
3Q 2019 KEY FINANCIAL HIGHLIGHTS

- Total revenue increased by 42.0% YoY to THB 2,431mn mainly from the expansion of the hotel business through new hotel launches and through new acquisitions
- EBITDA was THB 439mn and EBITDA margin was 18.1%, significantly increasing from the same period last year as a result of hotel business expansion and no repeat recognition of impairment loss (which was recognised in 3Q 2018)
- Reported net loss of THB 40mn (compared to a net loss of THB 389mn in 3Q 2018)
- Total assets as of 30 September 2019 stood at THB 52,940mn, decreasing by 1.9% or THB 1,020mn from 31 December 2018. The decrease was predominantly from an impact of currency translation due to THB appreciation against EUR and GBP.
- Net debt to equity ratio as of 30 September 2019 was 0.57x, comparing with 0.55x at the end of last year

3Q 2019 SIGNIFICANT EVENTS

1 August 2019: Acquisition of 2 companies in Germany. VHG II Vienna House Germany II GmbH (“VHG II”), 100% indirect subsidiary of the Company, received share transfer of 2 companies and hotels in Germany including Vienna House Easy Mo. Stuttgart and Vienna Townhouse Bach Leipzig (total 183 rooms). VHG II paid the share purchase price in the amount of EUR 4,213,788 to arcona Management GmbH.

19 September 2019: A successful launch of Verso International School. Verso International School – a 50:50 JV of U City & Hong Kong partner has made the first press conference, which offers a personalised educational experience designed with students’ interests and passions at its core.

20 September 2019: Acquisition of ordinary shares in Trebren Investments Sp.z.o.o. Vienna House Hotelmanagement GmbH (“VHHM”) (formerly known as Vienna International Hotelmanagement AG), a wholly owned subsidiary of U City in Austria has acquired Trebren Investments Sp.z.o.o. for the purpose to use Trebren Investments Sp.z.o.o. to invest in leasehold rights to carry on hotel business in overseas.

9 October 2019: Archaeological Excavation of The Customs House (Roi Chak Sam). U City together with the Fine Arts Department started the process of archaeological excavation, along with recording and studying the topography of the site of The Customs House (Roi Chak Sam).

3Q 2019 PERFORMANCE

3Q 2019 P&L SNAPSHOT AND ANALYSIS

(THB mn)	3Q 2019	3Q 2018 ¹	% YoY	2Q 2019	% QoQ
Operating revenues	2,201.7	1,628.3	35.2%	2,026.0	8.7%
Other revenues	229.2	83.0	176.1%	207.1	10.7%
Total Revenue	2,430.9	1,711.3	42.0%	2,233.1	8.9%
Operating expenses	(873.9)	(596.0)	46.6%	(799.3)	9.3%
Selling and administrative expenses ²	(1,028.4)	(792.7)	29.7%	(974.0)	5.6%
EBITDA	438.8	72.1	508.6%	508.5	(13.7%)
Finance cost	(204.6)	(219.7)	(6.9%)	(200.8)	1.9%
Share of profit/loss from JVs/associates (equity income)	(69.0)	8.1	n.a.	284.1	n.a.
Reported Net Profit/Loss	(40.2)	(388.9)	89.7%	393.3	n.a.
GOP margin (%)	60.3%	63.4%		60.5%	
EBITDA margin (%)	18.1%	4.2%		22.8%	
Operating EBITDA margin (%)²	24.0%	19.8%		21.7%	
Reported Net profit margin (%)	(1.7%)	(22.7%)		17.6%	

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

² Exclude foreign exchange gain/(loss) and impairments

U City reported **total consolidated revenue** of THB 2,431mn in 3Q 2019. This represented an increase of 42.0% YoY or THB 720mn from the same period last year. The revenue growth was predominantly from an increase in operating hotels, including 17 arcona and Steigenberger hotels in Germany and Switzerland, VH Mokotow Warsaw and Eastin Thana City Golf Resort.

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 in (the second quarter of 2018), UBM JV (in the third quarter of 2019) and the EBT of UE (during the first quarter of 2019), respectively.

