
3Q 2018 KEY FINANCIAL HIGHLIGHTS

- **Total revenue rose significantly by 13.4% YoY to THB 1,783mn**, predominantly due to higher operating revenue from the hotel business in Europe and from acquired assets under the Entire Business Transfer of Unicorn Enterprises Limited (EBT of UE)
- **EBITDA was THB (19)mn, an improvement by THB 403mn from (422)mn in the same period of the previous year**, largely as a result of the aforementioned reasons above and lower loss on impairment of assets
- **Reported net loss of THB 388mn**, mainly from loss on impairment of assets totaling THB 355mn. Excluding this and other one-off items totaling THB 43mn, Recurring net profit stood at THB 10mn, compared to a net loss of THB 64mn in the same period of last year
- **Total assets as of 30 September 2018 stood at THB 54,361mn, growing by 35.7% or THB 14,299mn from 31 December 2017**, mostly from the EBT of UE, which was funded by a capital increase via issuance of preferred shares in the first quarter
- **Net debt to equity ratio as of 30 September 2018 stood at 0.53x**, an improvement from 0.93x in 31 December 2017. Current ratio as of the same date and period stood at 2.42x, a considerable improvement from 1.69x, both mainly as a result of the aforementioned capital increase

SIGNIFICANT EVENTS

4 September 2018: Vienna House partners with major hotel developer. Vienna International hotelmanagement AG (Vienna House) has acquired a 50% stake in UBM+VH Hotels GmbH (UBM JV) for EUR 2.65mn or equivalent to THB 101.6mn for the purpose of carrying out hotel management services

13 September 2018: Vienna House establishes a new subsidiary and signs a new operating lease contract. REVO München Hotelbetriebs GmbH, with a registered capital of EUR 25,000 or equivalent to THB 0.96mn has been established by Vienna House for the purpose of investment in the assets business. Vienna House has also signed a new 20-year operating lease contract for a 607-key hotel under the newly launched R.evo brand located in Munich, Germany.

22 September 2018: Sansiri JV launches 'THE BASE Saphanmai' project for presales: The second project launched this year under the Sansiri JV with a total project value of THB 2,697mn, 820 units and an average selling price per unit of THB 3.3mn.

12 October 2018: Extraordinary Shareholders' Meeting approves capital restructuring. The Extraordinary Shareholders' Meeting (EGM) approves a series of transactions, namely (i) a reverse stock split of ordinary and preferred shares at a ratio of 100:1, (ii) a minor capital increase through a private placement, for the purpose of facilitating the reverse stock split via a rounding of fractional shares and (iii) a capital reduction for the purpose of reducing the deficit in the separate financial statements of the Company.

5 November 2018: U City's ordinary and preferred shares start trading at new par value. The reverse stock split which came into effect on 31 October 2018, adjusted the par value of both share types to THB 100 per share from THB 1 per share and the rights of U-W1 and U-W4 tradeable warrants to an exercise price of THB 6 per warrant and a conversion ratio of 1 warrant for 0.01 ordinary share (from THB 0.06 and 1 warrant for 1 ordinary share previously).

3Q 2018 PERFORMANCE

3Q 2018 P&L SNAPSHOT AND ANALYSIS

(THB mn)	3Q 2018	3Q 2017	YoY	2Q 2018	% QoQ
Operating revenues	1,699.5	1,459.4	16.5%	1,642.9	3.4%
Other revenues	83.0	111.9	(25.8)%	148.1	(44.0)%
Total Revenue	1,782.5	1,571.3	13.4%	1,791.0	(0.5)%
Operating expenses	621.4	535.6	16.0%	611.3	1.7%
Selling and administrative expenses	825.1	641.2	28.7%	767.8	7.5%
Loss on impairment of assets	355.0	816.7	(56.5)%	-	N.A.
EBITDA	(19.0)	(422.2)	(95.5)%	411.9	N.A.
Share of profit/loss from JVs/associates (equity income)	9.4	1.3	606.8%	(24.7)	N.A.
Finance cost	132.5	254.8	(48.0)%	458.2	(71.1)%
Reported Net Profit/Loss	(387.5)	(880.5)	(56.0)%	(253.7)	(52.8)%
Recurring Net Profit/Loss*	10.5	(63.7)	N.A.	(253.7)	N.A.
GOP margin (%)	63.4%	63.3%		62.8%	
EBITDA margin (%)	(1.1)%	(26.9)%		23.0%	
Operating EBITDA margin (%)**	22.3%	25.1%		23.0%	
Reported Net profit margin (%)	(21.7)%	(56.0)%		(14.2)%	

