decrease in cash and cash equivalent of Baht (161.71) million due to the decrease in net cash flows in investing activities and net cash flows in financing activities of Baht (102.44) million and Baht (259.68) million, respectively because the Company had new property projects and the repayment of long-term loan. However, the Company had the increase of net cash flows from operating activities of Baht 200.42 million from net profit adjusting with the depreciation and working capital movements.

At the end of 2009, the Company had net increase in cash and cash equivalent of Baht 153.78 million due to increase of net cash flow from operating activities of Baht 788.73 million as a result of net profit adjusting with the depreciation and working capital movements. However, the Company had the decrease in net cash flows in investing activities and net cash flows in financing activities of Baht (77.09) million and Baht (577.85) million, respectively because the Company had the investment in Laguna Phuket and Banyan Tree Bangkok, the repayment of long-term loan and dividend payment.

At the end of 2008, the Company had net decrease in cash and cash equivalent of Baht (1,059.30) million due to the decrease in net cash flows in investing activities and net cash flows in financing activities of Baht (794.59) million and Baht (1,187.05) million, respectively because the Company had the investment in Laguna Phuket and Banyan Tree Bangkok, the repayment of long-term loan and dividend payment. However, the Company had the increase of net cash flows from operating activities of Baht 922.34 million from net profit adjusting with the depreciation and working capital movements.

At the end of 2007, the Company had net increase in cash and cash equivalent of Baht 445.50 million due to increase of net cash flow from operating activities of Baht 1,111.67 million as a result of net profit adjusting with the depreciation and working capital movements and the increase of net cash flows in the financing activities of Baht 358.69 million. However, the Company had the decrease in net cash flows in investing activities of Baht (1,024.87) million due to the investment of assets in Laguna Phuket and Banyan Tree Bangkok.

▪ Industry Outlook

The tourism industry in Thailand and Phuket had been negatively impacted from the financial crisis in USA, the world economic slowdown and the political instability in Thailand. Consequently, the number of tourists in Phuket and Thailand had decreased during 2007 – 2009, though the government has implemented the Stimulus Packages to assist Thai economy by having the tourism campaigns. Additionally, the political protest and the invasion to the ASIAN summit 2009 in Pattaya, which is the major tourist destiny in Thailand, resulted in lack confidence and safety of the tourists to come to Thailand.

During the 6-month period of 2010, tourism industry had improved, which resulted in the increase of occupancy rate of 9% from the same period of 2009 (Source: Hotelworks, Asset Management and Hospitality Consulting) as a result of the world economic recovery, despite some effects from the political conflicts and the demonstration of the anti-government protestors which later elevated and led to the closing of Rachaprasong areas. Subsequently, it led to the military operations and the burn down of private properties which finally caused a lot of injured and death. Such serious situations have made many countries issued announcement to prohibit their citizen traveling into Thailand.

Accordingly, the Company expected that in the second half of 2010, Phuket industry outlook will remain stable like the first half. The recovery is expected to start in 2011. As per the information from Hotelworks, during the first half of 2010, total available hotel rooms in Phuket are 43,036 rooms. Therefore, total rooms of DTLP are accounted for 0.53% of total hotel rooms available in Phuket.

3. Reasonableness and Benefits of the Transaction

3.1 Reasonableness of the Transaction

At present LRH owns in 5 hotels in Phuket from a total of 6 hotels (only Banyan Tree Bangkok that is located in Bangkok). The total revenues in 2009 of the 5 hotels in Phuket contributed to 82% of total revenues of the 6 hotels owned by LRH. Consequently, revenues of LRH rely significantly on the hotel business in Phuket. This causes the investment risk to the Company if there is any event that affects the tourism and hotel industry in Phuket as occurred in 2008 - 2009 when the global financial crisis and global economic recession severely impacted the tourism and hotel industry in Thailand. This event has directly affected LRH's hotels and other tourism related businesses in Laguna Phuket. The global financial meltdown was exacerbated by the prolonged Thai political turmoil which deterred tourists who could afford the luxury of travel during the recession from selecting Thailand their holiday destination. These unfortunate events in the last two years exposed the Company's vulnerability and confirmed the Company's concerns that it has too much exposure in Phuket and in Thailand.

The Company considered the alternatives to mitigate this risk, for example, increase the investment in the hotel oversea to reduce the revenue portion of hotels in Phuket comparing to total revenues. However, it is required high investment and takes time to achieve the purpose. Thus, the Company decided to dispose a hotel in Phuket in order to reduce the revenue portion of hotels in Phuket comparing to total revenues of the Company.

The Company decided to dispose DTLP based on these reasons: (a) The financial performance of DTLP for the last 2 years was least affected by the world economic slowdown and the political instability in Thailand comparing to other 4 hotels in Phuket owned by the Company. Therefore, DTLP should be sold at the better price than other hotels. (b) DTLP hotel is the oldest hotel with more than 20-year operation. Thus, it requires high renovation expenses.

As a result, the Disposition of Assets will help reduce the Company's investment portfolio and reliance on revenues in Phuket. The Company plans to use the net proceeds from the Disposition of Assets to invest in a hotel or hotel-related project located outside the borders of Thailand, repay bank loans, and/or pay dividends to the shareholders. The amount of the proceeds to be allocated to each of the uses shall be determined by the BOD of the Company. The overseas investment is aimed at diversifying the Company's present operations in Phuket which presently forms the majority of the Company's revenues.

3.2 Advantages of Entering into the Transaction

- Diversify risk of relying on the majority of revenues from Phuket

At present LRH owned 5 hotels in Phuket from total 6 hotels, the total revenues in 2009 of those 5 hotels in Phuket contributed to 82% of total revenues of the 6 hotels owned by LRH. Consequently, revenues of LRH rely significantly on the hotel business in Phuket. This causes the investment risk to the Company if there is any event that affects the tourism and hotel industry in Phuket and Thailand and result in the dramatically decline of the total revenues and profit of LRH as happened in the 2008 - 2009.

If the Company successfully disposes the assets of DTLP, the Company will reduce the Company's present operations in Phuket and have proceeds from the Disposition of Assets to invest in a hotel or hotel-related project located outside Thailand, repay bank loans, and/or pay dividends to shareholders of the Company. In the event that the Company is able to invest in an appropriate project overseas, it will be able to diversify its investment portfolio, limit the reliability on the revenues from the hotel business in Phuket and Thailand and reduce any adverse impact to its revenue when there are negative events in Phuket or Thai tourism industry.

