

## Section 3 Financial Statements & Performance

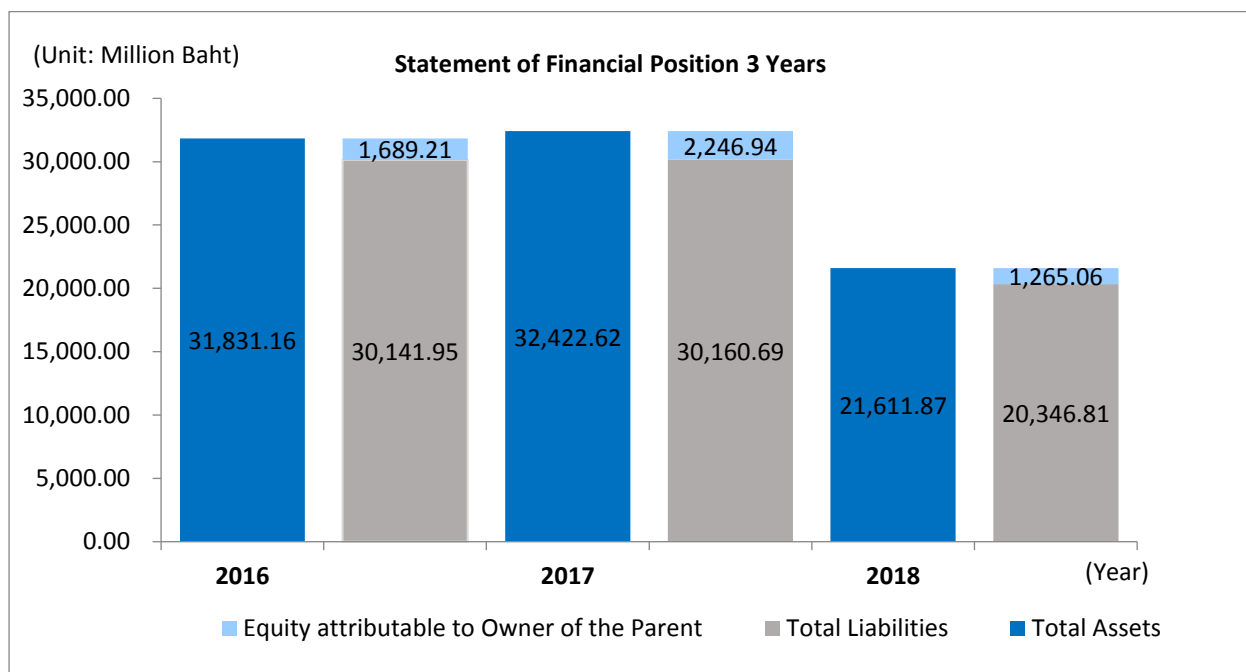
### 13. Financial Highlights

#### Summary of Financial Highlights for 3 Years

Statement of Financial Position as of 31<sup>st</sup> December, 2016, 2017, and 2018 (3 years)

Unit: Million Baht

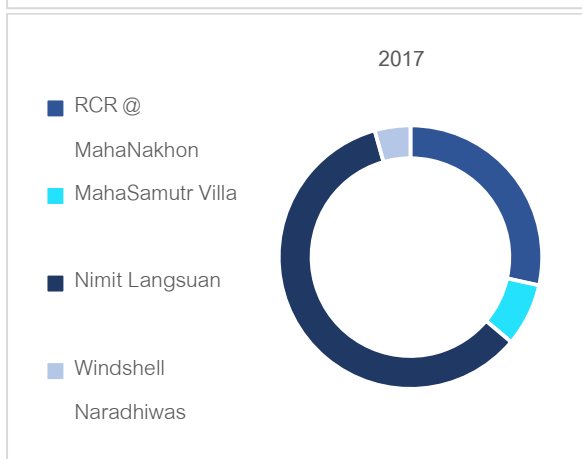
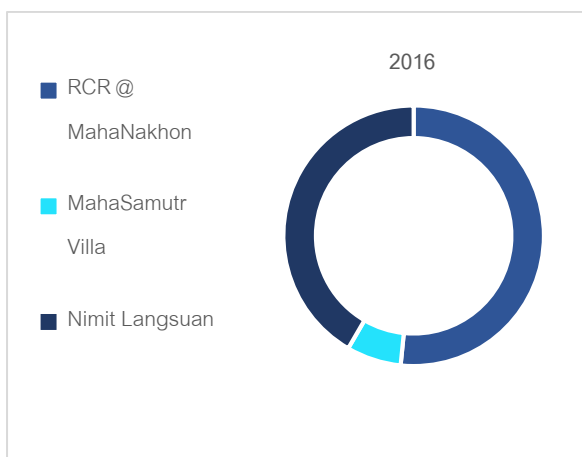
	2016	2017	2018
Total Assets	31,831.16	32,422.62	21,611.87
Total Liabilities	30,141.95	30,160.69	20,346.81
Equity attributable to Owner of the Parent	1,689.21	2,246.94	1,265.06
Non-controlling interests	-	14.99	-
Total Shareholders' Equity	1,689.21	2,261.93	1,265.06

