1Q 2020 KEY FINANCIAL HIGHLIGHTS

- **Total revenue increased by 36.3% YoY to THB 1,992mn,** predominantly due to the increase in revenue from hotel operations as a result of the hotel portfolio expansion, together with revenue from the termination of hotel management contracts and gain from the disposal of ordinary shares in joint venture companies
- **EBITDA stood at THB 33mn (down 74.9% YoY)** largely as a result of the increase in unrealised loss on exchange rate. **EBITDA margin fell to 1.7% (1Q 2019; 9.0%)**
- **Reported net loss of THB 807mn (down 238% YoY), from the aforementioned lower EBITDA** as well as higher share of loss from joint ventures and higher depreciation and finance costs due to the adoption of TFRS16
- **Total assets as of 31 March 2020 stood at THB 66,192mn, increasing by 23.7% or THB 12,661mn from 31 December 2019.** Assets increased primarily from impact of the adoption of new financial reporting standards, the acquisition of a new subsidiary and the depreciation of the Thai Baht that affected the value of Company's overseas assets
- **Net debt to equity ratio at the end of the first quarter this year stood at 0.98x,** an increase from 0.48x in 31 December 2019

1Q 2020 SIGNIFICANT EVENTS

<u>New financial reporting standards that became effective in the current period</u>

1 January 2020: The Company and its subsidiaries ("Group") has adopted the new financial reporting standards TFRS9: Financial Instruments and TFRS16: Leases. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The adoption of these standards collectively affected the consolidated financial statements of the Company by increasing total assets in the amount of THB 10,978mn and total liabilities THB 11,309mn

<u>VI Europaische Franchise GmbH</u>

10 March 2020: Vienna House Hotelmanagement GmbH, which indirectly holds 100% by the Company through Vienna House Capital GmbH and Lombard Estate Holdings Limited, sold the entire ordinary shares in VI Europaische Franchise GmbH (33.3%) to an unrelated person, for a total price EUR 27,000

<u>Joint Venture with Sansiri</u>

31 March 2020: The Company entered into transaction to purchase and sell ordinary shares of joint ventures between the Company and Sansiri as follows;

- The Company acquired of 50% of the entire ordinary shares of BTS Sansiri Holding Fifteen Limited ("BSH 15"), later has changed its registered name to Prime Area 12 Company Limited ("PA12"), from Sansiri for an aggregate amount of THB 1mn. As a result, the Company holds a 100% interest in BSH15
- The Company sold the entire ordinary shares of BTS Sansiri Holding Twenty Limited, BTS Sansiri Holding Twenty Four Limited and BTS Sansiri Holding Twenty Five Limited to Sansiri for an aggregate amount of Baht 167mn

Impacts of Coronavirus Disease 2019 (COVID–19)

COVID-19 is profoundly impacting the global economy, especially the hospitality sector which is the main business of the Company. Almost all of our hotels were temporary closed since the 2nd half of March 2020. To mitigate negative impacts and minimize effects on the Company's performance, the Company is implementing a response plan and is continuing to monitor the situation closely in order to conduct the appropriate measures.

For more details, please see section "COVID-19: Impacts and Response Plan"

1Q 2020 PERFORMANCE

1Q 2020 P&L SNAPSHOT AND ANALYSIS

(THB mn)	1Q 2020	1Q 2019	% YoY	4Q 2019	% QoQ
Operating revenues	1,486.6	1,347.6	10.3%	2,205.3	(32.6%)
Other revenues	505.8	114.3	343%	1,903.8	(73.4%)
Total Revenue	1,992.4	1,461.9	36.3%	4,109.1	(51.5%)
Operating expenses	(716.5)	(581.5)	23.2%	(937.8)	(23.6%)
Selling and administrative expenses[1]	(743.8)	(700.0)	6.3%	(1,054.8)	(29.5%)
EBITDA	33.1	131.6	(74.9%)	2,116.5	(98.4%)
Finance cost	(281.2)	(193.6)	45.2%	(194.2)	44.8%
Share of profit/loss from JVs/associates (equity income)	(238.4)	(22.5)	(962%)	99.4	n.a.
Reported Net Profit/Loss	(806.6)	(238.4)	(238%)	1,752.2	n.a.
GOP margin (%)	51.8%	56.8%		57.5%	
EBITDA margin (%)	1.7%	9.0%		51.5%	
Operating EBITDA margin (%)[1]	26.2%	12.3%		19.7%	
Reported Net profit margin (%)	(40.5%)	(16.3%)		42.6%	

