
2Q 2018 KEY FINANCIAL HIGHLIGHTS

- **Total revenue rose significantly by 139.5% YoY to THB 1,791mn**, predominantly due to the full quarter consolidation of the acquired hotel business in Europe (Vienna House), the consolidation of assets from the Entire Business Transfer of Unicorn Enterprises Company Limited to U City (EBT of UE)
- **EBITDA was THB 387mn, an increase of 774.5% YoY or THB 343mn**, largely as a result of the aforementioned reasons above
- **Reported net loss of THB 254mn**, mainly from higher finance cost, due to (i) the full quarter consolidation of the acquired hotel business in Europe in which the foreign exchange (FX) loss from loans revaluation and operations in Europe were included in finance cost and (ii) long-term loans from EBT of UE
- **Total assets as of 30 June 2018 stood at THB 55,804mn, growing by 39.3% YoY or THB 15,741mn**, mostly from the EBT of UE, which was funded by a capital increase via issuance of preferred shares last quarter. The majority of assets acquired by EBT of UE was the BTS-Sansiri JV (Sansiri JV)
- **Net debt to equity ratio as of 30 June 2018 stood at 0.57x**, an improvement from 0.93x in 31 December 2017. Current ratio as of the same date stood at 2.81x, a significant improvement from 1.69x, both mainly as a result of the aforementioned capital increase last quarter

SIGNIFICANT EVENTS

10 May 2018: Creating a foundation for Vienna House Expansion in Thailand. Vienna International Hotelmanagement AG (Vienna House) acquired shares in Vienna House (Thailand) Company Limited, a JV company between Vienna House and Absolute Hotel Services (AHS) with a 30:70 stake, respectively to facilitate the expansion of Vienna House management services in Thailand

30 May 2018: Creating a foundation for Vienna House Expansion in Asia. Vienna House subscribed to shares in Vienna House Asia Limited, a JV company between Vienna House and Absolute Hotel Services Hong Kong with a 30:70 stake, respectively to facilitate the expansion of Vienna House management services in Asia (excluding Thailand)

1 June 2018: Four additional Projects for Sansiri JV: The Company acquired 50% of the total ordinary shares in 4 subsidiaries of Sansiri Public Company Limited (Sansiri) at a total price of THB 75.5mn. As a result, (i) Siripat One Company Limited, (ii) Siripat Two Company Limited, (iii) Siripat Three Company Limited and (iv) Bangkok Sky Sukhumvit 34 Company Limited are now joint venture companies between the Company and Sansiri for the purpose of real estate development

27 June 2018: Spinning off Eastin Grand Sathorn to a new company. The Company established a new wholly-owned subsidiary EGS Assets Company Limited to hold the land and building of Eastin Grand Sathorn Hotel, which was formerly held by BTS Assets Company Limited (BTS Assets). BTS Assets continues to hold landplots at Mochit.

6 July 2018: Opening of a new Vienna House Hotel. The 205-key Vienna House Easy Leipzig (VHE Leipzig) hotel under Vienna House was fully launched

2Q 2018 PERFORMANCE

2Q 2018 P&L SNAPSHOT AND ANALYSIS

(THB mn)	2Q 2018	2Q 2017	YoY	1Q 2018	% QoQ
Operating revenues	1,642.9	665.4	146.9%	1,335.4	23.0%
Other revenues	148.1	82.5	79.5%	146.1	1.4%
Total Revenue	1,791.0	747.9	139.5%	1,481.5	20.9%
Operating expenses	611.3	235.9	159.1%	518.5	17.9%
Selling and administrative expenses	767.8	471.3	62.9%	698.9	9.9%
EBITDA	387.2	44.2	774.5%	272.6	42.1%
Share of profit/loss from JVs/associates (equity income)	(24.7)	3.4	N.A.	8.6	N.A.
Finance cost	458.2	113.0	305.5%	208.1	120.2%
Reported Net Profit/Loss	(253.7)	(162.5)	56.1%	(80.8)	213.9%
GOP margin (%)	62.8%	64.6%		61.2%	
EBITDA margin (%)	21.6%	5.9%		18.4%	
Operating EBITDA margin (%)*	21.6%	5.9%		18.4%	
Net profit margin (%)	(14.2)%	(21.7)%		(5.5)%	