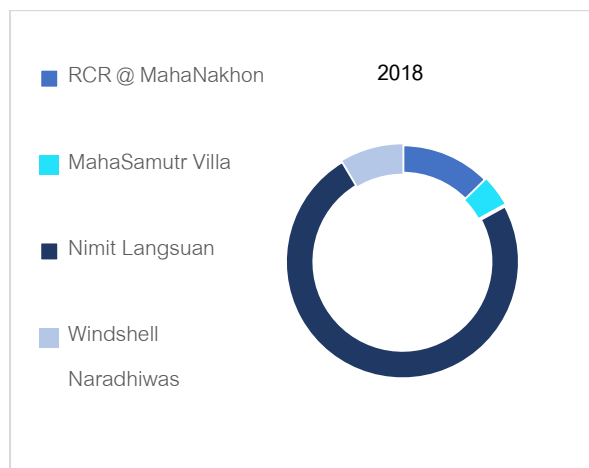


- Sales Backlog (Unit: million Baht)

(Unit: million Baht)

Projects	Backlog		
	2016	2017	2018
Ficus Lane		-	-
Saladaeng Residences	-	-	-
The Ritz-Carlton Residences Bangkok @ MahaNakhon	8,124.6	3,209.9	1,175.4
MahaSamutr Villa	1,068.5	869.2	403.6
Nimit Langsuan	6,551.9	6,709.3	6,914.0
Windshell Naradhiwas	-	494.0	792.0
<b>Total</b>	<b>15,745.0</b>	<b>11,282.4</b>	<b>9,285.0</b>

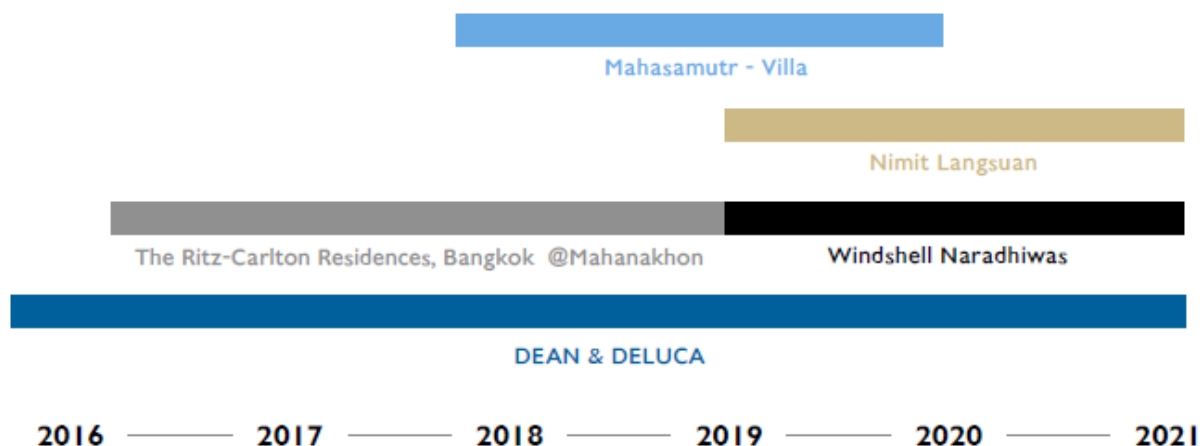




(unit: million Baht)