[1] Exclude FX gain/(loss), impairments and Gain from MCL divestment

U City reported **total consolidated revenue** of THB 1,992mn in 1Q 2020. This represented an increase of THB 531mn (or 36.3% YoY) from THB 1,462mn in the previous year. The revenue growth was attributed chiefly to (i) revenue from hotel operations that increased by THB 100mn (or 8.1%) YoY to THB 1,339mn, (ii) increasing office revenue by THB 21mn (or 28%) YoY, (iii) management income that increased by THB 18mn (or 50.6%), and (iv) other revenue that increased by THB 392mn (or 343%) YoY, primarily from the THB 200mn revenue from the termination fee of management contract of 2 managed hotels in Europe, together with the THB 123mn gain from the disposal of ordinary shares in 3 joint venture companies namely BTS Sansiri Holding Twenty Limited, BTS Sansiri Holding Twenty Four Limited, and BTS Sansiri Holding Twenty Five Limited.

Total consolidated expenses increased by THB 843mn (56.3% YoY) to THB 2,339mn. The increase was contributed to largely by (i) the business expansion which resulted in the increase in operating expenses and selling and administrative expenses, (ii) depreciation which was significantly increased by THB 214mn (or 129%) YoY, driven mainly by the adoption of the new financial reporting standard related to Leases (TFRS16) (iii) Loss on exchange rate of THB 354mn compared with THB 49mn loss last year (the majority was unrealised loss from revaluation of foreign liabilities), and (iv) THB 143mn loss on write-off of intangible assets related to the aforementioned management contract termination.

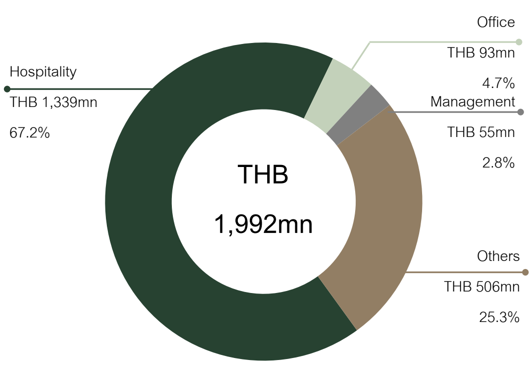
Reported **share of loss from associates/JVs** was THB 238mn, compared with THB 23mn reported last year, comprised of (i) THB 211mn share of loss from Sansiri JV, (ii) THB 19mn share of loss from UBM JV, and (iii) THB 8mn share of loss in other associates/JVs.

Finance costs were THB 281mn, increasing by THB 88mn, or 45.2% YoY. The increase stemmed from IFRS16 implementation (THB 112mn), partially offset by a loan repayment which benefit the Company in reducing the business costs.

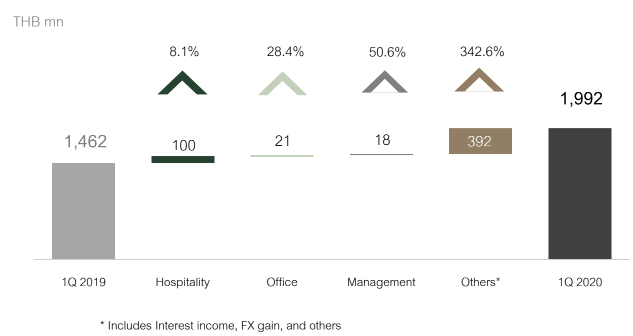
Net loss was THB 806.6mn and net profit margin was (40.5%) compared to (16.3%) in 1Q 2019.

SEGMENTAL PERFORMANCE

1Q 2020 REVENUE CONTRIBUTION BY SEGMENT



1Q 2020 REVENUE GROWTH CONTRIBUTION



In 1Q 2020, the Hospitality segment contributed 67.2% of the total revenue, followed by Other revenue at 25.3%, Office segment at 4.7%, and management segment at 2.8%.

Within the **Hospitality segment**, revenue grew by THB 100mn or 8.1% YoY to THB 1,339mn, the increase in revenue resulted from the expansion of the Company's hotel portfolio from the acquisition of arcona Hotel portfolio in Germany and Switzerland since May 2019, in which revenue from 17 operating hotels and the new hotel opened in February 2020, Vienna House Kronberg, was recognised.

