



*For Immediate Release*

## **PACE ANNOUNCES PLAN FOR RECAPITALIZATION: REDUCING DEBT & INTEREST WHILE STRENGTHENING FINANCIAL POSITION WITH RECURRING INCOME FROM DEAN & DELUCA AND MAHANAKHON OBSERVATORY**

- Chances to realize income within 2018 from sales of 2 residential developments
- Company targets D/E ratio 1.5X, following Rights Offering THB 3,758 billion
- Interest expense to reduce more than THB 500 million annually after capital increase and sales of 2 residential developments
- DEAN & DELUCA strategic growth plan unveiled, through re-evaluation of retail portfolio, business alliance strategy for adding new café format outlets and advanced digital strategy
- MahaNakhon Observatory recurring income from H1 2018

### **Bangkok THAILAND – 8 November 2017: The Board of Directors of Pace Development**

**Corporation Plc. (PACE)** announced today the plan to recapitalize for the purpose of reducing debt and interest expense, and for sustainable future business expansion. This will be achieved through selling 2 residential projects and increasing capital through a Rights Offering (RO) of THB 3.758 billion. Money raised will be used to reduce debt, while the firm will retain the benefits of recurring income from DEAN & DELUCA's growth as well as MahaNakhon Observatory.

**Sorapoj Techakraisri, CEO, PACE** said, "Our plan for PACE is to focus on short-term reduction in debt and interest, we will achieve this by selling some existing assets, realizing revenue immediately, as well as increasing the Company's capital through a Rights Offering to existing shareholders. These two major steps will enable the company to reduce the Debt Equity Ratio to 1.5X."

For immediate realization of income, PACE has entered into a Memorandum of Understanding (MOU) for the sale of the entire NIMIT Langsuan development as well as the remaining unsold units, approximately 25% of the total number of units in The Ritz- Carlton Residences at MahaNakhon, to Sansiri Public Company Limited (SIRI), which is now in the process of conducting the due diligence. If the conditions in

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the MOU are fulfilled, the transaction is expected to be completed within 2018. PACE plans to use the income generated to reduce debt with major creditors.

PACE is planning to increase market capitalization to existing shareholders with 7.516 billion shares at a price per share of THB 0.50, total value THB 3.758 billion. Two series of warrants (totaling 4.009 billion units) will be issued to the existing shareholder who are entitled to RO subscription. In addition, there will be 1.5 billion new shares issuance through a Private Placement. The proceeds from the capital increase will be used to pay back debt including bonds and Bills of Exchange, eliminating most of the firm's short-term debt obligations as well as for project development and providing a platform for expanding the Company's future business.

"As one of PACE financial supporters, Siam Commercial Bank (SCB) agrees with the recapitalization plan which will help uplifting PACE financial situation" said Arthid Nanthawitthaya, CEO, SCB "The plan will help lower short-term financial obligation, and will strengthen foundation for a sustainable growth for the future. SCB is pleased to support and continue to work with PACE in the foreseeable future"

The above recapitalization plan will enable PACE going forward to focus on achieving long-term sustainable profitability through ownership and expansion of recurring income businesses DEAN & DELUCA as well as MahaNakhon Observatory.

## **DEAN & DELUCA**

DEAN & DELUCA currently comprises 2 key businesses: USA / Thai operations and license operations internationally. The firm will expand in new directions which are less capital intensive, working with key business partners, leveraging the brand's strong reputation and recognition.



This includes an advanced digital strategy, the launching the café concept called DEAN & DELUCA xp already created as well as the new DEAN & DELUCA consumer products range which will be sold throughout the store network as well as via 3<sup>rd</sup> parties, both of which have already generated substantial interest globally from potential partners already.

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DEAN & DELUCA USA has also appointed a key executive team helmed by Laura Lendrum, Global President of Markets and Global Retail, to transform the business model and re-evaluate the brands overall growth objectives and retail portfolio.

This strategic reassessment addresses the challenges that are facing brands in the retail sector whilst developing an advanced digital strategy to meet the expanding and evolving needs of consumers.

The company is undertaking a powerful strategic shift required to solve legacy issues and substantially expand income streams and global brand presence. This has been done by heavily invested in market research and product development, examining brand architecture, store design and operation systems.

### **MAHANAKHON OBSERVATORY**



The Observatory features striking design with stunning views across the city, attracting tourists and Thais. A multi-floor experience, the indoor/outdoor views from Thailand's tallest tower are accompanied by the glass sky tray, exclusive bar, retail merchandise and high-speed lift access all of which match the best standards in observation decks found around the globe. Completion is expected in H1 2018, and the planned peak capacity exceeds 10,000 visitors daily, with ticket prices ranging from THB 500 – 1,000. From Conde Nast Travelers research, the number of projected overnight visitors to Bangkok will reach 20.19 million within 2017 yearend.

While the Observatory requires substantial investment, once open the operating margins are expected to exceed 70%, comparable to Sky Train Mass Transit, power plants or other capital-intensive businesses. The Observatory will provide PACE with an ongoing long-term revenue stream, and remains more attractive than the property development business, where finding sites and achieving comparable margins is increasingly challenging. Currently, MahaNakhon Observatory has completed its construction and is in interior fit out phase for which budget has already been allocated.

### **OPERATIONS**

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PACE still has 3 assets under development, namely WINDSHELL Naradhiwas, Bangkok EDITION Hotel and MahaSamutr Hua Hin which includes both villas and Country Club which is another recurring income stream, as well as a land bank for developing another 2 developments.

Having grown over the last 10 years from 5 to more than 500+ staff, the firm is improving cost control and strategic planning, including a full human resource and operations review, identifying ways to reduce costs through technology and redeployment of staff, including changes to key management positions with the new focus on recurring income streams.

“Through recapitalization and these measures, PACE will strengthen the financial structure, enabling the firm to be ready for expanding recurring income opportunities as well as more streamlined operations,” said Sorapoj.

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**About PACE**

PACE is Thailand’s leader in luxury development and hospitality. Providing a full range of lifestyle properties and services, PACE meets the needs of today and tomorrow using world-class design, introducing new trends to improve the urban landscape and enhance people's lives. The firm also delivers innovation in the retail market with a strategy to build a portfolio of global food & beverage brands, including ownership of global brand DEAN & DELUCA. PACE has gained recognition for premium quality and reliability, with award-winning developments as well as operations in some of the world’s most sought after locations.

For more information, please visit [www.pacedev.com](http://www.pacedev.com)

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