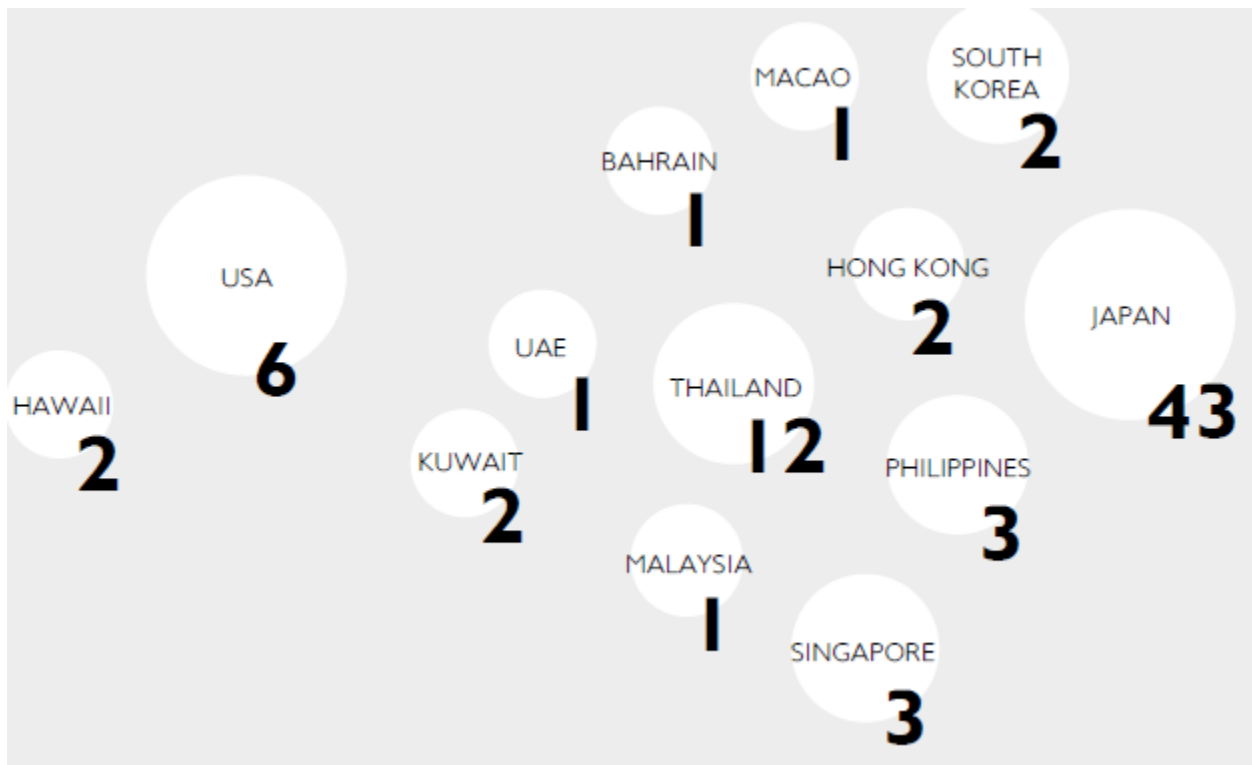
Projects	Cumulative Sales			Cumulative Recognized Revenue			Backlog		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Ficus Lane	32.8		-	32.8		-		-	-
Saladaeng Residences		-	-		-	-	-	-	-
The Ritz-Carlton Residences Bangkok @ MahaNakhon	9,466.9	10,379.5	14,256.3	1,342.3	7,169.6	13,080.9	8,124.6	3,209.9	1,175.4
MahaSamutr Villa	1,068.5	965.7	659.3	-	96.5	255.7	1,068.5	869.2	403.6
Nimit Langsuan	6,551.9	6,709.3	6,914.0	-	-	-	6,551.9	6,709.3	6,914.0
Windshell Naradhiwas	-	494.0	792.0	-	-	-	-	494.0	792.0
Total	17,120.1	18,548.5	22,621.6	1,375.1	7,266.1	13,336.6	15,745.0	11,282.4	9,285.0

- Timelines of Revenue Recognition of developing projects and future projects



- The growth of gourmet food and beverages "DEAN & DELUCA" totaling 79 stores worldwide

The Company owns 6 stores in U.S.A., 12 stores in Thailand, and co-owner of 24 stores in Japan as a joint venture agreement with a partner in Japan for café format; totaling 43 stores.



## 14. Management Discussion and Analysis (MD&A)

### The overall business operations and significant changes in 2018:

In 2018, the Company is continually developing its existing real estate projects; MahaNakhon, MahaSamutr, Nimit Langsuan and Windshell Naradhiwas projects. Despite the highly competitive market and measures from government to stimulate the property sector has yet to implement the Company has been able to transfer residential units of MahaNakhon project throughout the year 2018 with a significant number of 75 residences. The remain backlog and unsold units are expected to transfer in 2019. Furthermore, in 2018, the Company had transferred three villas of MahaSamutr project and expected to transfer continuously over year 2019. Moreover, the Company managed sell residential units and secured a total of 91% of the project value while the Windshell Naradhiwas project proceeds with construction as planned. Also, the Company received credit facilities from its financial institutions which are sufficient to complete the projects, and is expected to transfer the ownership to its customers as well as recognize revenues in the second half of the year 2019.

### Significant event in Q2 2018

On 6 April 2018, the Company, Pace Project One Co., Ltd. ("PP1"), Pace Project Three Co., Ltd. ("PP3"), and a director entered into buyout agreement on disposal of assets in PP1 and PP3 in total of not exceeding to 12,800 million Baht to King Power MahaNakhon Co., Ltd. ("KPM"). On the same day, the Company and KPM entered into a Business Procurement Agreement, and KPM committed to pay operating costs of the transaction to complete the disposal of the subsidiaries' assets of not exceeding to 1,200 million Baht for the Company. The total value of the two agreements were 14,000 million Baht. The summary of significant details are as follows:

- (a) Disposition of the assets in PP1 and PP3 included: land, hotel, Observation Deck, Retail Cube Building, sculptures and artworks, the licenses and contracts which are relevant to the operation of PP1 (Hotel) and PP3 (Observation Deck and Retail Cube) in the MahaNakhon Project; having the total value of not exceeding 12,617 million Baht.
- (b) Disposition of land that is jointly owned by PP1, Pace Project Two Co., Ltd. ("PP2"), PP3, and Pace Real Estate Co., Ltd. having the total value of not exceeding 183 million Baht.
- (c) The Company shall receive the Business Procurement compensation for seeking purchasers, negotiating with relevant parties including managing and implementing the completion of the disposal of asset in the amount of not exceeding 1,200 million Baht.

