

No. L028/2010

10 August 2010

Subject: Information Memorandum on the Disposition of Assets of Laguna Resorts & Hotels Public Company Limited

To: President
The Stock Exchange of Thailand

The meeting of the Board of Directors of Laguna Resorts & Hotels Public Company Limited (the "Company" or "LRH") No. 4/2010 held on 10 August 2010, passed a resolution to approve the disposition of Dusit Thani Laguna Phuket (the "Hotel") which consists of land, buildings, plant and machinery, furniture, fixtures and equipment and inventory owned by LRH and its wholly-owned subsidiaries, by way of closed bid tender (the "Disposition" or "Transaction") at the total consideration of THB 2,620,000,000 (Thai Baht Two Billion Six Hundred and Twenty Million).

The Company plans to use the net proceeds from the Disposition (the "Proceeds") to invest in a hotel or hotel related project located outside the borders of Thailand, repay bank loans, and/or pay dividends. The amount of the Proceeds to be allocated to each of the uses shall be determined by the Board of Directors.

The overseas investment is aimed at reducing the Company's present operations in Phuket which presently forms the majority of the Company's income. In 2009, LRH's combined revenues generated by its operations in Phuket amounted to almost 82% of the Company's overall revenue. In terms of the Company's hotel revenue, just over 82% is attributed to hotels located 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 revealed the Company's vulnerability and confirmed the Company's concerns that it has too much exposure in Phuket and in Thailand. As a result, the Company has decided to accelerate its plans to reduce its investment portfolio in Phuket and after much deliberation came to the conclusion of disposing the Hotel.

The Transaction falls under "Transaction Type 1" and requires the disclosure of information to the Stock Exchange of Thailand ("SET") and the approval from the shareholders' meeting 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 the Listed Company Concerning the Acquisition and Disposition of Assets, 2004.

1. Date of Occurrence of the Transaction

Assuming the Transaction is approved by the Company's shareholders at the Extraordinary General Meeting No. 1/2010 which will be held on September 29, 2010, the Transaction is expected to be completed on 30 November 2010 or such other date as mutually agreed by the Parties in writing which shall not be later than 30 December 2010 ("Completion Date").

2. Parties Involved

Sellers : Laguna Resorts & Hotels Public Company Limited ("LRH"),
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.

3. General Characteristics of the Transaction

The Transaction was done by way of a closed bid tender (the "Tender") of the assets detailed in Clause 4. Jones Lang LaSalle (Thailand) Limited was appointed as the exclusive property advisor and marketing agent for the Disposition.

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” (calculated from the reviewed/audited financial statement based on the 12-month period from 1 July 2009 to 30 June 2010) method is over 50%, it is classified as “Transaction Type 1”, and therefore requires the disclosure of information to the SET and the approval from the shareholders’ meeting with a vote of not less than 75% of total voting right of shareholders who attend the meeting and are eligible to vote.

4. Details of the Assets to be Disposed

4.1 Summary of Dusit Thani Laguna Phuket Hotel

Property Name	Dusit Thani Laguna Phuket Hotel (assets under LRH)
Location	Bang Tao Beach, Phuket 390/1 Moo1 Srisoonthorn Road, Cherngtalay, Thalang, Phuket 83110
Description of the Hotel	<ul style="list-style-type: none">• A 5-star luxury hotel comprising 226 rooms and various facilities in low-rise buildings• Situated on 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)• 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	Land, buildings, plant and machinery, furniture, fixtures and equipment, and inventory
Obligation	Land 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.

