
2Q 2020 KEY FINANCIAL HIGHLIGHTS

- **Total revenue decreased by 77.0% YoY to THB 526mn**, predominantly due to the decrease in revenue from hotel operations resulted from the impact of COVID-19, and lower gain from exchange rates. These were partly offset by an increase of revenue from office segment and management income
- **EBITDA stood at THB (93)mn**, largely from the shortfall of revenue, partially relieved by lower operating costs and selling and administrative expenses as a result of Company's response plan to COVID-19. **EBITDA margin fell to -17.7% (2Q 2019; 22.3%)**
- **Reported net loss of THB 1,213mn, from the EBITDA shortfall** 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 30 June 2020 stood at THB 64,158mn**, increasing by 19.9% or THB 10,627mn 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 2Q 2020 stood at 0.98x**, an increase from 0.48x on 31 December 2019

2Q 2020 SIGNIFICANT EVENTS

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 our hotels were temporarily closed since the second half of March 2020. At the end of June 2020, around 80% of our hotels reopened, while the remaining 20% were planning to reopen in the second half of this year.

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"

2Q 2020 PERFORMANCE

2Q 2020 P&L SNAPSHOT AND ANALYSIS

(THB mn)	2Q 2020	2Q 2019	% YoY	1Q 2020	% QoQ
Operating revenues	365.4	2,026.0	(82.0%)	1,486.6	(75.4%)
Other revenues	160.1	255.9	(37.4%)	505.8	(68.3%)
Total Revenue	525.5	2,281.9	(77.0%)	1,992.4	(73.6%)
Operating expenses	(216.0)	(799.3)	(73.0%)	(716.5)	(69.9%)
Selling and administrative expenses ¹	(401.9)	(974.0)	(58.7%)	(743.8)	(46.0%)
EBITDA	(92.9)	508.5	n.a.	33.1	n.a.
Finance cost	(290.7)	(200.8)	44.7%	(281.2)	3.4%
Share of profit/loss from JVs/associates (equity income)	(430.4)	284.1	n.a.	(238.4)	(80.5%)
Reported Net Profit/(Loss)	(1,213.1)	390.3	n.a.	(806.6)	(50.4%)
GOP margin (%)	40.9%	60.5%		51.8%	
EBITDA margin (%)	(17.7%)	22.3%		1.7%	
Operating EBITDA margin (%)¹	(27.3%)	21.7%		26.2%	
Reported Net profit margin (%)	(230.8%)	17.1%		(40.5%)	

¹ Exclude FX gain/(loss) and impairments

U City reported **total consolidated revenue** of THB 526mn in 2Q 2020. This represented a decrease of THB 1,756mn (or 77.0% YoY) from THB 2,282mn in the same quarter of the previous year. The decline in total revenue was chiefly attributed to (i) revenue from hotel operations that decreased by THB 1,700mn (or 88.8%) YoY to THB 214mn due to the aforementioned impacts of COVID-19, and (ii) other revenues that decreased by THB 96mn (or 37.4%) YoY, primarily from the lower gain from foreign exchange compared with the previous year. The decrease was partly offset by (iii) increasing office revenue by THB 16mn (or 23.7%) YoY, and (iv) management income that increased by THB 23mn (or 53.7%) YoY.

Total consolidated expenses decreased by THB 967mn (or 49.2%) YoY to THB 998mn. The decrease was contributed largely by (i) the implementation of cost-saving measures as part of a response plan to COVID-19 situation which reduced the operating costs and selling and administrative expenses totaling THB 1,155mn (or 65.2%) YoY, partly offset by (ii) depreciation which was significantly increased by THB 188mn (or 98.4%) YoY, driven mainly by the adoption of the new financial reporting standard related to Leases (IFRS16).

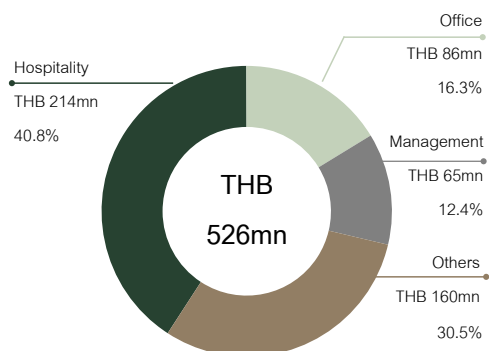
Reported **share of loss from associates/JVs** was THB 430mn, compared with share of gain THB 284mn reported last year, comprised of (i) THB 371mn share of loss from Sansiri JV and Noble JV, (ii) THB 37mn share of loss from UBM JV, and (iii) THB 22mn share of loss in other associates/JVs.