On 9 April 2018, the Company, PP1 and PP3 entered into Investment Buy-Out Agreement with Apollo Asia Sprint Company Limited ("Apollo") and Goldman Sachs Investments Holding (Asia) Limited ("Goldman"), (joint investors) in order to purchase shares in PP1 and PP3 totaling of not exceeding to USD 320 million or, not exceeding to 10,000 million Baht. The details are as follows:

- (a) Purchase preferred shares in PP1 from Apollo of 1,344,700 shares with a par value of Baht 100 each; in the amount of USD 4,303,040 or equivalent to 134.9 million Baht, and from Goldman of 576,300 shares with a par value of Baht 100 each; in the amount of USD 1,844,160 or equivalent to 57.8 million Baht; totaling of 1,921,000 shares; in the amount of USD 6,147,200 or equivalent to 192.7 million Baht, in the proportion of 49.00 percent of PP1.
- (b) Purchase preferred shares in PP3 from Apollo of 665,001 shares with a par value of Baht 100 each; in the amount of USD 204,957,760 or equivalent to 6,424.9 million Baht, and from Goldman of 285,001 shares with a par value of Baht 100 each; in the amount of USD 87,839,040 or equivalent to 2,753.5 million Baht; totaling of 950,002 shares; in the amount of USD 292,796,800 or equivalent to 9,178.4 million Baht, in the proportion of 48.72 percent of PP3.

The Company transferred such assets on 10 April 2018 and received the payment of disposal of the assets from KPM totaling of 13,381 million Baht and remain to be received in approximately 619 million Baht within the second quarter of 2019.

For food and beverage business, Dean & DeLuca, Inc. (DDUS) has continued its efforts to take corrective actions to improve existing store profitability while also keeping its eye on new stores development, Consumer Brands product launch and new international franchise opportunities. Financial and Operational controls have been reassessed and repositioned to allow the company to see better returns on existing store profitability.

In the future, the Company has a plan to focus on lower investment in projects and maximize brand value. For example, the Company will focus on franchising businesses to grow the brand both domestic and international. This attempt will emphasize countries with robust economic growth, growing demand that can drive brand equity, and opportunity to make greater profit such as China. Also, in order to maximize the brand value of DEAN & DELUCA, the Company is developing consumer products to sell in stores and other distribution channels to help the Company generate more revenues.

#### **Industry and Economic Conditions that Affect the Business Operations**

##### **Property business:**

Despite a more favorable investment environment in Thailand from various of factors and the global economy proves to grow in positive direction, property developers seek for the best investment opportunities in the midst of limited land supplies in the heart of Bangkok. The Company is amongst a few others high-end/luxury property developers who seeks to deliver the best product for a specific group of customers with high purchasing power who associate and share the same value as the Company. With this the Company manages to maintain high presales in every property development projects.

In 2018 the Company has recognized revenue from the Ritz-Carlton Residences, Bangkok thoroughly as planned and is expected to transfer the rest of the remaining residences in 2019. The Company has recognized a total of three MahaSamutr villas and expected to transfer most of the remaining villas in 2019.

The construction in progress of MahaSamutr Villas are 100% completed. In 2018, the Company transferred the ownership of MahaSamutr project totaling of 3 villas and recognized revenues of 160 million Baht. The Company expects to be able to sell and transfer the remaining villas to its customers in 2019. Meanwhile, MahaSamutr Country Club and Sports Club are currently in the process of restructuring and expected to be completed and operated in 2019.

Nimit Langsuan and Windshell Naradhiwas projects are in the process of construction as planned. Also, the Company received credit facilities from its financial institutions which are sufficient to complete the projects and is expected to transfer the ownership to its customers as well as recognize revenues in the second half of the year 2019.

**Food and Beverages business:**

In 2018, Dean & DeLuca Inc, Inc. (DDUS) adjusted its business strategy that includes the cost reduction while maintain the same level of revenue. As a result, three stores in North Carolina and one store in Kansas were closed while retained the six performing stores. The relocation of the head office to the flagship store in Soho as well as the relocation of the warehouse were carried out as a result of rightsizing for leaner operations and higher flexibility for future business operation.

**Explanation of the Company's submission of financial statements for the year ended December 31, 2018 with Qualified Opinion on the Consolidated Financial Statements**

Pace Development Corporation Public Company Limited (the "Company") submit the financial statements for the year ended December 31, 2018. The auditor of EY Office Limited qualified the conclusion on the consolidated financial statements as at December 31, 2018.

The Company together with Pace Project One Co., Ltd., Pace Project Three Co., Ltd. and a director of the Company entered into the Asset Sale and Purchase Agreement with an unrelated company to dispose of assets belonging to such two companies, which the major assets included the hotel, observation deck, and retail Cube Building for a total of 14,000 million Baht. In addition, the Company and the two companies entered into the Investment Buy-Out Agreement to purchase shares of the two companies from the investors in accordance with the resolution passed by the Meeting of the Company's Board of Directors on 28 March 2018. As a result of the assets disposal and shares acquisition transactions, the Company recognized loss on disposal of assets totaling 3,533 million Baht in the consolidated statement of comprehensive income for the year ended 31 December 2018.

