



No. PACE 201708/15

Date: 15 August 2017

Subject: Explanation of the Company's submission of financial statements for the period ended 30 June 2017 with Disclaimer of Conclusion on the Consolidated Statements of Comprehensive Income and with Qualified Opinion on Consolidated Statement of Financial Position due to limitation by circumstance on the estimation of income of Observation deck

To: President

The Stock Exchange of Thailand

Reference: Report on Review of Interim Financial Information of Baker Tilly Audit and Advisory Services (Thailand) Ltd.

Pace Development Corporation Public Company Limited (the Company) submit the interim financial statements for the period ended June 30, 2017. The auditor of Baker Tilly Audit and Advisory Services (Thailand) Ltd. disclaim the conclusion on the consolidated statements of comprehensive income and qualified conclusion on the consolidated statement of financial position for the period ended June 30, 2017 according to the limitation by circumstance of estimation of income of observation deck that are divided into 2 basis of opinion as below.

1. Basis for Disclaimer of Conclusion on the Consolidated Statement of Comprehensive Income

As discussed in Note 1 to the interim financial statements, the Pace Development Corporation Group engaged an independent financial advisory firm to measure fair values of investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. by using income approach method and discounted cash flow to present value. Based on a report of the independent financial advisory firm dated May 12, 2017, the fair values of such investments amounted to Baht 8,231 million and the Pace Development Corporation Group recorded such investments in the consolidated statement of financial position as at June 30, 2017 amounting to Baht 8,231 million and recognized effect from loss of control in subsidiaries in the consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2017 amounting to Baht 8,856.6 million. However, as a limitation by circumstance, the auditor cannot reach a conclusion as a result of my review on the report of such independent



financial advisory firm on the estimation of income of Observation deck based on the facts that the construction is not completed so there is no actual commercial operations to be compared and this is the new business in Thai market.

2. Basis for Qualified Conclusion on the Consolidated Statement of Financial Position

From the matter described in the Basis for Disclaimer of Conclusion on the Consolidated Statement of Comprehensive Income paragraph, nothing has come to causes the auditor to believe that the accompanying consolidated statement of financial position does not present fairly.

The Independent Financial Advisor to measure fair values of investments by using income approach method and discounted cash flow to present value but as a limitation by circumstance, the auditor cannot reach a conclusion as a result of my review on the report of such independent financial advisory firm on the estimation of income of Observation deck based on the facts that the construction is not completed so there is no actual commercial operations to be compared and this is the new business in Thai market. Although there is no actual commercial operations to be compared and this is the new business in Thai market, the Independent Financial Advisor has researched few comparable 9 Observation Decks around the world including Baiyoke tower which is the current 2nd tallest building in Thailand that has visitor more than 1 million people per year and also consider the number of tourist of Thailand which number one in the world. In addition, MahaNakhon Observation Deck has been designed the elevator system with the highest capacity and speed in Thailand with capacity more than 3 million visitors per year. These assumptions shall be verified after the construction complete and start commercial operation.

Please be informed accordingly.

Yours Faithfully,

(Mr. Sorapoj Techakraisri)

Chief Executive Officer

Pace Development Corporation Public Limited