

---

## 2Q 2021 KEY FINANCIAL HIGHLIGHTS

---

- **Total revenue THB 1,070mn, increased by 101.5% YoY** predominantly due to the gains from asset divestments and a rebound in revenue from the reopening of overseas hotels, increase in profit from the disposal of investment in subsidiaries, gain from the exchange rate and increase in rental income from new investments.
- **EBITDA stood at THB 499mn, increasing THB 608mn YoY. EBITDA margin was 46.6%, rising from 2Q 2020 as well.** The increase in EBITDA and EBITDA Margin was mainly from the increase in revenue and supported by lower operating costs, selling and servicing expenses, and administrative expenses.
- **Reported net loss of THB (102)mn, decreased compared to THB (1,213)mn in 2Q 2020.** The reduced loss was driven mainly by the increase in revenue, reduction in costs, expenses, depreciation, and financial costs from the investment restructuring by the partial disposal of the European asset portfolio and loan repayment, and a lower share of loss from joint ventures.
- **Total assets as of 30 June 2021 stood at THB 58,743mn, decreasing by 6.5% or THB 4,102mn from 31 December 2020.** Assets decreased primarily from the partial disposal of the European asset portfolio.
- **The net interest-bearing debt to equity ratio at the end of 2Q 2021 stood at 0.22x, a decrease from 1.00x on 31 December 2020.**

---

## 2Q 2021 SIGNIFICANT EVENTS

---

### ACQUISITION AND DISPOSAL OF ASSETS

**8 June 2021** Lombard Estate Holding Limited (“LEH”) (a subsidiary which the Company owns 100% of the total shares) has disposed of its shares in Underwood Street Limited (“Underwood”) to WRE Underwood Limited (“WRE”) under the conditions approved in the Annual General Meeting of the Shareholders for the year 2021. The material asset of Underwood comprises a leasehold over an office building in the United Kingdom. After the Underwood shares disposal transaction is completed, the subsidiary ceased to be a subsidiary of the Company.

(For more details, please see the news in the SET U.SET 014/2021)

**29 June 2021** the Board of Directors’ Meeting No. 5/2021 held on 23 June 2021, resolved to approve a disposal of 5.1% of the shares in Vienna International Asset GmbH (“VIA”) (a subsidiary that the Company holds shares in the proportion of 94.9 percent) to Asia Hong Kong Engineering Limited (“ASHK”). VIA is a holding company invested in companies that directly owns the finance lease rights of 5 hotels in Germany.

(For more details, please see the news in the SET U.SET 015/2021)

**29 June 2021** the Board of Directors’ Meeting No. 5/2021 which was held on 23 June 2021, has resolved to approve the acquisition of ordinary shares in Future Domain Company Limited (“FTD”) and accepted the transfer of promissory notes issued by FTD as an

---

exercise of right under the option agreement between the Company and Noble Development Public Company Limited (“NOBLE”). The purpose of the ordinary shares sale and purchase transaction is to jointly carry out a property development for sale project. Hence, after the transactions are completed, FTD will become a joint venture of the Company.

(For more details, please see the news in the SET U.SET 016/2021)

## CAPITAL STRUCTURE

**25 May 2021** The Company has issued and offered the newly issued preferred shares to the existing common shareholders and preferred shareholders on a pro-rata basis (Rights Offering) from 12 May 2021 to 21 May 2021, for a total of 22,464,877,128 newly issued preferred shares and received a net amount of THB 15,725,163,629.60. The Company has duly registered the increase of paid-up capital from THB 29,933,736,723.20 to THB 101,821,343,532.80. Thus, the Company currently has a paid-up capital of THB 101,821,343,532.80, divided into 5,613,717,564 ordinary shares with a par value of THB 3.20 per share and 26,205,452,290 preferred shares with a par value of THB 3.20 per share.

**31 May 2021** The Stock Exchange of Thailand has approved the date to start trading U-P newly issued preferred shares from 31 May 2021.

