

Section 1 Overview of Business

1. Policy and Overview of Business

1.1 Vision and Business Strategy

Pace Development Corporation Public Company Limited (PACE), is engaged in high-end real estate development business. PACE focuses on creating world-class designs and finest quality features developments in the most sought-after locations. PACE is also engaged in gourmet food and beverages business under “DEAN & DELUCA” brand in order to diversify the Company’s revenue.

Vision

PACE creates high-end property developments and provides customers with the world’s finest gourmet food and beverages by a specialized team and networks that truly understand discerning customers’ needs and lifestyles. PACE has continued to create developments and introducing new trends to the market while maintaining the highest quality standards, delivering sustainable social contribution activities, redefining and enhancing the people’s standards of living.

Business strategy

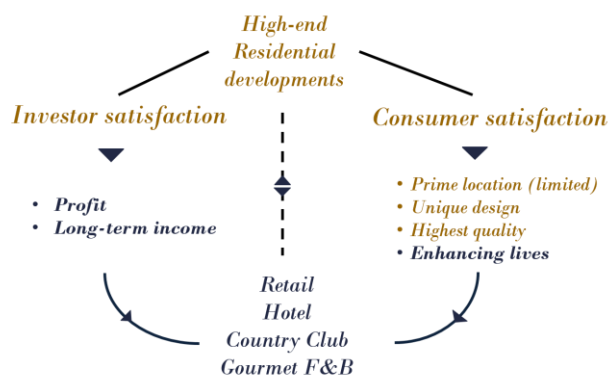
PACE has a strong and clear direction to do the business in order to serve the discerning needs of high-end customers. The business strategy of PACE can be categorized as followed:

- High-end residential development

PACE’s core value in real estate development is the focus on quality with unique idealistic concepts. All projects developed by PACE are unique in terms of locations, designs and have highest quality control as well as finest top-end specifications. These highest quality standards have gained trust and credibility from customers and shareholders. PACE’s projects are also desirable and can also market at the higher price than the average high-end developments. The Company targets to develop 1-2 residential projects per year.

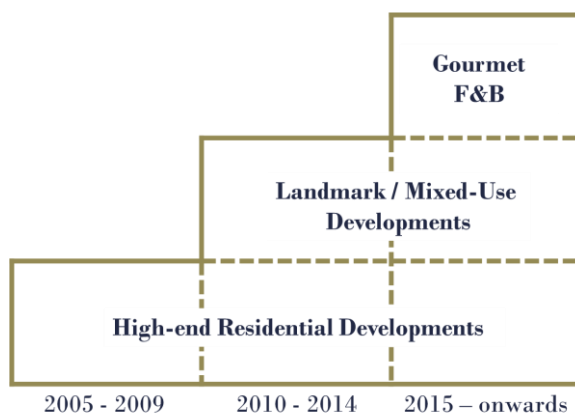
- Lifestyle businesses that generate continued sustainable income

Residential development has limitation in revenue recognition which is recognized only when the project is fully completed and transferred to customers. With this in mind PACE planned into lifestyle elements into its property development business, which not only satisfy the Company’s vision in enhancing customers’ lives but also adding to the sustainability and continuity of its business and at the same time strengthen shareholders’ and investors’ trust. PACE’s lifestyle businesses is shown in its mixed-use development figure below; PACE’s “MahaNakhon” development consists of hotel and lifestyle retail elements; “MahaSamutr” featuring a Country Club. PACE also acquired gourmet food and beverage “DEAN & DELUCA” brand.



The diagram of PACE's business strategy

From business direction, it can be categorized the steps of PACE's business development per below chart:



PACE's stages of development

1.2 Significant Changes and Development

Pace Development Corporation Public Company Limited ("the Company") has its main business in the high-end real estate development and gourmet food and beverages lifestyle retail worldwide under "DEAN & DELUCA" brand, and becomes the owner of the stores in the U.S., and in Thailand. As of December 31st, 2015, the Company's registered capital and paid capital is 3,261.7 MB (Million Baht). The Company has its head office situated at 87/2 CRC Tower, All Seasons Place, 45th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok

The Company was founded on September 1st, 2003, under the name "Cinkara Company Limited" with fully paid capital of 2 MB and on November 6th, 2003, Mr. Sorapoj Techakraisri and the Company increased its capital to fully paid 10 MB in order to do a business in real estate development.

Year	Significant changes within the year
2003	Founded Cinkara Company Limited.
2004	Commenced development of "Ficus Lane".
2007	Founded YLP Company Limited to develop a condominium under the name "Saladaeng Residences".
	Founded Pace Project One Company Limited ("Pace One") to develop the mixed-use MahaNakhon Development.

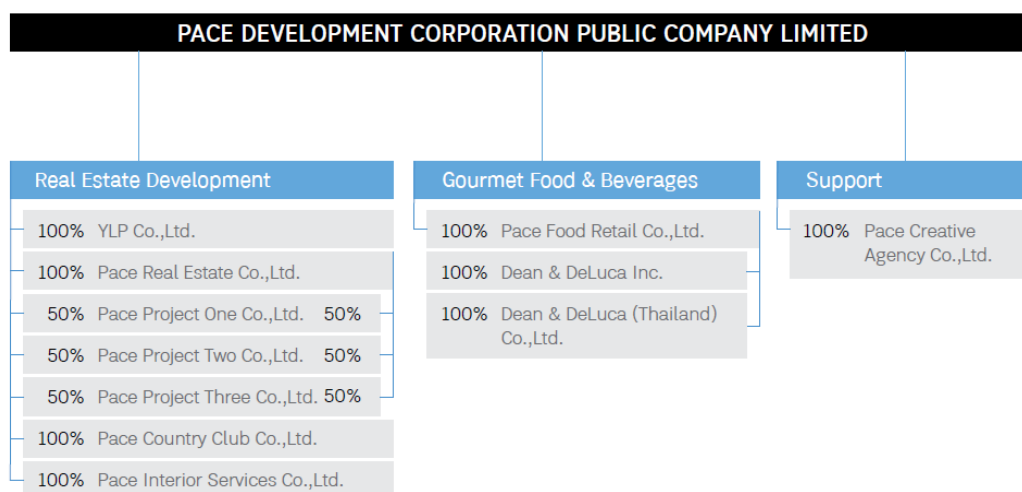
Year	Significant changes within the year
2008	<p>Industrial Buildings Corporation Company Limited (IBC Thailand) and IDJ Holding Company Limited became partners of MahaNakhon Development, and the Company restructured MahaNakhon's development structure as follows:</p> <ul style="list-style-type: none"> Increased the registered and fully paid capital of Pace One to be 200 MB to operate Bangkok Edition Hotel. Founded Pace Project Two Company Limited ("Pace Two") to develop long-term leased residential real estate under the name "The Ritz-Carlton Residences, Bangkok". Founded Pace Project Three ("Pace Three") to operate the shopping centre with 3 components: Retail Cube, Retail Hill and Sky Observation Deck. Founded Pace Real Estate Company Limited ("PRE") as a holding company to hold shares in Pace One, Pace Two and Pace Three in the proportion of 50% each respectively.
2009	Officially launched Saladaeng Residences.
2010	The Company opened the sales gallery and sample unit of The Ritz-Carlton Residences, Bangkok at MahaNakhon Development.
2011	<p>The Company restructured ownership portions within the group to prepare for listing in the Stock Exchange of Thailand (SET). The Company increased fully paid-up registered capital to 1,454.3 MB to acquire shares 99.99% in YLP, 25% each in Pace One, Pace Two and Pace Three respectively and 50% in PRE.</p> <p>The Company completed the process of converting into a public company by issuing a capital increase of 600 MB for public offering. After the capital increase, the Company's registered capital became 2,054.3 MB and the Company is renamed Pace Development Corporation Public Company Limited (PACE).</p>
2012	Construction of MahaNakhon Development progresses significantly following completion of piling and commencement of construction of core structure.
2013	<p>The Company launched MahaSamutr, a Luxury mixed-use Development in Hua Hin with Thailand's first private Country Club and Villas.</p> <p>The Company is listed in the Stock Exchange of Thailand (SET) with a registered capital of 2,054.3 MB fully paid-up. The Company bought shares and shareholder loans of the jointly controlled entities from IBC Thailand and IDJ Holdings Co., Ltd., resulting in PRE, Pace One, Pace Two and Pace Three becoming subsidiaries of the Company with the following ownership proportions (direct and indirect) approximately 68%.</p> <p>The Company commenced construction of MahaSamutr Development, Hua Hin.</p>
2014	<p>The Company bought land and successfully changed the proprietary right in MahaNakhon from leasehold to freehold.</p> <p>Founded Pace Country Club Co., Ltd.</p> <p>Founded Pace Food Retail Co., Ltd.</p> <p>Acquired DEAN & DELUCA, the world's iconic gourmet food and beverages brand valued USD 140 million.</p>
2015	<p>Unofficially launched and almost sold of Nimit Langsuan project.</p> <p>Bought the remaining shares of Pace One, Pace Two, and Pace Three from IBC Thailand and PRE, and from IBC Thailand and IDJ Holdings Co., Ltd., including the rights to transfer financial obligations of IBC's entire loan and accrued interest, and the option agreement.</p> <p>Allocated ordinary shares for private placement totally 542,722,500 shares for IBC Thailand Ltd. and IDJ Holding Co., Ltd. at THB 3.39 per share.</p> <p>Acquired ordinary shares and assignment of the rights to receive a repayment of the outstanding shareholder loan of Dean and Deluca (Thailand) Company Limited ("D&D Thailand") from Mr. Sorapoj Techakraisri with total consideration of THB 240 million by issuing 64,690,027 new ordinary shares at an offer price of THB 3.71 per share in order to repay to Khun Sorapoj Techakraisri.</p>

