
1Q 2018 KEY FINANCIAL HIGHLIGHTS

- **Total revenue rose significantly by 222.5% YoY to THB 1,481mn**, predominantly due to the consolidation of the acquired hotel business in Europe (Vienna House), the improving operating performance of our hotels in Thailand and the Entire Business Transfer of Unicorn Enterprises Company Limited to U City (EBT of UE)
- **Operating EBITDA was THB 238mn in 1Q 2018, an increase of THB 59mn or 33.3% YoY**, largely as a result of the consolidation of the acquired hotel business in Europe and improving operating performance of Eastin Grand Sathorn Hotel
- **Reported net loss (before minority interest (MI)) of THB 132mn**, mainly from higher finance expenses, higher selling, servicing and administrative expenses from the consolidation and one-off expenses of Vienna House and lower one-off gain from asset disposals
- **Total assets as of 31 March 2018 stood at THB 56,866mn, growing by THB 16,814mn or +42.0% YoY**, mostly from the consolidation of the acquired hotel business, the EBT of UE and the capital increase via issuance of preferred shares
- **Net debt to equity ratio as of 31 March 2018 stood at 0.34x**, an improvement from 0.93x in 31 December 2017. Current ratio as of the same date stood at 3.09x, a significant improvement from 1.70x, both mainly as a result of the capital increase

1Q 2018 MAJOR EVENTS

4 January 2018: U City's shareholders at the Extraordinary General Meeting (EGM) approved a number of simultaneous transactions which includes (i) the entire business transfer of Unicorn Enterprise Company Limited (EBT of UE), a wholly-owned subsidiary of BTS Group Public Company Limited (BTS) to U City, (ii) the issuance of preferred shares and warrants of U City via private placement and a rights offering and (iii) the disposal of certain non-core assets

22 January 2018: The Company completed the private placement of 26,384mn preferred shares to Bangkok Bank Public Company Limited (BBL) at an offering price of THB 0.034, raising proceeds totaling THB 897mn

28 February 2018: VHE Bratislava Real Estate s.r.o., a wholly owned subsidiary of the Company, entered into the Real Estate Purchase Agreement with Hotel AVION s.r.o. (a non-related party) for the acquisition of the 176-key hotel Vienna House Easy Chopin Bratislava, which was formerly only managed by Vienna House for EUR 8.9mn (THB 347mn). On 1 March 2018, all economic benefits, risks, obligations, and rights attached to the hotel were transferred to the purchaser, while the legal ownership of the hotel was successfully transferred on 19 April 2018.

16 March 2018: The Company completed (i) the private placement of 63,882.4mn preferred shares at an offering price of THB 0.034 or totaling THB 2,172.0mn to UE, as a partial component of the consideration for EBT of UE as well as issuing and offering up to 31,941mn U-W3 warrants to UE at no cost, (2) a rights offering to existing shareholders, of which 283,791mn preferred shares were subscribed, raising proceeds totaling THB 8,798mn, (3) issuing and offering to BBL 13,192mn in U-W3 warrants at no cost and (4) issuing and offering 141,896mn U-W4 warrants at no cost to existing shareholders who subscribed to the rights offering

27 March 2018: The Company completed the disposal of land plots located on Charansanitwong Road for THB 510mn. The land plots were part of a certain number of assets to be disposed, which received shareholders' approval at the EGM held on 4 January 2018

30 March 2018: The Company completed the disposal of units of a commercial building and accompanying land at Tambon Pa Rai, Amphoe Aranyaprathet, Sa Kaeo (Park Aran Boulevard) for THB 155mn. The units and land were part of a certain number of assets to be disposed, which received shareholders' approval at the EGM held on 4 January 2018

27 April 2018: Vienna International Hotelmanagement AG (VI) signed a non-binding letter of intent (LOI) with Nakheel PJSC, the largest property developer in Dubai, to jointly develop a new resort on Deira island, Dubai under Vienna House's brand. The expected total value of the project is up to THB 5,000mn. Should the project proceed to a stage where a binding agreement is to be signed, the Company will request approval from the Board of Directors or at a Shareholders' Meeting (as the case may be)

30 April 2018: The Company held the Annual General Meeting of Shareholders wherein all resolutions proposed were approved