During the period from 25 May 2021 to 30 June 2021, the Company has utilised proceeds received from the capital increase for the repayment of loans of the Company and associated companies of THB 10,198mn, and the investment in development of projects for another THB 1,155mn. As of 30 June 2021, the remaining amount of proceeds that the Company received from the capital increase of THB 4,373mn will be used to support the normal business operation of the Company in the form of working capital.

(For more details, please see the news in the SET U.SET 012/2021 and U.SET 017/2021)

## 2Q 2021 PERFORMANCE

### 2Q 2021 P&L SNAPSHOT AND ANALYSIS

| (THB mn)   | 2Q 2021        | 2Q 2020 <sup>2</sup><br>(Restated) | % YoY         | 1Q 2021        | % QoQ          |
|--|----------------|------------------------------------|---------------|----------------|----------------|
| Operating revenues   | 427.3          | 366.5                              | 16.6%         | 350.9          | 21.8%          |
| Other revenues   | 642.6          | 164.5                              | 290.8%        | 223.9          | 187.0%         |
| <b>Total Revenue</b>                                       | <b>1,069.9</b> | <b>530.9</b>                       | <b>101.5%</b> | <b>574.8</b>   | <b>86.1%</b>   |
| Operating expenses   | (170.2)        | (226.6)                            | (24.9%)       | (149.1)        | 14.2%          |
| Selling and administrative expenses <sup>1</sup>           | (400.2)        | (410.7)                            | (2.6%)        | (391.0)        | 2.4%           |
| Assets write-off and Impairments                           | (0.6)          | (2.7)                              | (77.8%)       | -              | n.a.           |
| <b>EBITDA</b>  | <b>498.9</b>   | <b>(109.0)</b>                     | <b>n.a.</b>   | <b>34.7</b>    | <b>1337.8%</b> |
| Finance costs  | (201.8)        | (309.5)                            | (34.8%)       | (230.8)        | (12.6%)        |
| Share of profit/(loss) from JVs/associates (equity income) | (113.7)        | (430.4)                            | 73.6%         | (87.8)         | (29.5%)        |
| <b>Reported Net Profit/(Loss)</b>                          | <b>(102.0)</b> | <b>(1,213.1)</b>                   | <b>91.6%</b>  | <b>(345.8)</b> | <b>70.5%</b>   |
| <b>GOP margin (%)</b>                                      | <b>60.2%</b>   | <b>38.2%</b>                       |               | <b>57.5%</b>   |                |
| <b>EBITDA margin (%)</b>                                   | <b>46.6%</b>   | <b>(20.5%)</b>                     |               | <b>6.0%</b>    |                |
| <b>Operating EBITDA margin (%)<sup>1</sup></b>             | <b>21.4%</b>   | <b>(32.2%)</b>                     |               | <b>(13.8%)</b> |                |
| <b>Reported Net profit margin (%)</b>                      | <b>(9.5%)</b>  | <b>(228.5%)</b>                    |               | <b>(60.2%)</b> |                |

<sup>1</sup> Exclude FX gain/(loss), impairments, and profit from disposal of investment in subsidiary

<sup>2</sup> Restated according to the reclassification of "Assets held for sale"

The Company reported **total consolidated revenue** of THB 1,070mn in 2Q 2021. This represented an increase of THB 539mn (or 101.5%) YoY from THB 531mn in the same quarter of the previous year. The increase in total revenue was chiefly attributed to (i) a gain on disposal of investments in subsidiaries from partial disposal of the European asset portfolio amounted to THB 172mn, (ii) a rebound in revenue from hotel operations by THB 61mn (or 28.5%) YoY to THB 277mn due to the reopening of, in particular, our European hotels, as social restrictions are eased post COVID (iii) gain from the exchange rate of THB 236mn and (iv) other revenues that increased to 199mn (an increase of THB 158mn or 377.9%) from last year.