Year	Significant changes within the year
	Increased the capital by issuing newly ordinary shares by General Mandate to offer to the existing shareholders in proportion to their shareholding (Right Offering), in an amount of not exceeding 600,000,000 shares with the par value of Baht 1 per share.

1.3 Overview of Business of the Company and subsidiaries

The Company was founded on September 1st, 2003, under the name “Cinkara Company Limited”, and started its real estate development business by launching the first project called “Ficus Lane”. With the passion for the leader in high-end property development and continually expanded its business. Presently, the Company entered into a new line of the business under “DEAN & DELUCA” brand, the world’s iconic gourmet food and beverages. Consequently, the Company generates main revenue from real estate development and gourmet food and beverages. As of 31 December, 2015, the Company has 11 subsidiaries which can be categorized as the business line as following below:

The Organization Structure of the Company and subsidiaries



Name of the company	Business	Type of Business	Proportion of Shareholder (%)
Pace Development Corporation Public Company Limited	Property Development and management, and manage its subsidiaries	Develop real estate projects such as MahaSamutr – villa, Nimit Langsuan, etc.	-
YLP Co., Ltd.	Property development and management	Develop real estate projects such as Saladaeng Residences and a new project on Naradhiwas Rajanagarindra Road, which will be launched in the early of the year 2016.	100
Pace Real Estate Co., Ltd.	Property development and management	A holding company to hold shares in MahaNakhon project.	100
Pace Project One Co., Ltd.	Hotel	Develop a 5-star luxury boutique hotel under a new brand of Marriott Group, managed by the Ritz-Carlton Hotel Company called “The Bangkok Edition” in MahaNakhon tower.	50 + 50**
Pace Project Two Co., Ltd.	Property development and management	Develop a super-luxury residences under an internationally recognizable brand “the Ritz-Carlton Residences, Bangkok”	50 + 50**
Pace Project Three Co. Ltd.	Lifestyle retail	Develop lifestyle retail such as MahaNakhon CUBE, Retail Hill, and Sky Observation Deck as in MahaNakhon tower.	50 + 50**

Name of the company	Business	Type of Business	Proportion of Shareholder (%)
Pace Country Club Co., Ltd.	Property Development and management	Develop and manage a luxury real estate project "MahaSamutr Country Club in Hua Hin"	100
Pace Food Retail Co., Ltd.	Gourmet food & beverages	A holding company to hold shares in Gourmet food and beverages under brand Dean & DeLuca in the U.S., and Thailand.	100
Dean & DeLuca (Thailand) Co., Ltd.	Gourmet food & beverages	A licensee to operate gourmet food and beverages business, premium supermarket under brand "Dean & DeLuca" in Thailand.	100
Dean & DeLuca Inc.*	Premium supermarket, and food and beverages	Operate premium supermarket, and provide gourmet food and beverages brand "DEAN & DELUCA" worldwide, and become the owner of the store in the U.S.	100
Pace Interior Services Co., Ltd.	Design and interior design	Provide services of design and interior design.	100
Pace Creative Agency Co., Ltd.	Advertising media and marketing communications	A new subsidiary that is founded for providing the services of advertising media design and marketing communications.	100

Remark:

* Dean and DeLuca Inc., (registered in the U.S.) shares held (indirect) by Pace Food Retail Co, Ltd. with the proportion of 100% in 2014 and 2015 which is the same type of business – gourmet food and beverages, totaling of 18 subsidiaries: Dean & DeLuca Inc., Dean & DeLuca Brands, Inc., Dean & DeLuca Marketing, LLC, Dean & DeLuca Atlanta, LLC, Dean & DeLuca Markets, LLC, D&D Cafes of North Carolina, LLC, Dean & DeLuca Georgetown, Inc., Dean & DeLuca Imports, Incorporated, Dean & DeLuca Call Center, Inc., Dean & DeLuca New York, Inc., Dean & DeLuca Espresso, Inc., Dean & DeLuca Madison Avenue, Inc., Gaetano & Barteau, Inc., Dean & DeLuca International, LLC, Dean & DeLuca Brands Hawaii, LLC, Dean & DeLuca, Incorporated, Dean & DeLuca Espresso D.C., Inc., Dean & DeLuca Productions, LLC.

** The proportion of shareholder is indirectly through Pace Real Estate Co., Ltd.

As of 31 December, 2015, the Company and its subsidiaries has developed the real estate projects that are completed and are in the construction process totaling of 5 projects: Ficus Lane, Saladaeng Residences, MahaNakhon, MahaSamutr, and Nimit Langsuan.

In addition, the Company operates the world's iconic gourmet food and beverages under brand the "DEAN & DELUCA". Presently, the Company owns 12 stores in the U.S. and 5 stores in Thailand as well as the licensing agreements in 30 stores in the country/city of Japan, Singapore, South Korea, Philippines, Kuwait, and Dubai.

1.4 The relationship between the business and major shareholder (If any)

The Company has no relationship or relevant to the business operation of a major shareholder significantly.

2. Operation of Business

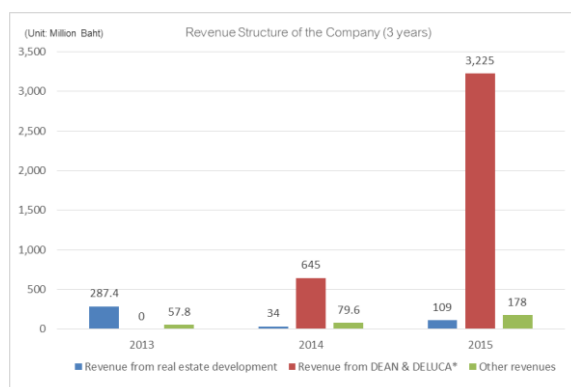
2.1 Characteristics of Products and Services

The Company and subsidiaries generate main revenues from real estate development for sale and gourmet food and beverages which can be summarized the revenues 3 years as following below:

(Unit: Million Baht)

Business	Operated by	% of the Company's shareholders	2013		2014		2015	
			Revenue	%	Revenue	%	Revenue	%
Revenue from High-end Real Estate Development	The Company and subsidiaries	100	287.4	83.3	34.0	4.5	109.0	3.1
Revenue from DEAN & DELUCA*	Subsidiaries	100	-	-	645.1	85.0	3,225.3	91.8
Other revenues	The Company and subsidiaries	100	57.8	16.7	79.6	10.5	178.0	5.1
Total revenues			345.2	100.0	758.7	100.0	3,512.3	100.0

* Revenue recognition started from 4 December, 2014, since the Company acquired DEAN & DELUCA Inc. (U.S.A.), and acquired DEAN & DELUCA (Thailand) in 2015. Therefore, the revenue recognition is considered as if the Company's subsidiary which is the business combination under common control.