- LRH will realize profit from the Disposition of Assets

Since the book value of LRH's assets as of 30 June 2010 prior revaluation adjustment is totaling of Baht 299.99 million (total cost of land is Baht 23.12 million and total book value of other assets of DTLP is Baht 276.87 million), LRH will therefore realize gain from the Disposition of Assets at the disposal price of Baht 2,620 million by Baht 2,320.01 million. This profit will be booked in the 2010 financial statement of the Company. However, LRH will be liable to corporate income tax of 25% for the first Baht 300 million profit and 30% for the exceeding amount, or approximately Baht 681 million.

(Unit: Baht million)

Assets	Cost and Book Value*	Book Value as of 30 Jun 2010**	Latest Appraisal Value***
Lands	23.12	545.29	N/A
Buildings	151.68	292.11	N/A
Machinery, furniture, fixtures, equipments and inventories	125.19	125.19	N/A
Total	299.99	962.59	2,377.00

Note: * Lands are shown at cost and other assets are shown at book values as of 30 Jun 2010.

** The book values of LRH's assets as shown in the above table are stated at revalued amount less accumulated depreciation. The revalued amount of the hotel buildings was based on the assets appraisal report dated 24 December 2009 by using the "Depreciated Replacement Cost Approach" basis while the revalued amount of land was based on the assets appraisal report dated 27 November 2007 by using a "Fair Market Value Approach" basis. No plants and machineries, furniture, fixtures and equipments were revalued.

*** The asset appraisal report by Knight Frank Chartered (Thailand) Company Limited dated 2 August 2010 by using the Income Approach. Therefore, there is no separated detail of each asset.

- LRH will have higher liquidity and flexibility to manage the sale proceeds

The Company will have proceeds from the Disposition of Assets of approximately Baht 1,900 million (after deducting tax and fees relating to the transaction). The Company plans to use the net proceeds to invest in a hotel or hotel-related project located outside the borders of Thailand, repay bank loans and/or pay dividends to the shareholders. In case the Company chooses to invest overseas, it will benefit the Company as explain earlier. In case the Company chooses to repay loans, the Company will have improved financial status with the lower debt to equity ratio and have less interest expenses. Finally, in case the Company chooses to pay dividend to the shareholders, it will benefit the shareholders directly. However, the amount of the proceeds to be allocated to each of the uses, if any, shall be determined by the BOD of the Company.

In the case that the Company repay bank loan with the cash proceeds of the approximate amount of Baht 1,900 million (the approximate amount of cash proceeds from the Disposition of Assets after deducting tax and fees), the debt to equity ratio of the regarding to the financial statement of the Company as of 30 June 2010 will reduce as follows:

(Unit: Time)	Before the loan repayment	After the loan repayment
Total liabilities to total shareholders' equity	0.28	0.17
Total bank loans to total shareholders' equity	0.21	0.10

- Opportunity to obtain higher return on investment (if achievable)

After the Disposition of Assets, the Company will have proceeds from the Transaction. Therefore, the Company will have an opportunity to invest in a new hotel or hotel-related project oversea which may generate higher return than the disposed assets. If the higher return on the new investment is achieved, it will benefit the Company as well as the Company's shareholders.

3.3 Disadvantages of Entering into the Transaction

- Reduction of revenues and profit

The disposed assets have generated revenues to the Company of approximately Baht 500 million per year or 7-10% of the Company's total consolidated revenues as shown in the table.

(Unit : Baht million)	1H/2010	2009	2008	2007
Revenue from Dusit Thani Laguna Phuket*	264.72	425.64	474.65	510.59
Portion of total consolidated revenues of LRH	10.82%	9.49%	6.87%	7.15%
Profit from Dusit Thani Laguna Phuket*	69.33	79.55	105.37	137.37
Portion of total consolidated profit of LRH	105.99%**	48.41%	8.99%	10.05%

Note: * Excluded revenues and expenses from Dusit Thani Pool Villas

** Other business of the Company had decrease in profit in 2009 and had net loss for the 6-month period of 2010.

Therefore, during the period a) after the Disposition of Assets until investing in a hotel or hotel-related project (or until the new investment begins to generate revenues and profit) or b) after the Disposition of Assets until repaying bank loans, the Company's total revenues and/or net profit will be reduced. Thus this may affect the Company share price as well as the future dividend payment.

However, the Company's BOD expected to approve the allocation of proceeds to the investment in a hotels or hotel-related project oversea and/or repayment of bank loans and/or dividend payment to the shareholders in the next 12 months after the EGM No. 1/2010

- The buyer will become a new competitor of LRH for the hotel business

Due to the disposed assets is located in close proximity to the other 4 hotels of LRH, DTC who is the current management of DTLP, appointed by LRH, may become a new competitor of LRH. Thus, entering the Transaction may increase the competition of hotel business in Phuket and possibly affect the revenues and profit from the remaining hotel operations of LRH.

However, due to a) the market segmentation, target customers, and customer base of DTLP and other hotels of the Company are different (few target customers may be the same); b) hotels of the Company are currently managed by professionals such as Dusit Thani, Sheraton, etc. Therefore, they will try their best to achieve the target and get the return as a portion of the hotels' profit. Thus the competition is already exist and the Transaction may not increase the competition significantly; and c) DTLP and other hotels of the Company are still required the coordination for some businesses and share the facilities. In conclusion, the competition among DTLP and other hotels of the Company is not high. Consequently, the impact to the Company's revenues will not significant.

3.4 Risk of Entering into the Transaction

- Risk from unclear plan for the use of proceeds from the Disposition of Assets

Due to the Company has not yet clarified the use of proceeds from the Disposition of Assets. It is required the BOD to determine later. Therefore, there is a risk to the shareholders that revenues and profit of the Company will decline for a period of time. There is also uncertainty for the return from the unclear use of proceeds from the Disposition of Assets.

▪ Risk from lower return on investment and new investment outside Thailand

The Company may use the net proceeds to invest in a hotel or hotel-related project located outside the borders of Thailand. There is a risk that the new investment may generate lower return, revenues, and profit than the disposed assets. In such case, total revenues and net profit of LRH may not resume to the level before the Disposition of Assets (not taking into account other factors that affects the Company's revenues and net profit such as reduction of interest expenses from loan repayment). Additionally, the Company will have country risk and the exchange rate risk relating to the investment in other country.

However, in case the Company chooses to invest in a hotel oversea, the criteria shall be determined and, if necessary, the Company may appoint a hotel consultant or expert to conduct the feasibility study and provide the advice.