10 May 2018: VI acquired shares in Vienna House (Thailand) Company Limited, a JV company between VI and Absolute Hotel Services (AHS) with a 30:70 stake, respectively to facilitate the expansion of VH management services in Thailand

14 May 2018: VI acquired shares in Vienna House Asia Limited, a JV company between VI and Absolute Hotel Services Hong Kong with a 30:70 stake, respectively to facilitate the expansion of VH management services in Asia (excluding Thailand)

1Q 2018 PERFORMANCE

1Q 2018 P&L SNAPSHOT AND ANALYSIS

(THB mn)	1Q 2018	1Q 2017	YoY	4Q 2017	% QoQ
Operating revenues	1,335.4	334.4	299.3%	1,570.5	(16.7)%
Other revenues	146.1	125.0	16.9%	103.4	41.2%
Total Revenue	1,481.5	459.4	222.5%	1,673.9	(11.5)%
Operating costs	518.5	105.5	391.5%	589.4	(12.0)%
Selling and administrative expenses	734.0	173.5	323.1%	709.2	3.5%
Operating EBITDA*	237.5	178.2	33.3%	371.6	(36.1)%
Share of profit/loss from JVs/associates (equity income)	8.6	(2.2)	N.A.	0.3	N.A.
Finance cost	208.1	58.7	254.5%	193.3	7.7%
Reported Net Profit/Loss	(132.4)	26.8	N.A.	0.9	N.A.
GOP margin (%)	61.2%	68.5%		62.5%	
EBITDA margin (%)	16.0%	37.3%		24.3%	
Operating EBITDA margin (%)*	17.8%	53.3%		23.7%	
Net profit margin (%)	(8.9)%	5.8%		0.1%	

* Excludes other income and impairment charges, profit/loss from discontinued operation

U City reported total consolidated revenue of THB 1,481mn in 1Q 2018. This represented an increase of 222.5% YoY or THB 1,022mn from THB 459mn in 1Q 2017. The revenue growth was chiefly attributed to (i) the consolidation of the acquired hotel business in Europe, which contributed operating revenue of THB 947mn, (ii) operating revenue growth of our 3 hotels in Thailand (excluding EBT acquired hotels) of 11.4% YoY or THB 34mn, (iii) EBT of UE since 16 March 2018 whose consolidation contributed to THB 22mn to operating revenue and (iv) higher total other income of 16.9% YoY or THB 21mn. Higher other income was primarily from significantly higher interest and sundry (other) income, being partially offset by lower gain on sale of assets and investments in subsidiaries of 73.3% YoY or THB 84mn. During the quarter, the company disposed of land at Charansanitwong and units and accompanying land of Park Aran Boulevard project for THB 665mn, realising a gain of THB 31mn. In the same period last year, the company disposed of 2 subsidiaries owning land at Bangkrachao for THB 1,624mn.

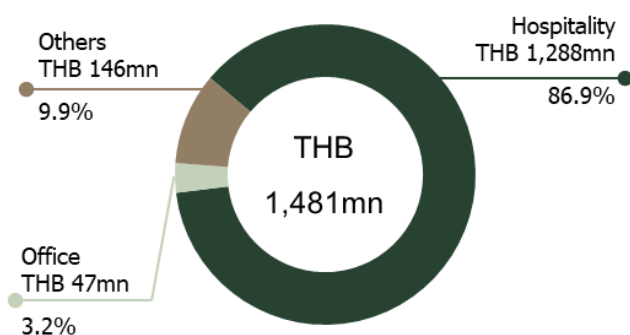
Total consolidated expenses amounted to THB 1,441mn in 1Q 2018, an increase of THB 1,102mn or 325.5% YoY largely from (i) the consolidation of the acquired hotel business in Europe and (ii) higher total selling, administrative and general expenses to accommodate business expansion and (iii) EBT of UE.

Reported share of net profit from associates/JVs was THB 9mn (compared to a net loss of THB 2mn in the same period of the previous year). Following the EBT of UE, the Company acquired a 50% stake in both the BTS-Sansiri JV and Keystone JV. Finance costs increased by 254.5% YoY or THB 149mn to THB 208mn primarily from interest expense of loans taken to acquire the hotel business in Europe and the remaining debt acquired through the EBT of UE.