As at 31 December 2017, these two companies were joint ventures, and their asset values were consequently reflected in the carrying values of these investments in joint ventures, amounting to 6,487 million Baht, which are presented as part of investments in joint ventures as presented in the consolidated statement of financial position as at 31 December 2017, amounting to 6,703 million Baht. The carrying values of these investments were measured at fair value, determined by an independent financial advisor using the income approach and the Black-Scholes option pricing model, due to the loss of control of the subsidiaries during 2017. The above auditor was unable to obtain sufficient appropriate audit evidence regarding the fair value of such investments because there was a significant uncertainty with respect to the estimation of income from the observation deck, due to the fact that the construction was yet to be completed, meaning there were no actual comparable commercial operations, and the business was new in the Thai market. As a result in the other auditor's report dated 28 February 2018, the other auditor expressed a qualified opinion on the consolidated statements of financial position as at 31 December 2017 with respect to the fair value of the investments and expressed a disclaimer opinion on the consolidated statement of comprehensive income for the year then ended with respect to the recognition of the impact from the loss of control of the subsidiaries, amounting to 7,113 million Baht.

Subsequently in 2018, the Company acquired additional shares in both companies and, as a result, they became the Company's subsidiaries, meaning their asset values were reflected in the carrying value of the assets of the Group in the consolidated financial statements. The Group then disposed the assets to an unrelated company. However, as the above limitations imposed by circumstance still exist, the auditor was unable to obtain sufficient appropriate audit evidence relating to the carry values of the assets of the two subsidiaries, which were used to determine the loss on disposal of assets of the two subsidiaries of 3,533 million Baht that is presented in the consolidated statements of comprehensive income for the year ended 31 December 2018, as previously mentioned.

The auditor, therefore, unable to determine whether and to what extent any adjustments are required to the impact of the disposal of the assets of the two companies and the impact of the fair value measurement of investments in joint ventures in 2017.

However, the Company also clarified the details as in the letter of the Clarification of the reasonableness and disclosure of the assumptions regarding the fair value of the investments as the SEC notified as of February 9, 2018. And the current issue has ended and will not affect the financial statements in the next period.

### **Summary of Financial Performance**

#### **Analysis of the Operating Results**

##### **Revenues**

For the year ended 31 December 2018, the Company generated revenues of 8,813 million Baht, decreased by 5% as compared to year 2017. The details are as follows:



I. Property Business: the Company is to record the revenue from sales of residential condominium units in the statement of comprehensive income when the real estate project has been completed and transferred to the customers after completion of the payment.

In 2018, the Company recognized revenues from sales of residential condominium units of 6,115 million Baht (69% of total revenues); increasing by 3% as compared to the year 2017 of 191 million Baht. The significant increase was mainly due to the ability to continually transfer of The Ritz-Carlton Residences, Bangkok at MahaNakhon totaling of 75 residences, and to recognize revenue from transfer 3 villas of MahaSamutr project.

II. Gourmet Food and Beverage Business

In 2018, the total revenues of DEAN & DELUCA were 2,478 million Baht, decreased by 22% as compared to 2017. This was due to a decrease in the revenue from gourmet food and beverage as well as merchandise as a result of stores shut down in the United States.

As of 31 December 2018, the Company has company-operated stores and licensed stores as follows:

Country	Company-operated Stores	Licensed Stores	Total
United States	6	-	6
United States (Hawaii)	-	2	2
Thailand	12	-	12
Japan	24 (50% JV)	19	43
South Korea	-	2	2
Singapore	-	3	3
Kuwait	-	2	2
UAE	-	1	1
Philippines	-	3	3
Macao	-	1	1
Bahrain	-	1	1
Hong Kong		2	2
Malaysia		1	1
<b>Total</b>	<b>42</b>	<b>37</b>	<b>79</b>

In the future, the Company plans to focus on lower investment in projects and maximize brand value. For example, the Company focuses on franchising businesses to grow both domestically and internationally. This attempt has been reflected in the entering into the agreement on franchising business model with various strategic partners in Europe and Asia in order to maximize its growth opportunity in highly competitive market.

### **Gross Profits**

The total gross profits for the year 2018 was 2,862 million Baht (32% of total revenue), a decrease of 271 million Baht or 9% as compared to 2017. Details are as follows:

#### I. Property Business:

Gross profit from property business of 1,461 million Baht (24% of total revenue from property business), a decrease of 12 million Baht or 1% as compared to 2017.

#### II. Gourmet Food & Beverage business

Gross profit from gourmet food and beverage of 1,180 million Baht (48% of total revenue from gourmet food and beverage) a decrease of 335 million Baht or 22% as compared to 2017.

### **Selling and administrative expenses**

In 2018, The Company had total expenses of 3,674 million Baht (42% of total revenues) a decrease of 2,282 million Baht or 38% as compared to 2017. This comprises of selling expense of 2,146 million Baht, a decrease of 1,158 million Baht or 35% as compared to 2017 and administrative expenses of 1,528 million Baht, a decrease of 1,124 million Baht or 42% as compared to 2017.

Selling and administrative expenses from gourmet food and beverage business decreased significantly in comparison to the previous year as a result of decrease in number of management and administrative staffs as well as a tighter control of marketing budget.

