



Ref U. SET 022/2017

13 November 2017

Subject: Summary of Operating Performance and Financial Status for Quarter 3/2017
To: President
The Stock Exchange of Thailand

U City Public Company Limited and its subsidiaries (the “Company”) has recently submitted the reviewed interim financial statements for the period ended 30 September 2017 to the Stock Exchange of Thailand with a view to share the information with general investors. The key indicators and changes regarding to the operating performance and financial status are as follows:

1. Operating Performance of the Company for the third quarter ended 30 September 2017

1.1 Revenues

The total revenues of the Company for the third quarter stood at Baht 1,571.4 million, an increase of Baht 1,312.2 million or 506.2% when compared to the same period last year. Total revenues constituted of the following:

- 1) Revenue from the hotel business of Baht 1,418.6 million, which grew by Baht 1,176.9 million or 486.9% when compared to the same period of last year. The increase was predominantly due to the consolidation of the acquired hotel business in Europe.
- 2) Revenue from the office for rent business of Baht 40.9 million, which grew by Baht 31.4 million or 333.1% from office buildings in London, U.K. The increase was mainly due to the full quarter recognition of rental revenue from 33 Gracechurch Street office building, which was acquired in September last year.
- 3) Other revenue of Baht 111.9 million, which grew by Baht 103.9 million or 1,287.0% when compared to the same period of last year. The increase was primarily due to higher interest income and other income as a result of consolidation of the acquired hotel business in Europe.

1.2 Operating Expenses

The Company recorded total operating expenses for the third quarter of Baht 2,193.2 million, an increase of Baht 1,890.4 million or 624.5% compared to the same period last year. Total operating expenses constituted of the following:



1) Cost of hotel operation of Baht 530.0 million, which grew by Baht 421.5 million or 388.6% when compared to the same period last year. The increase was mainly due to consolidation of the acquired hotel business in Europe.

2) Cost of rental business of Baht 5.6 million, which grew by Baht 2.3 million or 68.2%. The increase was chiefly from the full quarter recognition of costs related to 33 Gracechurch Street office building.

3) Selling and servicing expenses of Baht 83.4 million, which grew by Baht 49.3 million or 144.3% when compared to the same period last year. The increase was primarily from consolidation of the hotel business in Europe.

4) Administrative expenses of Baht 559.3 million, which grew by Baht 450.1 million or 412.4% when compared to the same period last year. The increase was mainly from consolidation of the hotel business in Europe.

5) Depreciation and amortisation expenses of Baht 198.2 million, which grew by Baht 150.5 million or 315.9%. The increase was predominantly from consolidation of the hotel business in Europe.

6) Loss on impairment of assets of Baht 816.7 million. An impairment charge was recognised at Avani Khon Kaen Hotel and Convention Center as a result of the revaluation of the hotel.

1.3 Share of Profit from Investments in Associates

Share of profit from investments in associates for the third quarter amounted to Baht 1.3 million compared to a loss of Baht 0.2 million for the same period last year. The share of profit was due to the consolidation of the hotel business in Europe.

1.4 Finance Cost

Finance cost of the Company for the third quarter was Baht 254.8 million, an increase of 224.7 million or 744.8%. The increase was mainly a loan taken to finance the acquisition of the hotel business in Europe and loans taken to acquire the office buildings in London, UK.

1.5 Income Tax Expenses

Income tax expenses for the third quarter was Baht 23.4 million, an increase of 22.8 million or 4,261.6%. The increase was mainly as a result of the consolidation of the hotel business in Europe and the acquired office buildings in London, UK.



1.6 Net Loss

After taking all of the aforementioned into account and a loss from discontinued operation of Baht 9.0 million, the Company recorded a net loss for the third quarter of Baht 907.7 million, an increase of 832.8 million or 1,112.1% .

2. Operating Performance of the Company for the nine-month period ended 30 September 2017

2.1 Revenues

The total revenues of the Company for the nine-month period stood at Baht 2,778.7 million, an increase of Baht 1,970.3 million or 243.7% when compared to the same period last year. The increase was mainly due to consolidation of the acquired hotel business in Europe and office buildings in London, UK.