4. Independent Financial Advisor's Opinion on the appropriate value of disposed assets of LRH

CapAd has analyzed the appropriateness of disposed assets value of LRH and its subsidiaries, which consists of lands owned by LRH and its wholly-owned subsidiaries (PKRD and LGL), buildings, plants and machineries, furniture, fixtures and equipments, and inventories of Dusit Thani Laguna Phuket (DTLP) based on information obtained from LRH, interviews with management of LRH, management accounts and other financial information extracted from LRH's audited or reviewed financial statements, the asset appraisal reports by Knight Frank Chartered (Thailand) Company Limited (Knight Frank), which is an independent property appraiser approved by Thai Valuers Association (TVA) and the Valuers Association of Thailand (VAT) and other publicly-disclosed information such as Form 56-1, financial statements, financial information from various websites, and information from the SET.

CapAd renders its opinion based mainly on the truth and completeness of those information and documents at present. Therefore, any change of such information may significantly affect DTLP's business operation and the financial projection as well as the shareholders' decision.

CapAd applied 4 approaches in evaluating the reasonableness of value of the disposed assets, namely:

1. Book Value Approach
2. Adjusted Book Value Approach
3. Price to Earnings Ratio Approach: P/E Ratio, and
4. Discounted Cash Flow Approach

After studying information and documents, as well as other relevant information of the disposed assets, CapAd did not evaluate value of the disposed assets by using Price to Book Value Ratio Approach (P/BV Ratio) because the internal Balance Sheet of DTLP, which is a part of the management accounts, has only asset items and some items of liabilities. In addition, shareholders' equity of DTLP is unavailable. Therefore, it cannot be comparable to its listed peers with similar business because P/BV Ratios of its listed peers calculated from their shareholders' equity (or book value of such companies). CapAd's opinion on the appropriateness of the value of the disposed assets can be summarized as follows;

1. Book Value Approach

This approach determines the value of the disposed assets at a certain period of time. In this case, the calculation of book value of the disposed assets is based on the latest available management accounts extracted from LRH's reviewed financial statement (Company only) as of 30 June 2010, which can be summarized as follows;

(Unit: Baht million)

Asset items	Ownership	Book Value as of 30 June 2010	
Land at DTLP Site			545.29
• No. 42109	LRH	276.26	
• Partial of No. 42110 (in 2 subdivided plots)	LRH	12.54	
• No. 5917	LGL, LRH	33.72	
• No. 11956	LGL, LRH	3.20	
• Partial of No. 5971	PKRD, LRH	219.57	
Other assets of DTLP			417.30
• Hotel Buildings		292.11	
• Plants and machineries, furniture, fixtures and equipments and inventories		125.19	
Total			962.59

Note: - The book values of LRH's assets as shown in the above table are stated at revalued amount less accumulated depreciation. The revalued amount of the hotel buildings was based on the assets appraisal report dated 24 December 2009 by using the "Depreciated Replacement Cost Approach" basis while the revalued amount of land was based on the assets appraisal report dated 27 November 2007 by using a "Fair Market Value Approach" basis. No plants and machineries, furniture, fixtures and equipments were revalued.

- The book value of LRH's assets as of 30 June 2010 prior revaluation adjustment is totaling of Baht 299.99 million (total cost of land is Baht 23.12 million and total book value of other assets of DTLP is Baht 276.87 million)

The value of the disposed assets based on this approach is equal to **Baht 962.59 million, which is Baht 1,657.41 million lower than the disposal price or 63.26% below the disposal price.**

2. Adjusted Book Value Approach

By this approach, CapAd has considered the value of the disposed assets based on a study of 1) the asset appraisal reports for public purposes prepared by Knight Frank, which is the independent property appraiser approved by Thai Valuers Association (TVA) and the Valuers Association of Thailand (VAT), and 2) the appraised value information by the government agency with details as follows:

2.1 Appraised Value by the Independent Property Appraiser

Type of Assets	6 contiguous land plots, totaling 33-2-63.10 rai or 13,463.10 sq.wah*, buildings, plants and machineries, furniture, fixtures and equipments and inventories of Dusit Thani Laguna Phuket
Location	Bang Tao Beach, Phuket 390/1 Moo1 Srisoonthorn Road, Cherngtalay, Thalang, Phuket 83110
Appraised Value	Baht 2,377,000,000
Ownership	LRH, LGL and PKRD
Title Deeds	Title Deed No. 42109 Partial of Title Deed No. 42110 Title Deed No. 5917 Title Deed No. 11956 Partial of Title Deed No. 5971
Encumbrance	Title Deed No. 42109, 42110, 5917, and 5971 is mortgaged to Siam Commercial Bank Plc.
Appraisal Method	The independent property appraiser applied the Income Approach to indicate assets value of DTLP and used the Cost Approach as a check method
Date of Appraisal	22 July 2010
Date of Report	2 August 2010

Note: * The difference of 0.4 sq. wah between total land area as stated in assets appraiser report and total land area as disclosed above by independent financial advisor (based on Information Memorandum on the Disposition of Assets of LRH) is due to rounding off during the unit conversion from sq. meter to sq. wah

Notices: 1) The independent property appraiser noted that it was not their duties to verify the compliance of the building construction with all relevant zoning, government regulations, Building Acts nor checked if the Building Plan is complied with all buildings and construction regulations of the Local Controlled Office. It is assumed that the construction permits for the Architectural Plan provided by LRH are approved and issued by the local governing bodies.

- 2) The independent property appraiser has assumed that the land use for access has no servitude problem.
- 3) The independent property appraiser did not investigate the history of the Chanote Thidin, Nor Sor 3 Kor, and Nor Sor 3 of the Subject Property and would advise that legal advisers should be appointed to perform a thorough check on the history of all title documents.