* Excludes impairment charges, profit/loss from discontinued operation

U City reported total consolidated revenue of THB 1,791mn in 2Q 2018. This represented an increase of 139.5% YoY or THB 1,043mn from THB 748mn in 2Q 2017. Please note, that the Company has restated its financial statements for the same period of the previous year after the fair value measurement of the identifiable assets acquired and the liabilities assumed at the acquisition date, and the measurement of goodwill of the hotel business in Europe was completed this quarter. The revenue growth was chiefly attributed to (i) the full quarter consolidation of the acquired hotel business in Europe, which contributed operating revenue of THB 1,223mn, (ii) consolidation of assets from the EBT of UE since 16 March 2018, whose revenue contribution this quarter amounted to THB 113mn and (iii) other revenue of THB 148mn, an increase of 79.5% or THB 66mn. Higher other revenues was primarily from higher interest and sundry (other) income, as a result of treasury operations and the full-quarter consolidation of the acquired hotel business in Europe, respectively.

Total consolidated expenses amounted to THB 1,551mn in 2Q 2018, an increase of 95.4% or THB 758mn YoY, from higher operating costs, selling and servicing expenses, administrative expenses and depreciation, largely as a result of the (i) the full quarter consolidation of the acquired hotel business in Europe and (ii) consolidation of expenses from the aforementioned EBT of UE.

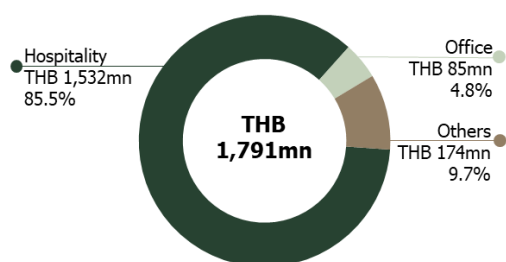
Reported share of loss from associates/JVs was THB 25mn, compared to a share of profit of THB 3mn in the same period of the previous year. The recognition of a share of loss from associates/JVs was primarily from the Sansiri JV, which stemmed mainly from fair value uplift, following the Company's acquisition of the Sansiri JV last quarter and higher number of projects and their associated costs. During the quarter, the Sansiri JV recognised transfers of The Line Chatuchak-Mochit (now fully transferred), The Line Wongswang and The Line Ratchathewi projects.

Finance costs were THB 458mn, an increase of 305.6% YoY or THB 345mn. The increase was primarily from (i) FX loss from related party loans of the European hotel business of THB 221mn, (ii) recognition of finance costs associated with the EBT of UE of THB 70mn and (iii) the full quarter recognition of finance costs of loans taken to acquire the hotel business in Europe of THB 54mn,

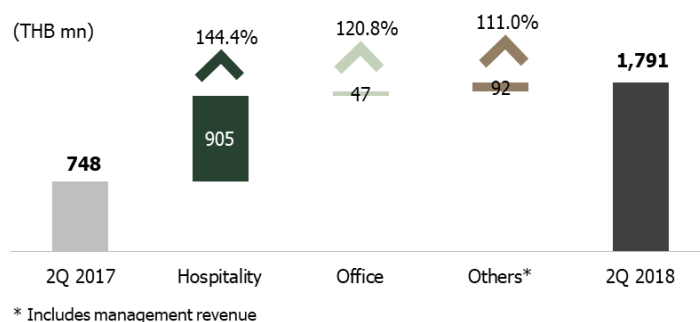
Net loss of the Company during the period was THB 254mn, an increase of 56.2% YoY or THB 91mn from a net loss of THB 162mn over the same period in the previous year. The net profit margin of the Company in 2Q 2018 was therefore (14.2)%, versus (21.7)% in 2Q 2017.

SEGMENTAL PERFORMANCE

2Q 2018 REVENUE CONTRIBUTION BY SEGMENT



2Q 2018 REVENUE GROWTH CONTRIBUTION



In 2Q 2018, the hospitality segment contributed the lion's share of total revenue at 85.5%, followed by others (including property management revenue) at 9.7% and the office segment at 4.8%. Total revenue derived overseas stood at 74% with the remaining balance being Thailand-sourced at 26%.