**Total consolidated expenses** were THB 833mn in 2Q 2021, decreasing by THB 186mn (or 18.3%) compared with the same period of last year. The decrease was contributed largely by (i) the implementation of cost-saving measures as part of a response plan to the COVID-19 situation which reduced the operating cost of hotel operations by THB 69mn (or 10.8%) YoY, (ii) depreciation which decreased by THB 117mn (or 30.9%) YoY, driven mainly by the disposal of the European asset portfolio.

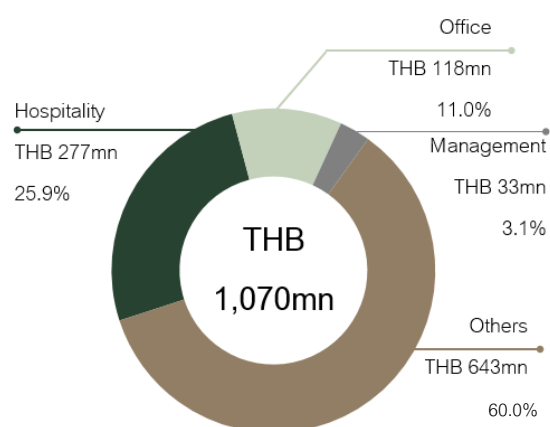
The reported **share of loss from associates/JVs** was THB (114)mn, compared with the share of loss THB (430)mn reported on the same period of last year. The share of loss comprised of (i) THB (79.0)mn share of loss from Sansiri JV and Noble JV, and (ii) THB (35)mn share of loss in other associates/JVs.

Finance costs were THB 202mn, decreasing by THB 108mn, or 34.8% YoY. The decrease stemmed from a net loan repayment of THB 4,356mn in Jun 21, which benefited the Company in reducing the interest costs.

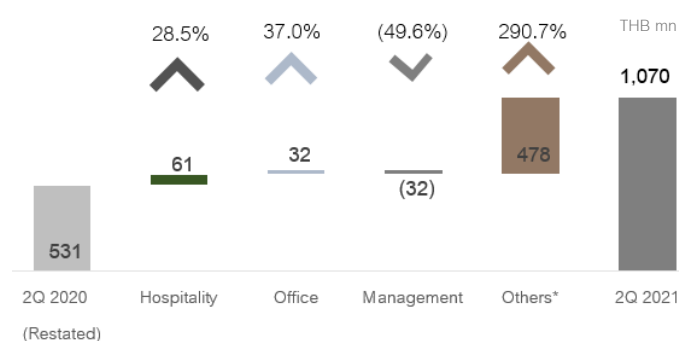
Net loss was THB (102)mn and the net margin was (9.5%), improving significantly compared to 2Q 2020 which had a net margin (restated) of (228.5)%.

## SEGMENTAL PERFORMANCE

2Q 2021 REVENUE CONTRIBUTION BY SEGMENT



2Q 2021 REVENUE GROWTH CONTRIBUTION



\* Includes Interest income, FX gain, and others

In 2Q 2021, the Hospitality segment contributed 25.9%, the Office segment at 11.0%, management income at 3.1%, and other revenues at 60.0% of the total revenue.

Within the **Hospitality segment**, revenue increased by THB 61mn or 28.5% YoY to THB 277mn. The increase was predominantly from (i) the reopening of hotels due to the ease in lockdown measures for the COVID-19 situation, which led to a YoY growth in the occupancy rate (OCC) and average daily rate (ADR) in 2Q 2021. This was partially offset by (ii) the absence of revenue of European hotels according to the disposal of the European asset portfolio.

Within the **Office and commercial unit buildings segment**, revenue slightly increased by THB 32mn or 37.0% YoY to THB 118mn.

**Management income** slightly decreased to THB 32mn or 49.6% YoY.

**Other income** increased by 290.7% YoY or THB 478mn to THB 643mn. The increase was chiefly attributed to (i) Gain on sales in subsidiaries company of THB 172mn, (ii) Gain from the exchange rate of THB 236mn, and (iii) Other revenues of THB 199mn. The increase was partially offset with (iv) the decrease in interest income to THB 33mn, and (v) the decrease in gain on sales of assets.

