
1Q 2019 KEY FINANCIAL HIGHLIGHTS

- **Total revenue increased by 4.3% YoY to THB 1,462mn** mainly due to the expansion of hotel business through new hotels launch, through new acquisitions and the contribution from acquired assets under the Entire Business Transfer of Unicorn Enterprises Limited (EBT of UE)
- **EBITDA and EBITDA margin were THB 131.6mn and 9.0% respectively, lower from the same period last year** due to higher operating expense and a rise in selling and administration expense
- **Reported net loss of THB 238mn**, largely as a result of the aforementioned reasons above
- **Total assets as of 31 March 2019 stood at THB 53,181mn, decreased by 1.4% or THB 779mn from 31 December 2018, mostly** from a decrease in investments in joint ventures and an impact of currency translation due to THB appreciation
- **Net debt to equity ratio as of 31 March 2019 was 0.51 times**, an improvement from 0.55 times at the end of last year. Current ratio as at the same date and period stood at 2.47 times

SIGNIFICANT EVENTS

7 January 2019: Vienna International Hotelmanagement AG (VI) acquired 100% of the ordinary shares in Glamford Investments sp. z o.o. The purpose of Glamford acquisition is to invest in leasehold rights to carry on the hotel business overseas.

18 January 2019: Signing of the first Vienna House hotel in Asia. Vienna House Asia Limited, a 30:70 JV Company between Vienna House and Absolute Hotel Services Hong Kong, signed a new hotel management service agreement for a 775-key Vienna House Vung Tau Hotel in Vietnam

11 February 2019: Disposal of asset. The Company entered into a sales agreement of Boonbaramee Metta Property (BMP), the Company's subsidiary, as a part of the Company's divestment program

25 February 2019: Opening of a new Vienna House hotel. The 164-key Vienna House Mokotow Warsaw was fully launched under an operating lease. The hotel is in Warsaw, Poland

10 April 2019: Disposal of asset. The Company entered into the Share Sale and Purchase Agreement to dispose ordinary shares in a subsidiary, Mo Chit Land (MCL), worth THB 4,320mn to Sino-Thai Engineering and Construction PLC

25 April 2019: The Company held the Annual General Meeting of Shareholders wherein all resolutions proposed were approved

30 April 2019: Entering into share sales and purchase agreement to acquire hotel portfolio in Germany and Switzerland: Vienna House Germany II GmbH (VHG II) which is the Company's subsidiary in Germany, entered into a share sales and purchase agreement to acquire ordinary shares in 12 companies in Germany and Switzerland with arcona Management GmbH. VHG II will receive rights of operating lease rights of 17 existing hotels under the (i) arcona brand, (ii) arcona Living brand, and (iii) Steigenberger brand and 2 new hotels which will be operated in 2020 and 2022

1Q 2019 PERFORMANCE

1Q 2019 P&L SNAPSHOT AND ANALYSIS

(THB mn)	1Q 2019	1Q 2018 ¹	% YoY	4Q 2018	% QoQ
Operating revenues	1,347.6	1,232.4	9.3%	1,718.4	-21.6%
Other revenues	114.3	169.4	-32.5%	250.9	-54.4%
Total Revenue	1,461.9	1,401.8	4.3%	1,969.3	-25.8%
Operating expenses	(581.5)	(489.6)	18.8%	(679.9)	-14.5%
Selling and administrative expenses	(700.0)	(661.2)	5.9%	(804.3)	-13.0%
EBITDA	131.6	251.0	-47.6%	319.5	-58.8%
Finance cost	(193.6)	(189.2)	2.3%	(111.0)	74.4%
Share of profit/loss from JVs/associates (equity income)	(22.5)	8.3	-369.7%	37.9	-159.3%
Reported Net Profit/Loss	(238.4)	(51.4)	364.1%	93.1	n.a.
 GOP margin (%)	 56.8%	 60.3%		 60.4%	
 EBITDA margin (%)	 9.0%	 17.9%		 16.2%	
 Operating EBITDA margin (%)²	 12.3%	 16.8%		 24.6%	
Reported Net profit margin (%)	-16.3%	-3.7%		4.7%	