Within the **Office segment**, the revenue grew by THB 21mn or 28.4% YoY to THB 93mn, increasing mainly from the newly acquired office building, Noble Ploenchit, that generated revenue of approximately THB 15mn per quarter since June 2019 as well as the Underwood Street office building in UK which contributed revenue of THB 3mn in this quarter.

Management income grew by 18mn or 50.6% YoY.

Other income grew by 342.6 % YoY or THB 392mn to THB 506mn, mainly from (i) revenue from the termination of hotel management contracts in Europe 200mn, (ii) gain from sales of investment in joint ventures 123mn, (iii) increase in interest income of THB 39mn, and (iv) increase in other income of THB 30mn.

HOSPITALITY SEGMENT

	No. of Keys			ADR (THB/night)*			Occupancy (%)*			RevPAR (THB/night)*		
	1Q 2020	1Q 2019	+/-	1Q 2020	1Q 2019	+/-	1Q 2020	1Q 2019	+/-	1Q 2020	1Q 2019	+/-
Owned	3,961	3,961	0	2,491	2,812	(321)	49.1%	62.3%	(13.2%)	1,223	1,752	(529)
Leased	3,347	1,459	1,888	3,011	3,219	(208)	50.5%	62.0%	(11.5%)	1,521	1,997	(476)
Managed	4,561	4,493	68	2,654	2,842	(188)	55.8%	65.4%	(9.6%)	1,482	1,859	(377)
Total Operational	11,869	9,913	1,956	2,708	2,922	(214)	51.1%	62.2%	(11.1%)	1,383	1,818	(435)
Hotels in Pipeline	19,941	16,419	3,522									
Grand Total	31,810	26,332	5,478									

* Excludes ADR, Occupancy and RevPAR of AHS managed hotels

In 1Q 2020, total net **operational keys** increased by 1,956 keys from 1Q 2019. The increase was attributed to (i) 1,792 keys from 17 hotels under operating lease from the acquisition of arcona Hotel portfolio in May 2019 and (ii) 96 keys from Vienna House Kronberg, Germany, the new operating lease hotel opened in February 2020, and (iii) 68 keys increased under AHS management contracts.

The **Average Daily Rate (ADR)** decreased by THB 214 per night as a result of (i) the THB appreciation against EUR (THB appreciated from 35.90 THB/EUR in 1Q 2019 to 34.49 THB/EUR in 1Q 2020) since the majority of the Company's hotels earns their revenue in Euro and (ii) the reduction of room rates to drive occupancy during the non-peak season.

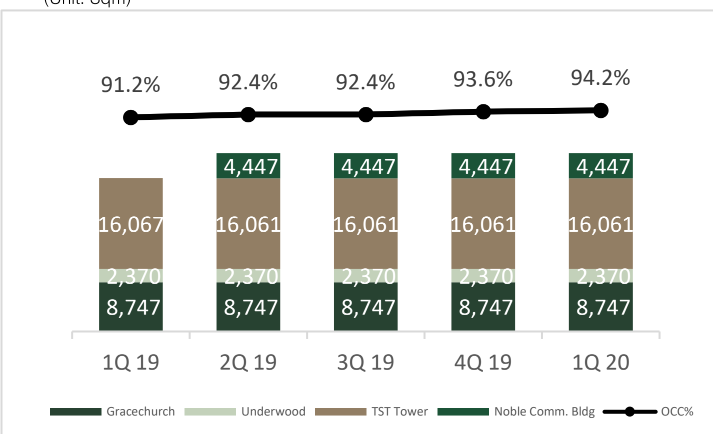
The overall **occupancy rate** decreased by 11% from 1Q 2019, mainly due to COVID-19 situation. 53 hotels out of 57 hotels in the portfolios were closed since the second half of March 2020. As a result of the decrease in the overall average daily rate and occupancy rate, the Revenue per Available Room (RevPAR) decreased by 435 THB/night.

The overall number of **hotel keys in the pipeline** now stands at 19,941 keys, a net increase of 3,522 keys from 1Q 2019. The pipeline growth stems from the increase of newly managed hotels 4,413 keys (12 hotels) and hotels planned for construction contributed an additional of 638 keys (5 hotels). The increase was partially offset by the discontinuance in operations of the 1,421 keys (9 managed hotels).

