

14 February 2018

Subject: Summary of Operating Performance and Financial Status for Quarter 4/2017 and for the Year Ended 31 December 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 31 December 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 Fourth Quarter Ended 31 December 2017

##### 1.1 Revenues

The total revenues of the Company for the fourth quarter stood at THB 1,673.9mn, an increase of THB 1,317.5mn or 369.7% when compared to the same period last year. Total revenues constituted of the following:

- 1) Revenue from the hotel business of THB 1,527.1mn, which grew by THB 1,246.0mn or 443.2% when compared to the same period 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 THB 43.4mn, which fell by THB 10.0mn or 18.7%. The decrease was mainly as a result of the recalculation of the rent-free period that is amortised over the rental term of the tenants. A rent-free period is commonly given to office building tenants in the U.K.
- 3) Other revenue of THB 103.4mn, which grew by THB 81.5mn or 372.5% when compared to the same period last year. The increase was primarily due to a gain of THB 70.3mn from the 50% divestment of Prime Area 38 Company Limited (PA 38), a subsidiary owning land to Sansiri Public Company Limited on 15 November 2017.

##### 1.2 Operating Expenses

The Company recorded total operating expenses for the fourth quarter of THB 1,447.2mn, an increase of THB 1,012.7mn or 233.1% compared to the same period last year. Total operating expenses constituted of the following:

- 1) Cost of hotel operation of THB 577.8mn, which grew by THB 500.0mn or 642.6% 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 THB 11.6mn, which grew by THB 11.9mn. The increase was chiefly from a reclassification of costs for 33 Gracechurch Street office building.
- 3) Selling and servicing expenses of THB 151.3mn, which grew by THB 129.6mn or 596.4% when compared to the same period last year. The increase was primarily from the consolidation of the hotel business in Europe.
- 4) Administrative expenses of THB 557.9mn, which grew by THB 283.9mn or 103.6% when compared to the same period last year. The increase was mainly from the consolidation of the hotel business in Europe.
- 5) Depreciation and amortisation expenses of THB 183.8mn, which grew by THB 122.6mn or 200.2% when compared to the same period last year. The increase was predominantly from the consolidation of the hotel business in Europe.
- 6) A net reversal of impairment of assets of THB 35.3mn. In the previous quarter an impairment charge was booked at Avani Khon Kaen Hotel and Convention Centre, which has subsequently been revalued.

### 1.3 Share of Profit from Investments in Associates

Share of profit from investments in associates for the fourth quarter amounted to THB 0.3mn, compared to a share of loss of THB 10.4mn in the same period last year. The company recognised a share of profit from sales of Anantara Chiang Mai serviced apartment units under our associated company MHG NPark Development Company Limited.

### 1.4 Share of Profit from Investments in Joint Ventures (JV)

Share of loss from investments in JV for the fourth quarter amounted to THB 4.0mn, following the divestment of PA 38. The share of loss was mainly due to interest expenses of promissory notes issued by PA 38 to its shareholders.

### 1.5 Finance Cost

Finance cost of the Company for the fourth quarter was THB 193.3mn, an increase of 131.8mn or 214.1% when compared to the same period last year. The increase was mainly due to the loan taken to finance the acquisition of the hotel business in Europe and a loan taken to finance the acquisition of 6-14 Underwood Street office building.

#### 1.6 Income Tax Expenses

Income tax expenses for the fourth quarter was THB 28.7mn, an increase of 21.2mn or 283.5% when compared to the same period last year. The increase was mainly as a result of the consolidation of the hotel business in Europe.

#### 1.7 Net Profit

After taking all of the aforementioned into account, the Company recorded a net profit for the fourth quarter of THB 1.0mn, compared to a loss of THB 150.7mn in the same period last year.

### 2. Operating Performance of the Company for the Full Year Ended 31 December 2017

#### 2.1 Revenues

The total revenues of the Company stood at THB 4,452.6mn, an increase of THB 3,287.8mn or 282.3% compared to last year. The increase was mainly due to the consolidation of the acquired hotel business in Europe, full year recognition of rental income from 33 Gracechurch Street office building and gains from divestments of subsidiaries.