### **Asset impairment and loss from selling assets**

In 2018, the Company recorded loss from investments and selling asset of 3,533 million Baht which is a onetime transaction due disposal of the assets under the MahaNakhon project to King Power in the second quarter of 2018, an increase of 1,314 million Baht or 59% as compared to 2017. By record loss from disposal asset of 3,533 million Baht in 2018, while the Company had impairment loss of loan on Joint venture of 1,634 million Baht, Impairment loss in real estate project under development for sales of 109 million Baht, Impairment loss on goodwill of Foods and Beverages business of 476 million Baht

In 2018, the company had loss before finance cost and income tax of 4,345 million Baht (49% of total revenue) or loss decreased 14% as compared to 2017.

### **Finance Costs**

In 2018, the Company had total interest paid of 810 million Baht, a decrease of 166 million Baht or 17% as compared to 2017. The decrease in finance cost was due to repayments in various of debt instruments as a result of capital increase in 2018 and proceeds from disposition of assets in the second quarter in 2018.

### **Profit and Loss Results**

In 2018, the Company recorded net loss of 5,153 million Baht (58% of total revenue), increased by 3,106% as compared to 2017 with net profit of 171 million Baht. This was due to the Company recognized the effect from loss of control in its subsidiaries and recorded a total of 7,113 million Baht in the Consolidated Financial Statements by two investors, namely Apollo Asia Sprint Holding Company Limited and Goldman Sachs Investments Holdings in two of the Company's subsidiaries being Pace Project One Company Limited and Pace Project Three Company Limited.

### **Statement of Financial Position**

#### **Assets**

As at 31 December 2018, the total assets were 21,612 million Baht, a decrease of 10,811 million Baht or 33% as compared to 2017. This was due to transfer of the property development projects with a total of 2,791 million Baht and disposition of assets includes hotel, observation deck and retail Cube Building to King Power Mahanakhon Company Limited. As a result, the Company purchased shares in the subsidiaries, Pace Project One Company Limited and Pace Project Three Company Limited back from the two investors. The investment in shares of the joint venture, therefore, decreased by 6,441 million Baht.

The main assets comprise of cash and cash equivalent of 1,278 million Baht, real estate projects for sales under development of 9,556 million Baht, Account Receivable of 887 million Baht, building improvement, sales gallery, and equipment in a total of 3,616 million Baht. Moreover, the goodwill incurred mainly from DEAN & DELUCA acquisition was 2,444 million Baht. Also, the intangible assets arising from DEAN & DELUCA's business; for example, trademark, trade name, rights to use name, etc. of the DEAN & DELUCA brand were 1,870 million Baht. The main assets were 91% of the total assets.

#### **Liabilities**

As at 31 December 2018, the total liabilities were 20,347 million Baht, a significant decrease of 9,814 million Baht or 33% as compared to 2017. As a result of loans repayment to financial institutions and to other persons and other companies in a total of 6,592 million Baht and deferred income tax liability of 1,412 million Baht. Major items of

liabilities include short-term loans from financial institutions of 3,050 million Baht, current portion of long-term loans from financial institutions of 8,063 million Baht.

The remaining amount of debenture is 1,253 million Baht, advances and deposits received from customers of 3,134 million Baht and trade and other payables of 2,648 million Baht. These items are accounted for 89% of the total assets.

### **Shareholders' Equity**

As at 31 December 2018, the total shareholder's Equity of the Company were 1,256 million Baht, a decrease of 997 million Baht or 44% as compared to 2017. This was due to the capital increase via private placement and rights offering in the second quarter of the year as well as the disposition of three assets includes hotel, observation deck and retail Cube Building. As a result, the Company recognized the effect from loss on disposal of assets in the investment in shares of the joint venture which negatively affected shareholder's equity.

### **The Ability for Assets Management**

Trade account receivables:

As of 31 December 2018 and 2017, the Company had trade account receivables totaling of 237.5 million Baht and 80.1 million Baht, respectively. Its average collection period in 2018 was 6.8 days increased from 2017 of 3.5 days. Most of the increase in trade accounts receivable is receivables from sales of condominium units in the MahaNakhon project where such payments were recorded in January 2019.

Inventories:

At the end of the year 2018, the Company had ending inventories of 167.8 million Baht. Most were related to Dean & DeLuca business of 100.8 million Baht. The average inventory turnover was 11.8 days in 2018 compared to 15.2 days in 2017.

Real estate project under development for sales:

At the end of the year 2018, the Company had Real estate project under development for sales of 9,556 million Baht; Comprising of 1) Projects complete for sales of 4,211 million Baht mainly from MahaNakhon project of 961 million Baht and MahaSamutr Project of 3,250 million Baht, decreased 15 % from 2017 of 8,324 million baht and 2) Projects under development of 5,345 million Baht primarily from Nimit Langsuan project of 3,736 million Baht, Windshell Naradhiwas project of 1,128 million Baht and Niseko Project of 481 million Baht , increased 33% from 2017 of 4,024 million Baht

Shares investment, Goodwill and Impairment Loss:

In 2018, the Company recorded loss from investments and selling asset of 3,533 million Baht an increase of 1,314 million Baht or 59% as compared to 2017. By record loss from disposal asset of 3,533 million Baht in 2018, while the

Company had impairment loss of loan on Joint venture of 1,634 million Baht , Impairment loss in real estate project under development for sales of 109 million Baht, Impairment loss on goodwill of Foods and Beverages business of 476 million Baht.

