

PACE secures 14 billion Baht “MahaNakhon” deal with “King Power”

Allowing financial restructuring and business expansion

- 14 billion Baht transaction covers selling some of MahaNakhon assets to King Power
- Deal meets target in relation to previous REIT plan as financial restructuring takes off, reducing debts to an appropriate level
- Speed up construction of 4 on-going projects worth more than 20 billion Baht, targeting transfer within year 2018-19
- DEAN & DELUCA new café concept to be launched in outlets in USA, Thailand, and Japan, target profit from cash flow within 2018

Bangkok/Thailand – 11 April 2018: PACE Development Corporation Plc (PACE) has sold some of the assets in the MahaNakhon development to King Power MahaNakhon Co., Ltd in a deal worth 14 billion Baht. The deal meets target in relation to the company’s previous plan on putting MahaNakhon in REIT. PACE will now focus on reducing debts, as well as speed up construction of current residential developments to secure revenue stream, while DEAN & DELUCA will see further expansion worldwide. The company’s board of directors considered the transaction appropriate and most beneficial to the company and its shareholders.

Sorapoj Techakraisri, Chief Executive Officer, PACE Development Corporation Plc (PACE) said that PACE has entered into transactions on April 10, 2018 to dispose some portions of the assets in the MahaNakhon development, worth 14 billion Baht to **King Power MahaNakhon Co., Ltd** in accordance with the resolutions of the Board of Directors Meeting of the company on 28 March 2018. The deal to sell parts of assets in the MahaNakhon is consistent with PACE previous business plan to put MahaNakhon into Real Estate Investment Trust (REIT) upon project completion. The close of transaction at this time has allowed the company to recognize revenue promptly.

The company plans to use revenue from this transaction, as well as the 3.894 billion Baht revenue from capital increase shares in February 2018, for financial restructuring with some funds to be available to repay debts, hence, strengthening the company’s financial position. The added liquidity will also enable the company to build on current businesses to be more efficient and grow sustainably in the longer term.

Sorapoj added that the company’s Board of Directors has also approved the purchase of shares in PP1 and PP3 in the proportion of 49% and 48.7% respectively from Apollo Asia Sprint Holding Company Limited (Apollo) and Goldman Sachs Investments Holdings (Asia) Limited (Goldman) for the total amount of 10 billion Baht (USD 320 million), which has effectively ended PACE’s commitment with Apollo and Goldman.

Sorapoj also disclosed that PACE plans to use parts of the proceeds from this transaction on the company’s 4 on-going developments which have a total combined project value of 20 billion Baht. The first two projects in which ownership transfers and revenue recognition are on progress

are 1) The Ritz-Carlton Residences Bangkok, which currently has backlog worth more than 3.28 billion Baht and has remaining ready-to-move-in units worth 4.281 billion Baht. 2) Mahasamutr Villas has backlog worth approximately 816 million Baht and has available villas worth 3.088 billion Baht 3) NIMIT Langsuan has posted more than 90% sales with total backlog worth 6.709 billion Baht and has unsold units worth 1.291 billion Baht and 4) WINDSHELL Naradhiwas has backlog worth 792 million Baht and another 2.208 billion Baht worth of units to be sold. Completion and ownership transfer of NIMIT Langsuan and WINDSHELL Naradhiwas are expected within year 2019.

Regarding MahaSamutr Country Club Hua Hin, the company plans to seek a business partner to refresh and add new features, including additional rooms in the club house, and a Health and Wellness feature to complement the Club. At present, Mahasamutr Country Club has sold more than 200 memberships.

Parts of the proceeds will also be used on expanding the company's global food & beverage business, DEAN & DELUCA, which would focus on a new café concept called **DEAN & DELUCA xp** which will see expansion in the US, while Thailand and Japan will focus on a small café format. Both formats require minimum investment, offer higher efficiency as well as ease and flexibility allowing expansion within a short timeframe to meet emerging demands. The first reformatted café will make its debut in New York. Furthermore, the company will focus on international franchise business, targeting interested entrepreneurs in the other markets. Currently, there are 30 franchise outlets in 9 countries worldwide. PACE directly owns 10 locations in the US, 11 in Thailand and it has 50% stake in 17 café-style DEAN & DELUCA in Japan. DEAN & DELUCA posted a revenue of 3.142 billion Baht in 2017 and the brand plans to target profit from cash flow within 2018.

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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

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