¹ Restated according to Purchase Price Allocation report of Vienna House and EBT of UE

² Exclude FX and impairments

U City reported **total consolidated revenue** of THB 1,462mn in 1Q 2019. This represented an increase of 4.3% YoY or THB 60mn from the same period last year. The revenue growth attributions predominantly were (i) an increase in 566 keys hotel keys during the year, including VHE Leipzig, VHE Chopin Bratislava and Eastin Thana City Golf Resort, and (ii) consolidation of income generating assets and management income from EBT of UE.

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 and the EBT of UE were completed in the second quarter of 2018 and during the first quarter of 2019, respectively.

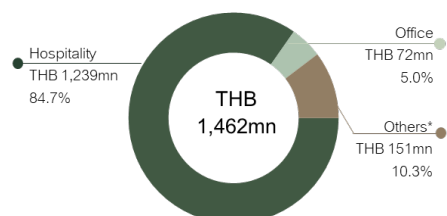
Total consolidated expenses amounted to THB 1,496mn in 1Q 2019, an increase of 15.6% YoY. The YoY increase was largely as a result of the shift in selling and administrative expenses up 5.92%, from THB 661mn in 1Q 2018 to THB 700mn in 1Q 2019 due to business expansion activity and on-going organizational restructure.

Finance cost was THB 194mn, increasing from THB 189mn or 2.3% higher than the same period last year. This was resulted from business expansion for the past year, which required additional debt financing, leading to higher interest expense.

Reported share of loss from associates/JVs was THB 23mn, largely due to a share of loss THB 30mn from Sansiri JVs that are bearing costs associated with sales, marketing and project development. It was partially offset by THB 17mn profit contribution from Absolute Hotel Service (AHS).

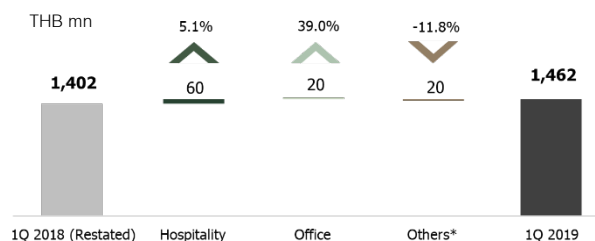
SEGMENTAL PERFORMANCE

1Q 2019 REVENUE CONTRIBUTION BY SEGMENT



* Includes property management revenue

1Q 2019 REVENUE GROWTH CONTRIBUTION



This quarter, the **hospitality segment** was the primary growth contributor, 5% growth or from THB 1,179mn in 1Q 2018 to THB 1,239mn in 1Q 2019. These were from (i) new hotels launch: Vienna House Easy Chopin Bratislava, Vienna House Easy Leipzig and Eastin Thana City Golf Resort and (ii) resilient performance of Thai Hotels (Eastin Grand Sathorn, U Sathorn, U Chiang Mai, Anantara Chiang Mai, Avani Khon Kaen). **Office business** revenue grew by THB 20mn or 39% YoY to THB 72mn. The growth was contributed by TST Tower, which was acquired via EBT of UE last year. **Other income**, which totaled THB 151mn comprised of (i) interest income of THB 79mn, (ii) management income of THB 37mn for property management and administration service rendered and (iii) other (sundry) income of THB 35mn, respectively.