Important components of other assets and causes of change:

As at 31 December 2018, the total assets were 21,612 million Baht, a decrease of 10,811 million Baht or 33% as compared to 2017. This was due to transfer of the property development projects with a total of 2,791 million Baht and disposition of assets includes hotel, observation deck and retail Cube Building to King Power Mahanakhon Company Limited. As a result, the Company purchased shares in the subsidiaries, Pace Project One Company Limited and Pace Project Three Company Limited back from the two investors. The investment in shares of the joint venture, therefore, decreased by 6,441 million Baht.

#### **Source of Funds**

At the end of 2018, the Company had total current asset of 12,719 million Baht, total current liabilities of 18,877 million Baht. The current ratio was 0.67 times, similar to the year 2017. The current assets decreased by 1,623 million Baht from the decreasing real estate projects for sales of MahaNakhon which realized the cost of goods sales during the year. Additionally, the current liabilities decreased by 1,083 million Baht due to the decreased of bank overdraft and short-term loan of Promissory Note issuance of 3,058 million Baht, decreased significantly by 1,282 million Baht from 2017.

However, in 2019 the company plans to transfer units of Nimit Langsuan and Windshell Naradhiwas projects, including deposits to be received from customers which will result in a reduction in the amount of loans from financial institutions in the future.

#### **Appropriateness of the Funding Structure**

In 2018, the Company had total debt to equity ratio of 16.1 times, as compared to 13.3 times in 2017. The interest-bearing debt to equity ratio was 10.8 times as compared to 8.9 times in 2017.

This is mainly due to decreased in equity of 997 million Baht from unappropriated (deficit) decreased from loss on disposal asset and share capital increase from issued of newly ordinary shares in 2018 that affects premium on share decrease.

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**Obligations on Liabilities and Management of Off-balance Sheet Liabilities.****Capital commitments**

As at 31 December 2018, the Company and its subsidiaries had commitments under the agreements and letters of intent for the costs of real estate development project, construction, interior services and purchase of equipment amounting to 2,373 million Baht (2017: 3,151 million Baht)

As at 31 December 2018 and 2017, the Company had commitments to pay the cost of land for new development project and related expenses amounting to 1,089 million Baht.

As at 31 December 2018 and 2017, the Company had deposit for purchase of land of 100 million Baht. Under the term of agreements to sell and purchase of land dated 4 January 2017 and amendment agreements dated 31 January 2017 and 21 February 2017, the ownership on such land shall be transferred to the Company when payments are made in full amount within 31 July 2017, otherwise the seller has the right to confiscate such deposit without any notice. The Company sent the intention letter to purchase of land dated 29 August 2017 to the seller and received the acknowledge letter from the seller dated 1 September 2017 for consideration of the Company's proposal without any mention of waiving its confiscation rights on such deposits. Based on the in-house legal counselor's opinion of the Company, the seller has the right to confiscate such deposit. However, as verbally discussed between the Company's management and the seller, with the Company going to purchase such land, the management believes that such advance payment would not be confiscated. Hence, the Company did not set up provision for impairment loss on advance payment for purchase of land.

**Operating lease and service commitments**

As at 31 December 2018, a subsidiary had concession fee under the agreements in connection with the sale operations of foods and beverages at the Suvarnabhumi Airport with King Power Suvarnabhumi Co., Ltd. of 99 million Baht (2017: 133 million Baht).

As at December 31, 2018 and 2017, the Pace Development Corporation Group had commitments under various operating lease agreements covering the retail rental agreements, warehouse and office premises for the periods from 4 months to 193 months. In addition, the Pace Development Corporation Group had commitments under sponsorship agreements with internationally known events in the United States of America. The totals of future minimum lease payments under non-cancellable operating leases and the commitments under the Sponsorship Agreements for each period are as follows

In Million Baht	
	2018
	2017
Not later than 1 year	Baht 26 million and USD 26 million
	Baht 69 million and USD 30 million
Later than 1 year and not later than 5 years	Baht 3 million and USD 97 million
	Baht 57 million and USD 114 million
Later than 5 years	USD 46 million
	USD 61 million
Total	Baht 29 million and USD 169 million
	Baht 99 million and USD 205 million

In 2018, the Company had the obligation and commitment of 29 million Baht and USD 169 million decreased from 2017 from the retail rental of agreements from many stores were expired in 2018 and are on the process of renewal agreements. Besides, the conditions of some agreement are being considered which reflects the decrease of obligation, on the other hand, this will be good in the long term of the Company.

### Management Outlook and Strategy

As of 31 December 2018, Details and progress of the Company's residential projects are as follows:

Despite the disposal of assets, the Company has remaining backlogs and inventory from the four property development projects in a total of 15,746 million Baht, which are in process of completion and expected to transfer as planned.