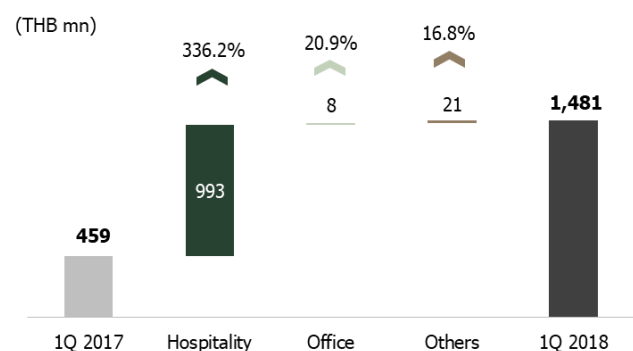
Net loss of the Company during the period was THB 132mn, as opposed to a net profit of THB 27mn in 1Q 2017. The net profit margin of the Company in 1Q 2018 was therefore (8.9)%, versus 5.8% in 1Q 2017.

SEGMENTAL PERFORMANCE

1Q 2018 REVENUE CONTRIBUTION BY SEGMENT



1Q 2018 REVENUE GROWTH CONTRIBUTION



In 1Q 2018, the hospitality segment contributed the lion's share of total revenue at 86.9%, followed by others (including property management revenue) at 9.9% and the office segment at 3.2%. Total revenue derived overseas stood at 68% with the remaining balance being Thailand-sourced at 32%.

Within the hospitality segment, revenue grew by THB 993mn or 336.2% YoY, mainly from (i) the consolidation of the European hotel business of THB 962mn, (ii) the improving operating performance of all 3 of our hotels in Thailand excluding EBT of UE (Eastin Grand Sathorn, Anantara Chiang Mai and Avani Khon Kaen), which grew by 11.4% YoY or THB 34mn and (iii) the consolidation of 3 additional hotels from the EBT of UE (U Sathorn, U Chiang Mai and U Inchantree Kanchanaburi), which contributed THB 13mn. Within the office segment, revenue grew by THB 8mn or 20.9% YoY, largely as a result of the contribution of TST Tower of THB 6mn and the increase in rental income of Gracechurch Street office building. Other income grew 16.8% YoY or THB 21mn. The growth in other income was primarily from significantly higher interest and sundry (other) income, being partially offset by lower gain on sale of assets and investments in subsidiaries of 73.3% YoY or THB 84mn.

HOSPITALITY SEGMENT

HOTEL PORTFOLIO SNAPSHOT

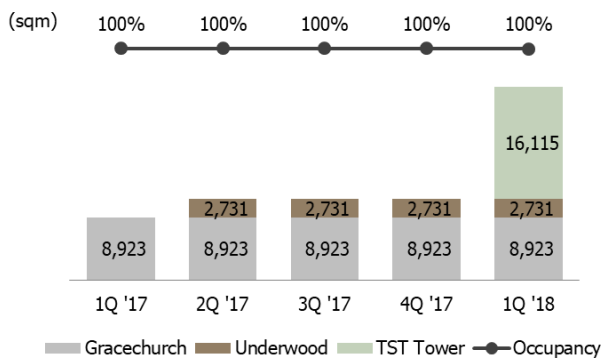
	No. of Keys			ADR (THB/night)			Occupancy			RevPAR (THB/night)		
	1Q 18	1Q 17	+/-	1Q 18	1Q 17	+/-	1Q 18	1Q 17	+/-	1Q 18	1Q 17	+/-
Owned	4,365	669	3,823	2,672	3,835	(1,163)	60.1%	80.8%	(20.7)	1,606	2,736	(1,130)
Leased	2,343	-	2,216	3,298	N.A.	N.A.	66.2%	N.A.	N.A.	2,182	N.A.	N.A.
Managed*	12,466	-	12,466	2,767	N.A.	N.A.	64.6%	N.A.	N.A.	2,126	N.A.	N.A.
Total	19,174	669	18,505	2,800	3,835	(1,035)	62.4%	80.8%	(18.3)	1,747	2,736	(989)
Currently operating	8,923	669	8,254									