* Excludes one-off items such as impairment charges, one-off expenses and profit/loss from discontinued operation

** Excludes impairment charges and one-off expenses

U City reported total consolidated revenue of THB 1,783mn in 3Q 2018. This represented an increase of 13.4% YoY or THB 211mn from THB 1,571mn in 3Q 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 last quarter. The revenue growth was chiefly attributed to (i) higher operating revenue from the hotel business in Europe, which contributed operating revenue of THB 1,256mn, an increase of 9.4%YoY or THB 108mn; (ii) consolidation of income generating assets from the EBT of UE since 16 March 2018, whose revenue contribution this quarter amounted to THB 119mn, being partially offset by (iii) a decrease of 25.8% YoY or THB 29mn of other revenue to THB 83mn. Lower other revenues was primarily from reclassification of other (sundry) income and lower interest income from the hotel business in Europe, being partially offset by interest income from loans to Sansiri JV and a gain on sale of assets.

Total consolidated expenses amounted to THB 1,977mn in 3Q 2018, a decrease of 8.3% YoY or THB 179mn. During the quarter the Company recorded a loss on impairment of assets of THB 355mn, chiefly from a revaluation of an equity investment. The YoY decrease in total consolidated expenses was largely as a result of the (i) lower loss on impairment of assets, which reduced by THB 462mn, (ii) lower expenses from the hotel business in Europe, being partially offset by (i) consolidation of expenses from the aforementioned EBT of UE and (ii) expenses related to the restructuring of the holding structure of the Company.

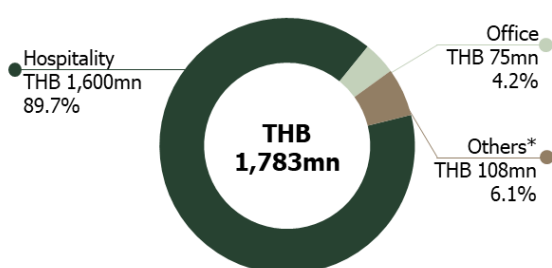
Reported share of profit from associates/JVs was THB 9mn, an increase of THB 8mn from the same period of the previous year. The increase in share of profit from associates/JVs was primarily from the Sansiri JV, which recognised transfers of The Line Wongsawang, The Line Ratchathewi, The Line Asoke-Ratchada and The Base Garden Rama 9 projects during the quarter.

Finance costs were THB 133mn, a decrease of 48.0% YoY or THB 122mn. The decrease was primarily from the recognition of an FX gain from revaluation of loans of the European hotel business of THB 106mn, being partially offset by recognition of finance costs associated with liabilities assumed from the EBT of UE.

The net loss of the Company during the period narrowed to THB 388mn by THB 492mn from a net loss of THB 880mn over the same period in the previous year. The net profit margin of the Company in 3Q 2018 was therefore (21.7)%, versus (56.0)% in 3Q 2017. If losses related to impairment of assets of THB 355mn and one-off items totaling THB 43mn were excluded, the Company recorded recurring net profit of THB 10mn compared to a net loss of THB 64mn in the previous year.