In 2015, the Company generated revenue from residential unit sales of 109.0 Million Baht, or increased 220.6 % as compared with the year 2014. The increase was mainly due to the ability to close sales from the “Saladaeng Residences” Project that had 5 residential units remaining to sell and able to transfer all remaining units within 2015.

Moreover, the Company generated revenue from Food and Beverages “DEAN & DELUCA” of 3,225.3 Million Baht, or increased 400.0 percent as compared with the year 2014. This was due to the Company could recognize only 1 month sales revenue in 2014 since the Company acquired DEAN & DELUCA INC. (U.S.) Meanwhile, the Company could recorded sales revenue of DEAN & DELUCA (U.S.) for the entire year in 2015. As well as, the rental and services income that increased from 14.5 Million Baht in 2014 to 42.0 Million Baht in 2015; or increased 190.1 percent. This rental income was from the retails opening in MahaNakhon CUBE. Furthermore, the other income increased from 65.1 Million Baht in 2014 to 136.0 Million Baht in 2015; or increased 108.9 percent. Consequently, the Company was able to generate the total revenue of 3,512.3 Million Baht in 2015.

The other revenues that have been rising continually since 2014 resulting from the revenues from DEAN & DELUCA (U.S.A.) for a month, and considerably rising in 2015 owing to the revenues from DEAN & DELUCA (U.S.A.) together with DEAN & DELUCA (Thailand). Most of the revenues are from selling the DEAN & DELUCA's license and tradename since the Company acquired DEAN & DELUCA Inc. The Company expects that the revenues from this part will increase by expanding the stores and selling the license to licensees.

As of 31st December, 2015, the Company and its subsidiaries a total of 5 developments that are completed and are on-going of which consist of Ficus Lane, Saladaeng Residences, MahaNakhon, MahaSamutr, and Nimit Langsuan projects.

The summary of all the projects are following below:

Project	Location	Type of project	No. of unit	Sale area (sq.m.)	Project value for sale (Million Baht)	Recognizable Portion (%)	Construction Period
<u>Completed Projects:</u>							
1. Ficus Lane	Sukhumvit 44/1 Road	Condominium	70 units	12,109.8	900	99.0	2004-2006
2. Saladaeng Residences	Saladaeng Soi 1, Silom Road	Condominium	132 units	13,087.9	2,310	100	2008 - 2011
<u>Developing Projects:</u>							
3. MahaNakhon:	Naradhiwas Rajanagarindra Road.	Mixed-use					2011 - 2016
3.1 The Bangkok Edition		5-star luxury boutique hotel	159 keys	Area for services	-	-	2016
3.2 The Ritz-Carlton Residences, Bangkok		Super luxury residences	209 residences	48,284	14,500	69.0*	2011 – 2016
3.3 Lifestyle retail:				Area for services			
- MahaNakhon CUBE		Lifestyle retail	-	5,003	-		2011 - 2014
- Retail Hill		Lifestyle retail	-	2,434	-		2011 – 2016
- Sky Observation Deck		Viewpoint area	-	2,139	-		2011 – 2016
4. MahaSamutr	Soi 112 Hua-Hin district, Prachuabkhirikhan province	Luxury resort-style villas and luxurious private club					2013 – 2017 (some parts to be finished in 2016)
4.1 Luxury Villa		Luxury resort-style villas	80 Luxury villas	-	4,000	-	
4.2 Country Club		Luxurious Country Club	-	-	-	-	
5. Nimit Langsuan	Langsuan Road	Super luxury condominium	187 residences	25,280	7,584	82.9*	2016 - 2018

Remark: % of total unit sold.



Furthermore, the Company is preparing a new super luxury condominium project on Naradhiwas Rajanagarindra Road of which is already bought the land plot, and now it's in the process of design in order to be launched during the second half of the year 2016.

The main target group for the Company's real estate development is a high purchasing power both Thais and foreigners. With this respect, the Company considers the selling price per square meters that is appropriate for each project as well as a location and a type of each project. For the lifestyle retail: MahaNakhon CUBE, Retail Hill, and Sky Observation Deck, the main target group includes residents in the hotel and the residential building of MahaNakhon development, tourists, and residents or workers in the adjacent offices.

Gourmet food and beverages under DEAN & DELUCA brand are operated by 2 subsidiaries:

Subsidiaries	by	Type of Business	Started since
1. DEAN & DELUCA Inc. (U.S.A.)	Company	Premium supermarket and gourmet food and beverages in the U.S.	December, 2014 (since acquired)
2. DEAN & DELUCA (Thailand) Co., Ltd.	Company	Premium supermarket and gourmet food and beverages in the Thailand.	April, 2015 (since acquired)

The completed real estate developments are Ficus Lane, which is the Company's first residential condominium project and Saladaeng Residences project.

Details of the Project (As of 31 st December, 2015)		
	Ficus Lane 	Saladaeng Residences 
Location	Soi Sukhumvit 44/1 (Pichaisawat), Sukhumvit Road, Klong-Toei district, Bangkok	Soi Saladaeng 1, Silom Road, Silom sub-district, Bang-Rak district, Bangkok
Project area	2-3-57 Rai (1,157 sq.w.)	584 sq.w.
Sales area	Approx. 12,109.8 sq.m.	Approx. 13,087.9 sq.m.
Average sales price per sq.m.	Approx. 75,000 Baht / sq.m.	Approx. 180,000 Baht / sq.m.
Project details	Two 7-storey residential buildings	A residential building with 25 floors above ground and 5 floors below ground.
No. of unit	70 residential units	132 residential units
Project value for sale	Approx. 900 Million Baht.	Approx. 2,310 Million Baht
Year of completion	2006	2011
Progress on sales	Proportion of contract signed 99.1% of the total sale area.	Proportion of contract signed 100.0% of total sale area.
Recognizable portion	99.15 (total of 69 units)	100.0%




As of December 31st, 2015, Ficus Lane has 1 residential unit with the total area of 366.6 sq.m. whose sale agreement has been signed but ownership transfer has not been completed, and 1 residential unit with the total are of 113.4 sq.m. is unsold.

Presently, the Company is developing high-end projects such as MahaNakhon, MahaSamutr, and Nimit Langsuan which details are as following below:

MahaNakhon Project



“MahaNakhon”, the most significant complex of contemporary architecture with a mixed-use style that consists of hotel, residences, and lifestyle retail. The details of the project are summarized as follows:

Details of the Project (As of 31 st December, 2015)			
	Hotel	Residences	Lifestyle retail
Location	On Naradhiwas Rajanagarindra Road, Bangrak District, Bangkok		
Project Area	9 Rai 1 Ngan 51.1 sq. wah		
Sales area / Rental area (sq.m.)	Approx. 39,682	Approx. 48,284	Retail CUBE: 5,003 Retail Hill: 2,434 Sky Observation Deck: 2,139
Average sales price / sq.m.	Approx. 7,500 Baht / night	Approx. 300,000 Baht / sq.m.	Approx. 2,500 Baht / sq.m.
Project details	The Bangkok Edition Hotel (1 – 20/F*)  A super-luxury boutique hotel under a new brand of Marriott Group and is managed by The Ritz-Carlton Hotel Company.	The Ritz-Carlton Residences, Bangkok (23 – 73/F)  - A super-luxury residential development under an internationally recognizable brand - Residents will enjoy a legendary service by The Ladies and Gentlemen of The Ritz-Carlton	MahaNakhon CUBE Retail Hill (1-5/F) Sky Observation Deck (74 – 77/F)  - A lifestyle retail center that hosts world-famous gourmet food and beverages offering pleasing food-bon-vivant experiences, such as Vogue Lounge, L'Atelier de Joël Robuchon and Dean & DeLuca, to satisfy gastronomic lifestyles of the dwellers and the neighboring office workers
No. of unit	159 keys	209 residences	-
Project value for sale	-	Approx. 14,500 Million Baht	-
Year of completion	2011 - 2016		
Target group	Businessmen and both Thai and foreign tourists.	High purchasing power group including Thai and foreign investors.	Residents in the hotel and the residential building of MahaNakhon development and the neighboring areas including tourists,

Details of the Project (As of 31 st December, 2015)			
	Hotel	Residences	Lifestyle retail
			residents and workers in the adjacent offices.