▪ **Income Approach**

The independent property appraiser has applied the Discounted Cash Flow Method to indicate value of the disposed assets by taking into account the ability of the disposed assets to generate income over a ten-year period and anticipated net realizable sales value of the disposed assets at the 10th year as a terminal value (sales value less related sales expense such as agent fee, legal fee, stamp duty, government fee for asset transfer, etc.), based on the assumption that all disposed assets are free from all encumbrances. The key assumptions used by the independent property appraiser can be summarized as follows:

1.	Revenues		
	1.1 Room Revenues		
	No. of available rooms per day	226	rooms
	Occupancy Rate		
	2010F	65%	
	2011F	67%	
	2012F	70%	
	2013F – 2019F	72%	
	Average Room Rate	5,500	Baht
	Growth Rate of Average Room Rate	4%	p.a.
	1.2 Food & Beverage Revenues		
		31%	of Total Revenues
	Growth Rate of Food & Beverage Revenues	4%	p.a.
	1.3 Telephone Revenues		
		0.4%	of Total Revenues
	Growth Rate of Telephone Revenues	1%	p.a.
	1.4 Other Revenues		
		3.6%	of Total Revenues
	Growth Rate of Other Revenues	4%	p.a.
2.	Expenses		
	2.1 Cost of Sales and Services		
	Cost of Room Revenues	14.6%	of Room Revenues
	Cost of Food & Beverage Revenues	51.1%	of Food & Beverage Revenues
	Cost of Telephone Revenues	60%	of Telephone Revenues
	Cost of Other revenues	25%	of Other Revenues
	Growth Rate of Cost of Sales and Services	3%	p.a.
	2.2 Selling, General, and Administrative (SG&A) Expenses		
	Administration & General Expenses	10%	of Total Revenues
	Sales & Marketing Expenses	7.7%	of Total Revenues
	Energy Costs	7.3%	of Total Revenues
	Repair & Maintenance Expenses	4.6%	of Total Revenues
	Growth Rate of SG&A	3%	p.a.
	Growth Rate of Energy Costs	2%	p.a.
	2.3 Other Operating Expenses		
	Insurance Premiums	0.12%	of Construction Costs
	Property Taxes	12.5%	of Room Revenues
3.	Discount Rate	10%	

The appraised value of the disposed assets by the independent property appraiser under the Income Approach is equal to **Baht 2,377.00 million**.

Summary on differences of material assumptions used for preparation of financial projections of the independent property appraiser and the independent financial advisor is as follows:

	Independent Property Appraiser	Independent Financial Advisor
<u>Occupancy Rate</u>		
2010F	65%	65%
2011F	67%	69%
2012F	70%	74%
2013F – 2019F	72%	74%
Average Room Rate of 2010F	Baht 5,500	Baht 5,538
Growth Rate of Average Room Rate	4% p.a.	3.5% p.a.
Discount Rate	10%	8.5% - 10.5%

▪ **Cost Approach (as a check method)**

The independent property appraiser applied the Fair Market Value Approach to indicate value of lands at hotel site and applied the Depreciated Replacement Cost Approach to indicate value of hotel buildings and other assets of DTLP.

- Land at DTLP Site: The Independent Appraiser appraised the 6 contiguous land plots, totaling 33-2-63.10 rai or 13,463.10 square wah by comparative analysis with 15 sets of appraisal data then selecting 3 data, which were most closely to DTLP's lands and compared them with DTLP's lands and making the proper adjustments to the land plots used for comparison based on pertinent factors such as the location, access, size, terrain, shape, views and land use, etc. The derived data were then scored by the Weight Quality Score method (Please see additional detail of the Weight Quality Score method by the independent property appraiser on the next page). The asking prices for comparison are ranges from Baht 20 - 35 million per rai. The appraised value of DTLP's lands by the independent property appraiser under the Fair Market Value Approach is equivalent to Baht 30 million per rai or totaling of **Baht 1,009.73 million.**
- Hotel Buildings and Other Assets of DTLP: The independent property appraiser applied the Depreciated Replacement Cost Approach to indicate value of hotel buildings and other assets of DTLP and total appraised value is equal to **Baht 367.27 million.**

The appraised value of the disposed assets by the independent property appraiser under the Cost Approach in order to recheck the value is equal to **Baht 1,377.00 million.**

2.2 Appraised Value by the Government Agency

	Title Deed No.	Government Appraised Value (Baht/sq. wah)	Area Size (sq. wah)	Total Government Appraised Value (Baht million)
1.	42109	30,000	6,884.60	206.54
2.	42110 (Partial)	30,000	339.00	10.17
3.	5917	30,000	820.20	24.60
4.	11956	30,000	77.90	2.34
5.	5971 (Partial)	30,000	5,341.00	160.23
	Total		13,462.70	403.88

Source: Treasury Department and Real Estate Information Center, Government Housing Bank

In deriving the value of the disposed assets based on the Adjusted Book Value Approach, CapAd considered to use the assets appraisal report prepared by an independent property appraiser to make an appropriate adjustment since CapAd agrees with the independent property appraiser that the Income Approach is the appropriate method to appraise value of the disposed assets. The adjustment of asset revaluations can be summarized as follows;

(Unit: Baht million)

Book Value as of June 30, 2010	Appraised Value	Over / (Under) Book Value
962.59	2,377.00	1,414.41

Tables shows Land Value Comparison and Weight Quality Score Method of the Independent Property Appraiser

Details and Primary Adjustment				
Description	Comparable Data No.			Subject Property (Beachfront Land)
	1	4	5	
Location	On Mai Khao Beach and public road	Public subroad from Soi Layan 4	Layan Beach and Soi Layan 2	Laguna Phuket, on beach and servitued road
Shape	Rectangular	Irregular	Irregular	Irregular
Land Area (Rai)	7.57325	15.200	6.67975	33.65775
Road Frontage (m)	20	65	90	120
Sea Frontage (m)	242	Facing public canal next to the sea	51	330
Facing the sea	Yes	No	Yes	Yes
Sea View(From the site)	Yes	Yes	Yes	Yes
Land Level	Flat land (-0.50)	Flat land (0.00)	Flat land (0.00)	Flat land (0.00)
Appropriated to use	Residential use	Residential use	Residential use	Commercial (Hotel)
Asking Price (Baht / Rai)	30,000,000	20,000,000	35,000,000	
Estimate Selling Price (Baht / Rai)	27,000,000	17,000,000	30,000,000	
Transacted Price (Baht / Rai)	0	0	0	
Date	July 2010	July 2010	July 2010	
Time Adjustment (Baht / Rai)	0	0	0	
Cut & Fill Earth Adjustment	0	0	0	
Total Primary Adjustment (Baht / Rai)	27,000,000	17,000,000	30,000,000	

Factor Analysis						
Factor	Comparable Data No.					
	%	1	%	4	%	5
Location						
- Site Location	10%	2,700,000	30%	5,100,000	5%	1,500,000
- View	10%	2,700,000	15%	2,550,000	0%	
- Terrain	0%		10%	1,700,000	0%	
- Accessibility	0%		5%	850,000	0%	
Property						
- Land Area	-15%	(4,050,000)	-5%	(850,000)	-15%	(4,500,000)
- Shape	0%		0%		0%	
- Road Frontage	0%		0%		0%	
- Beach Frontage	-5%	(1,350,000)	10%	1,700,000	0%	
Potential of land use	10%	2,700,000	10%	1,700,000	10%	3,000,000
Regulations and Development Constraints	0%		0%		0%	
Total	10%	2,700,000	75%	12,750,000	0%	
Price from Adjustment		29,700,000		29,750,000		30,000,000