Finance costs were THB 291mn, increasing by THB 90mn, or 44.7% YoY. The increase stemmed from TFRS16 implementation (THB 106mn), partially offset by a net loan repayment which benefited the Company in reducing the interest costs.

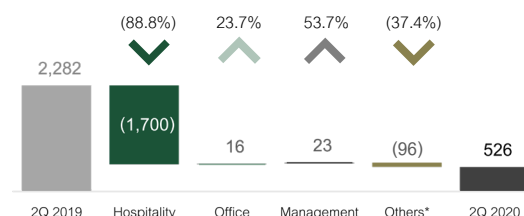
Net loss was THB 1,213.1mn and net profit margin was (230.8%) compared to 17.1% in 2Q 2019.

SEGMENTAL PERFORMANCE

2Q 2020 REVENUE CONTRIBUTION BY SEGMENT



2Q 2020 REVENUE GROWTH CONTRIBUTION



* Includes Interest income, FX gain, and others

In 2Q 2020, the Hospitality segment contributed 40.8% of the total revenue, followed by Other revenue at 30.5%, Office segment at 16.3%, and management segment at 12.4%.

Within the **Hospitality segment**, revenue decreased significantly by THB 1,700mn or 88.8% YoY to THB 214mn resulting from the impact of COVID-19 situation. Almost all our hotels were temporarily closed since the second half of March 2020. We are monitoring the situation closely and gradually reopened our hotels. As of June 2020, around 80% of our hotels were reopened, however the industry's occupancy remains pressured by the pandemic situation.

Within the **Office segment**, revenue grew by THB 16mn or 23.7% YoY to THB 86mn, increasing mainly from the revenue of Noble Ploenchit commercial building, that generated revenue of approximately THB 15mn in this quarter as well as the Underwood Street office building in the UK which contributed revenue of THB 3mn in this quarter.

Management income grew by 23mn or 53.7% YoY.

Other income dropped by 37.4 % YoY or THB 96mn to THB 160mn, mainly from lower gain from exchange rates comparing with the same period of the previous year.

HOSPITALITY SEGMENT

	No. of Keys			ADR (THB/night)*			Occupancy (%)*			RevPAR (THB/night)*		
	2Q 2020	2Q 2019	+/-	2Q 2020	2Q 2019	+/-	2Q 2020	2Q 2019	+/-	2Q 2020	2Q 2019	+/-
Owned	3,969	3,963	6	2,359	2,517	(158)	8.6%	68.4%	(59.8%)	202	1,722	(1,520)
Leased	3,347	3,251	96	2,692	3,458	(766)	14.6%	75.1%	(60.5%)	394	2,598	(2,204)
Managed	3,768	4,493	(725)	2,514	3,548	(1,034)	11.3%	82.1%	(70.8%)	285	2,914	(2,629)
Total Operational	11,084	11,707	(623)	2,548	3,071	(523)	11.3%	73.8%	(62.5%)	288	2,268	(1,980)
Hotels in Pipeline	20,068	18,508	1,560									
Grand Total	31,152	30,215	937									

* Excludes ADR, Occupancy and RevPAR of AHS managed hotels

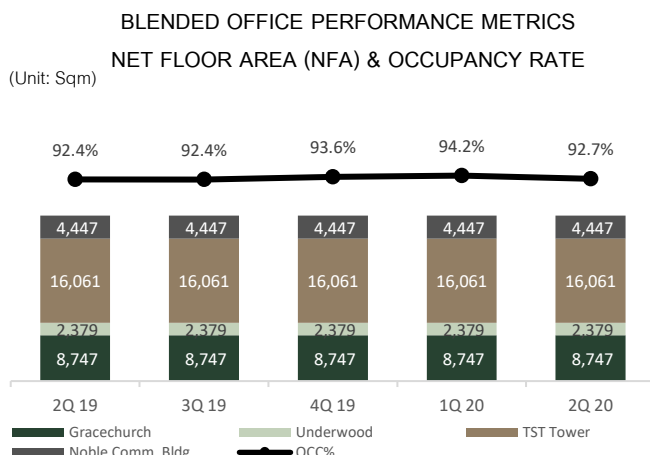
In 2Q 2020, total net **operational keys** decreased by 623 keys from 2Q 2019. The net decrease was mainly driven by (i) the termination of 2 management contracts; Vienna House Dream Castle Paris and Vienna House Magic Circus Paris totaling 793 keys, partially offset by (ii) 6 keys increased from the renovation of owned hotels (iii) 96 keys increased from Vienna House Kronberg, Germany, the new operating lease hotel opened in February 2020, and (iv) increased 68 keys under AHS management contracts.