Within the hospitality segment, revenue grew by THB 905mn or 144.4% YoY, mainly from (i) the full quarter consolidation of the European hotel business, which contributed growth of THB 831mn, (ii) the consolidation of 3 additional hotels from the EBT of UE (U Sathorn, U Chiang Mai and U Inchantree Kanchanaburi), which contributed THB 59mn and (iii) the improving overall operating performance of all 3 of our hotels in Thailand excluding hotels acquired by the EBT of UE (Eastin Grand Sathorn, Anantara Chiang Mai and Avani Khon Kaen), which grew by 6.6% YoY or THB 15mn. Within the office segment, revenue grew by THB 47mn or 120.8% YoY, largely as a result of the contribution of TST Tower of THB 28mn and higher revenue from 33 Gracechurch Street office building of THB 19mn. Other income grew 111.0% YoY or THB 92mn. Higher other revenues (which includes property management revenue that is aggregated with rental income in the financial statements) was primarily from (i) higher interest and sundry (other) income, as a result of treasury operations and the full-quarter consolidation of the acquired hotel business in Europe, respectively of THB 66mn and (ii) management revenue of THB 26mn compared to none in the same period of the previous year.

HOSPITALITY SEGMENT

HOTEL PORTFOLIO & PERFORMANCE SNAPSHOT

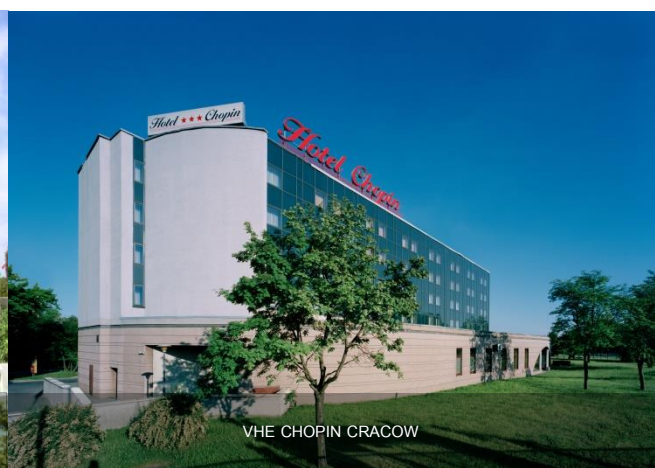
	No. of Keys			ADR (THB/night)			Occupancy			RevPAR (THB/night)		
	2Q 18	2Q 17	+/-	2Q 18	2Q 17	+/-	2Q 18	2Q 17	+/-	2Q 18	2Q 17	+/-
Owned	3,794	3,550	244	2,725	2,646	79	69.4%	71.1%	(1.7)	1,892	1,882	10
Operating Leased	1,090	963	127	3,560	3,594	(34)	77.4%	83.2%	(5.8)	2,757	2,989	(232)
Managed*	5,192	2,570	2,622	3,573	3,245	328	75.2%	77.2%	(2.0)	2,687	2,506	181
Total	10,076	7,083	2,993	3,138	2,932	206	72.6%	75.1%	(2.5)	2,277	2,201	76
Hotels in Pipeline	16,229	466	15,763									

* Excludes ADR, Occupancy and RevPAR of AHS managed hotels

In 2Q 2018, total number of keys stood at 10,076, an increase of 2,993 keys YoY. As a result of, the EBT of UE (U Kanchanaburi) and the acquisition of VHE Bratislava hotel (formerly a managed hotel), the number of owned (including finance leased) keys increased by 244 keys. The number of operating leased keys increased by 127 keys due to the EBT of UE (U Sathorn and U Chiang Mai hotels). The number of managed keys increased by 2,622 keys as a result of EBT of UE, which included the acquisition of 50% of AHS. For hotels in pipeline in 2Q 2018. The number of pipeline keys stood at 16,229, an increase of 15,763 keys YoY, as a result of the (i) construction of Phayathai mixed use building, (ii) an additional hotel, VHE Raunheim under contract and (iii) the EBT of UE, including keys pipeline from the acquisition of 50% of AHS.

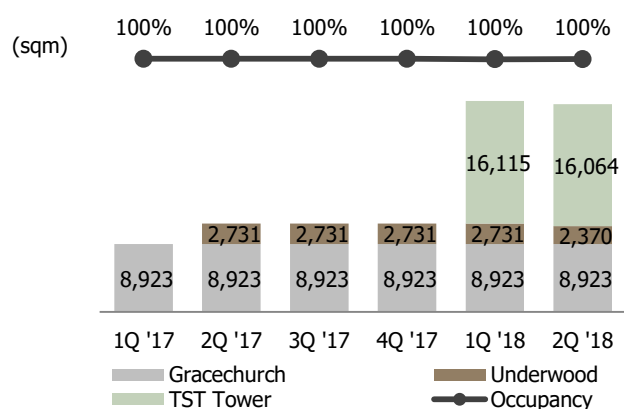
Overall ADR, Occupancy rate and RevPAR of our hotels stood at THB 3,138, 72.6% and THB 2,277, respectively. Overall RevPAR increased by THB 76 YoY, from THB 2,201 as a result of the improved overall performance of both Thai and European hotels. Overall occupancy rate fell to 72.6% from 75.1% mainly as a result of the renovation impact of key hotels located in Czech Republic and Poland. Please note that this quarter included the full quarter performance of Vienna House hotels compared to one month in the same period last year.