Final Adjustment						
Comp No.	Final Adj Price	Absolute Adj	Proportion (1)	Inverse	Proportion (2)	Weighted Price
1	29,700,000	13,500,000	0.3654	2.7370	0.2912	8,648,161
4	29,750,000	14,450,000	0.3911	2.5571	0.2720	8,093,199
5	30,000,000	9,000,000	0.2436	4.1056	0.4368	13,103,275
Total	89,450,000	36,950,000	1.0000	9.3997	1.0000	29,844,635
			Or (Baht / Rai)			30,000,000

Source: Asset Appraisal Report of Knight Frank Chartered (Thailand) Company Limited dated 2 August 2010, page 70-71

After taking into account the assets revaluation adjustment based on the assets appraisal report, the value of the disposed assets based on this approach is equal to **Baht 2,377.00 million, which is Baht 243.00 million lower than the disposal price or 9.27 % below the disposal price.**

3. Price to Earnings Ratio Approach: P/E Ratio

In this approach, CapAd evaluated earnings generated by the disposed assets by using net profit of DTLP (excluding the revenues and expenses incurred from Dusit Thani Pool Villas since it is not a part of disposed assets) for 4 consecutive quarters ending 30 June 2010, based on information of the management accounts extracted from LRH's reviewed financial statements and audited financial statements (Company only), which was equal to Baht 99.40 million multiplied by the median of P/E Ratios of 3 selected comparable SET-listed companies with similar business in tourism and leisure sector as of 9 August 2010. The details are summarized below;

	Historical P/E Ratio (times)							
	7 Days	15 Days	30 Days	60 Days	90 Days	120 Days	180 Days	360 Days
1. Asia Hotel Plc.	6.14	6.03	5.85	5.75	5.91	6.01	5.93	3.76
2. Central Plaza Hotel Plc.	55.74	52.71	48.31	51.69	68.13	105.88	153.55	87.34
3. Dusit Thani Plc.*	NA	NA	NA	NA	NA	NA	NA	11.68
4. The Erawan Group Plc.*	NA	NA	NA	NA	NA	NA	NA	34.67
5. Mandarin Hotel Plc.*	NA	NA	NA	NA	NA	NA	NA	NA
6. Oriental Hotel (Thailand) Plc.	47.97	47.68	47.09	48.66	51.55	59.31	69.04	53.56
7. Pacific Assets Plc.*	NA	NA	NA	NA	NA	NA	NA	NA
8. Royal Orchid Hotel (Thailand) Plc.*	NA	NA	NA	NA	NA	NA	87.47	38.40
9. Shangri-La Hotel Plc.*	NA	NA	NA	NA	NA	NA	NA	21.87
10. Grande Asset Hotels and Property Plc.*	NA	NA	NA	NA	NA	NA	NA	NA
Median of 3 companies	47.97	47.68	47.09	48.66	51.55	59.31	69.04	53.56
Value of DTLP (Baht million)	4,768.70	4,739.45	4,681.33	4,836.95	5,124.07	5,895.67	6,862.56	5,323.60

Source: SETSMART

Note: * Such companies operated at losses, therefore their P/E ratios are invalid.

Due to some comparable listed companies have operated at losses and resulting in invalid P/E ratios in some considerable periods, CapAd selected only 3 remaining comparable companies, which are Asia Hotel Plc., Central Plaza Hotel Plc., and Oriental Hotel (Thailand) Plc. to be used for a comparison. In addition, CapAd found that the ranges of calculated median of P/E ratios are very wide. Consequently, the range of value of the disposed assets calculated by this approach is also very wide, from **Baht 4,681.33 – 6,862.56 million, which is Baht 2,061.33 – 4,242.56 million higher than the disposal price or 78.68% – 161.93% over the disposal price.**

4. Discounted Cash Flow Approach

This valuation approach takes into account DTLP's future operating performance by deriving present value of future cash flow stream using an appropriate discount rate. The independent financial advisor calculated the Weighted Average Cost of Capital (WACC) to be used as the discount rate and constructed a 10-year forecast of DTLP's cash flow (2010 - 2019), based on an assumption that all disposed assets owned by DTLP are free from all encumbrances and DTLP's operation is on an on-going basis without any significant changes under the current economic conditions and circumstances.

CapAd constructed a financial forecast for DTLP based on information and assumptions received from LRH and interviews with the management and relevant officers. The sole objective of the financial forecast is to evaluate the fair value of the disposed assets in order to compare with the disposal price. If there is any change in overall economic outlook and other internal and external factors that materially affect DTLP's business operation or assumptions used herein, the fair value derived from the financial projection may also change accordingly.

The assumptions for DTLP's financial forecast (The historical information and financial forecast of DTLP in this part excludes the revenues and expenses incurred from Dusit Thani Pool Villas since it is not a part of the disposed assets) can be summarized as follows;

1) Revenues▪ Room Revenues- Occupancy Rate

Total number of available rooms is 226. The average historical occupancy rate of 2007 – 2009 was 76%, 66% and 60%, respectively. The global economic downturn over the past 2 years originated from the US sub-prime mortgage crisis and resulting in the prolonged global recession until it peaked in the middle of 2009. The global financial meltdown was worsen by the political demonstrations during 2008 – 2009 in which severely extended to the airport closure both in Phuket and Bangkok during the high season, thus resulting in a decline in the number of foreign tourist arrivals in Phuket and low occupancy rate over the past 2 years.

During the first 6 months period of 2010, the occupancy rate grew to 69%, which was considerably higher than over the past 2 years. Such improvement was caused by the gradual improvement of the overall economy and the several policies released by the Thai government to promote tourism industry, resulting in the good sign of recovery for tourism and hotel industry during the first half of 2010.

However, the political turmoil during May - June 2010 have destroyed the tourists' confidence and strongly affected the tourism industry in the second half of 2010. In addition, the risks arisen from a decline number of foreign tourists and high competition of hotels in Phuket may reduce customer demand in the second half of 2010. Thus, Company assumed the occupancy rate of 2010 at 65% which is slightly lower than 2009 (the average of occupancy rate of 2009 to the first 6 months of 2010). However, the Company expected the occupancy rate in the next 2 years will resume back to the pre-crisis level at 74% (based on the average occupancy rate of 2006 – 2007 which is the year prior crisis) from the gradual improvement of the overall economy. As a result, CapAd assumes the occupancy rate of 2011 and 2012 to be at 69% and 74%, respectively and assumes the occupancy rate to remain constant at 74% throughout the projection period.