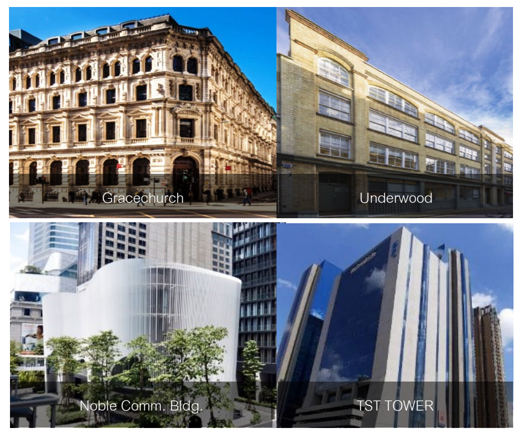
OFFICE SEGMENT

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

(Unit: Sqm)



OFFICE BUILDINGS



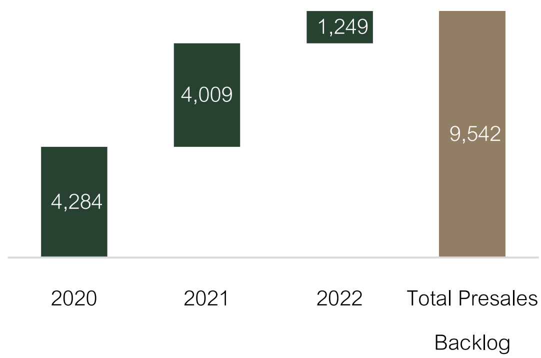
In 1Q 2020, the NFA of the office buildings remained the same. The overall occupancy increased by 0.6% from the previous quarter mainly from TST Tower. Underwood Street office building is in the process of negotiations with potential new tenants after its 3rd floor was occupied in 4Q 2019. The other office buildings including Gracechurch (London) and Noble Comm. Bldg; remained fully occupied in 1Q 2020. The overall of occupancy rate for office segment in this quarter was 94.2%.

RESIDENTIAL SEGMENT

JV WITH SANSIRI: PROJECTS EXPECTED TO TRANSFER IN 2020

Project	Presales Backlog (THB mn)
The Monument Thonglor	413
THE LINE Wongsawang	332
THE LINE Sukhumvit 101	933
THE LINE Phahon Pradipat	1,213
THE BASE Petchkasem 29	401
KHUN By Yoo	568
THE BASE Sapaan Mai	424
Total	4,284

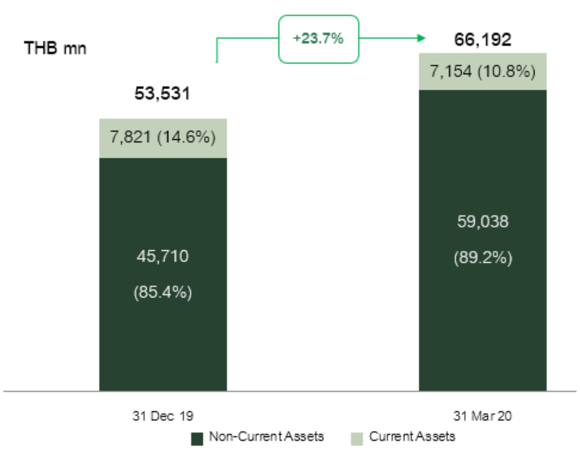
JV WITH SANSIRI: TOTAL PRESALES BACKLOG



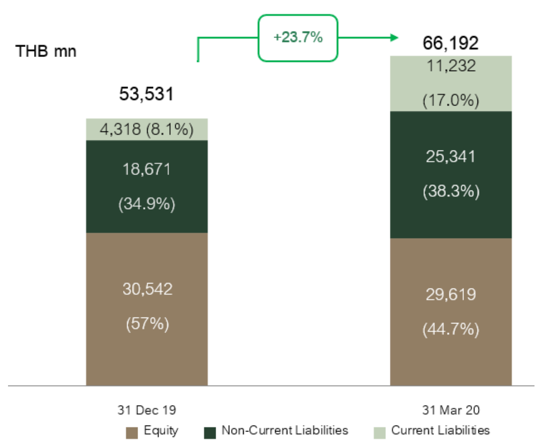
For the first quarter of 2020, the total remaining backlog was THB 9,542mn, decreasing by 7.6% compared to THB 10,324mn at the end of 2019 from the value transferred of 6 ready-to-move-in projects namely (i) The Monument Thonglor, (ii) The Line Wongsawang, (iii) The Line Sukhumvit 101, (iv) The Line Phahon Pradipat, (v) The Base Petchakasem 29, and (vi) Khun By Yoo.