2.2 Operating Expenses

The Company recorded total operating expenses for the nine-month period of Baht 3,331.9 million, an increase of Baht 2,441.8 million or 274.3% compared to the same period last year. The increase was primarily from consolidation of the acquired hotel business in Europe, costs of the office buildings in London, UK and loss on impairment of assets as mentioned above.

2.3 Share of Profit from Investments in Associates

Share of profit from investments in associates for the nine-month period amounted to Baht 2.6 million compared to a loss of Baht 1.1 million for the same period last year. The share of profit was due to the consolidation of the hotel business in Europe.

2.4 Finance Cost

Finance cost of the Company for the nine-month period was Baht 426.5 million, an increase of 357.5 million or 517.4%. The increase was mainly from loans taken to finance the acquisition of the hotel business in Europe and office buildings in London, UK.

2.5 Income Tax Expenses

Income tax expenses for the nine-month period were Baht 55.1 million, an increase of 39.0 million or 241.7%. The increase was mainly as a result of the consolidation of the hotel business in Europe and the acquired office buildings in London, UK.



2.6 Net Loss

After taking all of the aforementioned into account and a loss from discontinued operation of Baht 17.4 million, the Company recorded a net loss for the nine-month period of Baht 1,049.6 million, an increase of 878.8 million or 514.3%.

3. **Financial Status of the Company**

3.1 Assets

As of 30 September 2017, the Company had total assets of Baht 40,804.5 million. Total current assets amounted to Baht 5,519.8 million and total non-current assets amounted to Baht 35,284.7 million. Total assets increased by Baht 15,655.9 million or 62.3%.

3.2 Liabilities

As of 30 September 2017, the Company had total liabilities of Baht 22,897.0 million. Total current liabilities amounted to Baht 6,283.1 million and total non-current liabilities amounted to Baht 16,613.9 million. Total liabilities increased by Baht 16,604.2 million or 263.9%.

3.3 Shareholder's Equity

As of 30 September 2017, the Company had total equity attributable to owners of the Company of Baht 17,907.5 million. Total shareholder's equity decreased by Baht 948.3 million or 5.0%.

4. **Cash Flows of the Company for the nine-month period ended 30 September 2017**

4.1 Cash from Operating Activities

Cash from operating activities was Baht 601.7 million. The main components were (i) deposits received from sales of investment in subsidiary, (ii) decrease in trade and other receivables, (iii) increase in deposit and advances received, (iv) an increase in trade and other payables being partially offset by (v) an increase on other current assets, (vi) a decrease in other current liabilities, (vii) an increase in other non-current assets and (viii) an increase in real estate projects under development. After deducting cash paid for interest expenses, cash paid for income tax and cash received from withholding tax refund, net cash from operating activities was Baht 221.9 million.



4.2 Cash from Investing Activities

Net cash used in investing activities was Baht 4,975.2 million. The main components were (i) cash received from sales of investments in subsidiaries, (ii) a decrease in current investments, (iii) cash received from sales of other long-term investments, (iv) cash received from interest being offset by (v) cash paid for purchases of investments in subsidiaries, (vi) cash paid for leasehold rights, (vii) cash paid for purchases of investment properties, (viii) cash paid for purchases of property, plant and equipment and (ix) an increase in restricted deposits.

4.3 Cash from Financing Activities

Net cash received from financing activities was Baht 5,246.3 million. The main components were (i) cash received from long-term loans from financial institution, (ii) increase in bank overdrafts and short-term loans from financial institutions being partially offset by (iii) repayment of long-term loans from financial institution, (iv) repayment of liabilities under finance lease agreements and (v) repayment of liabilities under debt restructuring agreements.

4.4 Cash and Cash Equivalents

Taking into account all the aforesaid as well as (i) an increase in translation adjustment, (ii) cash and cash equivalents of subsidiaries at acquisition date, (iii) cash and cash equivalents of subsidiaries at selling date and (iv) cash and cash equivalents of subsidiaries classified as held for sale, cash and cash equivalents as at 30 September 2017 stood at Baht 1,113.2 million, an increase of Baht 802.8 million or 258.6% from 31 December 2016.

Please be informed accordingly.

Sincerely yours,

U City Public Company Limited

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(Mr.Voraphot Chanyakomol)

Director