

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 a leader in Thai luxury property, hospitality and retail. With core strengths in understanding the high-end consumer, PACE delivers innovation using world-class design and standards, enhancing people's lives by introducing new trends to the market in the most sought after locations.

The Company works with leading global suppliers and partners, creating award-winning luxury property and hospitality. Ownership of gourmet food and beverage brand DEAN & DELUCA is a platform for expansion globally, providing another recurring stream of revenue for PACE.

Vision

PACE creates design-driven properties, hospitality, retail concepts in the world's most sought after locations. Through architectural leadership, PACE provides world-class design and premium quality, introducing new trends, improving the landscape and enhancing people's lives. PACE creates a full range of lifestyle property developments which will continue to meet the needs of our clients, both today and in the future. PACE 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. Our dedicated team provides the highest levels of service, and contributes in a positive way to the communities in which we do business.

Our Mission

- Creating the finest luxury property, hospitality and retail using world-class design
- Innovating and introducing new market-leading concepts through understanding our customers' needs and lifestyles both for today and the future
- Consistently delivering the highest standards of quality, architecture, locations and service
- Building a dedicated team and network who make a positive social contribution, enhancing the landscape and places where we do business

Business strategy

PACE specializes in serving the needs of our high-end client base through active engagement and consumer insights which enable the Company to be a leader for property development, hospitality and retail. The business strategy of PACE features the following categories:

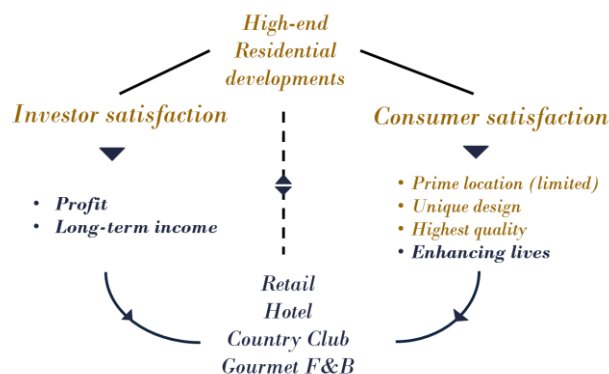
- **High-end residential development**

PACE's core value in real estate development focuses on delivering high quality, providing innovative market leading properties which provide outstanding functionality and practicality in prime locations. Using world-class design each development features finest specifications and well controlled execution, resulting in premium standards which have gained trust and credibility from customers and shareholders. As a result PACE properties remain highly sought after, and are able to command higher prices than other comparable location high-end developments. The Company targets to develop 1 - 2 residential projects per year.

- **Lifestyle businesses that generate continued sustainable income**

PACE integrates lifestyle elements into its property development business, not only to enhance the quality of life for residents, but also to add sustainable income streams to strengthen shareholder and investor trust. These include hospitality and retail operations. In addition, PACE is the owner of New York's iconic food and beverage retail brand DEAN & DELUCA.

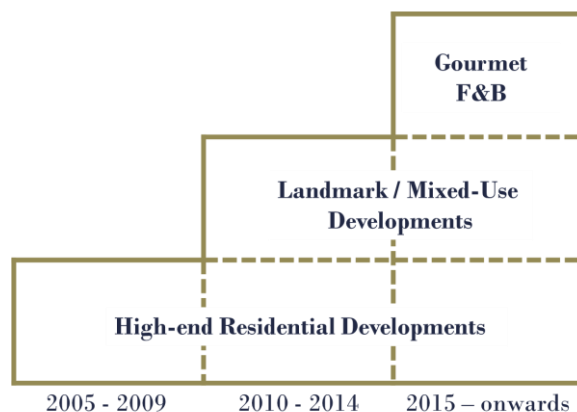
These income streams balance against residential development where revenue is recognized only when the project is fully completed and transferred to customers. PACE's lifestyle businesses are shown below; PACE's "MahaNakhon" development consists of hotel, observatory and lifestyle retail elements; "MahaSamutr" features a Country Club membership concept embracing hospitality and dining.



The diagram of PACE's business strategy

The gourmet F&B business arm reflects the synergy of lifestyle and property. As a property developer, PACE ownership of DEAN & DELUCA utilizes the Company's existing knowledge of the high-end sector combined with strengths in construction and execution for expansion of the brand, while also enabling greater consumer insights through wider market appeal on a global level. This knowledge will enhance PACE ability to expand abroad as well as bringing new trends from around the globe into the Thai real estate market.

From a 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, lifestyle business and gourmet food and beverage retail worldwide under "DEAN & DELUCA" brand, where it became the owner of the stores in the U.S.A., and in Thailand, and co-owner of the stores in Japan as a joint venture agreement. As of December 31st, 2016, the Company's registered capital and paid capital is 3,758.0 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 engage in the real estate development business sector.

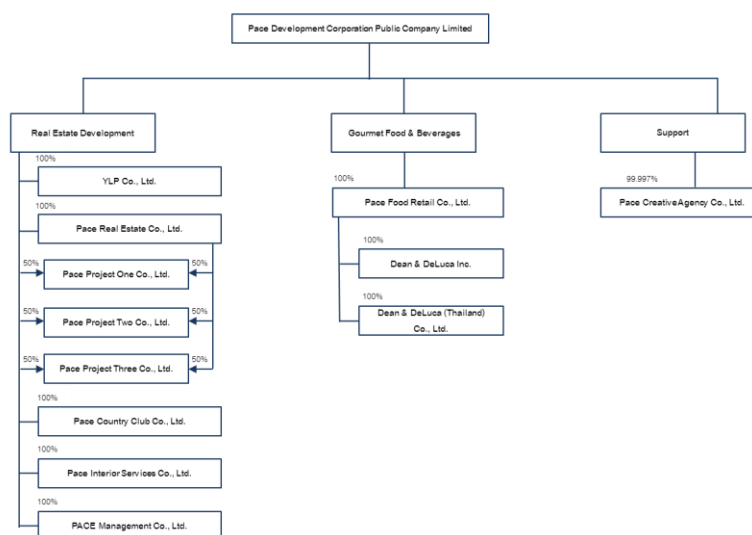
Year	Significant changes within the year
2003	Founded Cinkara Company Limited.
2004	Commenced development of "Ficus Lane".
2007	Founded YLP Company Limited to develop a condominium under the name "Saladaeng Residences".
2008	Founded Pace Project One Company Limited ("Pace One"), founded Pace Project Two Company Limited ("Pace Two"), founded Pace Project Three ("Pace Three") to develop the mixed-use MahaNakhon Development, and 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.
2011	The Company restructured ownership portions within the group to prepare for listing in the Stock Exchange of Thailand (SET). 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).
2013	The Company launched MahaSamutr, a Luxury mixed-use development in Hua Hin with Thailand's first private Country Club and Villas.