HOTELS UNDER RENOVATION

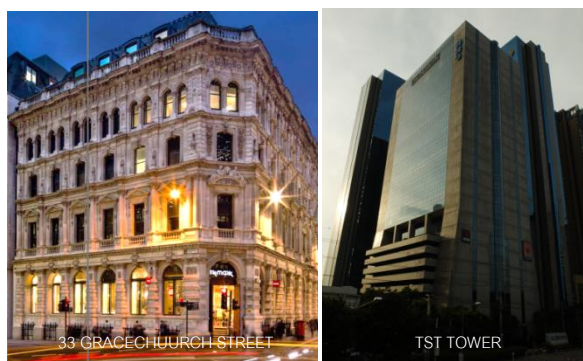


OFFICE SEGMENT

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



TST TOWER & 33 GRACECHURCH FULLY OCCUPIED



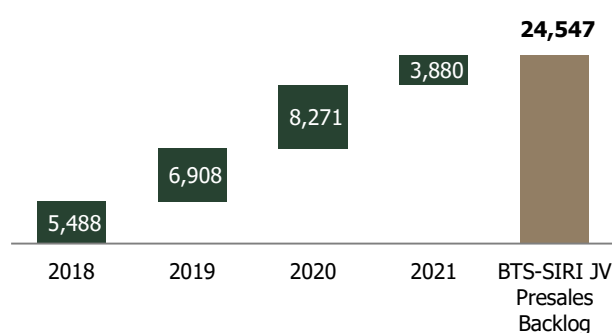
Renovation of Underwood Street office building continues and is expected to complete within November 2018. Occupancy metrics will thus exclude Underwood Street over this renovation period. As of 2Q 2018, U City's office building portfolio was essentially fully occupied.

RESIDENTIAL SEGMENT

JV WITH SANSIRI PROJECTS EXPECTED TO TRANSFER IN 2018

PROJECT	PRESALES BACKLOG (THB mn)
The LINE Ratchathewi	2,878
The LINE Asoke-Ratchada	115
The BASE Garden Rama 9	1,363
The LINE Wongsawang	1,131
Total	5,488

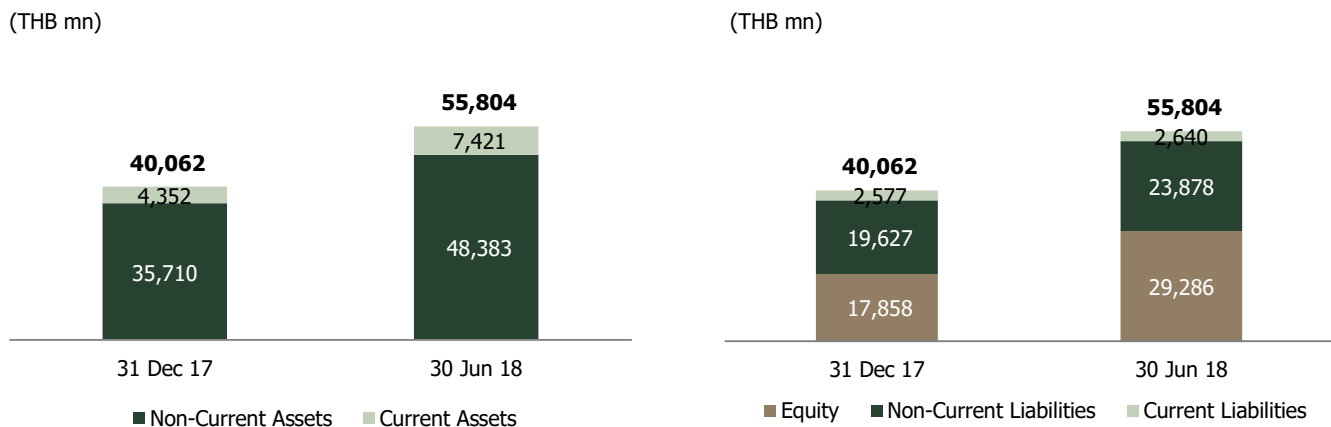
JV WITH SANSIRI TOTAL PRESALES BACKLOG (THB mn)



As of 9 July 2018, the company has a non-equity stake-adjusted, presales backlog of THB 5,488mn comprising of 4 projects as detailed above for 2018 and total cumulative, non-equity stake-adjusted, presales backlog of THB 24,547mn to be transferred by 2021.

