

Press Release

PACE Unveils D&D Investment Plan

- *Focusing on specialty café format for global expansion*
- *Plan to list D&D in US stock market, expect high margin of IPO*
- *Target 2015 year end to achieve THB 3.3 billion revenue recognition*
- *D&D income will exceed property revenue after 2018*

PACE Development Corporation Plc. or “PACE” unveils that after it acquired Dean & DeLuca (D&D) brand and its businesses last year, the company has planned to make D&D the leader in the global gourmet F&B market. PACE currently holds THB 14 Billion worth of backlog from its residential developments which can be realized starting end of 2014. The company will use its income in furthering its property development business, while parts of the revenue will be invested in D&D store expansion. PACE targets to expand D&D mostly in specialty café format which requires lower capital investment while giving operators/ licensees’ flexibility and convenience in terms of operation, as well as less time required for store set up while return on investment is high. PACE believes that D&D will generate sustainable revenue recognition throughout the year and targets to achieve THB 3.3 billion worth of sales in 2015. In the long run, income from D&D will exceed revenue from property developments.

Sorapoj Techakraisri, CEO, PACE Development Corporation Plc. or “PACE” states that “D&D is operated in a segment that is unique. From our study in the US market, D&D food business falls between fast-food and high-end F&B segments. According to market research, we found that this segment is extremely popular and has potential to grow as the customers today have become more selective and have diverse lifestyle demands and they are looking for a trendy and high quality restaurants and cafés. With the US economy recovering, the growth of world middle income population, as well as the brand’s iconic New York status and its solid customer base, D&D has a very high potential to grow both in US and overseas. PACE plans to aggressively expand D&D and list the company in a reputable stock exchange within 3 years. High IPO valuation is achievable when compared with other peers in the same market segment.

D&D mainly generates income from two sources, 1) sales of company owned stores in US and Thailand and 2) licensing business from global D&D license stores in 5 countries including Japan, Singapore, South Korea, Kuwait, and Philippines. Regarding store expansion, PACE foresees tremendous opportunities for specialty café format stores where scale is easier and faster to manage while this type requires minimum investment. At first stage, the focus will be the opening of

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new US D&D branches in CBD and prime tourist locations targeting high-end consumers who appreciate high quality food and beverage products.

Founded 38 years ago in New York, D&D brand has been known for its premium, highest-quality food, coffee and cooking ingredients sourced from around the world. It is also an iconic New York brand that is trendy, unique and highly successful in both the US and other markets. PACE foresees that D&D has a high potential to grow exponentially and believes that the company can drive its growth worldwide in the future as D&D brand is well accepted and has already passed the introduction stage. So PACE can focus on the expanding the businesses without employing a lot of time and budget for brand building. With PACE's expertise in finding the most sought-after locations, its leadership in design, as well as its ability to find best business partners, ensuring D&D brand will be accepted globally in the near future.

"Expansion in the form of licensing is also our focus. PACE plans to increase number of D&D licenses throughout Asia, Australia, Europe, as well as Central and South America where the demand for D&D is high. We have seen opportunities in these new major cities as consumers are more inclined to embrace new brands, ideas, and concepts, and also have higher spending power. As can be seen from our new D&D store opening in the Philippines, it enjoys a huge success as consumers in this market have evolved significantly, which is in line with the integration of AEC in the near future. PACE adheres to our criteria in selecting D&D business partners who truly understand the brand and share our visions ensuring D&D brand's heritage and identity is preserved." added Sorapoj.

Apart from the success of own stores in the US and Thailand, D&D Japan is the major example of D&D success in the form of license. Japan is a developed country where consumers have high spending power and iconic brands from US are widely accepted. D&D Japan is highly successful as can be seen from the launch of its Fukuoka flagship branch, which, a total of 10,000 D&D totes were sold within just 1 week. Currently D&D Japan stores are mainly operating in specialty café format situated in subway, or prime business and tourist locations.

Since the acquisition of D&D brand last year, PACE has continuously seen confidence from its international license partners. It has also planned to constantly improve and expand D&D brand to become the world's iconic gourmet food & beverage brand. In late 2013, D&D Thailand hosted the D&D International Business Conference 2014 where D&D operators worldwide gathered to learn about the success of D&D Thailand branches.

In addition, PACE local Japanese license holder is committed to opening 3 new stores in 2015 by year end, showing their confidence in the future of the brand. D&D Japan new branches will be located in major cities such as Fukuoka and Osaka, of which, would be large-size flagship outlets with 300 - 800 square meters space, decorated with the modern-minimal style, set to be the model for D&D market-type store expansion in the other cities.

“PACE is confident that D&D will add a continuous income stream and will support the company’s high-end residential and hospitality development businesses. PACE currently holds approximately 14 Billion Baht worth of backlog from its MahaNakhon and Nimit Langsuan developments. We will see revenue realization from MahaNakhon starting end of 2015. Parts of the company’s revenue will be used to further residential and property developments, while parts will be used for D&D store expansion. In long term, PACE believes revenue from D&D will exceed revenue from its property development business” concluded Sorapoj.

Last year, PACE realized a total value of 469 Million Baht revenue from its global D&D operations. The company’s Q1 performance shows approximately 623 Million Baht revenue. PACE is targeting to realize approximately 3.3 billion Baht revenue from its global D&D transactions in end 2015.

D&D Thailand currently operates 4 branches and will soon open its fifth branch at Emquartier. PACE is targeting to continuously open D&D Thailand branches and will focus on expanding the stores in the specialty café format which has high opportunity to grow.

About PACE Development

PACE Development Corporation Plc is a high-end property developer and lifestyle provider that is committed to provide customers a lifestyle by offering highest quality standards, innovative design and prime location residences. PACE also owns the world’s most iconic gourmet food and beverage brand, Dean & DeLuca. The company is led by a dynamic management team with a strong background in property development and retail.

For more information, please contact:

PACE Development Corporation Plc.

Tel: 02-118-9599

Narumon Juthaprateep

pr@pacedev.com

7 Creative Consultants Co., Ltd. (7CC)

Panarasee Thaiwatcharamas

Tel: 081-834-3553

panarasee@7cc.co.th