*The floor numbers were assigned by the project's sales department, who omits 21st and 22nd Floors as they are middle layers between hotel and residential zones. Six transfer floors were also counted as three, resulting in MahaNakhon having 72 floors, which is consistent with the number of floors defined in the application for construction permit given to Bangkok Metropolitan Administration.

MahaSamutr Project



Situated in an upper market beach resort town, MahaSamutr Hua Hin consists of luxury resort-style villas and a luxurious Country Club set around Asia's largest man-made clear water lagoon and beach that offer breezy yet ritzy environment in a safe atmosphere, suitable for family gatherings and recreational activities. The 800-meter-long lagoon, situated on the 72,000-sq.m. lot, is visible and accessible from all villas, making the stay very much pleasant and packed with fun activities, such as swimming, paddle-boarding, diving, and other water sports. With the latest technology from Crystal Lagoons Corporations, the color and the quality of the water is tested and carefully monitored to ensure a total environment reservation and energy saving.

Details of the Project (As of 31 st December, 2015)	
Location	Soi 112 Hua-Hin District, Prachuabkhirikhan Province
Project area	Approximately 128 Rai 2 Ngan 84.9 sq. wah
No. of villas	80 luxury villas
Sales price	Approx. 50 Million Baht / villa
Project details	Residential units: MahaSamutr Villa (Approximately 80 resort-style villas) Country Club: Hua Hin Country Club, managed by PACE and supported by ILC (for members and residents)
Project value for sale*	Approx. 4,000 Million Baht (*only villa part)
Construction period	Construction started in Quarter 3/2013 – 2017, expect to start ownership transfer in the second half of the year 2016.
Sales period	Sales to start and opening of sales office in the first half of the year 2016
Project features	The 800-meter-long lagoon with the total area of 72,000 sq.m.
Progress on construction (as of 31 Dec 2015)	Crystal lagoon is already completed, and it is in the construction process of about 12 villas, and other villas respectively.

Nimit Langsuan Project



Nimit Langsuan is a super-luxury residential freehold development with 53-storey, and centrally-located on Langsuan Road and within walking distance to Lumpini Park. 'Nimit Langsuan' is designed and built to the highest international standards. It comprises of 187 super-luxury residences together with roof top private club as well as a 'greenhouse'-style lush garden which provides a unique entrance experience to the building. The tower is clad in a state-of-the-art, never-seen-before glass façade wrapping the building in a glistening reflective skin. The three-dimensional molded glass will create a highly sculptural.

Details of the Project (As of 31st December, 2015)

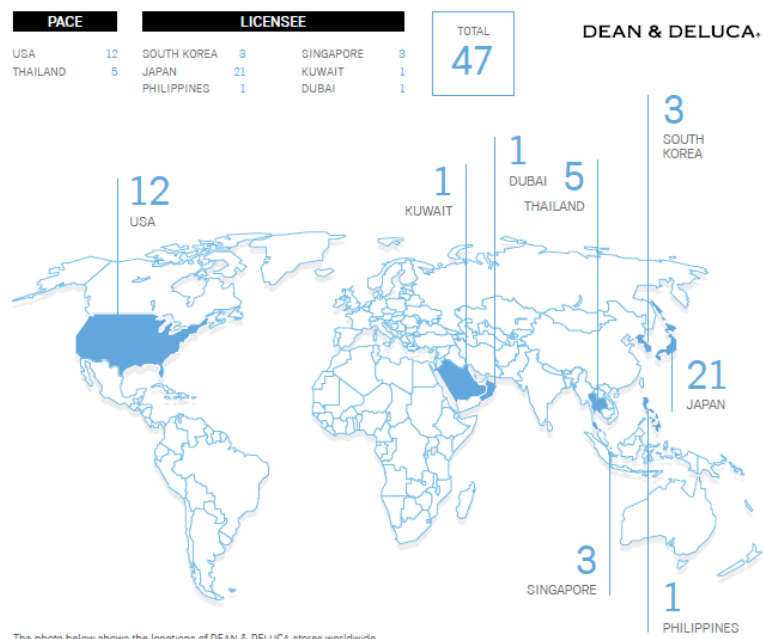
Location	Soi Langsuan
Project area	Approx. 2 Rai 2 Ngan 40.2 sq. wah
Sales area	Approx. 25,280 sq.m.
Sales price	Approx. 300,000 Baht / sq.m.
Project details	A super luxury residential building with 53 floors, 187 residences
Project features	<ul style="list-style-type: none"> • "Greenhouse" a 'greenhouse'-style lush garden which provides a unique entrance experience to the building. • Full facility services on 10/F
Project value for sale	Approx. 7,584 Million Baht
Construction period	2015 - 2018
Sales period	Since 1Q/2015 - Present
Progress on construction	It's in the process of the applicant filed a report with the EIA and preparation to begin construction.

Apart from high-end real estate development, the Company also operates lifestyle retail in gourmet food and beverages under DEAN & DELUCA brand. Currently, there are 17 stores, consisting of 12 stores in the U.S., and 5 stores in Thailand. Besides, the Company sell a license to officially operate DEAN & DELUCA abroad for licensees for instance Japan, Singapore, South Korea, Philippines, Kuwait, and Dubai totally of 30 stores worldwide. Meanwhile, the Company plans to expand the stores both in Thailand and in the U.S. as well as selling a license and tradename to its licensees.

DEAN & DELUCA offers world's best epicurean treats from supply chain around the globe, consists of sales through retailers and e-commerce business in the United States.



The photo below shows the locations of DEAN & DELUCA stores worldwide.



2.2 Marketing and Competition

2.2.1 Competitive policy and product distribution

Real Estate Development Business

The Company and its subsidiaries categorizes a type of business by its core business segments. For instance, real estate development (high-end residential development business, lifestyle retail business, and hospitality business), gourmet food and beverages are the key segments. Because our main target group is high purchasing power Thais and foreigners, the Company conducts its business with the goal of developing high-end real estate considered super luxury focusing on creating design-driven properties that feature world-class architectural design. These properties are meant to focus on the most sought-after prime locations in the central business district area. Each of PACE's projects is created with modern concepts in mind emphasizing super luxurious style. The construction meets the highest international standards in order to match the needs of discerning and affluent individuals through innovation, dedication and leadership. The Company, therefore, puts in place strict quality-control measures under the "Zero Defect" policy to be followed before delivering projects. Indeed, this policy has been highly regarded by PACE's customers, including those of completed projects such

as Ficus Lane and Saladaeng Residences. The projects under development are MahaNakhon, MahaSamutr, and Nimit Langsuan.

The Company is also interested in investing in high-end real estate development in the province that will ultimately become a major tourist destination in Thailand. An example is the MahaSamutr project located in Hua-Hin District, Prachuabkhirikhan Province. MahaSamutr project consists of 80 freehold luxury resort-style villas and the one and only Country Club which will be introduced to the market and sold in the first quarter of 2016.