	2006A	2007A	2008A	2009A	2010F	2011F	2012F – 2019F
Occupancy Rate	72%	76%	66%	60%	65%	69%	74%

- Average Room Rate

The average room rate of 2007 – 2009 was Baht 5,012, Baht 5,447, and Baht 5,538, respectively. For 2010, the average room rate is assumed to be the same as the average room rate of 2009, which is equal to Baht 5,538. In addition, CapAd assumes the growth rate of the average room rate at 3.5% p.a. (which is equal to the inflation rate forecasted by the Bank of Thailand) after taken into consideration of the flat tourism industry in 2010 and the impact of several hotels expansion in Phuket.

Therefore, the room revenues during the projection period can be summarized as follows:

(Unit: Baht million)	2006A	2007A	2008A	2009A	2010F	2011F	2012F
Room Revenues	265.25	313.58	296.72	274.08	294.72	327.44	363.08
% Revenue Growth (p.a.)	80%	18%	-5%	-8%	8%	11%	11%

(Unit: Baht million)	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Room Revenues	374.76	387.88	401.45	416.64	430.04	445.10	460.67
% Revenue Growth (p.a.)	3%	3%	3%	4%	3%	4%	3%

▪ Food & Beverage Revenues

Food & beverage (F&B) revenues represent approximately 32% of total revenues throughout the projection period, which is equal to the 2007 - 2009 average and closed to the current figures.

(Unit: Baht million)	2006A	2007A	2008A	2009A	2010F	2011F	2012F
F&B Revenues	150.82	166.18	156.50	130.83	150.77	167.51	185.74
% Revenue Growth (p.a.)	65%	10%	-6%	-16%	15%	11%	11%

(Unit: Baht million)	2013F	2014F	2015F	2016F	2017F	2018F	2019F
F&B Revenues	191.72	198.43	205.37	213.14	220.00	227.70	235.67
% Revenue Growth (p.a.)	3%	3%	3%	4%	3%	4%	3%

- Other Revenues

Other revenues comprise of telephone revenues, laundry & dry cleaning revenues, rental revenues, guest activities revenues and other operating revenues. Assumed that other revenues, representing approximately 5.3% of total revenues throughout the projection period, which is equal to the 2007 - 2009 average and closed to the current figures.

(Unit: Baht million)	2006A	2007A	2008A	2009A	2010F	2011F	2012F
Other Revenues	18.84	33.97	21.25	20.58	25.06	27.84	30.87
% Revenue Growth (p.a.)	39%	80%	-37%	-3%	22%	11%	11%

(Unit: Baht million)	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Other Revenues	31.86	32.98	34.13	35.42	36.56	37.84	39.16
% Revenue Growth (p.a.)	3%	3%	3%	4%	3%	4%	3%

2) Cost of Sales and Services

- Cost of room revenues

Cost of room revenues comprise of payroll expenses and other expenses such as laundry & dry cleaning expenses, cleaning expenses, guest supplies expenses, etc. CapAd estimated the payroll expenses and other expenses in 2010 from the 2007 – 2009 average of total expenses per total number of occupied rooms, which is closed to the current figures and assumed payroll expenses to increase by 5% p.a. (based on the Company's policy) and other expenses to be increase by 3.5% p.a. (based on Thailand's average inflation rate). Cost of room revenues and its proportion to total revenues for the year of 2010 – 2019 are summarized below:

(Unit: Baht million)	2006A	2007A	2008A	2009A	2010F	2011F	2012F
Cost of Room Revenues	40.49	47.80	46.37	45.11	44.82	49.91	55.48
% of Room Revenues	15%	15%	16%	16%	15%	15%	15%

(Unit: Baht million)	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Cost of Room Revenues	57.55	59.85	62.25	64.92	67.35	70.06	72.88
% of Room Revenues	15%	15%	16%	16%	16%	16%	16%

- Cost of Foods & Beverages

Cost of foods & beverages, representing approximately 54% of total food & beverage revenues throughout the projection period, which is equal to the 2007 - 2009 average and closed to the current figures.

(Unit: Baht million)	2006A	2007A	2008A	2009A	2010F	2011F	2012F
Cost of F&B	85.01	89.93	83.64	70.93	81.30	90.32	100.15
% of F&B Revenues	56%	54%	53%	54%	54%	54%	54%

(Unit: Baht million)	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Cost of F&B	103.37	106.99	110.74	114.93	118.62	122.78	127.07
% of F&B Revenues	54%	54%	54%	54%	54%	54%	54%

- Cost of Other Revenues

Cost of other revenues of 2010 – 2019 is estimated from the 2007 – 2009 average of total expenses per total number of occupied rooms, which is closed to the current figures and assumes payroll

expenses to be increase by 5% p.a. (based on the Company's policy) and other expenses to increase by 3.5% p.a. (based on the inflation rate forecasted by the Bank of Thailand)

(Unit: Baht million)	2006A	2007A	2008A	2009A	2010F	2011F	2012F
Cost of Other Revenues	7.38	6.62	6.10	5.06	5.68	6.36	7.10
% of Other Revenues	39%	19%	29%	25%	23%	23%	23%

(Unit: Baht million)	2013F	2014F	2015F	2016F	2017F	2018F	2019F
Cost of Other Revenues	7.40	7.73	8.08	8.46	8.82	9.22	9.63
% of Other Revenues	23%	23%	24%	24%	24%	24%	25%

- Selling, general, and administrative expenses (SG&A)

SG&A expenses are comprised of payroll expenses (office staff and management), sales & marketing expenses, utilities expenses, repair & maintenance expenses and other operating expenses.

SG&A expenses of 2010 – 2019 is estimated from the 2007 – 2009 average of total expenses per total number of available rooms, which is closed to the current figures and assumes payroll expenses to be increase by 5% p.a. (based on the Company's policy) and other expenses to be increase by 3.5% p.a. (based on the inflation rate forecasted by the Bank of Thailand).