	<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>Officially launched and sold out 90%+ of Nimit Langsuan project.</p> <p>Bought the rest of the shares of Pace One, Pace Two, and Pace Three from IBC Thailand and PRE, and from IBC Thailand and IDJ Holdings Co., Ltd.</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 Mr. Sorapoj Techakraisri.</p> <p>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.</p> <p>Construction loan received from a Thailand's Financial institution for a development of "Naradhiwas" project with the total amount of THB 1,090 million.</p>
2016	<p>Launched MahaSamutr Villa & Country Club Project under the theme of "The Sound of MahaSamutr", including "MahaSamutr Villas", the luxury freehold villas, and "MahaSamutr Country Club" surrounded by MahaSamutr Lagoon - Asia's largest man-made lagoon.</p> <p>Registered for a joint venture company "Dean & DeLuca Café Japan Co., Ltd."</p> <p>Founded Pace Management Co., Ltd.</p> <p>Commenced construction for a new super luxury development "Nimit Langsuan" on Langsuan Road.</p> <p>Founded 2 new subsidiaries of D&D Mount Limited and D&D Fourteen Limited.</p> <p>Loans received from Thailand's Financial Institutions for expanding DEAN & DELUCA with the total amount of THB 1.1 Billion.</p> <p>Allocated newly-issued ordinary shares of 176,350,000 shares at THB 3.00 per share to Bell Investments Limited and Asension Trading Limited which are the specific investors (Private Placement) in exchange for the land in Niseko Sub-district, Hokkaido Prefecture, Japan, instead of cash payment.</p> <p>Allocated the newly-issued ordinary shares of 320,000,000 shares at THB 3.00 per share with the total amount of THB 960 million for international private placement investors.</p> <p>Grand opening "MahaNakhon" Project under the theme of "MahaNakhon Bangkok Rising: The Night Of Lights", officially Thailand's tallest building at 314 meters and 77 storeys.</p> <p>Founded Dean & DeLuca Small Format Lq. LLC, a subsidiary of Dean & DeLuca Inc.</p>

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 a passion for leadership in high-end property development, the Company has continually expanded its development business and client base. Recently, the Company has entered into the retail food and beverage business, a new line of business featuring “DEAN & DELUCA”, an iconic global food and beverage brand. As a result, the Company currently generates revenue primarily from real estate development and the gourmet food and beverage business. As of December 31st, 2016, the Company has 34 subsidiaries which can be categorized into the following business lines as follows 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 Villas, Nimit Langsuan, etc.	-
YLP Co., Ltd.	Property development and management	Develop real estate projects such as Saladaeng Residences and a new project on Naradhiwas-Rajanakarin Road, which is planned for launch early in the year 2017	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” located in MahaNakhon tower	50 + 50 ^{1)*}
Pace Project Two Co., Ltd.	Property development and management	Develop super-luxury residences under the internationally recognizable brand “The Ritz-Carlton Residences, Bangkok”	50 + 50 ^{2)*}
Pace Project Three Co., Ltd.	Lifestyle retail	Develop lifestyle retail such as MahaNakhon CUBE, Retail Hill, and Sky Observation Deck located in MahaNakhon tower	50 + 50 ^{1)*}

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 beverage business under brand Dean & DeLuca in U.S.A., and Thailand	100
Dean & DeLuca (Thailand) Co., Ltd.	Gourmet food & beverages	A licensee to operate gourmet food and beverage 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 beverage brand "DEAN & DELUCA" worldwide, as the owner of the store in the U.S.A.	100 ³⁾
Pace Interior Services Co., Ltd.	Design and interior design	Provide services of design and interior design to support PACE businesses	100
Pace Creative Agency Co., Ltd.	Graphic design and creative	Provide creative and graphic design services for advertising and marketing communications	100
Pace Management Co., Ltd.	Property development and management	Provide services for property development management of housing estates and condominiums	100

Remark:

- ¹⁾ Regarding to the new investors, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. are in the process of shareholding structure adjustment. Therefore, after the transaction of the capital increase completed, the shareholding structure of the Company and Pace Real Estate Co., Ltd. that hold ordinary shares in both companies will be diluted from 100 percent to 51 percent.
- ²⁾ Proportion of share held (indirect) by Pace Real Estate Co., Ltd.
- ³⁾ 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 25 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., Dean & DeLuca New Jersey, Inc., Dean & DeLuca Small Format, LLC, Dean & DeLuca Small Format, Lq. LLC, Dean & DeLuca Management Co., Dean & DeLuca Fourteen Ltd., Dean & DeLuca Mount Ltd., and Dean & DeLuca Café Japan Co., Ltd.

As of December 31st, 2016, the Company and its subsidiaries have developed real estate projects that are currently in the planning, construction and/or selling process totaling 5 projects: (1) MahaNakhon, (2) MahaSamutr, (3) Nimit Langsuan, (4) the new Naradhiwas-Rajanakarin project, and (5) the new Niseko project in Japan.

In addition, the Company operates the world's iconic gourmet food and beverage brand called "DEAN & DELUCA". As of December 31st, 2016, the Company owns 10 stores in the U.S.A., 10 stores in Thailand, and owns 11 stores only café format in Japan, registered within a joint venture company "Dean & DeLuca Café Japan Co., Ltd." with a Japanese partner. Moreover, the Company also operates the licensing agreements in 26 stores in Japan (only market format), Singapore, South Korea, Philippines, Kuwait, United Arab Emirates (UAE), and Hawaii (U.S.A.).

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

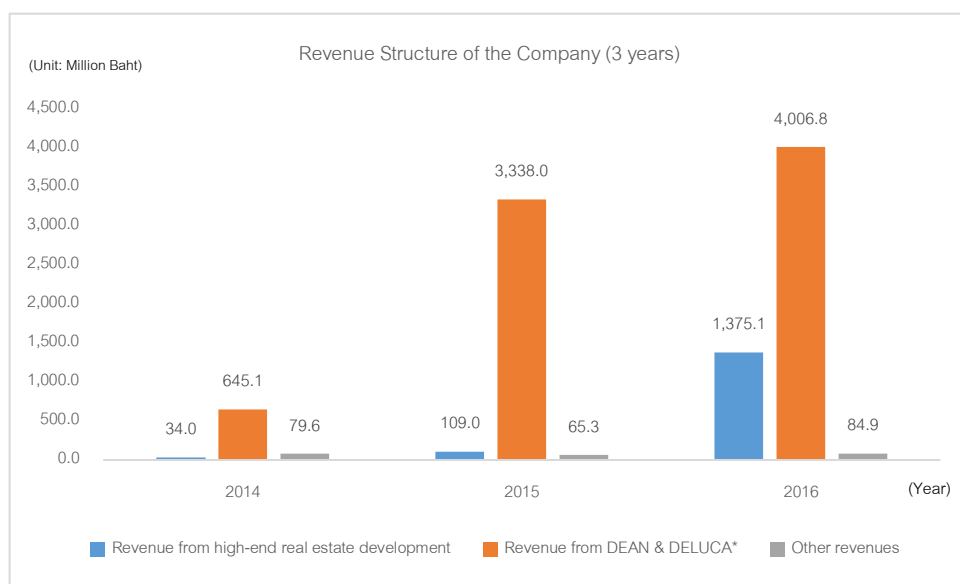
2.1 Characteristics of Products and Services