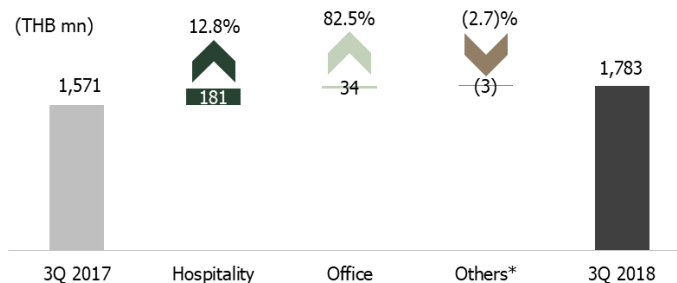
SEGMENTAL PERFORMANCE

3Q 2018 REVENUE CONTRIBUTION BY SEGMENT



* Includes property management revenue

3Q 2018 REVENUE GROWTH CONTRIBUTION



In 3Q 2018, the hospitality segment contributed the lion's share of total revenue at 89.7%, followed by others (including property management revenue) at 6.1% and the office segment at 4.2%. Total revenue derived overseas stood at 73% with the remaining balance being Thailand-sourced at 27%.

Within the **hospitality segment**, revenue grew by THB 181mn or 12.8% YoY to THB 1,600mn, mainly from (i) higher operating revenues from the hotel business in Europe, which grew 9.4% YoY or THB 108mn to THB 1,256mn, (ii) the consolidation of 3 additional hotels from the EBT of UE (U Sathorn, U Chiang Mai and U Inchantree Kanchanaburi), which contributed THB 64mn and (iii) the improving overall operating performance of all 3 of our hotels in Thailand, Eastin Grand Sathorn, Anantara Chiang Mai and Avani Khon Kaen hotels, which grew by 3.5% YoY or THB 10mn to THB 280mn. Within the **office segment**, revenue grew by THB 34mn or 82.5% YoY to THB 75mn, largely as a result of (i) the contribution of TST Tower of THB 30mn and (ii) rental income growth of 3.2% YoY or THB 1mn from 33 Gracechurch Street office building, being partially offset by no revenue from Underwood Street office building (THB 4mn in the previous year) as the building is currently under renovation. **Other income** fell 2.7% YoY or THB 3mn to THB 108mn, mainly from reclassification of other (sundry) income and lower interest income from the hotel business in Europe, being partially offset by interest income from loans to Sansiri JV and a gain on sale of assets.

HOSPITALITY SEGMENT

HOTEL PORTFOLIO & PERFORMANCE SNAPSHOT

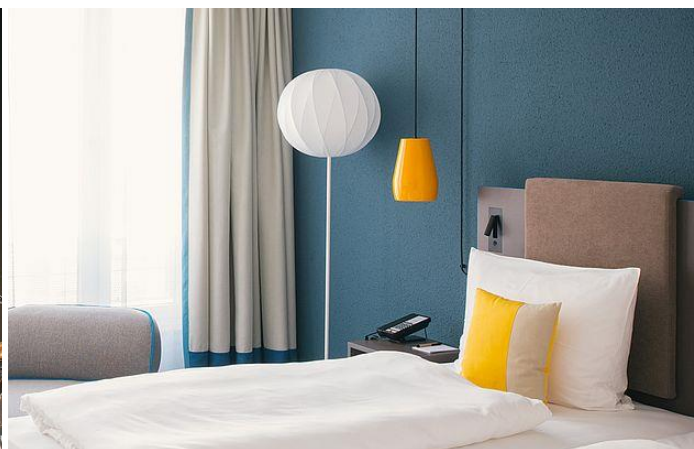
	No. of Keys			ADR (THB/night)			Occupancy			RevPAR (THB/night)		
	3Q 18	3Q 17	+/-	3Q 18	3Q 17	+/-	3Q 18	3Q 17	+/-	3Q 18	3Q 17	+/-
Owned	3,794	3,716	78	2,772	2,694	78	70.5%	73.3%	(2.8)	1,955	1,974	(19)
Operating Leased	1,295	963	332	3,354	3,402	(48)	78.4%	83.4%	(5.0)	2,630	2,837	(207)
Managed*	4,490	2,384	2,106	3,856	3,650	206	81.9%	76.8%	5.1	3,157	2,803	354
Total Operational	9,579	7,063	2,516	2,933	3,078	(145)	72.6%	76.0%	(3.4)	2,128	2,339	(211)
Hotels in Pipeline	15,583	1,253	14,330									
Grand Total	25,162	8,316	16,846									

* Includes JV hotels with UBM, excludes ADR, Occupancy and RevPAR of AHS managed hotels