## HOSPITALITY SEGMENT

|                          | No. of Keys   |               |               | ADR (THB/night)* |              |             | Occupancy (%)* |              |              | RevPAR (THB/night)* |            |            |
|--------------------------|---------------|---------------|---------------|------------------|--------------|-------------|----------------|--------------|--------------|---------------------|------------|------------|
|                          | 2Q 2021       | 2Q 2020       | +/-           | 2Q 2021          | 2Q 2020      | +/-         | 2Q 2021        | 2Q 2020      | +/-          | 2Q 2021             | 2Q 2020    | +/-        |
| Owned                    | 3,967         | 3,969         | -2            | 2,112            | 2,359        | -247        | 18.3%          | 8.6%         | 9.7%         | 386                 | 202        | 184        |
| Leased                   | 684           | 3,347         | -2,663        | 2,397            | 2,692        | -295        | 33.8%          | 14.6%        | 19.2%        | 809                 | 394        | 415        |
| Managed                  | 4,168         | 3,768         | 400           | 1,950            | 2,514        | -564        | 27.9%          | 11.3%        | 16.6%        | 544                 | 285        | 259        |
| <b>Total Operational</b> | <b>8,819</b>  | <b>11,084</b> | <b>-2,265</b> | <b>2,133</b>     | <b>2,548</b> | <b>-415</b> | <b>22.2%</b>   | <b>11.3%</b> | <b>10.9%</b> | <b>474</b>          | <b>288</b> | <b>186</b> |
| Hotels in Pipeline       | 16,202        | 20,068        | -3,866        |                  |              |             |                |              |              |                     |            |            |
| <b>Grand Total</b>       | <b>25,021</b> | <b>31,152</b> | <b>-6,131</b> |                  |              |             |                |              |              |                     |            |            |

\* Excludes ADR, Occupancy, and RevPAR of AHS managed hotels

In 2Q 2021, total net **operational keys** were 8,819 keys, a net decrease of 2,265 keys from 2Q 2020, mainly from (i) 2,265 keys from the disposal of operating leased hotels in Europe, which was offset by (ii) the net increase of 400 keys under management contracts.

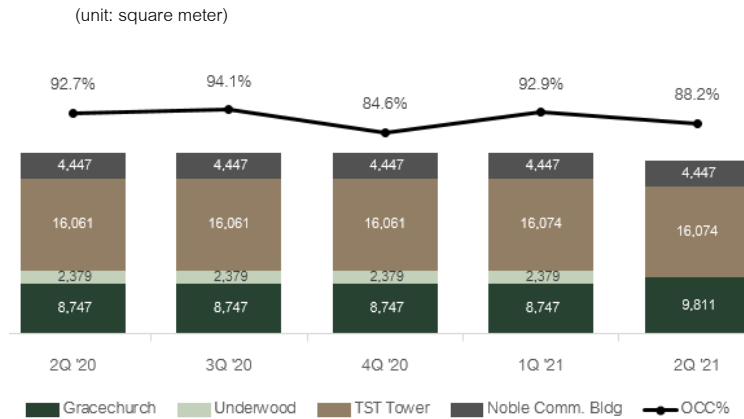
The **Average Daily Rate (ADR)** was THB 2,133 per night in 2Q 2021, decreasing by THB 415 per night because of (i) a decrease in ADR due to the impact of the COVID-19 pandemic, (ii) the change in ADR mix from the disposal of 23 operating leased hotels in Europe. The decrease was partially offset by (iii) the THB depreciation against EUR (THB depreciated from 37.03 THB/EUR in 2Q 2020 to 38.18 THB/EUR in 2Q 2021) since the majority of the Company's hotels earns their revenue in Euro.