The Company and subsidiaries generate revenues primarily from real estate development for sale and the gourmet food and beverage business, these can be summarized for the last 3 years as below:

(Unit: million Baht)

Business	Operated by	% of the Company's Shareholders	2014		2015		2016	
			Revenue	%	Revenue	%	Revenue	%
Revenue from high-end real estate development	The Company and subsidiaries	100	34.0	4.5	109.0	3.1	1,375.1	25.1
Revenue from DEAN & DELUCA*	Subsidiaries	100	645.1	85.0	3,338.0	95.0	4,006.8	73.3
Other revenues	The Company and subsidiaries	100	79.6	10.5	65.3	1.9	84.9	1.6
Total revenues			758.7	100.0	3,512.3	100.0	5,466.8	100.0

* Revenue recognition started from December 4th, 2014, since the Company acquired DEAN & DELUCA Inc. (U.S.A.), acquired DEAN & DELUCA (Thailand) in April, 2015, and registered for a joint venture company "Dean & DeLuca Cafe Japan Co., Ltd." in March, 2016. Therefore, the revenue recognition is considered as the Company's Subsidiary which is the business combination under common control.



In 2016, the Company generated revenue from residential unit sales of 1,375.1 million Baht, an increase of 1,161.6% as compared with the year 2015. The increase was mainly due to the ability to sell and transfer The Ritz-Carlton Residences, Bangkok at MahaNakhon which started to transfer since Q2 2016, and the remaining units of Ficus Lane project while the Company was able to generate revenue from sale and transfer the last remaining 5 residences of Saladaeng Residences Project within 2015.

Moreover, the Company generated revenue from Food and Beverage business “DEAN & DELUCA” of 4,006.8 million Baht, which increased 20.0 percent as compared with the year 2015 which had recorded revenue 3,338.0 million Baht. This was mainly due to the Company recording sales revenue of DEAN & DELUCA Inc. (U.S.A) together with the sales revenue of DEAN & DELUCA (Thailand) for the entire year in 2016, adding to the sales revenue resulting from the Joint Venture Agreement with Dean & DeLuca Japan Co., Ltd. forming the joint venture Dean & DeLuca Café Japan Co., Ltd. with revenue generated from the new cafes now open.

In addition, in 2016, the Company generated revenue from rental and service income of 53.5 million Baht, an increase of 27.3 percent as compared with the year 2015 of 42.0 million Baht. This was the result of increased occupancy rate at MahaNakhon CUBE with new tenants now open.

Other revenues have increased to 31.4 million Baht, an increase of 34.9 percent as compared with the year 2015 which had recorded other revenues of 23.3 million Baht. This was the result of the reversion of accrued construction cost of Saladaeng Residences Project to become the other income.

As of December 31st, 2016, the Company and its subsidiaries had a total of 7 developments that are either completed or on-going, these are Ficus Lane, Saladaeng Residences, MahaNakhon, MahaSamutr, Nimit Langsuan, as well as the new Naradhiwas-Rajanakarin, and Niseko projects. The summary of all the projects are following below:

Project	Location	Type of project	No. of units	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 residences	12,109.8	900	100	2004 – 2006
2. Saladaeng Residences	Saladaeng Soi 1, Silom Road	Condominium	132 residences	13,087.9	2,310	100	2008 – 2011
<u>Developing Projects:</u>							
3. MahaNakhon:	Naradhiwas-Rajanakarin Road.	Mixed-use	-	-	-	-	2011 – 2017
3.1 The Bangkok Edition		5-star luxury boutique hotel	155 keys	Area for services	-	-	2011 – 2017
3.2 The Ritz-Carlton Residences, Bangkok		Super luxury residences	209 residences	47,725.44	15,000	72.7*	2011 – 2017
3.3 Lifestyle retail:				Area for services			
- MahaNakhon CUBE		Lifestyle retail	-	5,003	-		2011 – 2014
- Retail Hill		Lifestyle retail	-	2,434	-		2011 – 2017
- MahaNakhon Observation Deck		Viewpoint area	-	2,139	-		2011 – 2017

Project	Location	Type of project	No. of units	Sale area (sq.m.)	Project value for sale (million Baht)	Recognizable Portion (%)	Construction Period
4. MahaSamutr	Soi 112 Hua-Hin District, Prachuabkhirikhan Province	Luxury resort-style villas and private club					2013 – 2018 (some parts to be finished in 2016)
4.1 Luxury Villa		Luxury resort-style villas	80 villas	-	4,000	26.3*	2013 – 2017
4.2 Country Club		Luxurious Country Club	-	-	-	-	2013 – 2018
5. Nimit Langsuan	Langsuan Road	Super luxury condominium	not exceeding 189 residences	25,325	8,000	87.2*	2016 – 2018
6. Naradhiwas-Rajanakarin Project (new)	Naradhiwas-Rajanakarin Road	Super luxury condominium	36 residences	18,637	3,000	-	2016 – 2019
7. Niseko Project (new)	Hokkaido, Japan	Luxury resort villas	37 villas	-	4,000	-	2019

Remark: % of total unit sold.



Furthermore, the Company is planning to market and sell a new super luxury condominium project on Naradhiwas-Rajanakarin Road in H1 2017 which began construction in late 2016. The Company is also currently in the process of preparing the concept and design for a new Niseko project as well as seeking the necessary permits to comply with Japanese regulations, it is planned that this Japanese project will be launched in the year 2017.

The main target group for the Company's real estate development is high purchasing power Thais and foreigners seeking leading quality, prime locations and design driven functionality. Given this respect, the Company considers and sets the selling price per square meter appropriate for each project based on location and project concept. For lifestyle retail: MahaNakhon CUBE, MahaNakhon Observation Deck and Experience, and roof top bar, the main target group includes tourists both domestic and international, residents in the surrounding neighborhood, hotel guests, owners and residents of the residential building of MahaNakhon development, tourists as well as management and workers in the Bangkok CBD and nearby offices.