FINANCIAL POSITION

ASSETS



LIABILITIES AND SHAREHOLDERS' EQUITY



In 1Q 2020, the Company has adopted the new financial reporting standards related to financial instruments and leases as aforementioned. The cumulative effect of initially applying these standards is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated. The impact of the adoption on the consolidated statement of financial position can be summarised as follows (i) Total assets increased by THB 10,978mn, (ii) Total liabilities increased by THB 11,309mn, and (iii) Shareholders' equity decreased by THB 331mn.

Total Assets as of 31 March 2020 was THB 66,192mn, increasing THB 12,661mn, or 23.7% from 31 December 2019. The increase was attributed chiefly to (i) the impact from the adoption of new financial reporting standards, (ii) increase in land and project awaiting for development from acquisition of a new subsidiary (BSH15), and (iii) the depreciation of the Thai Baht that affected the Company's foreign assets. Current assets decreased THB 667mn to THB 7,154mn at the end of 1Q 2020, while Non-current assets increased THB 13,328mn to THB 59,038mn.

Total Liabilities as of 31 March 2020 was THB 36,573mn, increasing 59.1% or an amount of THB 13,585mn from THB 22,988mn at the end of 2019. The increase was attributed chiefly to (i) the impact from the adoption of new financial reporting standards, (ii) increase in long-term loan from financial institution from acquisition of a new subsidiary (BSH15), and (iii) the depreciation of the Thai Baht that affected the Company's foreign liabilities. Current Liabilities increased significantly by THB 6,914mn from THB 4,318mn at the end of 2019 to THB 11,232mn on 31 March 2020 from the current portions of long-term liabilities, while Non-current Liabilities was THB 25,341mn increasing THB 6,671mn from THB 18,671mn at the end of the previous year.

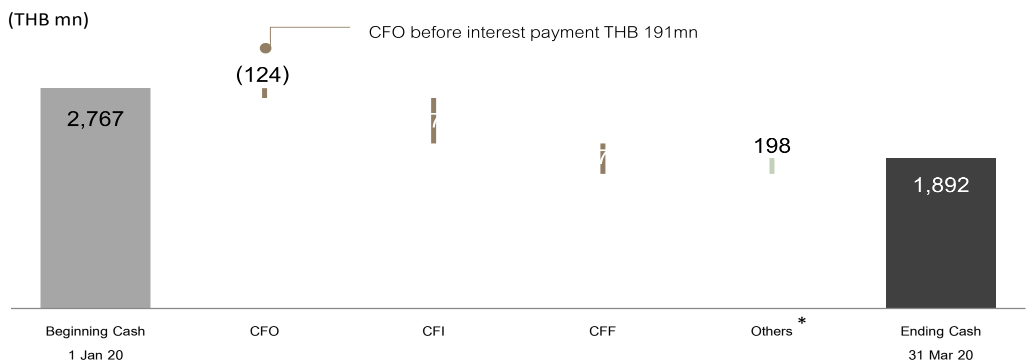
Total Equity stood at THB 29,619mn on 31 March 2020, decreasing THB 924mn, or 3.0%, from THB 30,542mn at the end of 2019. The decrease was predominantly from 1Q 2020 net loss and the impact from the adoption of new financial reporting standards.

CAPITAL STRUCTURE

As of 31 March 2020, U City's total interest-bearing debt was THB 31,209mn increasing THB 13,614mn from THB 17,595mn in 2019. The increase resulted from the recognition of lease liabilities from the adoption of new TFRS16, and debt in foreign currencies that increase as a result of the Thai Baht depreciation, which was partially offset by debt repayment. Currently, net interest-bearing debt to equity ratio was 0.98x compared to that of last year at 0.48x.

In 1Q 2020 the Company spent THB 446mn on capital expenditures and investments, primarily in the purchases of investment properties, property, plant & equipment, long-term financial assets, and acquisition (net of disposal) of ordinary shares in BSH 15.

CASH FLOW



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

As of 31 March 2020, cash and cash equivalents was THB 1,892mn, decreasing from THB 2,767mn at the beginning of the year. In 1Q 2020, Cash generated from operating activities was THB 228mn. This was derived from loss before tax of THB (863)mn, being compensated by non-cash reconciling items of THB 1,167mn and changes in net working capital of THB (76)mn. After deducting cash paid for interest expenses of THB (314)mn and cash paid for corporate income tax of THB (38)mn, **net cash used in operating activities** was THB (124)mn

Net Cash used in investing activities was THB (570)mn. The key activities were: (i) cash paid for investment properties THB 162mn, (ii) purchase of long-term financial assets THB 140mn, (iii) purchases of property, plant & equipment THB 118mn, and (iv) net cash from acquisition and disposal of ordinary shares in joint ventures and associated companies THB 21mn.