The Company's pricing schedule is comparable to the competitors in the same industry by considering of reasonable factors such as the innovative design of modern architecture blended harmoniously into the environment, the most sought-after prime locations, reputation of the residential development, other facilities, the panorama of the residential development, and a reasonable profit, etc. The Company emphasizes assurance of services and quality products delivered to its customers.

Project	Sales Price	No. of Units	Project Value (Million Baht)
Ficus Lane	75,000 Baht / sq.m.	70	900
Saladaeng Residences	180,000 Baht / sq.m.	132	2,310
MahaNakhon – Residences only	300,000 Baht / sq.m.	209	14,500
MahaSamutr – Residences only	50 Million Baht / Villa	80	4,000
Nimit Langsuan	300,000 Baht / sq.m.	187	7,584

Gourmet Food and Beverages

“DEAN & DELUCA” conducts a business of premium food cuisine, and gourmet food and beverages retailer around the world as well as provides its customers with a variety of gourmet food, and the world's best epicurean treats for cooking. Including a small café format providing fresh food and beverages through retailers and e-commerce business in the United States. Furthermore, DEAN & DELUCA conducts a business under the business-to-business (B2B) with partners such as hotels and airlines, including the preparation of business gifts. DEAN & DELUCA has been operating since 1977 and has earned a reputation as a quality brand worldwide.

DEAN & DELUCA seeks placement of locations in high visibility, high income trade areas that can draw combinations of residential, office, and tourist consumers to its central business district locations. Locations are assessed on demographic factors, store sizes, permitted zoning laws, unit economics, visibility, retail adjacencies with both complementary and competitive retailers, and foot and vehicle traffic density, among other qualitative factors.

DEAN & DELUCA's founding philosophy is to introduce consumers to high quality food products and prepared foods that are authentic “old world” culinary traditions and were unfamiliar, at that time, in the United States marketplace. Since then,

it has evolved into a mission to introduce consumers to any culinary trend or product that may be exciting, unfamiliar or noteworthy, and the brand is now truly global in its reach.

2.2.2 Market Conditions and Competition

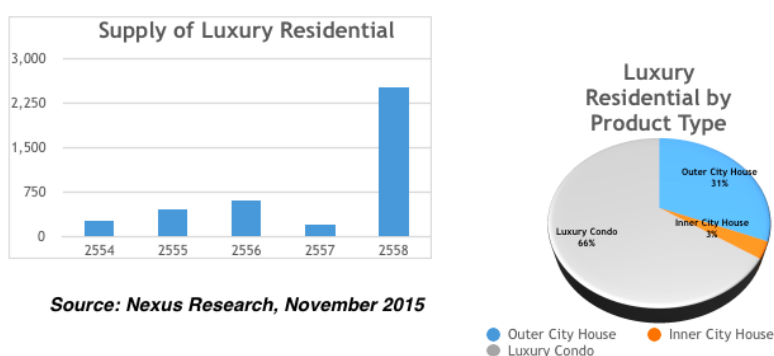
Real Estate Development Business

Overview of the real estate in 2015¹: super luxury real estate development was still in trend as reviewed from both small and big enterprises that are turning their attention into this market. Although the overall economic situation and the real estate market slowed down somewhat, it did not affect the high-end sector as much as the middle and low-end sectors. In addition, the land cost was a key factor that encouraged the real estate developers consider this market segment closely.

Condominiums in Bangkok are still attractive to the real estate business because of high-end customers that have high purchasing power². Referring to the outcome of new residential units priced over than 20 million Baht, there were 1,151 units with the total value of 41,460 million Baht sold out. This result shows that the luxurious residences were not affected by the economic slowdown. Another interesting fact shows that the condominium sales price of 20 million Baht, accounted for only 3% of the total projects launched, valued about 38% of all the projects.³

Since 2011, the total numbers of super luxury residences launched were 4,045 units; consisting of single detached house and townhouse in the city 129 units, and single detached house in suburban 1,263 units, and condominium 2,653 units. On the other hand, the new projects launched in 2015 increased to 21 projects, and 9 projects of the total were condominium which was a record high.

Supply of Luxury Residential by Product Type



Source: ¹ an article in the website "ThinkOfLiving.com" on 30 November 2015

² "Business Outlook Report" from the website "Bank of Thailand" in April, 2015.

³ an article about the area announce in the 1st five months in 2015 from www.area.co.th

According to the announcement of the appraised value of the land from the Treasury Department that will start using from 1 January, 2016, the land prices nationwide rose by 25%, while the land prices in Bangkok rose by 15.78%. The area that

has the highest assessed value is Silom Road, which the appraised land prices are about 1 million Baht per square wah⁴. The top 5 of the area appraisal are summarized as following below:

No.	Area	Estimated Land Price (Baht / sq. wah)
1	Silom Road	1,000,000
2	Ploenchit – Rajdamri Road	900,000
3	Sathorn – Wittayu Road	750,000
4	Yaowarat Road	700,000
5	Sukhumvit Road	650,000

The main factors that cause the price of the super luxury real estate development to increase steadily are luxurious concept, cost of land, and construction costs. However, the sales price also depends on the elaboration of the project details such as materials used for each project⁵. The picture below shows the average sales price rising for the super luxury projects.

Super Luxury Condominium Prices



NEXUS
Innovative Real Estate Solutions

The trend of real estate development in 2015 shows that huge projects, which project value about 5,000 – 10,000 million Baht are presented obviously. Their concepts focus on mixed-use development consisting of offices, retails, hotel, and residences for investment. They are also designed for a new landmark⁶. As well as MahaNakhon project, which is under-construction, is creatively designed to be a mixed-use development with unique architecture design, and becomes a new landmark in Bangkok and it is the tallest building in Thailand.

Sources: ⁴an article “สี่ลม-เพลินจิตแพงปีสูงสุด” in Thairath online newspaper on Tuesday 19 January, 2016.

⁵an article “เปิดภาพตลาด Hi-End ในกทม. ปี 58 โตกว่าวงรีโตด” in the website ThinkOfLiving.com on 30 November, 2015.

⁶an article “อสังหาฯ ปี58เน้นโครงการใหญ่หมื่นล้านระบุจุดเปลี่ยนเหตุที่ดิน หายาก ราคาแพง” in Bangkokbiznews online newspaper

The Company has policy concerning the pricing of its developments in a competitive range when compared to market prices of the projects of similar nature. In practice, it considers several factors, such as project architectural features, the brands of the projects, projects' amenities, visual features of the residences, project cost, and required rate of return. Nevertheless, its main consideration in project pricing is the relative quality-to-price rate.

The Company's marketing and public relations policies focus on getting access to the upper-class customers efficiently through various marketing means. Such means are, for example, direct marketing, in which the marketing messages are sent effectively to the target customers with lower marketing budget compared to other approaches, and mock-up room, in which customers can expose themselves to the layout of the room, the material used in the room, and the atmosphere of the project. This allows the customers to decide on their purchase more quickly and confidently.

In addition, the Company also organizes project road shows for target customers in other countries to convey marketing messages and provide detailed information to foreign customers directly.

The Company focuses on delivering marketing messages to and having marketing activities with target customers, including residents of The Ritz-Carlton and The Bangkok Edition's hotel guests as well as high-purchasing-power office workers and residents in residential buildings, and hotels in the nearby locations such as:

- Residents in approximately ten neighboring leading hotels, such as Sukhothai Hotel, Banyan Tree Hotel, Dusit-Thani Hotel, W Hotel, and Mandarin Hotel.
- High-income dwellers in neighboring residential projects, such as Empire Place, Sky Villas, Sukhothai Residences, Infinity Condominium, and the Met.
- Workers in the nearby office buildings, such as Empire Tower, Sathorn City Tower, Sathorn Thani I and II Tower, and Sathorn Square Tower.