The target audience for gourmet food and beverage business under DEAN & DELUCA brand are quality conscious consumers wanting premium ready to eat food and beverages as well as ingredients and retail items. DEAN & DELUCA is operated by the Company under 2 subsidiaries, and 1 joint venture company:

Subsidiaries	by	Type of Business	Started since
1. DEAN & DELUCA Inc. (U.S.A.)	Company	Premium supermarket and gourmet food and beverage in the U.S.A.	December, 2014 (since acquired)
2. DEAN & DELUCA (Thailand) Co., Ltd.	Company	Premium supermarket and gourmet food and beverage in Thailand	April, 2015 (since acquired)
3. DEAN & DELUCA Café Japan Co., Ltd.	Dean & DeLuca Japan Co., Ltd. (DDJ)	Premium supermarket and gourmet food and beverage in Japan	March, 2016 (since the joint venture agreement)

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 December 31 st , 2016)		
	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 with 7 floors above ground and 1 floor below ground	One residential building with 25 floors above ground and 5 floors below ground
No. of unit	70 residences	132 residences
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 100% of the total sale area	Proportion of contract signed 100% of total sale area
Recognizable portion	100%	100%

Presently, the Company is developing high-end projects MahaNakhon, MahaSamutr, Nimit Langsuan. The new Naradhiwas-Rajanakarin project began construction since late 2016, and the Company has already bought the land plot for the new Niseko project. The details of all projects are as following below:

MahaNakhon Project



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

Details of the Project (As of December 31 st , 2016)			
	Hotel	Residences	Lifestyle retail
Location	On Naradhiwas-Rajanakarin Road, Bangrak District, Bangkok		
Project Area	9 Rai 1 Ngan 51.1 sq.w.		
Sales area / Rental area (sq.m.)	Approx. 39,682	Approx. 47,725.44	Retail CUBE: 5,003 Retail Hill: 2,434 MahaNakhon Observation Deck: 2,139
Average sales price / sq.m.	Approx. 7,500 Baht / night	Approx. 314,298 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)  THE RITZ-CARLTON RESIDENCES BANGKOK - A super-luxury residential development under an internationally recognizable brand - Residents enjoy the legendary service of The Ladies and Gentlemen of The Ritz-Carlton	MahaNakhon CUBE (B1 – 7/F) Retail Hill (1-5/F) MahaNakhon Observation Deck (74 – 77/F)  - A lifestyle retail center that hosts world-famous gourmet food and beverage providing Bangkok's leading dining experience, including Vogue Lounge, L'Atelier de Joël Robuchon, Morimoto, M Krub and DEAN & DELUCA. - World-class observatory providing views and experience from the highest building and viewing point in Bangkok, with associated Thai showcase experience and retail
No. of unit	155 keys	209 residences	-
Project value for sale	-	Approx. 15,000 million Baht	-
Year of completion	2011 – 2017	2011 – 2017	2011 – 2017
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 residents and workers in the adjacent offices. International and domestic tourists (Observation Deck)

* The floor numbers were assigned by the project's sales department. 21st and 22nd Floors are omitted as service zones segregating 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 private members' Country Club set around Asia's largest man-made clear water lagoon and beach. The development provides an exclusive, private environment with a secluded elegant atmosphere, suitable for holidays, relaxation, family gatherings and recreational activities. The 800-meter-long lagoon, situated on the 72,000-sq.m. lot, is visible and directly accessible from all villas, providing fun activities, such as swimming, paddle-boarding, diving, and other water sports. Using the latest technology from leading global company Crystal Lagoons Corporation, the color and the quality of the water is tested and carefully monitored to ensure the highest standards of cleanliness, while also minimizing impact on the environment reservation and using energy saving measures.

Details of the Project (As of December 31st, 2016)

Location	Soi 112 Hua-Hin District, Prachuabkhirikhan Province
Project area	Approximately 129 Rai 3 Ngan 17.3 sq.w.
No. of villas	80 luxury Villas
Sales price	Approx. 50 million Baht / Villa
Project details	Residential units: MahaSamutr 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 (Villa component only)
Construction period	Construction Q3 2013 – 2018, ownership transfer commencing in the late of 2017
Sales period	Sales office open Q2 2016, official sales commence Q2 2016
Project features	800-meter-long man-made lagoon (total area 72,000 sq.m.); artificial beach; gated secure community
Progress on construction (as of December 31 st , 2016)	Crystal lagoon completed, 50 Villas completed, and in the construction process continually,

Nimit Langsuan Project



NIMIT Langsuan, a super-luxury 54-storey residential freehold development, centrally located on Langsuan Road and within walking distance to Lumpini Park. Designed and built to the highest international standards, the tower is seemingly made entirely of amber glass, a result of the state-of-the-art façade, wrapping the building in three-dimensional molded glass to create a timeless and elegant architectural statement. NIMIT Langsuan features homes, ranging from 77 - 640 square meters and offering two - four bedroom layouts, with views overlooking Lumpini Park, Royal Bangkok Sports Club, Langsuan Village and Chidlom. Residents enjoy a wide range of facilities with the lush garden entrance providing a unique greeting upon arrival.

Details of the Project (As of December 31st, 2016)

Location	Soi Langsuan
Project area	Approx. 2 Rai 2 Ngan 40.2 sq.w.
Sales area	Approx. 25,325 sq.m.
Sales price	Approx. 300,000 Baht / sq.m.
Project details	A super luxury residential building with 54 floors, not exceeding 189 residences
Project value for sale	Approx. 8,000 million Baht
Construction period	2016 – 2018
Sales period	Since Q1 2015 – Present
Project features	<ul style="list-style-type: none"> Lush Garden – Ground floor Amenities 10th floor Parking 100%
Progress on construction (as of December 31 st , 2016)	Already received EIA and in construction process

New Projects

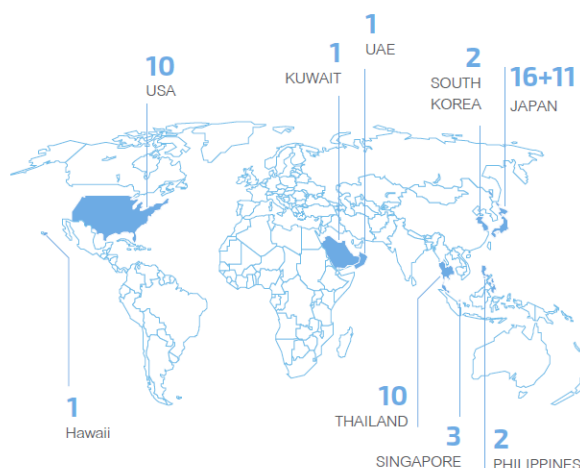
Details of the New Projects (As of December 31st, 2016)

	Naradhiwas Project	Niseko Project
Location	Naradhiwas-Rajanakarin Road	Niseko, Hokkaido Japan
Project area	2 Rai 87.4 sq.w.	87 Rai 3 Ngan 33.3 sq.w.
Sales area	Approx. 18,637 sq.m.	-
Sales price	Approx. 150,000 Baht / sq.m.	Approx. USD 1 - 5 million/ villa
Project details	46 Floors	-
No. of unit	36 Residences	Resort villa 37 villas
Project value for sale	Approx. 3,000 million Baht	Approx. 4,000 million Baht
Year of completion	2019	2019
Sales period	-	-
Recognizable portion	-	-

Alongside high-end real estate development, the Company also operates gourmet food and beverage lifestyle retail under the DEAN & DELUCA brand. DEAN & DELUCA provides the world's finest epicurean treats from around the globe, sharing a passion for cooking, eating and entertaining.