(Unit: Baht million)	2006A	2007A	2008A	2009A	2010F	2011F	2012F
SG&A Expenses	111.50	116.85	110.86	100.48	109.30	113.64	118.48
% of Total Revenues	26%	23%	23%	24%	23%	22%	20%

(Unit: Baht million)	2013F	2014F	2015F	2016F	2017F	2018F	2019F
SG&A Expenses	122.85	127.75	132.84	138.53	143.67	149.42	155.41
% of Total Revenues	21%	21%	21%	21%	21%	21%	21%

- Management fee and incentive fee

DTLP has a commitment to pay management fees to Dusit Thani Public Company Limited according to the Operating Agreement which is comprised of the basic management fee at 2% of total revenues and the incentive fee at 5% of gross operating profit. The contract period starts from 1 October 1992 to 30 September 2012. Therefore, CapAd assumed the constant management fees rate throughout the projection period.

- Corporate income tax

Since DTLP is the business unit under LRH, therefore, the corporate tax rate of DTLP will be applied the same corporate tax rate of LRH, which is equal to 25% of accounting profit after adding back adjustments according to the Revenue Code as a result of tax benefit from the Royal Decree No. 475 (B.E. 2551). The Royal Decree stipulates the reduction of corporate income tax of the listed companies from 30% to 25% for only the portion of net profit that does not exceed THB 300 million for 3 accounting periods starting on or after 1 January 2008. Since LRH started utilizing such benefit in 2008, the 2010 accounting period is the final year for LRH to benefit under such Royal Decree.

However, from 2011 onwards, the corporate tax rate of LRH will resume back to 30% of accounting profit after adding back adjustments according to the Revenue Code.

LRH has no tax losses carried forward which can be used as corporate income tax shield throughout the forecasting period.

- Capital expenditure (CAPEX)

Capital expenditure is projected at 3% of total revenues throughout the projection period which is based on the CAPEX plan in current situation. In addition, 2010 CAPEX is expected to be spent for the room renovation costs, approximately of Baht 45 million and this is also the last phase of room renovation projects of DTLP.

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▪ Asset and liability turnover ratio

The ratios are estimated from the historical data of 2007 – 2009, which is closed to the current figures and assumed to be constant throughout the projection period as follows:

Accounts Receivable	52 days on average
Inventories	53 days on average
Accounts Payable	36 days on average

The summary of the projected financial figures are below:

(Unit: Baht million)	2010F	2011F	2012F	2013F	2014F
Revenues	470.43	522.66	579.54	598.18	619.12
Cost of Sales and Services	(131.80)	(146.59)	(162.73)	(168.32)	(174.57)
SG&A Expenses	(109.30)	(113.64)	(118.48)	(122.85)	(127.75)
Depreciation Expenses	(53.06)	(54.83)	(52.82)	(25.59)	(14.10)
Management Fee and Other Operating Expenses	(29.58)	(29.85)	(33.48)	(34.51)	(35.67)
Corporate Income Tax	(36.67)	(53.32)	(63.61)	(74.08)	(80.11)
Net Profit*	110.01	124.42	148.42	172.84	186.92

Note: * The above net profit excluded the revenues and expenses incurred from Dusit Thani Pool Villas

(Unit: Baht million)	2015F	2016F	2017F	2018F	2019F
Revenues	640.79	665.03	686.43	710.46	735.32
Cost of Sales and Services	(181.06)	(188.31)	(194.79)	(202.05)	(209.59)
SG&A Expenses	(132.84)	(138.53)	(143.67)	(149.42)	(155.41)
Depreciation Expenses	(16.00)	(17.98)	(20.01)	(22.12)	(24.30)
Management Fee and Other Operating Expenses	(36.86)	(38.20)	(39.38)	(40.70)	(42.06)
Corporate Income tax	(82.21)	(84.60)	(86.57)	(88.85)	(91.19)
Net profit*	191.81	197.41	202.01	207.32	212.78

Note: * The above net profit excluded the revenues and expenses incurred from Dusit Thani Pool Villas

▪ Terminal Value

Free cash flow growth after the projection period is projected at no growth based on a conservative basis.

▪ Discount Rate

The discount rate applied to the calculation of the present value of free cash flow is the Weighted Average Cost of Capital (WACC) capital, which derived from the weighted average of Cost of Debt (K_d) and Cost of Equity (K_e) based on the following formula;

$$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$$

K_e	=	Cost of equity or shareholders' required rate of return (R_e)
K_d	=	Cost of debt or loan interest rate
T	=	Corporate income tax rate
E	=	Total shareholders' equity
D	=	Interest-bearing debt

In case of DTLP, WACC will be equal to K_e or R_e due to DTLP has no outstanding loans or interest-bearing liabilities and the financial projection was prepared under the same assumptions rendered by the independent property appraiser that all disposed assets of DTLP are free from all encumbrances.

Cost of equity (K_e) or the required rate of return for DTLP, CapAd considered to use the required rate of return for LRH's shareholders (R_e) since DTLP is a business unit under LRH, which is derived from the Capital Asset Pricing Model (CAPM) as follows;

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f),$$

Whereby

- Risk Free Rate (R_f) = 4.02% per annum based on 30-year government bond yield (information as of 9 August 2010), which is currently the longest government bond, therefore, aligned with the assumption that DTLP's operation is on an on-going basis.
- Beta (β) = 0.36 based on the Beta of LRH (1-year historical data until 9 August 2010). The chosen period is best reflecting the real required rate of return for shareholders to LRH's share.
- R_m = Market return from the investment in the SET (SET index) over the past 25 years from the year 1983 – 2009 is equal to 19.19% per annum because it is the best period to reflect the average return. However, the independent financial advisor did not take market return of the SET for the year 1975 – 1982 into consideration because it was the beginning period that the SET was established and therefore trading volumes as well as number of listed companies were very few and could not reflect the real return.

Therefore, the discount rate which is equal to the required rate of return (R_e) is equal to 9.50% per annum.

By using the above information and assumptions, the value of DTLP can be calculated by Discounted Cash Flow Approach as follows:

(Unit: Baht million)	2010F	2011F	2012F	2013F	2014F
Free Cash Flow to the Firm	88.03	162.37	183.95	181.61	183.91
Discounted Free Cash Flow (2010F - 2014F)	84.76	142.78	147.72	133.19	123.17

	2015F	2016F	2017F	2018F	2019F
Free Cash Flow to the Firm	190.12	197.35	202.80	209.89	216.87
Discounted Free Cash Flow (2015F - 2019F)	116.29	110.23	103.45	97.78	92.26

(Unit: Baht million)

Discounted Free Cash Flow after the Projection Period (PV of Terminal Value)	971.12
Total Discounted Free Cash Flow as of 31 July 2010	2,122.76

Therefore, by using this approach the value of DTLP is equal to **Baht 2,122.76 million**.