#### 2.2 Operating Expenses

The Company recorded total operating expenses of THB 4,779.1mn, an increase of THB 3,454.5mn or 260.8% compared to last year. The increase was primarily from consolidation of the acquired hotel business in Europe, a loss on impairment of assets from the impairment of Avani Khon Kaen Hotel and Convention Centre and interest expense of a loan taken to finance the acquisition of the hotel business in Europe and full-year recognition of interest expense of a loan taken to finance acquisition of 33 Gracechurch Street office building.

#### 2.3 Share of Profit from Investments in Associates

Share of profit from investments in associates amounted to THB 2.8mn compared to a profit of THB 9.3mn last year. The company recognised a share of profit from sales of Anantara Chiang Mai serviced apartment units under our associated company MHG NPark Development Company Limited.

#### 2.4 Share of Profit from Investments in Joint Ventures (JV)

Share of loss from investments in JV amounted to THB 4.0mn, following the divestment of PA 38. The share of loss was mainly due to interest expenses of promissory notes issued by PA 38 to its shareholders.

#### 2.5 Finance Cost

Finance cost of the Company was THB 619.9mn, an increase of 489.2mn or 374.5% compared to last year. The increase was mainly from a loan to finance the acquisition of the hotel

business in Europe, full-year recognition of a loan for the acquisition of 33 Gracechurch Street office building and a loan taken to acquire 6-14 Underwood Street office building.

#### 2.6 Income Tax Expenses

Income tax expenses were THB 83.8mn, an increase of 60.2mn or 254.9% compared to last year. The increase was mainly as a result of the consolidation of the hotel business in Europe.

#### 2.7 Net Loss

After taking all of the aforementioned into account and a loss from discontinued operation of THB 17.4mn, the Company recorded a net loss of THB 1,048.7mn, an increase of 727.1mn or 226.1% compared to last year.

### 3. Financial Status of the Company

#### 3.1 Assets

As of 31 December 2017, the Company had total assets of THB 40,051.8mn. Total current assets amounted to THB 4,325.9mn and total non-current assets amounted to THB 35,725.9mn. Total assets increased by THB 14,903.3mn or 59.3% compared to last year.

#### 3.2 Liabilities

As of 31 December 2017, the Company had total liabilities of THB 22,256.1mn. Total current liabilities amounted to THB 2,539.3mn and total non-current liabilities amounted to THB 19,716.9mn. Total liabilities increased by THB 15,963.3mn or 253.7% compared to last year.

#### 3.3 Shareholder's Equity

As of 31 December 2017, the Company had total equity attributable to owners of the Company of THB 17,795.7mn. Total shareholder's equity decreased by THB 1,060.1mn or 5.6% compared to last year.

### 4. Cash Flows of the Company for the twelve-month period ended 31 December 2017

#### 4.1 Cash from Operating Activities

Cash from operating activities was THB 835.8 mn. The main components were (i) an increase in trade and other payables being offset by (ii) an increase in other current assets, (iii) a decrease in other current liabilities, (iv) an increase in trade and other receivables and (v) and 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 THB 110.1 mn.

#### 4.2 Cash from Investing Activities

Net cash used in investing activities was THB 5,659.1mn. 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.

#### 4.3 Cash from Financing Activities

Net cash received from financing activities was THB 6,418.0 mn. 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 liabilities under finance lease agreements and (iv) repayment of liabilities under debt restructuring agreements.

#### 4.4 Cash and Cash Equivalents

Taking into account all the aforesaid as well as (i) a decrease in translation adjustment, (ii) cash and cash equivalents of subsidiaries at acquisition date and (iii) cash and cash equivalents of subsidiaries at selling date, cash and cash equivalents as at 31 December 2017 stood at THB 1,383.0mn, an increase of THB 1,072.5mn or 345.5% from 31 December 2016.

Please be informed accordingly.

Sincerely yours,

U City Public Company Limited

-SIGN-

(Mr.Burin Pusiri) )

Director