As of December 31st, 2016, the Company owns 10 stores in U.S.A., 10 stores in Thailand, and co-owner of 11 stores in Japan as a joint venture agreement with a partner in Japan for café format; totaling 31 stores. Additionally, the Company has sold licenses to officially operate DEAN & DELUCA abroad for licensees including Japan, Singapore, South Korea, Philippines, Kuwait, United Arab Emirates (UAE) and Hawaii (U.S.A.) totaling a further 26 stores worldwide. As at year end 2016 the total number of DEAN & DELUCA stores worldwide is now 57. The Company plans to continue to expand the number of stores both in Thailand and other countries directly, as well as continuing to sell licenses and the tradename to its licensees.

The map below shows the locations of DEAN & DELUCA stores worldwide:



2.2 Marketing and Competition

2.2.1 Competitive Strategy and Product Distribution

Real Estate Development Business

PACE and its subsidiaries focus on high-end residential development, lifestyle retail business, and hospitality as its key segments. The "Zero Defect" policy provides strict quality control measures combined with innovation, dedication and leadership in design, to match the needs of the high-end consumer.

The Company sets pricing based on market conditions comparable to other competitors in the same industry with premiums for innovative design, prime locations, high standards of facilities, services integration and mixed-use convenience where possible. Through service and quality delivered to its customers, the Company has also built brand loyalty which enables a further premium in pricing for each property.

Gourmet Food and Beverages

DEAN & DELUCA offers a wide variety of specialty and gourmet foods such as butcher products; seafood and shellfish products; hors d'oeuvres and appetizers; bread and bakery items; cheeses; pastas, rice, and grains; salts and seasonings; coffees, teas, and beverages; desserts and snacks; jams, syrups, and honey; oil, vinegar, and condiments; and kitchen and dining ware. The Company offers a wide variety of both local classics as well as international ingredients and dishes. DEAN & DELUCA offers these products through its stores.

Customers have the option to shop DEAN & DELUCA's online catalog, which includes many of the same seasonal and year round selections available in store. Customers' purchases are shipped directly to them, letting them escape the hassle of running to the store. In most cases, orders are shipped the same day the order is placed.

DEAN & DELUCA also offers catering services for both private and corporate events in many of its locations. Catering menus vary by store location, but all offer the same quality food and service clients expect from DEAN & DELUCA.

DEAN & DELUCA offers a wide variety of gifting solutions for both private and corporate clients. Gift orders can be placed online and will be delivered directly to the recipient's door. Customers can shop DEAN & DELUCA's wide assortment of pre-made gift baskets or make their own custom gift basket from Dean & DeLuca's wide offerings. For corporate clients, DEAN & DELUCA offers customized, full-service corporate gifting plans designed to meet client's particular gifting needs.

The corporate clients business consists of 3 distinct distribution channels: Corporate Gifting (sales to corporate customers), Hospitality (sales to hotels for mini-bars and airlines for in flight consumption), and Wholesale (sales to select high end boutique retailers of gourmet food products).

DEAN & DELUCA's international business consists of licensing the brand and operation to international multi-channel operators. Revenue streams consist of a sales-based royalty, initial licensee fees and an up charge on products sold by DEAN & DELUCA in the U.S. to the international operators.

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.

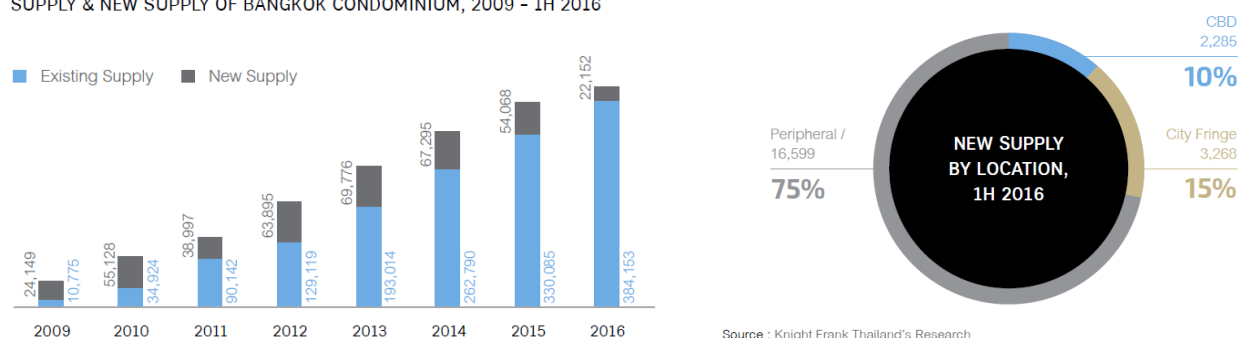
2.2.2 Market Conditions and Competition

Real Estate Development Business

The Bangkok real estate market features a number of segments within the large metropolitan area, PACE focuses exclusively on inner city prime CBD super-luxury developments.

Overall Supply of Condominiums by Location

SUPPLY & NEW SUPPLY OF BANGKOK CONDOMINIUM, 2009 - 1H 2016

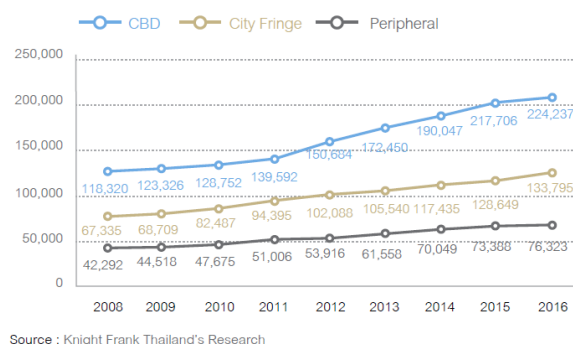


Bangkok new and existing condominium supply at the end of Q2 2016 reached a total of 406,305 units, with 75% of new supply in H1 2016 in the Peripheral area (outer Sukhumvit, Thonburi), particularly along the northern parts of Bangkok.¹ Growth outside the CBD is being driven by expanded mass transit infrastructure and land availability.

2016 saw a slight slowdown in the overall rate of growth of supply for Bangkok condominiums, reflecting developers focused on selling existing supply, as the mid end of the market started dealing with industry factors including increasing mortgage rejection rates.