During the quarter, the Sansiri JV (i) fully sold and fully transferred The Line Chatuchak-Mochit project, (ii) continued to transfer units of the ready-to-move-in The Line Wongsawang and (iii) begun transferring units of The Line Ratchathewi project. The Company expects to launch an additional 2 projects with a project value totaling THB 8.4bn by 2018

FINANCIAL POSITION



Total assets as of 30 June 2018 stood at THB 55,804mn, an increase of 39.3% or THB 15,742mn from 31 December 2017. The increase was primarily attributed to:

- (i) an increase in long-term loans to related parties of THB 4,257mn, chiefly from loans novated in the EBT of UE last quarter,
- (ii) an increase in investments to joint-ventures of THB 3,211mn, primarily from Sansiri JVs and Keystone JVs acquired in the EBT of UE last quarter,
- (iii) an increase in current investments of THB 3,158mn, mainly from treasury investments of cash proceeds from the capital increase last quarter and majority settlement of receivables from last year's disposal of subsidiaries owning land plots at Bangkrachao,
- (iv) an increase in land and project awaiting development of THB 1,918mn, largely from land plots acquired in the EBT of UE last quarter,
- (v) an increase in restricted deposits of THB 1,587mn, as collateral for loan from a financial institution,
- (vi) an increase in investment properties of THB 1,099mn, mostly a result of the EBT of UE last quarter,
- (vii) an increase in property, plant and equipment of THB 948mn, predominantly from the aforementioned result of the EBT of UE last quarter,
- (viii) an increase in cash and cash equivalents of THB 716mn, chiefly from the capital increase last quarter and
- (ix) an increase in leasehold rights of THB 442mn, from the acquisition of leasehold hotels in the EBT of UE, being partially offset by
- (x) a decrease in receivables from sales of investments in subsidiaries of THB 721mn,
- (xi) a decrease in current portion of receivables from sales of investments in subsidiaries of THB 277mn, from the aforementioned majority settlement of receivables from last year's disposal of subsidiaries owning land plots at Bangkrachao and
- (xii) a decrease in real estate projects under development of THB 620mn.

Total liabilities as of 30 June 2018 was THB 26,518mn, increasing by 19.4% or THB 4,314mn 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 from the EBT of UE and (ii) an increase in current portion of long-term loans from financial institutions of THB 227mn, being partially offset by, mainly (iii) a decrease in long-

term loans from financial institutions of THB 818mn and (iv) a decrease in bank overdrafts and short-term loans from financial institution of THB 234mn, both mainly due to the prepayment of debt. **Total equity** as at 30 June 2018 amounted to THB 29,285mn, growing by 64.0% or THB 11,427mn. This was mostly from (i) an increase in issued and fully paid-up capital net of share discount of THB 11,867mn and partially offset by (ii) mainly an increase in deficit of THB (334)mn from a net loss in 1Q 2018 and 2Q 2018 and (iii) an increase in other components of shareholders' equity of THB (107)mn.