CapAd has conducted a sensitivity analysis on the value of DTLP based on adjusting the required rate of return (R_e) increase (decrease) by 1% to consider the impact to the valued DTLP.

	Shareholder's Required Rate of Return (R_e)		
	8.50%	9.50%	10.50%
Value of DTLP (Baht million)	2,386.03	2,122.76	1,910.69

Note: WACC of DTLP will be equal to K_e or R_e under the assumptions that DTLP has no outstanding loans or interest-bearing liabilities over the projection period

As shown in the table above, the value of DTLP is in the range of **Baht 1,910.69 – 2,386.03 million, which is Baht 233.97 – 709.31 million lower than the disposal price or 8.93% – 27.07% below the disposal price.**

Please note that the valuation is made under the current economic conditions and circumstances. If there is any change in the business plan, policy, and economic condition that will materially affect the assumptions and variables used herein, the future operating results of DTLP might not be as projected and the value of the disposed assets evaluated by this approach may also change accordingly.

Summary of Opinion of the Independent Financial Advisor on the Appropriateness of the Disposal Price of the Disposed Assets

The value of the disposed assets derived from various valuation approaches can be summarized in the table below;

(Unit: Baht million)

Valuation Approach	Value of the Disposed Assets	Disposal Price	Higher (Lower) than Disposal Price	% Higher (Lower) Than Disposal Price
1. Book Value Approach	962.59	2,620	(1,657.41)	(63.26)
2. Adjusted Book Value Approach	2,377.00	2,620	(243.00)	(9.27)
3. P/E Ratio Approach	4,681.33 – 6,862.56	2,620	2,061.33 – 4,242.56	78.68 – 161.93
4. Discounted Cash Flow Approach	1,910.69 – 2,386.03	2,620	(233.97) – (709.31)	(8.93) – (27.07)

From the summary table above, the value of DTLP is in the range of Baht 962.59 – 6,862.56 million using various approaches.

The Book Value Approach is the method that reflects the value of the disposed assets at any given period of time. However, this approach does not taking into accounts its real asset value and future profitability as well as the overall economic and industry outlook.

The Price to Earnings Ratio Approach estimates the value of the disposed assets from using past financial figures (net profit) of the disposed assets to compare with the selected industrial average of the comparable SET-listed companies in tourism and leisure sector. However, CapAd found that several comparable listed companies have operated at losses in some considerable periods that made P/E Ratios invalid. In addition, the remaining 3 comparable companies with valid P/E Ratios are too few and the derived P/E Ratios are too wide in range to use as good comparable variables. Conclusively, the Price to Earnings Ratio Approaches is not appropriate to reflect the value of DTLP.

After consideration of both pros and cons of each approach, CapAd therefore concluded that the most appropriate valuation methods for the disposed assets are the Adjusted Book Value Approach (which the independent property appraiser has applied the Income Approach to indicate value of the disposed assets) and the Discounted Cash Flow Approach since it reflects the fundamental value of the disposed assets and both methods also take into the account the historical performance and the future growth prospects of business of the disposed assets. However, the assets valuation by the Adjusted Book Value Approach and the Discounted Cash Flow Approach is determined based on DTLP's business operation under the assumptions of current economic condition and circumstances. If there are any changes in the business plan, policy and economic condition that will materially affect the assumptions and variables used herein, the future operating results of DTLP might not be as projected and the value of the disposed assets may also change accordingly.

In conclusion, the value of the disposed assets is **Baht 1,910.69 – 2,386.03 million, which is Baht 233.97 – 709.31 million lower than the disposal price or 8.93% – 27.07% below the disposal price. Therefore, the disposal price of Baht 2,620.00 million is considerably appropriate.**

5. Conclusion of the Independent Financial Advisor's Opinion

CapAd has an opinion that the Disposition of Assets of Dusit Thani Laguna Phuket by way of closed bid tender at the total consideration of Baht 2,620,000,000 is reasonable and benefits the Company as well as the shareholders of the Company. This is because the Disposition of Assets will reduce the Company's investment portfolio in Phuket and its reliance on revenues from Phuket. LRH will also have higher liquidity from the sale proceeds from the Transaction and realize profit from the Disposition of Assets.

Moreover, LRH will have the opportunity to use the proceeds to invest in a hotel or hotel-related project located outside Thailand which will increase the investment opportunity of the Company and/or repay bank loans and/or pay dividends to the shareholders of the Company. Even though the amount of the proceeds to be allocated to each of the uses has not yet been determined by the Company's Board of Directors ("BOD"), it shall carefully be determined by the BOD as to maximize benefits of the shareholders as follows: (1) for an investment in a hotel oversea, the investment criteria shall be determined and, if necessary, the Company may appoint a hotel consultant or expert

to conduct the feasibility study and provide the advice, and/or (2) repay bank loan to reduce the financing cost of the Company, and/or (3) pay dividends to the shareholders.

However, during the period after the Disposition of Assets until the Company makes a new hotel investment (or until the new investment begins to generate revenues and profit), the Company's revenues and net profit will decrease. The buyer of the disposed assets will also become a new competitor of LRH in the hotel business. Additionally, if the Company does make an investment overseas, it will have risks from new investment outside Thailand including return risk, country risk and exchange rate risk.

Furthermore, the Company has not yet clarified the use of proceeds from the Disposition of Assets. Therefore, there is a risk to the shareholders that revenues and profit of the Company will decline for a period of time. There is also uncertainty for the return from the unclear use of proceeds from the Disposition of Assets.

As regards the disposal price by way of closed bid tender with the final offering price by Dusit Thani Plc. of Baht 2,620 million, CapAd is of the opinion that the selling price of DTLP is considerably reasonable since it is higher than the appropriate value of the disposed assets valued by the independent financial advisor based on the Adjusted Book Value Approach and the Discounted Cash Flow Approach, which is between Baht 1,910.69 – 2,386.03 million. Those two approaches could reflect the fundamental value the disposed assets and also take into the account the historical performance and the future growth prospects of hotel business under the current situation and assumptions.

Based on the reasons illustrated above, CapAd has an opinion that the shareholders of LRH should approve the Disposition of Assets. However, the final decision as to whether to approve the Transaction should be made at the shareholders' own discretion. The Company's shareholders should study information in documents sent with the invitation to EGM No. 1/2010 before making any decision.

CapAd hereby certifies that the opinions have been prudently provided in compliance with the professional standards and principles, with due regard to the Company's and shareholders' benefits.

Yours sincerely,
Capital Advantage Company Limited

(Mr. Pachara Netsuwan)
Managing Director