

## Press Release

### **PACE holds 13.5 billion baht backlog from MahaNakhon and Nimit Langsuan developments, following 100% ownership of its flagship “MahaNakhon”**

- **Mahanakhon construction has reached its highest point at FL 77, expect 1<sup>st</sup> phase residences to transfer by end of 2015**
- **Expanding its gourmet F&B portfolio through the acquisition of Dean & Deluca Thailand for a consistent income stream.**

**Mr. Sorapoj Techakraisri, Chief Executive Officer, PACE Development Corporation Plc, (PACE) disclosed that the company now has 100% ownership of its flagship MahaNakhon mixed-use development, following the recent buy back shares from IBC Thailand Ltd., (IBC). IBC received holding in PACE in exchange for its holdings in MahaNakhon.**

**Mr. Sorapoj** said the 100% ownership in MahaNakhon development will strengthen the company’s management potential, while enabling full revenue increase for PACE. Furthermore, the move exhibits capital strength for PACE, reflecting our trust to the development as the best and the most luxurious skyscraper development in the kingdom. The development has constantly enjoyed favorable response from clients. Previous joint venture effort with IBC aimed to provide financial support for its construction and currently, construction of its core structure has now reached its highest point at 77<sup>th</sup> floor, 314 metres since late April.

**With regards to the company’s backlog, Mr. Sorapoj said that PACE is holding a backlog worth a total of 13.5 billion baht, comprising 8 billion baht sales of The Ritz-Carlton Residences, Bangkok at MahaNakhon and 5.5 billion baht sales from Nimit Langsuan. All sales will be recognised over three years period. By the fourth quarter this year, PACE will start transferring its first phase Ritz-Carlton Residences.**

During late of 2014, the company spent 4,500 million baht to buy US-based Dean & Deluca, Inc (D&D). And recently, the company’s 2015 annual ordinary shareholders' meeting has resolved to approve the acquisition of D&D Thailand’s ordinary stock of 99.9998% as well as the transferring of payment right of D&D Thailand to Mr. Sorapoj Techakraisri, worth 240 million baht in compensation.

**The acquisition of D&D Thailand will enable the company to generate revenue from business operation in the long run through a direct store investment and management. Previously, PACE received loyalty fee from D&D Thailand. As owner, PACE will now have management power and can continue to boost financial liquidity as well as oversees D&D local expansion plan. However, PACE is now in the process of consolidating investment and business expansion plans and will be able to disclose a more concrete model in the near future.**

Dean & DeLuca is a world-renowned gourmet food and beverage brand originated from the USA. Most of Dean & DeLuca stores outside the US market is carried out in the form of licensing agreements in different markets around the world including Japan, Singapore, the Middle East and Thailand. Currently, D&D has a total of 31 branches internationally, while D&D Thailand has a total of four branches. The fifth branch is scheduled to be opened at EmQuartier Shopping Center, of which PACE is the investor. PACE plans to consistently open at least 2 new branches locally per year. Most of these new branches will be of coffee shops type, which is currently generating high returns at relatively low capital investment.

Regarding the company's Q1, 2015 performance, PACE has a total revenue of 700.2 million baht, increase by 694.7 million baht, compared to the same period of last year. Revenue from Dean & DeLuca is 623.3 million baht, while revenue from sales of residences is 30 million baht, and revenue from rental and services is 16.5 million baht, as well as revenue from other sources is 30.4 million baht. However, the company's income statement exhibits a loss of 392 million baht.

“The company's Q1, 2015 operating loss of 392 million baht resulted from marketing and sales management costs of our two new developments— Nimit Langsuan and Mahasamutr Hua Hin., which still cannot realize revenue, as well as expenditures from the acquisition of Dean & DeLuca USA. However; we expect to transfer the first phase of residences in our landmark MahaNakhon development at the end of this year. Meanwhile, Mahasamutr development is scheduled to complete and sell its first villas in the fourth quarter this year, while more than 90% of residences at Nimit Langsuan has been sold and the construction will start in the third quarter this year. Therefore, PACE will consistently start realizing revenues from its developments from the end of this year onwards”, Mr Sorapoj concluded.