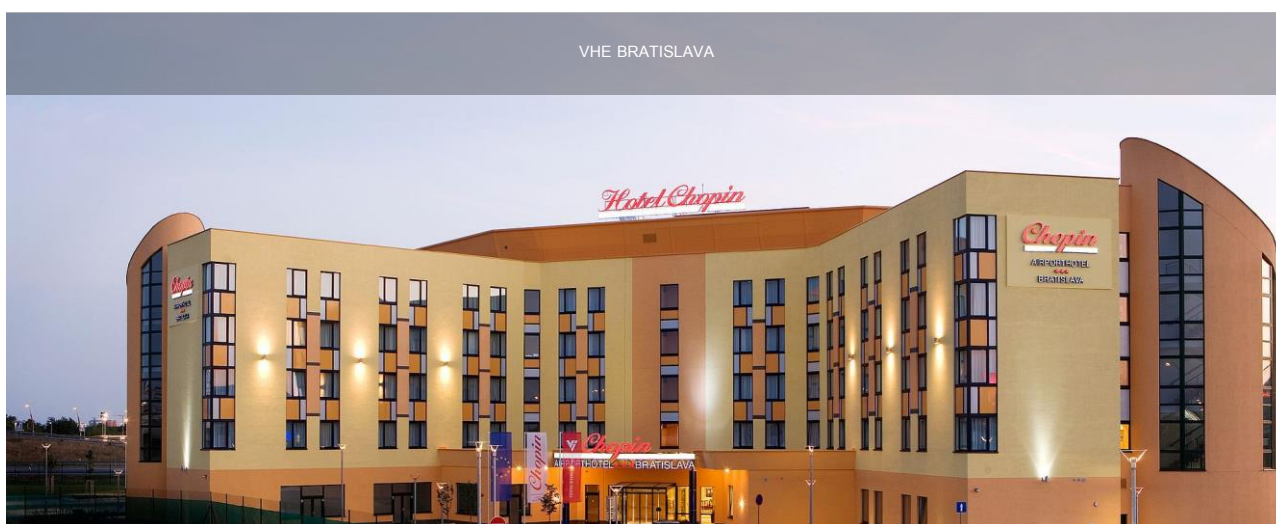
In 3Q 2018, total number of operational keys stood at 9,579, an increase of 2,516 keys YoY. The number of operating leased keys increased by 332 keys due to the EBT of UE (U Sathorn and U Chiang Mai hotels) and the opening of the VHE Leipzig hotel. The number of managed keys increased by 2,106 keys as a result of EBT of UE, which included the acquisition of 50% of AHS. The number of keys in our future pipeline stands at 15,583, an increase of 14,330 keys YoY, largely as a result of the AHS' contribution and new operating leases under Vienna House.

Overall ADR, Occupancy rate and RevPAR of our hotels stood at THB 2,933, 72.6% and THB 2,128, respectively. Overall RevPAR decreased by THB 211 YoY, from THB 2,339 as a result of renovation impact of key hotels located in Czech Republic and Poland and softer MICE business in Poland. Overall occupancy rate fell to 72.6% from 76.0%, mainly for the same aforesaid reasons.