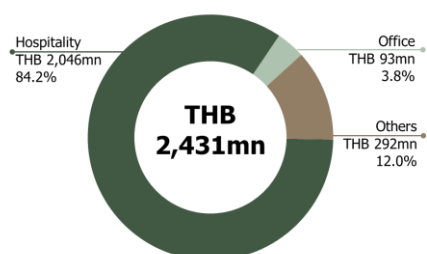
Total consolidated expenses amounted to THB 2,192mn in 3Q 2019, an increase of 21.4% YoY from THB 1,805mn in 3Q 2018. The YoY increase was largely from cost of hotel operations, and the expense and depreciation from the aforementioned business expansion, along with the unrealised loss from exchange rates (comparing with the unrealised gain from exchange rates in the same period last year). In addition, in this quarter there was no repeat recognition of impairment loss (which was recognised in 3Q 2018).

Finance cost for 3Q 2019 was THB 205mn, decreasing from THB 220mn or 6.9% decrease from the same period last year. This was the result of loan repayments during 2018 and 2019, partially offset with the new loan facilities related to the arcona hotels acquisition.

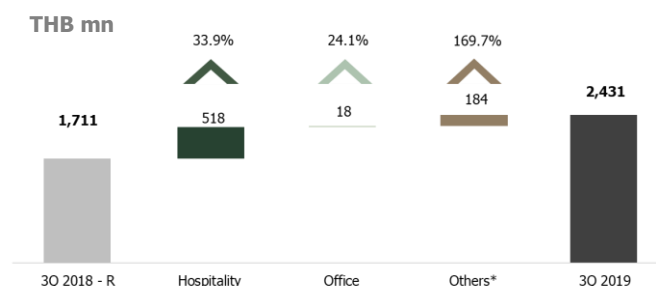
Reported net share of loss from associates/JVs was THB 69mn, largely due to a share of loss THB 55mn from Sansiri JVs

SEGMENTAL PERFORMANCE

3Q 2019 REVENUE CONTRIBUTION BY SEGMENT



3Q 2019 REVENUE GROWTH CONTRIBUTION



* Includes management revenue

This quarter, the **hospitality segment** was the primary growth contributor, achieving 33.9% revenue growth (or increasing from THB 1,529mn in 3Q 2018 to THB 2,046mn in 3Q 2019). The growth was driven by (i) new contribution following the acquisition of arcona Hotel Portfolio in Germany and Switzerland and (ii) new hotels launched namely; Vienna House Mokotow Warsaw (in 1Q 2019) and Eastin Thana City Golf Resort (in 4Q 2018). Our **Office business** revenue increased by 24.1% or THB 18mn from the same period last year to THB 93mn, which was mainly from Noble Ploenchit Commercial Building. **Other income**, which totaled THB 292mn comprised of (i) interest income of THB 85mn, (ii) management income of THB 63mn from property management and administration service rendered and (iii) other (sundry) income of THB 144mn.

HOSPITALITY SEGMENT

HOTEL PORTFOLIO AND PERFORMANCE SNAPSHOT

	No. of Keys			ADR (THB/night)*			Occupancy Rate*			RevPAR (THB/night)*		
	3Q 19	3Q 18	+/-	3Q 19	3Q 18	+/-	3Q 19	3Q 18	+/-	3Q 19	3Q 18	+/-
Owned	3,961	3,794	167	2,435	2,772	(337)	73.6%	70.5%	3.1%	1,793	1,955	(162)
Leased	3,251	1,295	1,956	3,106	3,354	(248)	77.8%	78.4%	(0.6%)	2,417	2,630	(213)
Managed	4,505	4,490	15	3,467	3,856	(389)	82.3%	81.9%	0.4%	2,853	3,157	(304)
Total	11,717	9,579	2,138	2,926	2,933	(7)	77.1%	72.6%	4.5%	2,256	2,128	128