Moreover, the Company uses more advertising media such as, print media, magazines, newspaper, and billboard to create its brand awareness through digital marketing, the popular social media that quickly reach its target group; for instance, Facebook and Instagram. PACE joined the sponsorship marketing events such as "MahaNakhon A Magical Night with Andrea Bocelli", "Operation Smile Foundation Fight Night Event", "The Heritage Hua Hin 2015" in order to build brand image and reputation of the Company. In addition, the objective of using the advertising media is to directly access PACE's main target group and their lifestyle as well as to continue the Company's news releases continue.

Gourmet Food and Beverages Business

DEAN & DELUCA seeks to appeal to people passionate about high quality food products and food experiences, and care about choice amongst the finest producers, ingredients and prepared foods that the Company can source on their behalf. We strive to cater to a knowledgeable consumer base with the personal income to seek out and pay for high quality ingredients and food experiences. Given the Company's offering of market and café formats, the brand offers equal opportunity for time-pressured consumers to have a high quality convenience coffee and meal, or a home chef seeking broad ingredients for their own preparation purposes.

As a pioneer of importing and selective sourcing, DEAN & DELUCA has established a price point that reflects the product differentiation and considers its competitors. The customers will recognize the materials and products that have been carefully selected and prices at comparable quality.

DEAN & DELUCA has established a successful multi-location, multi-format retail footprint in the United States market, a diversified direct channel distribution strategy to consumers and corporate customers, and a successful license model that has allowed it to develop multi-channel operations over 30 store locations. DEAN & DELUCA focuses on offering high quality food products, providing good service and impressive experiences, treating its customers, employees, and partners with integrity. As well as it develops good relationships within the organization; including operation and excellent brand management.

Due to the original uniqueness of the DEAN & DELUCA brand heritage, the business has historically required modest marketing and public relations support to successfully expand in both domestic U.S. and international markets. Marketing and public relations enhancement strategies that have been selectively used to launch segments, locations, products, and brand stories have been refined by the Company and will be used more aggressively to differentiate the Dean & DeLuca brand experience from other high end food retail offerings or gourmet-style grocers.

2.3 Supply of Products or Services

Real Estate Development Business

Situated in a business center area, PACE's lifestyle retail center (MahaNakhon CUBE) is surrounded by main business streets, such as Sathorn-Naradhiwas Rajanagarindra Road/Silom Road, and by large office buildings and residences; therefore, it is convenient to access. Due to its location closed to Chongnonsri BTS station, a sky bridge to access the second floor of MahaNakhon CUBE is built and is planned to officially open in 2016. The lifestyle retail center's main attraction is its several world-class fine dining; for instance, "DEAN & DELUCA" Gourmet Food Hall, the world's first "VOGUE Lounge", and the French Michelin star restaurant "L'Atelier de Joël Robuchon", the modern Chinese with French style dining "M Krub", high quality handmade height increasing shoes "Don's Footwear", and premium tailor-cut and imported high-quality custom tailored shirts and suits "MahaNakhon Bespoke Tailoring".

The Company uniquely designs its lifestyle retail center to stand out from others by a distinctive architectural design, well-known shops, and various interior components, such as walkways and courtyards. All of the architectural components are carefully formed to create pleasant shopping atmosphere and mood.

Anchor tenants are expected to draw customers' attention to the shopping center. Therefore, the Company plans to engage several magnet shops, such as "Dean and Deluca" Gourmet Food Hall, the world's first "VOGUE Lounge", and the French Michelin-star restaurant "L'Atelier de Joël Robuchon", etc. PACE selects well-qualified anchor tenants who can attract potential customers to increase spending and traffic. The Company's lease rate is slightly higher than that of competitors to account for a more convenient location and higher-than-average purchasing power of the surrounding potential customers. The Company has a policy to carefully select participating retailers by appointing Husband Retail Consulting, a professional retail business consultant, to handle the design of a proper retail mix that truly matches the lifestyles of the residents and the office workers in the surrounding areas.

The hotel's main selling point is the reputation of the hotel itself and of its management team. The Company strategically chose the brand "Edition", a new 5 star luxury boutique hotel brand under Marriott Group managed by The Ritz-Carlton Hotel Company. It is a co-creation of Mr. Bill Marriott, CEO of Marriott, and Mr. Ian Schrager, a renowned hotelier specialized in boutique hotel service design. Indeed, the design of "Edition" hotel most resonates with the style and features of MahaNakhon Project. In addition, choosing Marriott's brands means that the most efficient hotel reservation system will be used in Bangkok Edition, as the hotel can utilize Marriott's world-wide network. This actually is one of the reasons that make customers over the world trust the brand. The hotel is positioned to accommodate businessmen seeking for a pleasant and convenient stay that, at the same time, offers modern and cutting edge atmosphere.

The hotel is positioned to accommodate businessmen, Thai and foreign tourists with high-purchasing power, and seeking for a pleasant and convenient stay that, at the same time, offers modern and cutting edge atmosphere. Also, the target group includes all other retail clients who visit the hotel's restaurants and banquet rooms.

Main distribution channels consist of direct marketing system, world-wide sales representative offices, and an internet-based reservation system. Moreover, to enhance the hotel's image and increase its brand awareness, the hotel also regularly advertises through printing media and launches promotion plans for the ultimate purpose of boosting sales of Marriott system.

Gourmet Food and Beverages Business

DEAN & DELUCA has a diversified direct channel distribution models that includes the stores by its investment and by its licensees worldwide, e-commerce, and international business-to-business that the Company foresees great growth opportunities in the future.

1. Expanding store locations by the Company's investment in the United States and international markets as well as signing with new licensees.
2. The attention from a landlord with DEAN & DELUCA which could have a result in a power to negotiate for store expansion.
3. The performance of online sales from orders across the United States and some orders from worldwide stores indicates that DEAN & DELUCA has a strong brand and becomes the needs of the market. Besides, the Company recognizes the importance of the increasing internet users and smart phones help contribute the growth of business; therefore, the Company intends to use technology to boost sales performance more in the future.

2.4 Undelivered units as of December 31st, 2015

Project name	Project type	Land size	Total units/ Transferred units or recognizable units	% Completion	Undelivered sold or leased units		Sales period	Construction period	Transfer of ownership or lease starts from:
					Number (unit)	Value (MB)			
Ficus Lane	Residential condominium	1,157 sq.wah	70 units / 69 units	100.0	1	14.5 (Book value)	2004 – Present	2004-2006	Transfer of ownership started from 2006
MahaNakhon	Mixed-use project consisting of residential condominium, hotel, and lifestyle retail center	9 Rai 1 Ngan 51.1 sq.wah	Residential condo 209 residences	85	144	Subsidiaries' net investment in the land cost and construction cost of 7,297.7 MB.	2009-2016	2011-2016	From the end of 2016
MahaSamutr	Luxury villas and country club	128 Rai 2 Ngan 84.9 sq.wah	80 villas and country club membership	25	-	-	2016	2013 – 2017 (some parts to be finished in 2015)	From the end of 2016
Nimit Langsuan	A super luxury residential freehold development	2 Rai 2 Ngan 40.2 sq.wah	187 residences	-	155	5,991.4 MB.	2015 – 2016	2016 – 2018	From the end of 2018

Information as of December 31st, 2015

3. Risk Factors

Strategic Risk Factors

Risks arising from the land acquisition policy for future development projects

The Company generally does not have the policy to buy and hold land for future projects (except some lands that offer exceptionally high potentials for development and high return on investment) because the Company wants to avoid incurring unnecessary financial burden, changes in city plans, changes in expropriation areas, and devaluation of lands due to the cancelation or the delay of adjacent mass transportation systems. In so doing, the Company faces the risk of being unable to buy lands in the desired locations and/or the risk of buying lands in an exaggerated price. These risks may affect the Company's abilities to acquire the land in advantageous locations and may also impair its financial performance should it choose to purchase the lands with higher costs.