LATEST ADDITION TO VIENNA HOUSE - VHE LEIPZIG OPEN FOR BUSINESS DURING THE QUARTER

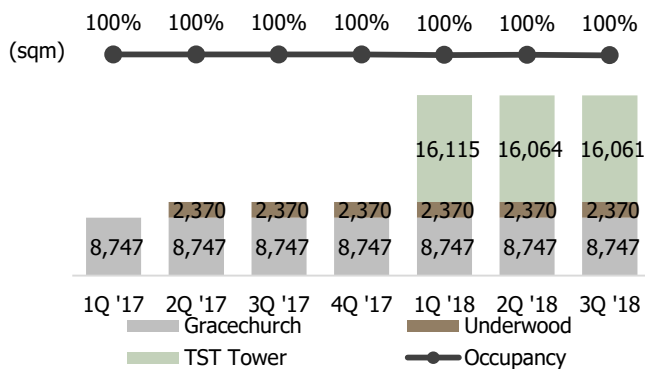


HOTELS UNDER RENOVATION DURING THE PERIOD



OFFICE SEGMENT

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



TST TOWER & 33 GRACECHURCH FULLY OCCUPIED



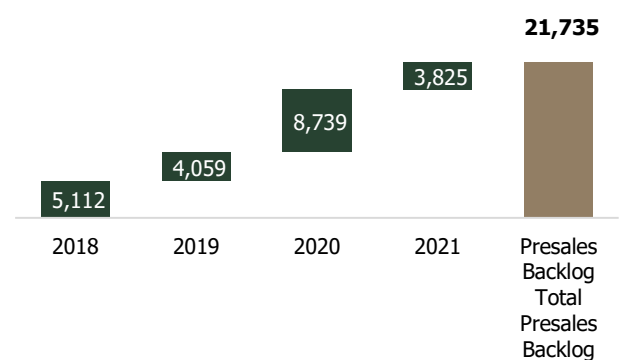
Renovation of Underwood Street office building continues and is expected to complete within 2018. Occupancy metrics will thus exclude Underwood Street over this renovation period. As of 3Q 2018, U City's office building portfolio was essentially fully occupied on a blended basis. Please note that the methodology for calculating NFA has been altered for this quarter and retroactively as well.

RESIDENTIAL SEGMENT

JV WITH SANSIRI PROJECTS EXPECTED TO TRANSFER IN 2018

PROJECT	PRESALES BACKLOG (THB mn)
The LINE Ratchathewi	605
The LINE Asoke-Ratchada	2,302
The BASE Garden Rama 9	1,706
The LINE Wongsawang	386
The MONUMENT Thonglor	112
Total	5,111

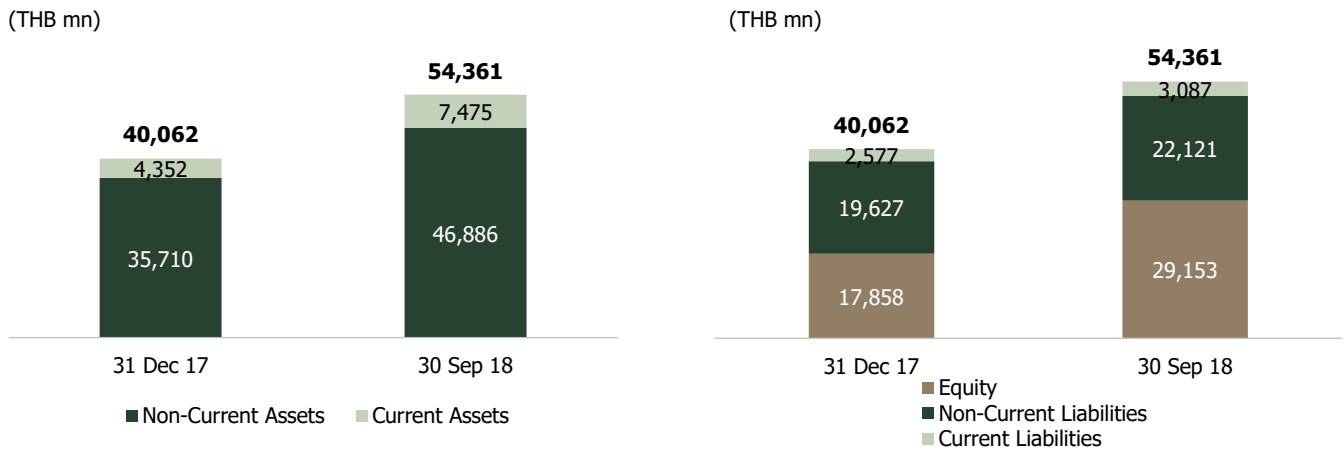
JV WITH SANSIRI TOTAL PRESALES BACKLOG (THB mn)



As of 30 September 2018, the company has a non-equity stake-adjusted, presales backlog of THB 5,112mn comprising of 5 projects as detailed above for 2018 and total cumulative, non-equity stake-adjusted, presales backlog of THB 21,735mn to be transferred by 2021.