4.2 Financial Information

Apart from the Hotel, LRH owns and operates other hospitality related businesses including investments in a number of hotels through subsidiary companies. As the Hotel is one of the businesses owned by LRH, the Hotel does not have its own reviewed/audited financial statement. The financial information used in the transaction size calculation is therefore based on management accounts and other financial information extracted from LRH's reviewed/audited financial statements. The financial information used in the calculation of the transaction size is summarized as follows:

Summary of Financial Information for Transaction Size Calculations

(Unit: Million Baht)	As at 31 March 2010	As at 30 June 2010	As at 31 December 2009	As at 31 December 2008
Total assets ^(a)	1,092.19	1,024.27	1,096.85	1,818.18
Total liabilities ^(b)	95.88	98.82	143.21	119.71
(Unit: Million Baht)	For the 3 months ended 31 March 2010	For the 12 Months from 1 July 2009 to 30 June 2010	For the 12 months ended 31 December 2009	For the 12 months ended 31 December 2008
Total revenues ^(c)	232.13	525.12	474.09	488.44
Total expenses ^(c)	121.22	387.35	372.04	353.10
Profit before tax	110.90	137.77	102.05	135.34
Net profit ^(d)	83.01	102.66	76.11	101.56

^(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

^(c) Includes revenue and shared expenses from Dusit Villas

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

4.3 Details of Assets

4.3.1 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

4.3.2 Hotel Buildings

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

4.3.3 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 Hotel	LRH

4.3.4 Furniture, Fixtures & Equipment and Inventory

	Description	Location	Owner
1.	Furniture, fixtures, building improvements, all equipment and inventory used in the operations of the Hotel.	Dusit Thani Laguna Phuket Hotel	LRH

5. Total Value of Consideration and Payment Conditions

Total Consideration : THB 2,620,000,000 (Thai Baht Two Billion Six Hundred and Twenty Million). All fees and taxes payable for the transfer of the Assets Disposed shall be borne by the Buyer.

Payment method : The Buyer shall pay as follows:

- An initial amount equivalent to 10% of the Total Consideration within 5 working days from the execution of the Asset Purchase Agreement;
- A further 89% of the Total Consideration on 30 September 2010 and;
- The final 1% of the Total Consideration on the Completion Date.

6. Value of the Assets Disposed

As of 30 June 2010, the value of the disposed assets is approximately THB 962.59 million (total book value of buildings, plant and machinery, furniture, fixtures and equipment and inventory of the Hotel is approximately THB 417.30 million and total book value of land on which the Hotel is located and owned by LRH, LGL and PKRD is approximately THB 545.29 million).

Asset items	Book Value (Million Baht) 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	
• Plant & Machinery, Furniture, Fixtures & Equipment and Inventory	125.19	
Total		962.59

7. The Criteria in Setting the Value of Consideration

The highest price offered by bidders in the Tender.

8. The Rationale in Entering the Transaction and Expected Benefits

As explained in the preamble of this letter, the Company is presently too reliant on its operations in Phuket and is therefore vulnerable to any adverse events which impact the Thai tourism industry. By entering into the Transaction, the Company will be able to reduce its exposure in Phuket and therefore reduce its country risks.

9. Plans for Use of Proceeds from the Assets Disposition

The Company plans to use the Proceeds to invest in a hotel or hotel related project overseas, repay bank loans, and/or pay dividends to its shareholders. The Board of Directors shall have the discretion to examine and ascertain the appropriateness of each of the aforementioned uses and the amount of the Proceeds to be allocated, if any, to each of them.

10. Opinion of the Board of Directors on the Transaction

As the Total Consideration is higher than the book value of the assets to be disposed, the Company will immediately realize a gain from the Disposition and at the same time reduce the Company's exposure in Phuket.

With the Proceeds, the Company will have the financial means to explore investment opportunities overseas, repay bank loans and/or pay dividends to shareholders. If the Company is able to make a successful investment overseas, this would enable the Company to achieve a more diversified investment portfolio and reduce any adverse impact to its income when there are problems in the Thai tourism industry. In the event that the Company decides to repay some of its bank loans, the Company would be able to reduce its interest expense and preserve its borrowing ability for future investment opportunities. Shareholders of the Company would potentially benefit from a dividend payment should this be declared by the Company.

11. Opinion of the Audit and Risk Committee or the Director of the Company that is Different from the Opinion of the Board of Directors of the Company

The Audit and Risk Committee concurs with the opinion of the Board of Directors of the Company.

Please be informed accordingly.

Sincerely yours,

Laguna Resorts & Hotels Public Company Limited

(Mr. Michael Ramon Ayling) (Mr. Stuart David Reading)

Directors