Nevertheless, the Company has put in place a strategic plan to seek for and seize the land to match with its planned investment each year. To ensure land availability of all time, the Company formed a meticulous approach to trace, track, and monitor detailed information on lands. This enables the Company to forecast the trends and growth potentials of lands in many locations, based on the expansion of residential area, and outlook on city expansion and developmental path. Before acquiring the target lands, the Company estimates city expansion directions, explores regulation constraints, and also scrupulously examines land ownership to reduce any possible risks. It also surveys the target lands and assesses financial feasibility and marketability of the land before acquisition.

The Company acquires its land by itself and through brokers/dealers, who have constantly reached out to the Company for the past years. The Company, however, tries to contact and negotiate with the land owners directly. This allows the Company to better control acquisition costs to ensure that the developed land will generate proper profit margin.

Operational Risks

Risks of construction delays and quality of the projects

The Company hires outsourced contractors to construct its real estate projects. Having no in-house construction team may expose the Company to the risk of uncontrollable construction delays due to contractors' unprofessional management or insufficient labors. In addition, even if the delivery is on-time, the quality of the delivered project may be considered sub-standard. These issues may result in a failure to timely deliver projects to the customers, and/or ineffective cost control. To prevent the said adverse outcomes, PACE has taken the following measures:

- Tracking and controlling purchases to match the defined budget

The Company has a strict policy to appoint well-known quantity-surveyor companies to estimate budgets for bigger projects, such as MahaNakhon Project, to make sure that the budget is estimated with precision and

thoroughness. In the contractor hiring process, the Company applies bidding procedure, in which it will select contractors that are suitable for the project not only in terms of construction capability and techniques, but also in terms of team capacity, and available fund size. This is done to avoid project cost overrun.

- Controlling construction period to match the defined timeline

To effectively control construction period, the Company not only utilize its own highly-experienced in-house team, but also has a policy to hire professional project managers to make sure that the construction is timely completed with high quality. Furthermore, PACE utilizes updated software packages to design and monitor the building process to reduce errors and lessen the time to fix the work.

Risks of legal dispute arising from construction

The risk of damaging surrounding buildings is a common risk facing development and construction companies. Therefore, most companies, including PACE, generally manage to have insurance policy in place. This insurance not only transfer risk to insurance companies, who are responsible to pay damage compensation covered by the policy, it can also help prevent possible legal disputes that come with the damage. Furthermore, the Company also enforces the following preventive measures on site supervision.

In addition, PACE requires that contractors and site supervisors visit neighboring households to determine any problem created by its construction. If such problems occur, actions must be immediately taken. If there is any request from such households to fix small problem, contractors and site supervisors should be willing to assist. Moreover, PACE requires contractors and site supervisors to intermittently check with district offices for any complaint against project construction so as to provide immediate remedies to the affected parties.



The use of skeletal mesh panels for prevention of falling materials around MahaNakhon Tower.

Risks of investment in Gourmet Food and Beverages “DEAN & DELUCA” brand

Over its 38 year history, DEAN & DELUCA has earned a reputation as an icon of New York city culture and lifestyle with a focus on food. It was originally from the U.S., and has been building on its reputation as the defining brand in luxury gourmet food retail around the world. This good reputation might result in a risk of the Company's management and supervision due to meager experiences in this business and the diverse regulations of that country. Although the Company may be confident in the business and management team that will be able to conduct the business as planned, the high investment costs of the F&B business and the main business situated in the U.S. could affect the

effectiveness of the management and internal control. Furthermore, the unstable situation of the world's economy might cause possible delay in achieving the expansion plan.

However, the Company considerably believes that investing in DEAN & DELUCA business is such a growth opportunity as assured by the fact that the US market has risen after the recession as well as the growth in big cities around the world due to the expansion of licensee. The distribution of business licensee will support the expansion plan with lower investment cost significantly. Moreover, PACE has great trust in the current of DEAN & DELUCA's management team and all employees' reputable skills in bringing the best out of each growing the business. In addition, the Company has sent the management team to closely manage, observe, and control as well as keeping the Company updated on performance reports regularly.

Risks arising from major competitors in main business line

1. Risks from competitors in super-luxury residential real estate business

In 2015, the competition among super-luxury residential real estate companies is still more competitive. The average of sale price per square meters of high-end condominiums starts at 300,000 Baht, and it tends to rise significantly. Due to the demand of the high purchasing power, it encourages the real estate developers consider more closely about the factors such as locations, design, quality of materials and construction process. The Company, therefore, focuses on serving the discerning needs of high-end customers and their lifestyle. Furthermore, PACE focuses on creating premium quality of each project and closely monitoring for all processes; for instance; delivering world-class designs and the finest standard of the construction control, and maintaining excellent quality in the development of residential projects to be recognized by customers constantly.

By early 2015, the Company has launched a new luxurious project called "Nimit Langsuan" which was well response by the existing customers and increased new customers. Also, the success of the pre-sales created the highest record before officially sale.

2. The Risk and Competition in Food and Beverage Business

Food and beverage business is a challenging and highly competitive business because of many factors such as different of taste, pricing, quality, value, service and location. These factors are risks for the entrepreneurs who must also compete against other business owners. Due to the limitation of store locations, and inability to expand its stores worldwide enough to reach all its target group, it will cause DEAN & DELUCA to face with a high competition. Although DEAN & DELUCA has earned a reputation as a unique brand almost 40 years history, and it begins to step into a leading global brand, the food and beverages business is easily to entrance and the Company will have to compete with many competitors in the same country and other countries around the world.

Besides, the Company may face with a risk of not specialize in food and beverages because it is a new business line for the Company.

However, the Company has a management team with expertise in this business, study and follow up the movement, and closely monitor the market. In addition, the Company has prepared the business plan to expand and will focus more on selling the licensees of DEAN & DELUCA to other partnerships.

Corruption Risk

Risks arising from directors, management, and employees to corrupt and involve in either directly or indirectly.

Since 14th August, 2014, the Company has conducted the anti-corruption policy to comply with this policy effectively and efficiently. In this respect, the Company determines reviewing the Anti-corruption on a regular basis at least once a year, defines the internal control system in respect of Anti-corruption, and the persons responsible for examinations are always entitled to take an examining action in the event of corruption occurrence, and prepares channels for whistle-blowing acceptance and dishonesty complaint. Although, the Company conducts the Anti-corruption policy, it will take times for practice. Due to the ethical and moral conscience of a person and the external factors such as society, environment, and the stakeholders that may affect the Company, the Company needs to promote the employees in all levels to have the spirit in ethics and merits by strictly complying with the Anti-corruption policy and shall update the Anti-corruption policy in the stricter manner on a yearly basis.

Financial Risks

Risks arising from revenue instability and loss at the beginning of the developmental phase

Presently, the Company is developing the projects such as MahaNakhon, MahaSamutr, and Nimit Langsuan of which total residential projects' value were about 26,084 Million Baht. Besides, there are 1 unit of the Ficus Lane project that is in the process of sale and ownership transfer with the total book value of 6.8 Million Baht (equivalent to sales value of 9.0 Million Baht), and it is expected to be transferred and recognizable in 2016. Although the Company previously faced revenue instability, it was considered as usual for real estate development companies. This is because the real estate companies will be able to recognize the revenues only when the construction and the ownership transfer of the real estate developments are completed.

However, the Company is currently in the process of monitoring the residences of MahaNakhon project, the Ritz-Carlton Residences, Bangkok brand, and expecting to transfer and recognize the revenues since the late of the second quarter of 2016. Moreover, PACE expects to generate income from the hotel business "The "Bangkok Edition", and revenues from retail business which is a part of MahaNakhon project such as "Retail Hill" and "Sky Observation Deck" in late 2016. The Company will also recognize revenues from sales of the MahaSamutr villa of which value approximately 4,000 Million Baht since the late 2016 as well as plan to sell the MahaSamutr villas and membership of MahaSamutr Country Club during the first quarter of 2016.