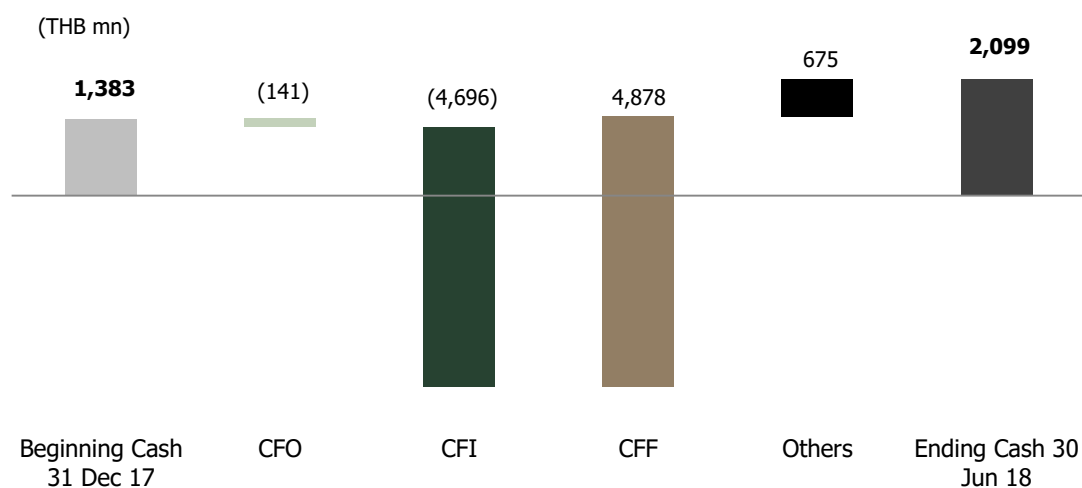
CAPITAL STRUCTURE

As of 30 June 2018, U City reported total interest-bearing debt of THB 22,192mn, an increase of 22.7% or THB 4,106mn from the balance as of 31 December 2017, mainly due to assumption of outstanding debt from EBT of UE last quarter. Net interest-bearing debt to equity ratio stood at 0.57 times, a decrease from 0.93 times at the end of last year, due to an increase in shareholder equity from the capital increase in the previous quarter.

For the 6 months ended 30 June 2018, capital expenditure for U City was THB 692mn. Capital expenditure excludes the EBT of UE or investments or long-term loans to related parties, which is classified as an investment.

CASH FLOW

SIX-MONTHS CASH FLOW SNAPSHOT



For the 6 months ended 30 June 2018, **cash and cash equivalents** stood at THB 2,099mn, an increase of 51.8% or THB 716mn. Cash used in operating activities was THB 141mn. This was derived from loss before tax of THB 331mn, being partially offset by (i) non-cash reconciling items of THB 451mn and (ii) changes in net working capital of THB 548mn. After deducting cash paid for interest expenses of THB 635mn and cash paid for corporate income tax of THB 54mn, **net cash used in operating activities** was THB 141mn.

Net cash used in investing activities was THB 4,696mn. The key components were (i) increase in current investments of THB 3,121mn, (ii) increase in restricted deposits of THB 1,504mn, (iii) cash paid for purchases of property, plant and equipment of THB 568mn, (iii) cash paid for purchases of investments in joint ventures THB 120mn, being partially offset by (iv) cash received from sales of assets of THB 644mn.

Net cash from financing activities was THB 4,878mn. 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 of THB 170mn being partially offset by (iv) repayment of long-term loans from related party of THB 5,050mn and (v) repayment of long-term loans from financial institutions of THB 882mn.

BUSINESS PLAN AND OUTLOOK

We will continue to add value to our investments and properties in our portfolio, including improving our risk management and developing our human resources.

During the quarter, we selectively expanded our condominium projects by acquiring 4 additional JV companies under the Sansiri JV to facilitate future project development through our successful partnership with Sansiri. The Company expects to launch 2 additional projects totaling THB 8.4bn in project value for the remaining year - one in 3Q and one in 4Q.

We expect to continue to grow Vienna House's hotel portfolio, mainly through operating leases. The opening of the 205-key VHE Leipzig hotel will contribute to future growth as its operations begin to ramp up. Vienna House has also been evaluating future hotel opportunities that are located not only in new and existing destinations in Europe but also in Asia where a hotel under the Vienna House (Thailand) JV with AHS is being considered and is within the preliminary stages of inception. The hotel offers a glimpse to the potential synergies to be realised from the cross-migration of brands between Vienna House and AHS.

Construction of the 'The Unicorn' mixed-use building that is adjacent to Phayathai BTS and Airport Rail Link stations continues apace and was 8% completed by end July. We maintain our expectation that the building is to be completed by 3Q 2021. Construction of the international school is also proceeding according to plan, which was 13% complete by end July. We expect to finish construction of the international school by 1Q 2020.

The Company expects to make further progress in its asset divestment during 2H 2018. The remaining assets to be divested totaling THB 2.3bn are 2 plots of land in Chonburi and Korat; the Anantara Chiang Mai and Avani Khon Kaen hotels; a service apartment in Chiang Mai and Park Ramindra condominium.

We will continue to focus on enhancing the operational performance and synergy of our assets and business. Of particular focus will be Vienna House where we work on the solution to manage accounting currency fluctuations and take appropriate steps where prudent to mitigate any deleterious effects.

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(Miss. Piyaporn Phanachet)

Chief Executive Officer