Project	Operated By	Project Value (MB)	Total Units	Sales Progress			Cumulative Transferred Value (MB)	Start of Transfer in Year
				No. of Sold Units	Million Baht	% (unit)		
MahaNakhon - The Ritz-Carlton Residences, Bangkok	Pace Project Two	14,500	209	207*	14,207	99	13,507	April 2016

MahaSamutr - Villa	Company	4,000	80	12	600	18	255	Q4 2017
Nimit Langsuan	Company	8,000	176	166	6,914	91	-	2019
Windshell Naradhiwas	YLP	3,000	36	10	792	28	-	2019

Remark: \* In 2018, there were 75 residences recognized revenue (85 residences in 2017 and 33 residences in 2016). The remaining residences are expected to be transferred in 2019.

From the property development project as described above, the total revenue recognition is 15,700 million Baht. Thus, the Company determines to develop and transfer the on-going projects within one to two years. Moreover, the company considers pursuing further property development projects in accordance with the company's financial position.

#### MahaSamutr Project:

The construction in progress of MahaSamutr Villas are 100% completed. In 2018, the Company transferred the ownership of MahaSamutr project totaling of three villas and recognized revenues of 160 million Baht. The Company expects to be able to sell and transfer the remaining villas to its customers in 2019. Meanwhile, MahaSamutr Country Club and Sports Club are currently in the process of restructuring and expected to be completed and operated in 2019.

#### Nimit Langsuan and Windshell Naradhiwas Project:

Nimit Langsuan and Windshell Naradhiwas projects are in the process of construction as planned. Also, the Company received credit facilities from its financial institutions which are sufficient to complete the projects and is expected to transfer the ownership to its customers as well as recognize revenues in the second half of the year 2019.

#### Profit generation capability & expansion plan of DEAN & DELUCA

In 2018, Dean & DeLuca, Inc. had the obligation to change its business strategies due to the business's high loss in 2017 by reducing costs and maintaining sales. The company has closed 4 stores while retained the 6 performing stores. In addition, the company has relocated its Head Office to the Soho branch; the heritage store of Dean & DeLuca brand. The Head Office at Wichita, Kansas as well as the Warehouse have been moved to smaller locations. The company has made certain that various supporting departments have the Rightsizing including Finance & Accounting, Human Resources, B2B, Call Center, Warehouse & Logistics and so forth. There has been collaboration with Co-Packer for the operation of Outsource Warehouse Manipulation, in order to effectively pack Private Label products and strengthen the business of Private Label Brand by reducing costs leading to a lower loss from the year 2017 at 1,755 million Baht.



### Changing Strategies and Product Ratio

Expansion of food and beverages products has proportionately grown. Diverse gourmet recipes are introduced to stores to create a more appealing culinary experience. Soups are outsourced from premium outside vendors for a wider variety for customers resulting in soups being one of the Top 5 product category in the Weekly Sales. Moreover, the company has enhanced the Grab and Go product category such as Sandwich, Soup, Prepared Food and Cut Fruits for customers group that are always on the go.

### Food Production Control at Commissary

The relocation, downsizing and closing down the main kitchen at store has led to the new Commissary. The new Commissary is the central location in producing Prepared Food, Cut Fruits, Private Label Juice Drink Program, Pastry, Bakery and Cake. The strategy has increased the effectiveness in supporting Catering sales and provided high quality products to customers, and ultimately to generate efficiency and better manage product costs.

### Private Label Product Development

The introduction of a new beverage, Kombucha under the brand Dean & DeLuca has demonstrated that Dean & DeLuca is one of the trendsetters in beverage category. Additionally, the company has marketed Roasted Coffee Beans including Single Origin, a popular and most sought after product in the market, which are available in a variety of Blends for all coffee lovers. In order to increase sales in the Grab & Go category, the team has proffered Candies Chocolates & Nuts in cello packaging set at suitable prices for customers to browse through without having to weigh each bag prior each purchase.

### B2C

The B2C Membership Program functions in a subscription method that works either monthly or annually. The program allows customers to buy exclusively selective products handpicked by Dean & DeLuca, the purveyor of fine foods, without the hassle of visiting stores; but via our e-commerce. This strategy will increase active members and consistently escalate sales.

### Factors affecting future performance

#### Real estate business:

The rising cost of land becomes a considerable factor that affects the Company decision in investing in land at the any given locations to develop future property development projects. The regulation of tax on land and building, which has recently implemented, could affect purchasing or investing decision. However, it is in the Company great interest to review the up and coming high-end/luxury property development outlook in a near future. By doing so the Company

places great emphasis on the ultra-luxury segment as it leverages on the existing group of high-end customers who trust in the product delivery of the Company. The Company is confident that these efforts shall derive in recurring income from the property development business.

**Food and beverages business:**

The factors that could affect the future of food and beverage business are growing sophistication in consumer demand and rapid increase of online business. The number of store visits by customers could be on a decline replaced by e-commerce. With this Dean & DeLuca has initiated the B2C Membership Program functions in a subscription method that works either monthly or annually. The program allows customers to buy exclusively selective products handpicked by Dean & DeLuca, the purveyor of fine foods, without the hassle of visiting stores; but via our e-commerce. This strategy will increase active members and consistently escalate sales.