CBD new supply is only 10% of total condominium new supply driven by a lack of available land suitable for development. This scarcity has driven prices higher for CBD selling prices over the last 8 years:

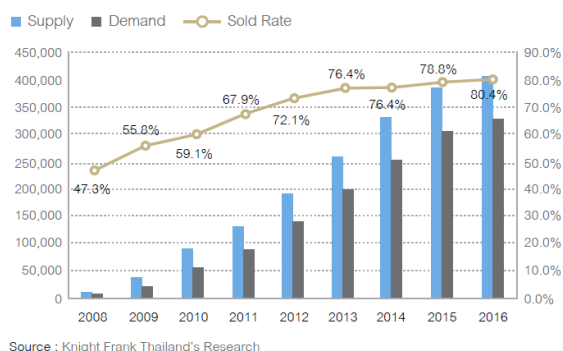
BANGKOK CONDOMINIUM AVERAGE SELLING PRICE, 2008 TO 1H 2016



For the first half year of 2016, average selling price per square meter for Bangkok condominiums located within CBD areas rose to THB 224,237, higher than City Fringe (THB 133,795) or Peripheral areas (THB 76,323).

Pricing per square meter has increased market wide for period 2008 to 2016. In particular, CBD average prices have increased approximately 90% in 8 years. Increase in demand outstrips increase in supply with the sold rate increasing steadily since 2008, as the trend of condominium living in the city increases. The sold rate overall for Bangkok condominiums reached to 80.4% during the first six months of 2016, with 326,871 units sold out of the total of 406,305 available condominium units.¹

BANGKOK CONDOMINIUM SUPPLY, DEMAND & SOLD RATE, 2008 - 1H 2016

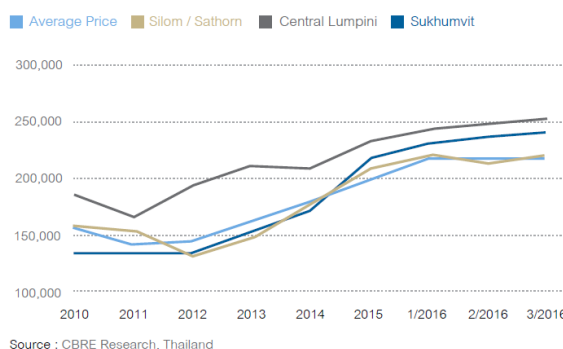


Super-Luxury Condominium Market Overview

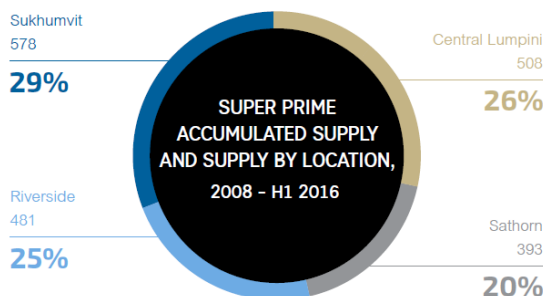
As of 2016, super-luxury condominiums (also referred to as super-prime) are defined as condominiums exceeding 250,000THB per square meter, located in prime inner city, featuring high quality fit outs, extensive facilities and amenities, combined with professional management.²

In 2016, the super-luxury real estate Bangkok development market saw a stable growth in demand over the year, with the segment unaffected by any economic slowdown. The average asking price per square meter for freehold high-end off-plan CBD Bangkok developments has steadily increased since 2012:

AVERAGE ASKING PRICE OF FUTURE UNITS CLASSIFIED AS HIGH - END AND ABOVE (OFF - PLAN)



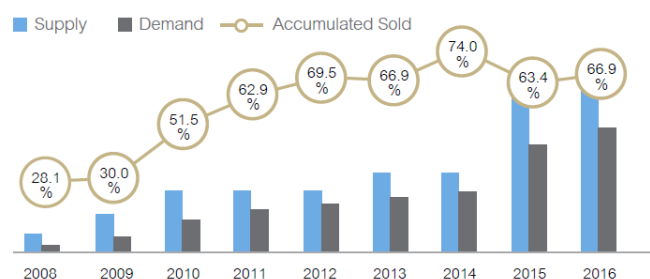
CBRE Research recorded multiple high-end projects launches and record off-plan sales prices in 2016. Thai buyers account for approximately 85% of total units sold in luxury condominium residential projects in Bangkok with strong demand for Bangkok's prime residential areas such as Sukhumvit, Sathorn, and Central Lumpini.³



Source : Knight Frank Thailand's Research

Market supply is distributed fairly evenly between Sukhumvit, Lumpini, Sathorn, and Riverside locations.⁴

SUPER PRIME, DEMAND AND ACCUMULATED SOLD RATE, 2008-H1 2016



Source : Knight Frank Thailand's Research

While 2015 saw a substantial increase in new supply of super prime/super luxury developments, demand increased to match. It is forecasted that supply for super-luxury Bangkok segment will continue to grow faster than mid to lower-end sector in 2017, as developers target buyers with fewer difficulties in obtaining financing.³

Land Pricing Analysis

Development of super-luxury developments is dependent on being able to acquire suitable CBD land plots for new projects. Data appraised value of land from the Thailand Treasury Department land prices in 2016 in Bangkok rose by 15.78% over the previous year. Highlighted top 5 area average prices are summarized below:⁵

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

The highest land price sales recorded to date have been in Siam Square, Chidlom and Ploenchit at 1.75 million Baht per square wah.⁶ It is anticipated that reduction in suitable plots for high rise development combined with demand for land will continue to drive up the cost of land in prime locations in 2017.

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 46 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.

2.2.3 Marketing Research and Communications

Real Estate Development Business

The Company's pricing model for its developments is based on market research in a competitive range when compared to projects of similar nature.

Super-luxury development pricing is highly customized, and the Company uses a strategy of constant review and adjustment to ensure that pricing achieves corporate objectives, while maintaining customer satisfaction levels and staying in line with changes in market conditions. Sales are created using both a direct sales force along with a network of leading agents, and marketing generates leads and visits for both sales channels.

Marketing communications and public relations aims to connect with affluent customers efficiently and effectively through various marketing channels. Marketing tools including direct marketing, focused events, partnerships with key 3rd parties and customer relations management enable marketing messages to reach targeted high-end customer audiences. Show units present high quality standards of materials and strengths of the project, enhancing guidance for buyer's decision making and confidence. PACE uses extensive digital marketing platforms including websites and social media applications - Facebook, Instagram, YouTube - to share relevant information quickly at low cost to clients in Thailand and around the globe.

PACE also organizes project road shows locally and abroad as well as a network of agents and other channels including project reviews and listings on different online property portals. Traditional advertising media such as print media, magazines, newspapers, and billboards are also used to create brand awareness and generate additional leads for each project.