The overall **Occupancy Rate (OCC)** was at 22.2%, and **Revenue per Available Room (RevPAR)** was at THB 474 per night in 2Q 2021, increasing by 10.9% and THB 186 per night, respectively. Following the good progress of vaccination as well as the general reduction in infections, European governments removed some travel and social restrictions, which led to a rebound in both business and tourist travel. Some lockdown measures, as well as domestic and international travel restrictions remain in place in several European but are expected to be gradually eased in the coming months. The majority of the Company's hotels were in operation with several restrictions.

The overall number of **hotel keys in the pipeline** stood at 16,202 keys, a net decrease of 3,866 keys from 2Q 2020, mainly driven by (i) the net decrease of 4,657 keys from managed hotels, (ii) the decrease of 1,304 keys from leased hotels, and (iii) 2,095 keys from the managed hotels which have been opened.

OFFICE SEGMENT

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



OFFICE BUILDINGS



In 2Q 2021, the Net Floor Area (NFA) decreased from the disposal of the Underwood Street building which has been completed on 7 June 2021. Meanwhile, in the Gracechurch Street office building, they were able to rent out additional areas on the basement floor to generate further revenues.

The overall occupancy rate decreased by 4.7% from the previous quarter partially due to the ending of a tenant agreement in the Gracechurch Street, while the Noble commercial building and the TST Tower remained fully occupied in 2Q 2021. The overall occupancy rate for the office segment in this quarter was 88.2%.

COMMERCIAL UNIT BUILDINGS

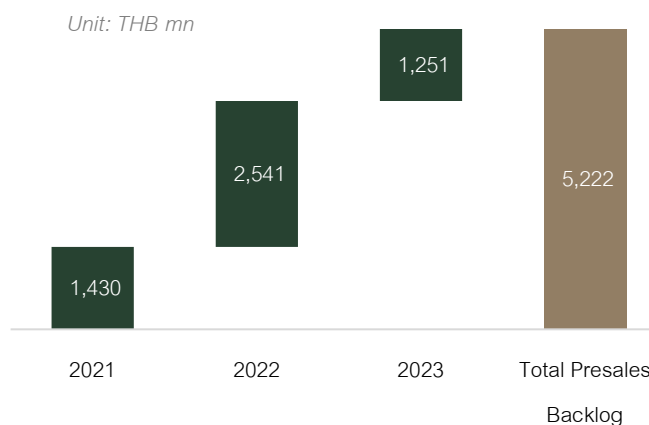
The Group invests in various commercial unit buildings in Bangkok to increase its recurring revenue. The commercial unit buildings have a total net rental area of 9,173 sqm, are fully occupied and generate revenue of approximately THB 61mn per annum. The overall occupancy rate for Commercial unit buildings remained the same as the previous quarter at 100%.

## RESIDENTIAL SEGMENT

### JV WITH SANSIRI: PROJECTS EXPECTED TO TRANSFER IN 2021

| Project                    | Presales Backlog (THB mn) |
|----------------------------|---------------------------|
| KHUN By Yoo                | 430                       |
| THE BASE Saphanmai         | 591                       |
| THE LINE Phahonyothin Park | 409                       |
| <b>Total</b>               | <b>1,430</b>              |