* Excludes ADR, Occupancy and RevPAR of AHS managed hotels

In 1Q 2018, total number of keys stood at 19,174, an increase of 18,505 from 1Q 2017. The total number of keys that are operational are 8,923 keys, an increase of 8,254 keys from 1Q 2017. As a result of the acquisition of the hotel business in Europe and the EBT of UE, the number of owned (including finance leased) keys increased by 3,823 keys, the number of leased keys increased by 2,216 keys and the number of managed keys increased by 12,466 keys. Overall ADR, Occupancy rate and RevPAR of our hotels stood at THB 2,800, 62.4% and THB 1,747, respectively. Overall RevPAR fell by THB 989 YoY, from THB 2,736 as a result of the consolidation of the European hotel business, which consists of a large portion of affordably priced hotels in the 3-star range that have a lower ADR to our former less diversified, entirely 5-star portfolio of hotels. Overall occupancy rate fell to 62.4% from 80.8% in the same period as a result of the consolidation of the European hotel business, which was a low season during that period.

OFFICE SEGMENT

BLENDED OFFICE PERFORMANCE METRICS
NET FLOOR AREA (NFA) & OCCUPANCY RATE



UNDERWOOD STREET UNDER RENOVATION
TST TOWER ACQUIRED



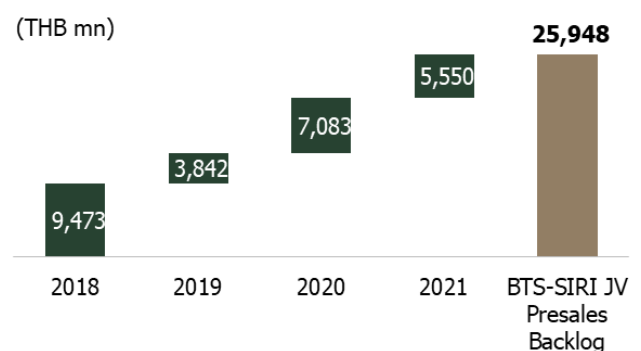
Within the quarter, Underwood Street's tenant vacated the premises in preparation for the planned, extensive renovation of the building, which began since 9 March 2018. The renovation is expected to complete within 6 months or by September 2018. Occupancy metrics will thus exclude Underwood Street over this renovation period. Since 16 March 2018, following the EBT of UE, TST Tower has been added to U City's office building portfolio. The building has an NFA of 16,115 sqm and end of March 2018 occupancy rate of 99.7%. U City's office building portfolio was essentially fully occupied.

RESIDENTIAL SEGMENT

JV WITH SANSIRI PROJECTS EXPECTED TO TRANSFER IN 2018

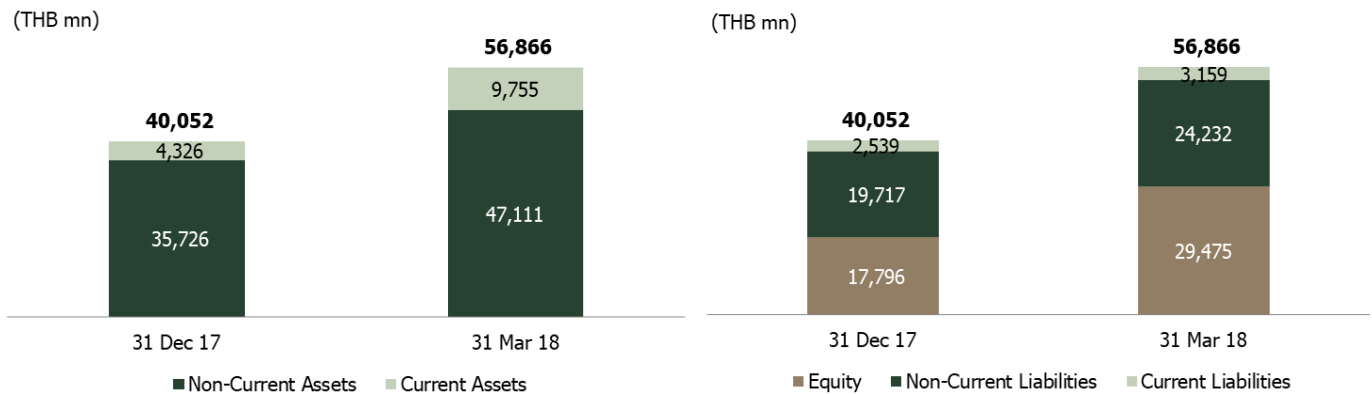
PROJECT	PRESALES BACKLOG (THB mn)
The LINE Jatujak-Mochit	1,292
The LINE Ratchathewi	2,900
The LINE Asoke-Ratchada	2,396
The BASE Garden Rama 9	1,609
The LINE Wongsawang	1,276
Total	9,473