During the quarter, the Sansiri JV transferred units of the ready-to-move-in The Line Wongsawang, The Line Ratchathewi, The Line Asoke-Ratchada and Base Garden Rama 9 projects. On 22 September 2018, the Sansiri JV launched presales of The Base Saphanmai project with 820 condominium units and a total project value of THB 2,697mn.

FINANCIAL POSITION



Total assets as of 30 September 2018 stood at THB 54,361mn, an increase of 35.7% or THB 14,299mn from 31 December 2017. The increase was primarily attributed to the following below:

Mainly due to the EBT of UE:

- (i) an increase in long-term loans to related parties of THB 4,633mn;
- (ii) an increase in investments to joint-ventures of THB 3,005mn (Sansiri JVs and Keystone JVs acquired);
- (iii) an increase in land and project awaiting development of THB 1,918mn (largely from land plots acquired)
- (iv) an increase in investment properties of THB 1,101mn (chiefly from an office building acquired);
- (v) an increase in property, plant and equipment of THB 868mn;
- (vi) an increase in leasehold rights of THB 386mn (leasehold hotels acquired);

Mostly due to the capital increase in the first quarter:

- (vii) an increase in cash and cash equivalents of THB 2,544mn
- (viii) an increase in current investments of THB 1,066mn (treasury operations)

Predominantly for other reasons:

- (ix) an increase in trade and other receivables of THB 245mn, chiefly from the hotel business in Europe but also in part from the EBT of UE, being partially offset by:
- (x) a decrease in current and non-current portion of receivables from sales of investments in subsidiaries totaling THB 997mn from the settlement of receivables of last year's disposal of subsidiaries owning land plots at Bangkrachao;
- (xi) a decrease in real estate projects under development of THB 620mn.

Total liabilities as of 30 September 2018 was THB 25,208mn, increasing by 13.5% or THB 3,004mn from 31 December 2017. This was largely due to (i) long-term loans from related parties and interest payables of THB 5,026mn, or the outstanding debt assumed from the EBT of UE, (ii) an increase in trade and other payables of THB 398mn and (iii) an increase in current portion of long-term loans from financial institutions of THB 314mn, being partially offset by, predominantly (iv) a decrease in long-term loans from financial institutions of THB 2,451mn, (v) a decrease in bank overdrafts and short-term loans from financial institution of THB 234mn, both of which were mainly due to the prepayment of debt.

Total equity as at 30 September 2018 amounted to THB 29,153mn, growing by 63.2% or THB 11,295mn. This was mostly from (i) an increase in issued and fully paid-up capital net of share discount of THB 11,867mn being partially offset by (ii) an increase in deficit of THB (721)mn from a net loss in the nine-months ended of 2018 and (iii) an increase in other components of shareholders' equity of THB 149mn.