* Excludes ADR, Occupancy and RevPAR of AHS managed hotels

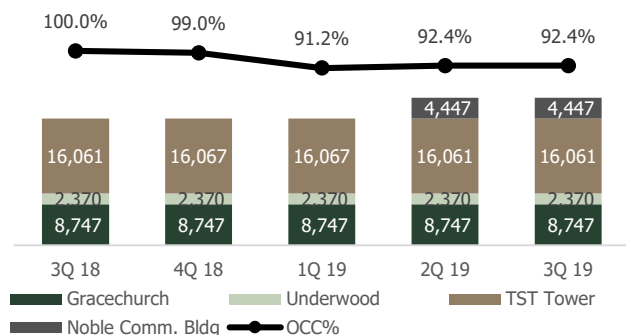
In 3Q 2019, the total number of operational keys stood at 11,771 keys, an increase of 2,138 keys YoY. The number of owned keys, net increased by 167, largely as a result of adding Eastin Thana City Golf Resort into our portfolio. The number of operating leased keys increased by 1,956 keys due to the acquisition of the arcona Hotel Portfolio (17 operating hotels and 2 projects under development) and the opening of VH Mokotow Warsaw. The number of managed keys increased by 15, which the increase in keys was as a result of hotel renovation.

Overall ADR slightly decreased from the same period last year to THB 2,926/night. However, due to the increase in occupancy rate of 4.5% to 77.1%, the RevPAR of our hotel increased by 128 THB/night to THB 2,256/night.

OFFICE SEGMENT

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

(unit: sqm)



OFFICE BUILDINGS



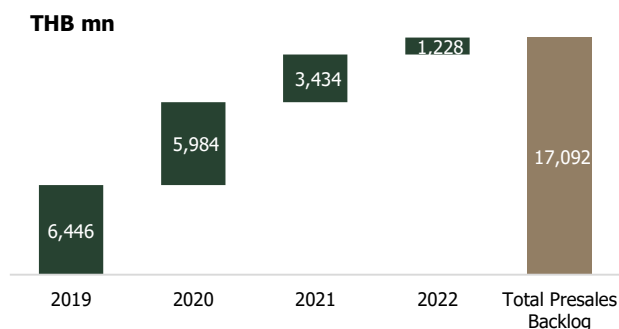
In 3Q 2019, Gracechurch and our newly acquired Noble Ploenchit Commercial Building were 100% occupied. The NFA of all of our office buildings remained the same. Underwood Street office building remained in the process of negotiations with potential new tenants. The overall of occupancy rate for office segment in this quarter was 92.4%.

RESIDENTIAL SEGMENT

JV WITH SANSIRI: PROJECTS EXPECTED
TO TRANSFER IN 2019

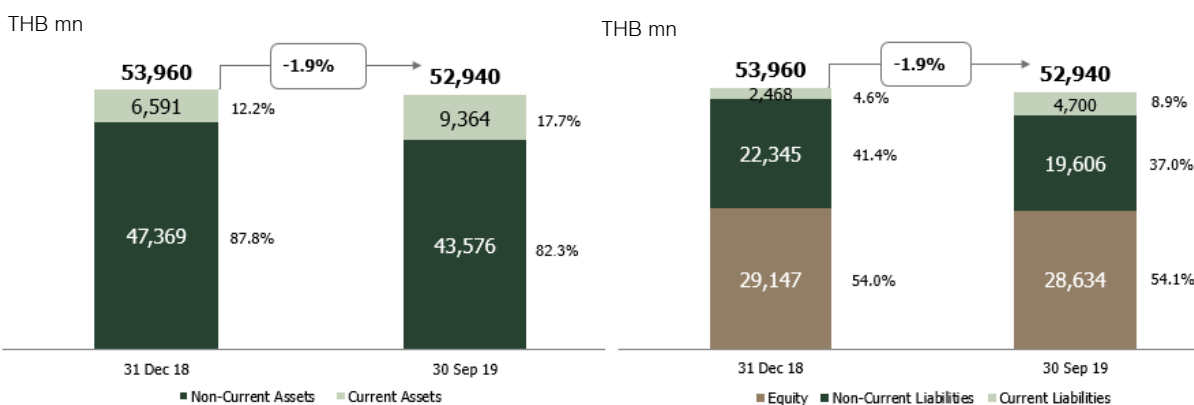
Project	Presales Backlog (THB mn)
1 THE LINE Sukhumvit 101	1,784
2 THE LINE Phahon Pradipat	2,150
3 THE BASE Petchkasem 29	933
4 The Monument Thonglor	371
5 THE LINE Wongsawang	230
6 KHUN By Yoo	978
Total	6,446