For Nimit Langsuan project, which value of 7,584 Million Baht it is now in the process of construction, and expected to be completed and be able to recognize revenues since 2018. Besides, the Company is planning to launch a new real estate project on Naradhiwas Rajanagarindra Road which total value is about 2,800 Million Baht during the second half of the year 2016, and expecting to complete the project and recognize the revenues in 2019.

Risk related to investment of securities holders and Risk related to the ability to pay dividend

Due to the reason that the Company is in the progression of developing big projects such as MahaNakhon, MahaSamutr, and Nimit Langsuan of which total projects' value approximately were 26,084 Million Baht, they are expected to be completed and started to be recognized revenues partially since 2016. This progression could cause the Company's consolidated financial statements in 2015 show losses, and its unconsolidated financial statements may be negatively impacted, possibly further affecting the Company's ability to pay dividend. However, if the MahaNakhon, MahaSamutr, and Nimit Langsuan projects are completed successfully and able to be recognized the revenues as planned, the Company expects to generate profits and, as such, be able to significantly pay dividends to its shareholders. Since dividends will be paid out of retained earnings in unconsolidated financial statement only, the Company, therefore, is preparing for new projects in a prime location of the city and other interesting locations. If the Company is profitable and has no constraints on dividend payment that may be attached to the loan agreements with financial institutions for the purpose of financing project development, PACE will be able pay dividends to its shareholders based on its dividend policy.

4. Operating Assets

As of December 31st, 2015, the Company has the following operating assets:

4.1 Characteristics of Main Operating Assets

4.1.1 Inventory

Project Name / Location	Type of Asset	Company	Type of Ownership	Book Value as of 31 Dec 2015 (MB)	Appraisal Value before Adjustment	Appraisal Value (MB)		Appraisal Value after Adjustment	Contingent Liability as of 31 Dec 2015 (MB)
						Adjust with Additional Construction Costs	Adjust with Accumulated Cost of Sales Portion		
Ficus Lane Project	1 residential condominium unit ¹ with total area of 113.4 sq.m.	PACE	Owner	6.8	10.7 (Appraisal report dated 7 Jan 2016)	-	-	10.7	-
Ficus Lane Project	1 residential condominium unit ² with total area of 366.6 sq.m. (Sale contract is signed but payment is not completed)	PACE	Owner	14.5	40.3 (Appraisal report dated 7 Jan 2016)	-	-	40.3	-
Total				21.3					

Note:

¹ One residential condominium unit with the area of 113.4 sq.m. The appraisal value was 10.7 MB (estimated from average sale price per sq.m. of 94,000 Baht/sq.m.) based on Market Comparison Approach for the purpose of public interest as appraisal report dated January 7th, 2016. The appraisal was done by General Valuation and Consultant Co., Ltd. (GVC), an appraisal company approved by Securities and Exchange Commission (SEC).

² One residential condominium unit with total area of 366.6 sq.m. and appraisal value of 40.3 MB (estimated from average sale price per sq.m. of 110,000 Baht/sq.m.) based on Market Comparison Approach for the purpose of public interest. The appraisal was done by GVC report dated on January 7th, 2016. The Company completed sale contract and the buyer move into the unit. However, the Company has not received full payment from the buyer and has not transferred the ownership of the unit to the buyer. As of December 31st, 2015, the buyer paid 19.6 MB to the Company and still owed the Company 5.0 MB. The Company recorded such paid amount as "advanced revenue" in Consolidated Statement of Financial Position as of December 31st, 2015.

4.1.2 Land of MahaNakhon Project – net

Company	Project	Location	Size	Book Value as of 31 Dec 2015 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2015 (MB)
• PACE One				1,003.9		Mortgaged with Siam
• PACE Two		Next to Chongnonsri BTS	9 Rai 1 Ngan	2,391.0		Commercial Bank PCL.
• PACE Three	MahaNakhon	station, on Naradhiwas Rajanagarindra Rd.	51.1 sq.w.	511.7	4,486.6*	and Tisco Bank Public Company Limited
Total				3,906.6		

Note: *Value of assets were appraised by Sims Property Consultant Co., Ltd. based on Market Comparison Approach and Income Approach/Discounted Cash Flow Approach (DCF) report dated February 24th, 2016. According to the appraiser, the appraisal value of the land was 4,026.1 Million Baht (7 land plots with the total area of 7-3-37.1 rai or 3,137.1 square wah) and 460.5 Million Baht (4 land plots with the total area of 1-2-14.0 rai or 614 square wah) respectively for the purpose of consideration of impairment of assets per TAS 36.

4.1.3 Land of MahaSamutr Project - net

Project	Company	Location	Size	Book Value as of 31 Dec 2015 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2015 (MB)
MahaSamutr		Soi 112 Hua Hin, Prachuabkhirikhan	129 Rai 3 Ngan 17.3 sq.w.		778.8*	Mortgaged with The Siam Commercial Bank PCL.
• Villa	PACE		22,050.5 sq.w.	207.6		
• Country Club	PACE		29,340.8 sq.w.	276.2		
• Country Club	PACE Country Club		526 sq.w	5.0		
Total				488.8		

Note: *Value of assets were appraised by Sims Property Consultant Co., Ltd. based on Market Comparison Approach report dated February 24th, 2016. According to the appraiser, the appraisal value of the land was 778.8 Million Baht for the purpose of consideration of impairment of assets per TAS 36.

4.1.4 Land of Nimit Luangsuan Project – net

Project	Company	Location	Size	Book Value as of 31 Dec 2015 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2015 (MB)
Nimit Luangsuan Project	PACE	Luangsuan Road, Lumpini, Phatumwan	2 Rai 2 Ngan 40.2 sq.w.	1,672.5	1,979.3*	Mortgaged with The Siam Commercial Bank PCL.

Note: *Value of assets were appraised by Sims Property Consultant Co., Ltd. based on Market Comparison Approach report dated February 23th, 2016. According to the appraiser, the appraisal value of the land was 1,979.3 Million Baht for the purpose of consideration of impairment of assets per TAS 36.

4.1.5 Properties for lease -net

Project	Company	Location	Size	Book Value as of 31 Dec 2015 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2015 (MB)
MahaNakhon - Cube	PACE Three	Next to Chongnonsri BTS station, on Naradhiwas Rajanagarindra Rd.	1 Rai 53.0 sq.w.	1,017.2	1,117.9*	Mortgaged with Siam Commercial Bank PCL. and Tisco Bank Public Company Limited

*Note: *Value of assets were appraised by Sims Property Consultant Co., Ltd. based on Income Approach/Discounted Cash Flow Approach (DCF) report dated November 18th, 2015. According to the appraiser, the appraisal value was 1,117.9 Million Baht for the disclosure purpose in notes to financial statements.*

4.2 Policy of investment in subsidiaries and affiliates

The Company has a policy to invest in high-potential, stable-profit businesses that prove to be feasible and able to create proper returns with acceptable risk level. PACE always sends its representatives to sit in the Board of Director of the target companies and reports their performance in the meeting of PACE's Board of Directors every quarter.

PACE also has a policy to reduce investment risk for projects with investment amount of more than 3,000 MB. by co-investing with well-known, highly-experienced, high-capital partners. The form of co-investment ranges from subsidiaries, affiliates, and other forms, depending on the results of negotiation and mutual agreement between the Company and interested investors. Nevertheless, to make a decision to co-invest, the Company will study for the needs, potential benefits, positive and negative consequences, and will present the results of the study to the Board of Directors before co-investing with any partners.

5. Legal Disputes

As of 31 December 2015, the Company has no legal dispute.

6. General Information and Important Information

Company Name	Pace Development Corporation Public Company Limited (the “Company”) (formerly named Cinkara Company Limited)
Nature of Business	High-end sector of Thailand’s real estate development business and gourmet food and beverage lifestyle retail
Head Office Location	87/2 CRC Tower, All Seasons Place, 45 th Floor Unit 3, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Thailand
Website	http://www.pacedev.com
Telephone	02 654 3344
Fax	02 654 3323