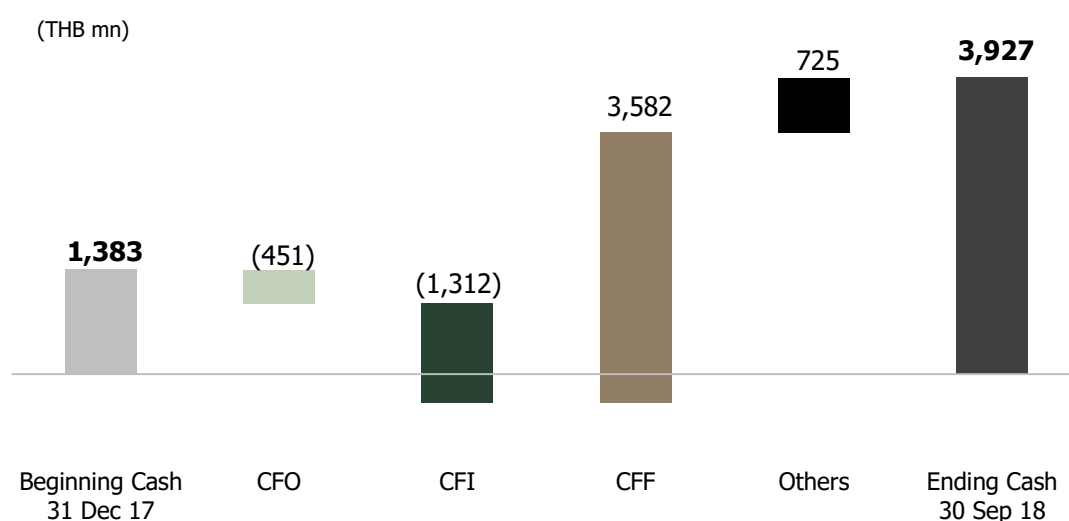
CAPITAL STRUCTURE

As of 30 September 2018, U City's total interest-bearing debt was THB 20,608mn, an increase of 13.9% or THB 2,521mn from the balance as of 31 December 2017, mainly due to the assumption of outstanding debt from EBT of UE netted against the proceeds from the capital increase in the first quarter. Net interest-bearing debt to equity ratio stood at 0.53 times, a decrease from 0.93 times at the end of last year, chiefly due to an increase in shareholder equity from the capital increase in the first quarter.

For the 9 months ended 30 September 2018, capital expenditure for U City was THB 937mn. Capital expenditure excludes the EBT of UE or investments or long-term loans to related parties, which is classified as an investment.

CASH FLOW

NINE-MONTHS CASH FLOW SNAPSHOT



For the 9 months ended 30 September 2018, **cash and cash equivalents** stood at THB 3,927mn, an increase of 183.9% or THB 2,544mn. Cash used in operating activities was THB 451mn. This was derived from loss before tax of THB 649mn, being partially offset by (i) non-cash reconciling items of THB 1,202mn and (ii) changes in net working capital of THB 57mn. After deducting cash paid for interest expenses of THB 812mn and cash paid for corporate income tax of THB 134mn, **net cash used in operating activities** was THB 451mn.

Net cash used in investing activities was THB 1,312mn. The key components were (i) increase in current investments of THB 1,021mn, (ii) cash paid for purchases of property, plant and equipment of THB 752mn, (iii) increase in long-term loans to related parties of THB 324mn, (iv) cash paid for purchases of investment properties of THB 166mn and (v) cash paid for purchases of investments in joint ventures, being partially offset by (vi) cash received from sales of assets of THB 665mn, (vii) dividend received of THB 270mn and (viii) cash received from interest of THB 153mn.

Net cash from financing activities was THB 3,582mn. 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 416mn 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 2,399mn and (vi) decrease in bank overdrafts and short-term loans from financial institutions of THB 60mn.

BUSINESS PLAN AND OUTLOOK

In 2019, we aim to lay a solid foundation for our investment to power the turnaround of U City's business. We're encouraging growth in our hotel portfolio through both renovation of existing hotels and new operating leases of hotels to ensure that we benefit from economies of scale. Moreover, we've established a new partnership with a major regional developer under the UBM JV - potentially adding another growth driver to Vienna House.

For our residential business we're notably expanding the portfolio through new condominium project launches, targeting niche segments with an excellent design concept derived from extensive experience of our partner Sansiri.

At the EGM held on 12 October 2018, U City's shareholders approved a series of remedial transactions such as (1) the capital reduction to clear the Company's deficit - which would greatly lift the constraints on the Company's ability to pay a dividend in the future - and (2) a reverse-stock split at a ratio of 100:1 that is expected to facilitate the stock's long-term trading liquidity. Both of these key transactions are expected to considerably boost U City's attractiveness to future potential investors and be conducive to long-term shareholder value accretion.

We're exploring channels that enable us to optimise the efficiency of our overseas investments, which in turn is expected to deliver significant shareholder value. This includes progress in finding solutions to manage accounting treatment of currency fluctuations and take appropriate steps where prudent to mitigate any deleterious effects.

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 September. 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 14% complete by end September. We expect to finish construction of the international school by 1Q 2020.

The Company expects to make further progress in its asset divestment during the final quarter of 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.

Finally, we'll continuously inspire, incentivise and invest in our staff through continuous training and cultivating a collaborative environment. Fostering good community relations is an important principal to us and we'll continue to extend our hands to the local community to grow together as partners.

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(Miss. Piyaporn Phanachet)

Executive Director and Chief Executive Officer