Importantly, PACE has a reputation built through creating leading luxury developments in the past, so the Company focuses heavily on maintaining strong relationships with existing clients, to create cross-sell and repeat purchase opportunities with each new development.

2.3 Supply of Products or Services

Real Estate Retail Business

Situated in a business center area, PACE's lifestyle retail center (MahaNakhon CUBE) is situated in the middle of large office buildings and residences with direct BTS access at Chongnonsi opening in late 2017. As the entire MahaNakhon development reaches full operations, it is expected that retail leasing rates will continue to increase, reflecting strong trading and traffic.

CUBE provides the finest world-class fine dining in Bangkok; including, the world's first "VOGUE Lounge", and French Michelin Star Chef concept "L'Atelier de Joël Robuchon", South East Asia's first "Morimoto", modern Chinese "M Krub", and "DEAN & DELUCA" Gourmet Food Hall. Lifestyle services include "Verita Health MahaNakhon", PACE's own client service sales gallery, quality shoes "Don's Footwear", and premium "MahaNakhon Bespoke Tailoring".

Real Estate Hotel Business

MahaNakhon also features the “Bangkok Edition” a new 5-star luxury boutique hotel brand under Marriott Group managed by The Ritz-Carlton Hotel Company, a co-creation of Mr. Bill Marriott, CEO of Marriott International, and Mr. Ian Schrager, a renowned hotelier specialized in boutique hotel service design. Chosen for its reputation and management team, Marriott's brands provide access to the world's leading hotel reservation system, and will target businessmen, Thai, and foreign tourists with high-purchasing power.

Moreover, the Company also provides hospitality services at MahaSamutr Country Club Hua Hin, with a wide-range of facilities, sports, dining, and accommodation for members in the township's first Country Club.

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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. Investment in brand could impact worldwide recognition of DEAN & DELUCA and help driving expansion in all channels.
3. The attention from a landlord with DEAN & DELUCA which could have a result in a power to negotiate for store expansion.
4. 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, 2016

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)			
MahaNakhon	Mixed-use project consisting of residential condominium, hotel, and lifestyle retail center	9 Rai 1 Ngan 51.1 sq.w	Residential condo 209 residences	90	128	Subsidiaries' net investment in the land cost and construction cost of 8,129 MB.	2009 – 2017	2011 – 2017	From Q2 2016 onwards
MahaSamutr	Luxury villas and country club	129 Rai 3 Ngan 17.3 sq.w	80 villas and country club membership	65	21	1,069	2015 – 2017	2013 – 2018 (some parts to be finished in 2015)	From the end of 2017 onwards
Nimit Langsuan	A super luxury residential freehold development	2 Rai 2 Ngan 40.2 sq.w	Not exceeding 189 residences	15	163	6,552	2015 – 2017	2016 – 2018	From the end of 2018 onwards
New project on Naradhiwas-Rajanakarin Road	A super luxury residential freehold development	2 Rai 87 sq.w.	36 residences	-	-	-	-	-	Approx. 2019
New project in Niseko, Japan	Resort villa	87 Rai 3 Ngan 33.3 sq.w.	37 villas	-	-	-	-	-	Approx. 2019

3. Risk Factors

Strategic Risk Factors

Risk of investment in the new Niseko project, Hokkaido, Japan

The Company has extensive expertise in the Thai high-end real estate development business. Investment abroad may encounter risks of regulatory restrictions, lack of local expertise in management and ensuring control. Some risk may stems from the Company not necessarily being familiar with the Japanese's laws, regulations, and taxes. Furthermore, there are certain other external risks in Japan including the possibility of natural disasters such as earthquakes or severe weather conditions, both of which are known to affect the country at a different risk level than Thailand.

To manage these risks, the Company has appointed Japanese consultants including Deloitte, CBRE, and JETRO (Japanese External Trade Organization) to provide preliminary advice on structuring taxes, market and competition possibilities, as well as advice regarding building regulations in Japan, including supporting submissions for all relevant licenses within local regulations and following the correct optimised tax structure. The Company also plans to appoint an accounting firm and legal counsel to assist in establishing a subsidiary in Japan. In addition, the Company plans to hire a Japanese architect who will be responsible to ensure the design of the project mitigates the impact of natural disasters that might occur, advise the Company and prepare insurance requirements for construction-related contracts during operation.

Risk of joint venture agreement namely Dean & DeLuca Café Japan Co., Ltd.

Dean & DeLuca International, LLC has entered into a newly formed joint venture agreement with the current licensee Japan partner, Dean & DeLuca Japan Co., Ltd. for conducting the café business in Japan with Dean & DeLuca Café Japan Co., Ltd. which has total investment amount of JYP 850 million. In accordance with this agreement, Dean & DeLuca International, LLC granted an ongoing Trademark License Agreement for Dean & DeLuca Japan Co, Ltd. for operating the café business in Japan. Meanwhile, Dean & DeLuca Japan Co., Ltd. has transferred 6 café stores in Tokyo for starting up the expansion of cafes across Japan. In accordance with this agreement, the most significant potential risk factor is the possibility of disagreement or dispute between the partners should these companies have different viewpoints of management strategy in the future.

The Company, however, has minimized this risk through identifying and setting out a Deadlock Process of the joint venture agreement in case of the disputes. The process details are below:

1. Internal Escalation
2. Local Mediation Process - Tokyo, Japan Commercial Arbitration Association "JCAA"
3. International Arbitration Process - Singapore, Singapore International Arbitration Center "SIAC"

Although the business operations of the Company may be affected during the term of the disagreement process, the Company believes that the joint venture agreement and Deadlock Process will therefore benefit the Company without

loss of ensuing benefits. In addition, the Company has developed and implemented a management team to closely manage the business operations, and maintains strong relationships with the Japanese partner.

Operational Risks

Risks arising from the project that is not completed on schedule

Most of the Company's real estate projects are very big and high value which are created and delivered featuring world-class design and global standard premium quality. The construction management team and contractor team that the Company hires also are selected based on delivery of high quality standards. There is a high degree of teamwork within the construction process, so if a team within the construction process fails to communicate adequately, it could cause mistakes in the works, or affect the construction process and timeline for delivery.

For instance, the MahaNakhon project currently under development has been delayed from its original plan. The Company, therefore, had to change the construction plans and schedule, while reducing further risks arising from delays using remedial action steps as follows:

- Ongoing Weekly meeting for the construction team to identify and address issues of concern to be solved immediately as per the planned schedule
- Sales team building stronger relationships with customers, including understanding, then updating and reporting the customers' expectations internally in order to forecast, prepare and solve issues. As a result, most customers can understand and accept the delay situation
- Accounting and Finance department estimates the financial costs arising from the delay in construction, and uses the advance and deposit received from the customers to minimize interest expense incurred.