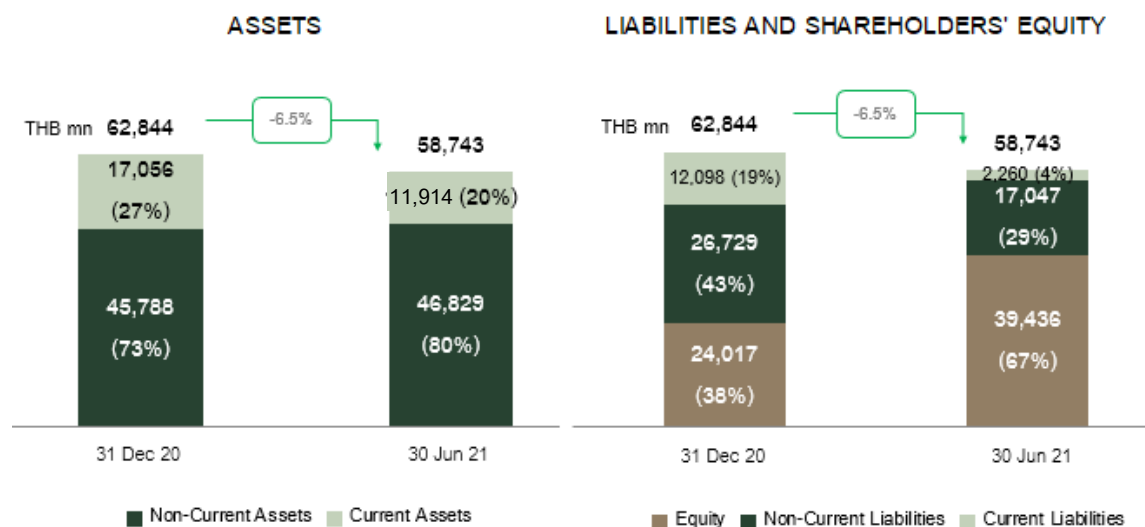
### JV WITH SANSIRI AND NOBLE: TOTAL PRESALES BACKLOG



**JV Projects with Sansiri:** in 2Q 2021, there were 3 condominium projects on sale, which are (i) KHUN By Yoo, (ii) The BASE Saphanmai, and (iii) The LINE Phahonyothin Park. This includes the 2 ready-to-move-in condominium projects which are KHUN By Yoo and The BASE Saphanmai; while The LINE Phahonyothin Park is under construction and is expected to begin transfer in 4Q 2022. During 2021 – 2023, the presales backlog of the 3 condominium projects was THB 4,118mn.

**JV Projects with Noble:** presales backlog was THB 1,104mn from Nue Noble Ratchada – Lat Phrao project, which the transfer is expected to begin in 2023.

## FINANCIAL POSITION



**Total Assets** as of 30 June 2021 were THB 58,743mn, decreasing THB 4,101mn, or 6.5% from 31 December 2020. The decrease was attributed chiefly to (i) a net decrease in assets held for sale as a result of the disposal of the European asset portfolio and the sale of the Underwood Street building, (ii) a decrease in right-of-use asset of hotels under the operating lease agreement in Europe, (iii) a decrease in real estate projects under development. The decrease was partially offset by (iv) an increase in cash and cash equivalents, mainly from the sales of the newly issued preferred shares.

**Total Liabilities** as of 30 June 2021 was THB 19,307mn, decreasing 50.3% or an amount of THB 19,520mn from THB 38,827mn at the end of 2020. The decrease was attributed chiefly to (i) a net decrease in liabilities directly associated with assets held for sale as a result of the partial disposal of European assets portfolio and liabilities related to Underwood Street building, and (ii) decrease in long-term loans from financial institutions from the early loan repayment.

**Total Equity** stood at THB 39,436mn at the end of 2Q 2021, increasing THB 15,419mn, or 64.2%, from THB 24,017mn at the end of 2020. The increase was predominantly from the sales of newly issued preferred shares.