JV WITH SANSIRI: TOTAL PRESALES BACKLOG



For the third quarter of 2019, total presales backlog was THB 17,092mn, increasing by 2.4% compared to the previous quarter of THB 16,685mn. As of 30 September 2019, the JVs had 3 remaining ready-to-transferred condominium projects; The Monument Thonglor, THE LINE Wongsawang, and THE BASE Petchkasem 29. Meanwhile, The Base Garden Rama 9, The Line Ratchathewi and The Line Asok-Ratchada (Dindang), were completely transferred.

FINANCIAL POSITION



Total assets as of 30 September 2019 stood at THB 52,940mn, a decrease of THB 1,020mn or 1.9% from 31 December 2018. The decrease was predominantly from the impact of currency translation on overseas assets due to THB appreciation against EUR and GBP, partially offset by the increase in current and non-current assets from the acquired arcona Hotel Portfolio together with the acquisition of Noble Ploenchit Commercial Building.

Total liabilities as of 30 September 2019 was THB 24,306mn, a decrease of THB 507mn or 2.0% from 31 December 2018. This was largely from the loan repayments during 2018 and 2019 and the impact of currency translation due to THB appreciation against EUR and GBP. However, the decrease in total liability for this quarter was offset by the new long-term loan facilities for arcona Hotel Portfolio acquisition.

Total equity as of 30 September 2019 was THB 28,634mn, a decrease of 1.8% or THB 513mn from 31 December 2018. This was predominantly from the impact of currency translation due to THB appreciation against EUR and GBP.

As the Company entered into the Share Sale and Purchase Agreement to sell all shares of Mo Chit Land Company Limited ("MCL") on 10 April 2019 and Boonbaramee Metta Property Company Limited ("Boonbaramee") and its subsidiaries on 11 February 2019, 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 "Assets held for sale" and "Liabilities directly associated with assets held for sale" in the statement of financial position as at 30 September 2019. The operating results of MCL and Boonbaramee and its subsidiaries were separately presented under "Profit from discontinued operation for the period" in the consolidated profit or loss for the three-month and nine-month period ended 30 September 2019 with those of the three-month and nine-month period ended 30 September 2018 also presented for comparative purposes.