Net Cash used in financing activities was THB (379)mn. The key components were repayment of long-term loans from financial institutions of THB 229mn, and repayment of liabilities under lease agreements THB 147mn.

COVID-19: IMPACTS AND RESPONSE PLAN

COVID-19 is profoundly impacting the global economy, especially the hospitality sector which is the main business of the Company. Almost all of our hotels were temporary closed since the 2nd half of March 2020. To mitigate negative impacts and minimize effects on the Company's performance, the Company is implementing a response plan and is continuing to monitor the situation closely in order to conduct the appropriate measures.

Hospitality Business

The hospitality segment is taking a massive hit, with 53 out of 57 hotels in our portfolio temporarily closed. The Group carried out cost control policies seriously and continuously, whilst still maintaining employees. This will ensure that the Company has enough manpower to support its growth after the crisis.

Office Business

Office segment is not directly affected by COVID-19 because all tenants are long-term tenants. The Group has measures to assist the tenants by reducing the rental fees for a certain period.

Residential and Others

The residential segment has 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 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 maintain strict cost control e.g. suspension of staff travel, consultants, staff training, and marketing and advertising activities, suspending new hires
- Optimizing 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, provide hand sanitizers, limit number of passengers in a lift, and set 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 meeting, providing sanitary and washing equipment, sanitizing the office regularly.

Business Continuity Plan

The Company has implemented a COVID-19 business continuity plan to minimise disruption to operations and ensure that the business remains viable during the virus outbreak.

- Perform stress test to evaluate impacts 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 of activity should be prioritised when taking steps towards resuming activities
- Implement a 'Work from Home' policy and put in place IT infrastructure to support working from home where practicable
- Ensure that a robust communication strategy is in place to provide up-to-date information to employees, suppliers and customers

Effect to the Group's Financial Statements

This situation significantly affects the Group's business activities and is significantly impacting the Group's financial position, operating results, and cash flows 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 impact when it is possible to do so.

BUSINESS PLAN AND OUTLOOK

The epidemic from a new strain of corona virus (COVID-19) has affected the global economy, society, and way of life like never before. The hospitality business and related industries are directly and severely affected, due to the sharp drop in foreign and domestic travel across both the tourism and business traveler segments, government protocol to close down the service business sectors in line with the Lock Down policies and social distancing measures. Since the main business of U City is the Hospitality business, the effect of COVID-19 is unavoidable and severely felt. In order to reduce costs and minimise the adverse impact, the hotels that the Company owns and manages were temporary closed since the second half of March 2020. The Company continues to closely monitor the situation and the hotels are ready to open for service when the situation permits. The Office business has also been slightly affected from COVID-19, while the projects under development continue to move forward.

The Company has confidence that this crisis is a short-term crisis, and following removal of the government imposed measures, the operating results will be able to recover and grow continuously as planned.

For our **Hospitality business**, as of 31 March 2020, most of our owned and managed hotels (74%) were temporarily closed but are expected to return to service by June 2020. The Company has applied cost reduction measures to maintain liquidity, while still retaining employees, which are important long-term resources of the Company. In Europe, the Company is assisted by the government of various countries such as Austria, Germany, Switzerland, Poland and the Czech Republic, in the form of subsidies for payrolls, and tax relief. In Germany where the Company has 33 hotels, there is a subsidy for payroll of up to 60% of gross salary.

Our Office business was slightly affected by COVID-19 as most of our clients are long-term tenants. However, since many office space rental tenants were applying “Work from Home” policy to help in reduce employee travelling and the risk of getting virus infection. In some instances, the Company has introduced a policies to support these tenants. for example, at TST Tower (Bangkok), the Company has reduced rental fees for both the office space tenants and the retail space tenants for two months.

All of our **Projects in Development** are on track. As of 31 March 2020, the construction of **The Unicorn** was 14.23% completed and **The Customs House** or **the Roi Chak Sam** project was on the Fine Arts Department submission process for approval. For the **Verso International School**, the construction of Phase 1 is expected to be complete within schedule. The opening of Verso International School is still as planned for August 2020 but remains subject to any future change in the government's policy.

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(Ms. Soraya Satiangoset)

Executive Director and Chief Financial Officer