JV WITH SANSIRI PRESALES BACKLOG



Within 1Q 2018, on 16 March 2018, the Company acquired a 50% stake in all BTS-Sansiri JV projects from BTS as part of the EBT of UE. As at 1 May 2018, the company expects a non-equity stake-adjusted, total presales backlog of THB 9,473mn comprising of 5 projects as detailed above for 2018 and total cumulative, non-equity stake-adjusted, presales backlog of THB 25,948mn over the next 3 years.

FINANCIAL POSITION



Total assets as of 31 March 2018 stood at THB 56,866mn, an increase of THB 16,814mn or 42.0% from 31 December 2017. The increase was primarily attributed to (i) an increase in cash and cash equivalents of THB 4,682mn, mainly from the net cash proceeds of the capital increase, (ii) an increase in long-term loans to related parties and interest receivables of THB 4,358mn, primarily from the novation of remaining outstanding debt of assets acquired in the EBT of UE, (iii) investments in joint ventures of THB 3,137mn, from the assumption of a 50% stake in the joint venture with Sansiri, Keystone Estate joint venture and Keystone Management joint venture, (iv) an increase in land and project awaiting development of THB 1,937mn, chiefly from the EBT of UE transaction, (v) an increase in current investments of THB 1,257mn, principally from treasury investments of a portion of the proceeds of the capital increase, (vi) an increase in investment properties of THB 1,088mn, (vii) an increase in property, plant and equipment of THB 1,045mn mainly from the EBT of UE transaction and (viii) an increase in leasehold rights of THB 469mn, largely from the EBT of UE, which acquired 2 leasehold hotels: U Sathorn and U Chiang Mai, being partially offset by (i) a decrease in real estate projects under development of THB 1,309mn, essentially from the disposal of land plots at Charansanitwong and remaining units of Park Aran Boulevard project and (ii) no current portion of receivable from sales of investments in subsidiaries from the sale of 2 subsidiaries owning land plots at Bangkrachao on 29 March 2017.

Total liabilities as of 31 March 2018 was THB 27,391mn, increasing by THB 5,135mn or 23.1% from 31 December 2017. This was largely due to (i) long-term loans from related parties and interest payables of THB 5,025mn, or the outstanding debt assumed by the EBT of UE, (ii) an increase in other liabilities of THB 633mn, mainly from the reclassification of liabilities of Vienna House, being partially offset by, mainly a reduction in long-term loans from financial institutions of THB 530mn, (ii) a decrease in bank overdrafts by THB 178mn and (iii) a reduction in trade and other payables of THB 150mn. **Total equity** as at 31 March 2018 amounted to THB 29,475mn, growing by THB 11,680mn or 65.6%. This was mostly from (i) an increase in issued and fully paid-up capital net of share discount of THB 11,867mn, due the aforementioned capital increase and partially offset by (ii) mainly an increase in deficit of THB 129mn from a net loss this quarter.