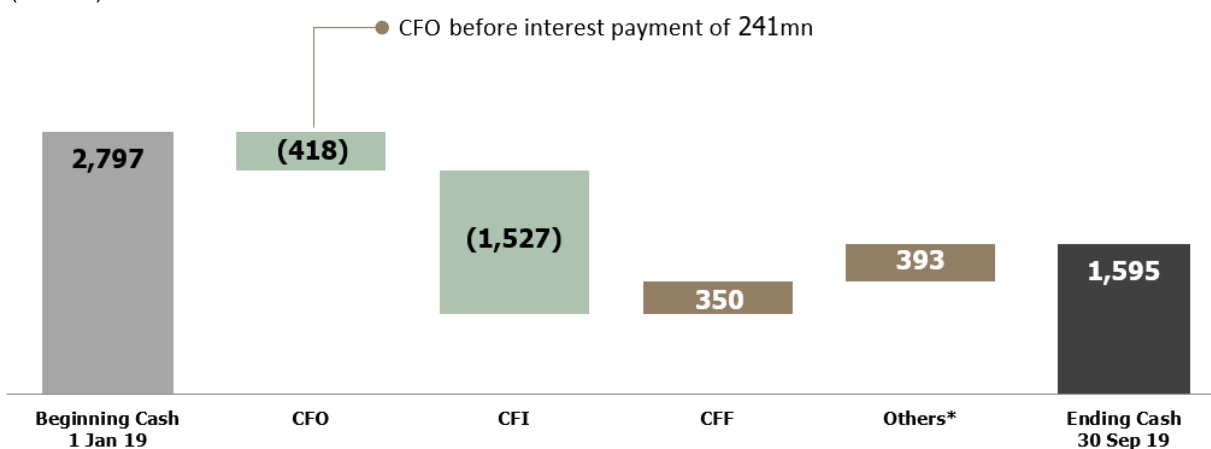
CAPITAL STRUCTURE

As of 30 September 2019, U City's total interest-bearing debt was THB 18,496mn, a decrease of 9.1% or THB 1,848mn from the balance as of 31 December 2018. The decrease was mainly due to the loan repayment and reclassification of "Assets Held for Sale and Discontinued Operations", partially offset by the new long-term loan facilities for the arcona Hotel Portfolio acquisition. Net interest-bearing debt to equity ratio stood at 0.57x compared with 0.55x at the end of last year.

For the nine-month period ended 30 September 2019, the Company spent THB 2,328mn on capital expenditure and investment, primarily in investment properties, property, plant & equipment purchased, land and project awaiting development.

CASH FLOW

(THB mn)



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

For the nine-month period ended 30 September 2019, **cash and cash equivalents** stood at THB 1,595mn, a 43.0% decrease or from THB 2,797mn at the beginning of the period. Cash from operating activities was THB 328mn. This was derived from profit before tax of THB 122mn, being offset by non-cash reconciling items THB 836mn and changes in net working capital of THB (630)mn. After deducting cash paid for interest expenses of THB (659)mn and cash paid for corporate income tax of THB (87)mn, **net cash used in operating activities** was THB (418)mn.

Net cash used in investing activities was THB (1,527)mn. The key components were from (i) cash paid for capital expenditure and investment THB (2,328)mn, (ii) long-term loans from related parties THB (750)mn (iii) cash received from sale of current investments THB 920mn, (iv) dividend received of THB 388mn, and (v) interest received of THB 214mn.

Net cash from financing activities was THB 350mn. The key components were cash received from long-term loans from financial institutions of THB 1,017mn, which was partially offset by repayment of loans from financial institutions and finance lease of THB (667)mn.

BUSINESS PLAN AND OUTLOOK

The overall business outlook for 3Q 2019 is tepid. Concerns on US-China trade tensions and political uncertainty including Brexit, partially constrains the business, however, is counterbalanced by our diversified assets internationally.

The **hotel industry** remains the key revenue driver. Chinese tourist momentum is being monitored closely for their sentiment towards Thailand and Europe. The trend of Chinese visitors remains both a big risk and opportunity for the tourism industry, however; there is good evidence of resilience in overall tourist numbers. Additionally, after the completed acquisitions of the arcona Hotel Portfolio comprising 19 hotels in 2Q 2019, we will fully include the performance of these hotels (17 hotels out of 19 hotels) from 3Q 2019 onwards.

Our **Office business** continues its consistent performance. The revenue was contributed mainly by TST Tower (Bangkok), 33 Gracechurch, (London) and Noble Ploenchit Commercial Building (Bangkok). Moreover, by 2022, we will have another office space in The Unicorn mixed-use building to be the additional source of recurring income for our Company.

For our '**Residential for sales**' business, conducted primarily through our joint venture with Sansiri, the higher down payments required by the Bank of Thailand has been one factor leading to the cooling of the residential market, resulting in an expectation of a slowdown in the pace of release of newly launched projects. However, we have Sansiri's strong network in the region that contributes to the sales and transfer of completed projects.

Projects under development are on track. The construction of Verso International School is almost completed to be ready for operation in the next school year of 2020. The school is expected to provide an exceptional personalised educational experience designed with students' interests and passions as its core, and based on a 21st century educational concept. The construction of "The Unicorn", a mixed-use building is on schedule. We also had a ground breaking ceremony in October for The Customs House (Roi Chak Sam), a heritage building, which will be transformed into a hotel.

Looking forward, we will strive to enhance asset value through (i) expansion of hotels through an asset-light strategy mainly via management agreement and operating lease in prominent locations (ii) growth of rental revenue together with increase in efficiency, (iii) development of high potential properties with innovative and creative value-added concept and (iv) asset divestment where assets are matured or strategically unaligned.

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(Miss. Piyaporn Phanachet)

Executive Director and Chief Executive Officer