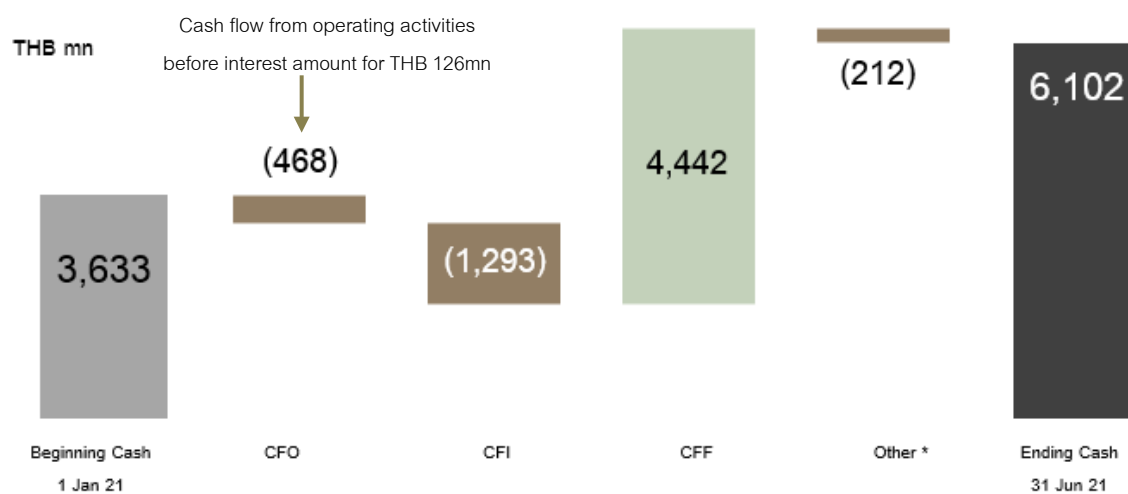
## CAPITAL STRUCTURE

As of 30 June 2021, U City's total interest-bearing debt was THB 15,298mn, decreasing THB 12,488mn from THB 27,786mn at the end of 2020. The decrease resulted from the net repayment of long-term loans from financial institutions. Currently, the net interest-bearing debt to equity ratio was 0.22x, significantly decreased from last year at 1.00x.

In 2Q 2021, the Company spent THB 482mn on capital expenditures and investments (six months period of 2021 equal to THB 862mn), primarily in the purchases of investment properties and property, plant & equipment.



## CASH FLOW



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

As of 30 June 2021, cash and cash equivalents were THB 6,102mn, increasing from THB 3,633mn at the beginning of the year. For 2Q 2021, cash used in operating activities was THB (468)mn. This was derived from loss before tax THB (606)mn, being compensated by non-cash reconciling items THB 527mn and changes in net working capital THB 232mn. After deducting cash paid for interest expenses THB (594)mn and cash paid for income tax THB (27)mn, **net cash used in operating activities** was THB (468)mn.

**Net cash from investing activities** was THB (1,293)mn. The key activities were: (i) cash paid for investment properties THB 724mn, (ii) cash paid on compensation to buyers for investments in subsidiaries THB 199mn, and (iii) purchases of property, plant and equipment THB 136mn.

**Net cash used in financing activities** was THB 4,442mn. The key components were: (i) cash proceeds from the capital increase in preferred shares for a total of THB 15,725mn. The increase was partially offset by (ii) the net repayment of loans from financial institutions THB (6,173)mn, (iii) the net repayment of loans from related parties THB (5,024)mn, and (iv) repayment of liabilities under the lease agreements THB (86)mn.

---

## COVID-19: IMPACTS AND RESPONSE PLAN

---

### Hospitality Business

The Company's hospitality business is active in several countries in Europe and Asia, which is an appropriate diversification. Nevertheless, the COVID-19 outbreak occurs in every country in which the Company does business. However, it is vital to get customers back after COVID-19; therefore, the Company is performing its best to maintain brand credibility. The Company controls standards and regularly conducts campaigns to promote confidence to every guest. The Company has adopted operational and financial strategies to best suit the current situation and has confidence that there will be sufficient liquidity for our future operations.

### Office Business

The Office building business has only been slightly affected by COVID-19 as most tenants entered into long-term leases. Although some companies are starting to incorporate Work-From-Home (WFH) more often due to 'new normal' behaviors, the Company believes this is a temporary event. Once the vaccine is widely available, the tenants and office occupation will continue their normal operation in their office building.

### Residential and Others

The residential segment slowed down before COVID-19 due to the Loan-to-Value (LTV) measures and reduction in purchasing power of foreign investors, to which the Company has continually adjusted its marketing and selling plans. For projects under development, the progress is still on track and has a little impact from the COVID-19.

### Cost Saving Measures

The Company is strictly implementing cost-saving measures to preserve its liquidity.