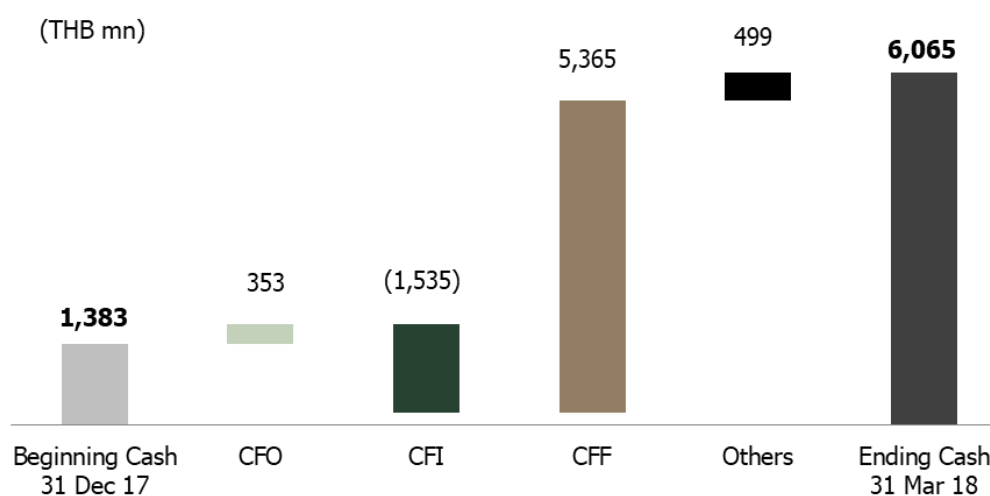
CAPITAL STRUCTURE

As of 31 March 2018, U City reported total interest-bearing debt of THB 17,549mn, a decrease of 2.7% or THB 479mn from the balance as of 31 December 2017, mainly due to the repayment of bank overdrafts. Net interest-bearing debt to equity ratio stood at 0.34 times, a decrease from 0.93 times at the end of last year, on lower debt balance, higher cash and cash equivalents and current investments and an increase in shareholder equity as a result of the capital increase.

During 1Q 2018, capital expenditure for U City was THB 51mn. Capital expenditure excludes the EBT of UE, which is classified as an investment.

CASH FLOW

THREE-MONTHS CASH FLOW SNAPSHOT



For the 3 months ended 31 March 2018 (3M 2018), **cash and cash equivalents** stood at THB 6,065mn, an increase of 559.2% or THB 4,682mn. Cash from operating activities was THB 810mn (vs cash used in operating activities of THB 22mn in 3M 2017). This was derived from loss before tax of THB 159mn, being offset by (i) non-cash reconciling items of THB 3mn and (ii) changes in net working capital of THB 810mn. After deducting cash paid for interest expenses of THB 454mn and cash paid for corporate income tax of THB 3mn, **net cash from operating activities** was THB 353mn.

Net cash used in investing activities was THB 1,535mn. The key components were (i) increase in current investments of THB 1,226mn, mainly from treasury investments (ii) cash paid for purchases of property, plant and equipment of THB 403mn, (iii) cash paid for purchases of investment properties of THB 61mn, (iv) cash received from the sales of assets of THB 199mn.

Net cash from financing activities was THB 5,365mn. The key components were (i) cash received from issuance of preference shares of THB 9,695mn, (ii) cash received from receivable of sales of investments in subsidiaries of THB 1,058mn, (iii) cash received from long-term loans from financial institutions and (iv) repayment of long-term loans from related party and interest receivables of THB 5,049mn, which is mainly from the repayment of debt acquired from the EBT of UE

BUSINESS PLAN AND OUTLOOK

Following the EBT of UE transaction, U City's portfolio has expanded significantly with assets that have immediately begun to generate income for the Company. These include an additional 4 hotels (U Sathorn, U Chiang Mai, U Inchantree Kanchanaburi and Eastin at Thana City (due to open imminently)), TST Tower office building and our 50% stake in the JV with Sansiri. Moreover, the transaction also includes the acquisition of an ongoing development project under the Keystone JVs, which are responsible for developing and operating the 'Verso' international school at Thana City that is due to open by August 2020.

We will continue to focus on improving the operational performance of our assets. Of particular focus will be Vienna House where we will continue to monitor currency fluctuations and take appropriate steps to mitigate any deleterious effects. Vienna House expects to commence operation of 2 operating lease hotels in Leipzig, Germany and Warsaw, Poland within the year. The recent signing of a LOI with Nakheel PJSC and the establishment of a JV company with our affiliate AHS to facilitate Vienna House's expansion into Thailand are herald our commitment to leverage synergies and strengths to expand globally.

Construction of the 'The Unicorn' mixed-use building that is adjacent to Phayathai BTS and Airport Rail Link stations continues apace and was 7% complete by end this quarter. We expect the building to be complete by 3Q 2021. The JV with Sansiri expects to launch at least 3 projects within 2018. The first of these projects, the THB 4.9bn 'The LINE Wongsawang' condominium has already been launched for sales and ready-to-move-in. As at beginning of May, the JV with Sansiri had THB 9.5bn of presales backlog remaining for 2018 and cumulatively by 2021 of around THB 25.9bn. These would now be recognised as equity income to U City and enhance future earnings.

.....

(Miss. Piyaporn Phanachet)
Chief Executive Officer