HOSPITALITY SEGMENT

HOTEL PORTFOLIO AND PERFORMANCE SNAPSHOT

	No. of Keys			ADR (THB/night)			Occupancy			RevPAR (THB/night)		
	1Q 19	1Q 18	+/-	1Q 19	1Q 18	+/-	1Q 19	1Q 18	+/-	1Q 19	1Q 18	+/-
Owned	3,963	3,765	198	2,812	2,672	140	62.3%	60.1%	2.2%	1,752	1,606	146
Leased	1,459	1,090	369	3,219	3,298	-79	62.0%	66.2%	-4.2%	1,997	2,182	-185
Managed*	4,493	4,068	425	2,842	2,767	75	65.4%	64.6%	0.8%	1,859	2,126	-267
Total	9,915	8,923	992	2,922	2,800	122	62.2%	62.4%	-0.2%	1,818	1,747	71

* Excludes ADR, Occupancy and RevPAR of AHS managed hotels

In 1Q 2019, total number of operational keys stood at 9,915 keys, an increase of 992 keys YoY. The number of owned keys increased by 198 keys, largely as a result of the opening of Eastin Thana City Golf Resort. The number of operating leased keys increased by 369 keys due to the opening of Vienna House Easy Leipzig and Vienna House Mokotow Warsaw. The number of managed keys grew by 425 keys as a result of the domestic and international expansion of U hotels and Eastin hotels under AHS management.

Overall ADR stood at THB 2,922. The occupancy rate was 62.2%. RevPAR of our hotel stood at THB 1,818, which its growth was contributed by owned hotel performance.



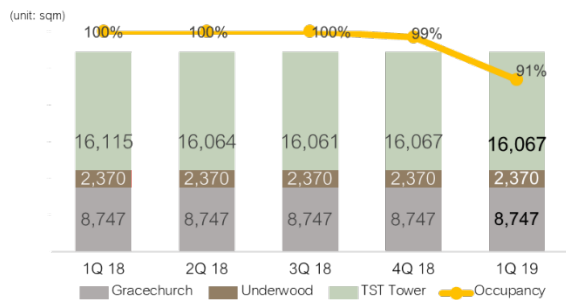
Eastin Thana City Golf Resort



Latest addition: Vienna House Motokaw Warsaw, Poland

OFFICE SEGMENT

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



NEWLY RENOVATED UNDERWOOD STREET OFFICE



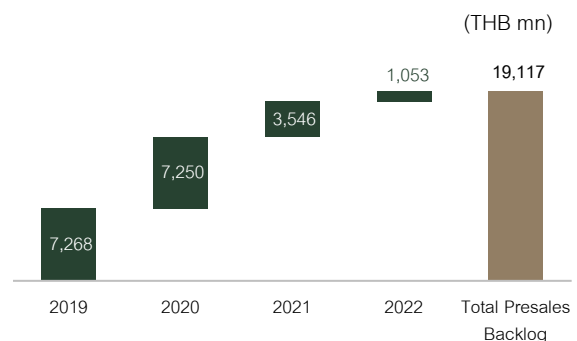
Renovation of Underwood Street office building was completed in early February 2019 and we are currently in negotiations with potential new tenants. This consequently caused a drop in overall occupancy in this quarter to 91.2% due to the increase in area now available for let.

RESIDENTIAL SEGMENT

JV WITH SANSIRI: PROJECTS EXPECTED
TO TRANSFER IN 2019

Project	Presales Backlog (THB mn)
1 The LINE Ratchathewi	15
2 The LINE Sukhumvit 101	1,723
3 The LINE Phahon-Pradipat	661
4 The BASE Petchkasem 29	764
5 The MONUMENT Thong Lo	1,055
6 The LINE Wongsawang	68
7 KHUN BY YOO	933
Total	5,219