Risks arising from major competitors in main business line

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

In 2016, the competition among super luxury residential real estate companies has grown more competitive. The average sale price per square meter for high-end condominiums now starts at 300,000 Baht, and has risen significantly in the last few years. Due to increasing demand resulting from higher purchasing power, the market conditions have encouraged real estate developers to enhance factors for their prime projects, such as location, design, quality of materials and construction process, resulting in an increase in competition for the super luxury segment.

The Company focuses exclusively on serving the discerning needs of high-end customers and their lifestyle. Furthermore, PACE focuses on creating unique design features with premium quality of each project and closely monitoring all processes in construction. Therefore the Company maintains a leadership position in this market segment, which has been recognized by customers and will remain a long-term competitive strength within the super luxury segment.

2. The Risk of Competition in Food and Beverage Business

The food and beverage business is a challenging and highly competitive industry not only due to relatively few barriers to market entry, but also because of the impact of multiple factors many of which are subjective such as consumer opinions on taste, pricing, quality, value, service and location. These factors are risks for the entrepreneurs who must also compete against other business owners. There is also a benefit in economies of scale for brand awareness as well as operations. Due to a limited number of store locations relative to major global chains, and the lead time required to expand stores worldwide sufficiently to reach all of its target group, coupled with the growth in the café/coffee market DEAN & DELUCA faces high competition. Although DEAN & DELUCA has a 40 year history and unique positioning, transforming into a global brand will mean facing substantial competitors to maintain existing country markets as well as expanding into new ones. The food and beverage business also has a learning curve, and is a fairly new business line for the Company. Lastly, new countries in which the Company has not previously done business has an inherent risk which is greater for new entrants.

To reduce risks, the Company will continue building a management team with direct past expertise in the food and beverage sector, while continuing to reinforce core strengths of the DEAN & DELUCA brand and respond to new trends in the market. In addition, the Company has prepared the business plan to rapidly expand into new territories, and will focus on selling licenses for DEAN & DELUCA, forming new partnerships which deliver local experience and knowledge for new country markets.

Corruption Risk

Risks arising from directors, management, and employees for corruption either directly or indirectly

The Company has implemented the Anti-Corruption Policy, reviewing the Anti-Corruption Policy on a regular basis at least once a year. The Company has set the internal control system in respect of Anti-corruption, and persons responsible for examinations shall examine actions in the event of corruption occurrence, with channels for whistle-blowing acceptance and dishonesty complaint. The Company is installing an anonymous whistleblower channel using the Company website; www.pacedev.com. Although, the Company has the Anti-Corruption policy, implementation takes time, and the Company therefore uses annual courses and training for employees of all levels to have the correct spirit in ethics strictly complying with the Anti-Corruption Policy.

Financial Risks

Presently, the Company is focusing on expanding food and beverage business of DEAN & DELUCA, and developing real estate projects most of which are waiting for revenue recognition. Therefore, the Company needs short-term funds for investment. In 2016, the Company issued Bill of Exchange (B/E) for its working capital. Although the interest of issuing B/E is less than the interest of project loans, a financial risk could arise if the Company fails to show caution and control in spending.

The Company has reduced the risk as the accounting and finance department prepares annual cash flow projection and the monthly cash flow projection for financing. In addition, the Company will be able to repay its debt from the issuances of debentures and bills of exchange as the Company recognizes revenues from the MahaNakhon and MahaSamutr projects

Risk related to investment of securities holders

Risk related to the ability to pay dividend

The Company is in the process of developing big projects such as MahaNakhon, MahaSamutr, Nimit Langsuan, the new Naradhiwas-Rajanakarin project, and the new Niseko project in Japan with total of 5 projects value approximately 34,000 Million Baht. MahaNakhon started to receive recognized revenues partially since 2016. This affects the Company's consolidated financial statements showing losses, and its unconsolidated financial statements may be negatively impacted, possibly further affecting the Company's ability to pay dividend. However, if and when the MahaNakhon, MahaSamutr, and Nimit Langsuan projects are completed successfully and revenues recognized as planned, the Company expects to generate profits and, as such, will be able to 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 prime 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, the Company will be able pay dividends to its shareholders based on its dividend policy.

4. Operating Assets

As of December 31st, 2016, the Company has the following operating assets:

4.1 Characteristics of Main Operating Assets

4.1.1 Land of MahaNakhon Project – net

Company	Project	Location	Size	Book Value as of 31 Dec 2016 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2016 (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.

** Including the value of properties for lease.

4.1.2 Land of MahaSamutr Project - net

Project	Company	Location	Size	Book Value as of 31 Dec 2016 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2016 (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.

4.1.3 Land of Nimit Langsuan Project – net

Project	Company	Location	Size	Book Value as of 31 Dec 2016 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2016 (MB)
Nimit Langsuan Project	PACE	Langsuan Road, Lumpini, Pathumwan	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.

4.1.4 Land of Naradhiwas Project – net

Project	Company	Location	Size	Book Value as of 31 Dec 2016 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2016 (MB)
Naradhiwas Project	YLP Co., Ltd.	Naradhiwas-Rajanakarin Road	2 Rai 87.4 sq.w.	385.3	470.3	Mortgaged with KASIKORNBANK Public Company Limited

Note: *Value of assets were appraised by General Valuation and Consultant Co., Ltd. based on Market Comparison Approach report dated September 3rd, 2015. According to the appraiser, the appraisal value of the land was 470.3 Million Baht for the purpose of the present value.

4.1.5 Land of Niseko Project – net

Project	Company	Location	Size	Book Value as of 31 Dec 2016 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2016 (MB)
Niseko Project	PACE	Niseko Town, Abuta-Gun District, Hokkaido Province, Japan	87 Rai 3 Ngan 33.3 sq.w.	529	552	-

Note: *Value of assets were appraised by Sallmanns (Far East) Limited. based on Market Comparison Approach report dated May 9th, 2016. According to the appraiser, the appraisal value of the land was 552 Million Baht for the public purposes.

4.1.6 Properties for lease -net

Project	Company	Location	Size	Book Value as of 31 Dec 2016 (MB)	Appraisal Value (MB)	Contingent Liability as of 31 Dec 2016 (MB)
MahaNakhon - Cube	PACE Three	Next to Chongnonsri BTS station, on Naradhiwas Rajanagarindra Rd.	1 Rai 53.0 sq.w.	984.2	1,342.7*	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 January 31st, 2017. According to the appraiser, the appraisal value was 1,342.7 Million Baht for the purpose of consideration of impairment of assets per TAS 36.

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 2016, 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
Company Registration No.	0107554000232
Website	http://www.pacedev.com
Telephone	02 654 3344
Fax	02 654 3323