- Cutting unnecessary expenses and maintaining strict cost controls e.g., suspension of staff travel, consultants, staff training, and marketing and advertising activities, suspending new hires
- Optimising staff by using technology to promote work efficiency and reduce overtime expenses
- Renegotiating with business partners for discounts, negotiating with landlords, especially hotels under management leases in Europe, for rent fee deferral/reduction
- Renegotiating with financial institutions for loan interest and principal deferral/reduction

---

### Infection Prevention Measures

The Company considers the safety and hygiene of customers, tenants, and employees. For example, in the office buildings, the Company conducts health screening at the entrance of the buildings, provides hand sanitizers, limits the number of passengers in a lift, and sets the policy that all tenants wear face masks.

The Company is also implementing safe work practices to limit exposure to COVID-19 e.g., reducing physical contact between employees, virtual meetings, providing sanitary and washing equipment, sanitizing the office regularly

### Business Continuity Plan

Since the COVID-19 epidemic in early 2020, the Company has implemented a business continuity plan to minimise disruptions and ensure that the business remains viable during the virus outbreak. These measures have been set as new standards for the business operation of the Company and its subsidiaries.

- Perform stress tests to evaluate the impact on the business, financial performance, and financial position
- Assess the impact that a further disruption of activities would have on the business and identify which areas should be prioritised when taking steps towards resuming activities
- Continuously review and adjust business development plans by focusing on the Company's main assets to adapt to the current economic situation
- Implement a 'Work from Home' policy and put in place IT infrastructure to support working from home
- Ensure that a robust communication strategy is in place to provide up-to-date information to employees, suppliers, and customers

### Capital Restructuring and Asset divestment

The shareholders approved the Company's capital restructuring and asset divestment and its subsidiaries in the Annual General Meeting on 31 March 2021. The Company is on a more sustainable footing with the readiness to proceed with planned investments in potential projects at a reasonable price in the future following the COVID-19 pandemic.

### Effect on the Group's Financial Statements

The COVID-19 situation significantly affects the Group's business activities. It is considerably impacting the Group's operating results at present and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions, and contingent liabilities, and will record the effect when it is possible to do so.

---

## BUSINESS PLAN AND OUTLOOK

---

The pandemic from a new strain of coronavirus (COVID-19) drastically affected the society and global economy and continues to have adverse impacts on the hospitality business, the main business of U City. Despite several control measures being implemented and vaccination progress, which results in recovery in various countries, the hospitality business and related industries are directly and severely affected. In Europe and the UK, the COVID-19 situation has gradually been improved due to the vaccine distribution and the Government subsidy measures provided to the private sectors. While in Thailand, a new wave of the outbreak occurred at the beginning of the year 2021 and was not improved, adversely impacting the economics and several industries.

Having said that, cause for optimism is illustrated that for our **Hospitality business**, as of 30 June 2021, almost all hotels in Thailand and Europe were back in operation. Since then, many European countries have removed traveling restrictions entirely, and European tourists enjoy their summer holidays. European governments of various countries such as Austria, Germany, Switzerland, Poland, and the Czech Republic, have provided several relief measures in the form of subsidies for payrolls and tax relief to reduce the economic impact of COVID-19.

Our **Office and Commercial unit building business** was only slightly affected by COVID-19 as most of our clients are long-term tenants with continued ability to pay their rent. However, some tenants will likely experience financial difficulty and may impact their ability to pay rent promptly. There may be a long-term impact as corporations consider incorporating some permanent work from home policies; however, the quantum of this impact is difficult to predict.

All our **Projects in Development**, as of 30 June 2021, the construction of **The Unicorn** was 47% completed. The restoration of **the Customs House** or **the Roi Chak Sam** is on track.

The strategic management to preserve liquidity by reducing financial costs and various cost-saving measures, the disposal of the non-core/non-cash-generating assets, and the strategic business restructuring will enable the Company to effectively respond to the unpredictable COVID-19 situation. This also will prepare the Company for investment opportunities in potential projects and assets at reasonable prices in the future after the pandemic ended.

.....

(Ms. Soraya Satiangoset)

Director, Executive Director, Acting Chief Executive Officer,

and Chief Financial Officer