JV WITH SANSIRI: TOTAL PRESALES BACKLOG

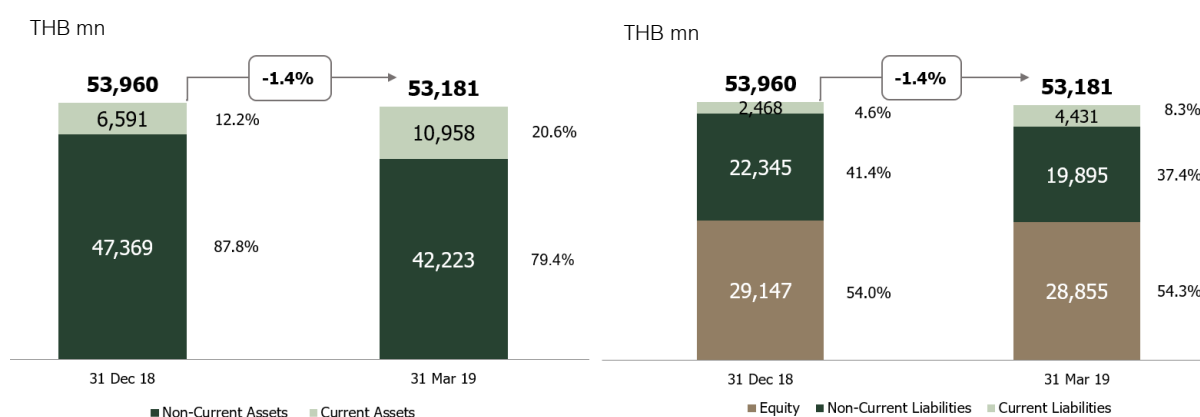


For the first quarter of 2019, the total remaining backlog was THB 16,745mn, decreasing by 6.9% as compared to the end of 2018 of THB 17,981mn.

Although the JVs had sturdy sales in The Line Wongsawang, The Line Ratchathewi and The Line Phahonyothin Park, the decrease in the remaining backlog was mainly due to the bulk of transfer from the completed projects.

As of 31 March 2019, the JVs had 3 remaining ready-to-transferred condominium projects i.e. The Monument Thong Lo, which commenced its transfer process in March 2019, The Line Wongsawang, and The Line Ratchathewi. Meanwhile, The Base Garden Rama 9 and The Line Ratchathewi, were completely transferred in this quarter.

FINANCIAL POSITION



Total assets as of 31 March 2019 stood at THB 53,181mn, a decrease of 1.4% or THB 779mn from 31 December 2018. The decrease was primarily attributed to (i) a decrease in investments in joint ventures of THB 338mn due to the dividend received from joint ventures, and (ii) impact of currency translation due to THB appreciation.

Total liabilities as of 31 March 2019 was THB 24,326mn, a decrease of 2% or THB 487mn from 31 December 2018. This was largely due to impact of currency translation due to THB appreciation and partial loan repayment.

Total equity as of 31 March 2019 was THB 28,855mn, a decrease of 1% or THB 292mn from 31 December 2018. The key drivers were from deficit.

To comply with the requirements of TFRS 5 (revised 2018) "Non-current Assets Held for Sale and Discontinued Operations", the Company separately presented the assets and liabilities relating to MCL and Boonbaramee and its subsidiaries under the caption of "Assets held for sale" and "Liabilities directly associated with assets held for sale" in the statement of financial position as at 31 March 2019. The operating results of Boonbaramee and its subsidiaries were separately present under "Profit from discontinued operation for the period" in the consolidated profit or loss for the three-month period ended 31 March 2019 with those of the three-month period ended 31 March 2018 presented for comparative purposes.

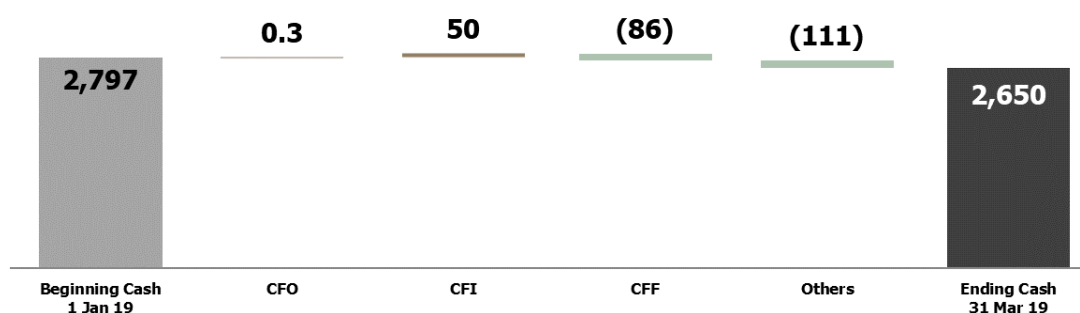
CAPITAL STRUCTURE

As of 31 March 2019, U City's total interest-bearing debt was THB 18,761mn, a decrease of 8% or THB 1,583mn from the balance as of 31 December 2018. This was mainly due to the loan repayment and reclassification of Assets Held for Sale and Discontinued Operations mentioned above. Subsequently, net interest-bearing debt to equity ratio stood at 0.51 times, an improvement from 0.55 times at the end of last year.

1Q 2019, the Company spent THB 296mn on capital expenditure, primarily in property, plant & equipment purchased and investment properties.

CASH FLOW

(THB mn)



* Others includes translation adjustment and cash & cash equivalents of subsidiaries which classify as assets held for sale

For the three-month period ended 31 March 2019, **cash and cash equivalents** stood at THB 2,650mn, 5.3% decreased or from THB 2,797mn in the beginning period. Cash from operating activities was THB 0.3mn. This was derived from loss before tax of THB 239mn, being offset by non-cash reconciling items THB 392mn and changes in net working capital of THB 63mn. After deducting cash paid for interest expenses of THB 209mn and cash paid for corporate income tax of THB 6mn **net cash from operating activities** was THB 0.3mn.

Net cash from investing activities was THB 50mn. The key components were from (i) cash received from dividend THB 243mn, (ii) cash received from interest THB 61mn, (iii) cash received from sales of investments in subsidiaries THB 35mn, and (iv) cash paid for capital expenditure of THB 296mn.

Net cash used in financing activities was THB 86mn. The key components were repayment of long-term loans from financial institutions of THB 224mn, which partially offset by cash received from long-term loans from financial institution of THB 154mn.

BUSINESS PLAN AND OUTLOOK

Hotel business will continue to be a main revenue driver. The recent announcement of the acquisition of 19 hotels under the Arcona brand is a promising milestone to continue the expansion of Vienna House brand to over 50 hotels. We believe these will be good additions to our hotel portfolio in Germany and Switzerland. Moreover, Vienna house will also benefit from 4 recently renovated hotels to drive RevPAR and ADR upwards and on-going organizational restructuring that is expected to yield tangible long-term cost savings.

In our office business, the revenue contribution will continue from (i) TST Tower, (ii) 33 Gracechurch Street office building, in mid-town London and (iii) a newly renovated Underwood Street office building in Shoreditch, London.

For our residential business, we expect to launch 3 projects totaling THB 6,237mn in project value under the JV with Sansiri in the second half of this year. These projects will continue to be near mass transit and target niche segments incorporating excellent design concepts derived from the extensive experience of our partner.

Construction of “The Unicorn” a mixed-use building adjacent to Phayathai BTS Station and Airport Rail Link stations continues and was 8% completed by the end of March. We plan to complete the project by 3Q 2021. In addition, the construction of Verso International School is also proceeding according to plan, being 35% completed by the end of March. The construction is expected to be completed in 1Q 2020.

Looking forward, we will strive to enhance asset value through (i) asset light expansion of Vienna House and AHS mainly via new management contracts and operating leases, (ii) office space renovation to enhance NFA and grow rental revenue together with expense control, (iii) development of our high potential properties to become income generating assets and (iv) selective asset divestment of matured or strategically unaligned asset. So far, the Company has disposed of 2 assets, and the remaining 6 assets are in the divestment process.

This year, we are still passionate about people development, which will be done through various training and promote a collaborative environment in the organization. We are inspiring to enhance our asset value, abiding by the foundation laid since the previous year.

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(Miss. Piyaporn Phanachet)

Executive Director and Chief Executive Officer