The **Average Daily Rate (ADR)** decreased by THB 523 per night as a result of (i) the THB appreciation against EUR (THB appreciated from 35.70 THB/EUR in 2Q 2019 to 34.82 THB/EUR in 2Q 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 COVID-19 situation.

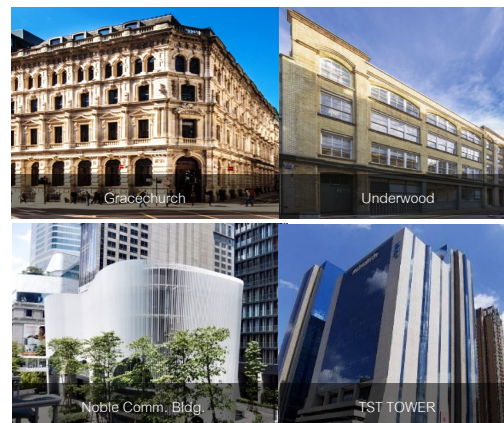
The overall **occupancy rate** decreased by 62.5% from 2Q 2019, mainly due to COVID-19 situation. 53 hotels out of 57 hotels in the portfolios were closed since the second half of March 2020 and have gradually reopened since May 2020. At the end of 2Q 2020, 10 hotels out of 57 hotels were closed and these are expected to reopen in the second half of this year. As a result of the decrease in the overall ADR and occupancy rate, the Revenue per Available Room (RevPAR) decreased by 1,980 THB/night.

The overall number of **hotel keys in the pipeline** now stands at 20,068 keys, a net increase of 1,560 keys from 2Q 2019. The pipeline growth stems from the increase of new managed hotels 5,925 keys (20 hotels), partially offset by the discontinuance of the 4,269 keys (7 managed hotels).

OFFICE SEGMENT



OFFICE BUILDINGS



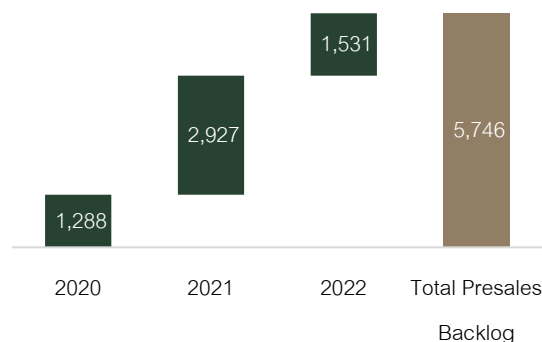
In 2Q 2020, the NFA of the office buildings remained the same. The overall occupancy dropped by 1.5% from the previous quarter mainly from TST Tower. Underwood Street office building remained in the process of negotiations with potential new tenants. The other office buildings including Gracechurch (London) and Noble Comm. Bldg; remained fully occupied in 2Q 2020. The overall occupancy rate for office segment in this quarter was 92.7%.

RESIDENTIAL SEGMENT

JV WITH SANSIRI: PROJECTS EXPECTED TO TRANSFER IN 2020

Project	Presales Backlog (THB mn)
THE BASE Sapaan Mai	616
The Monument Thonglor	203
THE LINE Phahon Pradipat	177
KHUN By Yoo	129
THE LINE Sukhumvit 101	113
THE LINE Wongsawang	37
THE BASE Petchkasem 29	13
Total	1,288

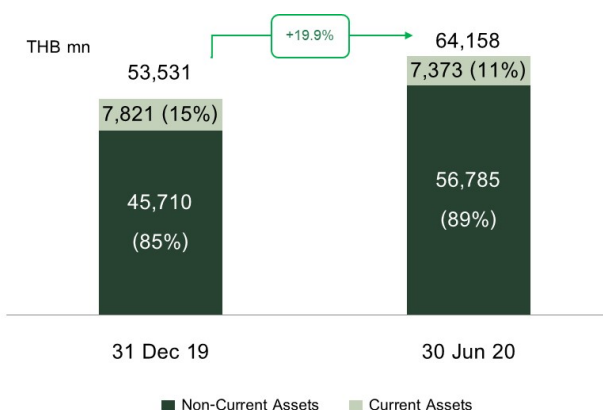
JV WITH SANSIRI: TOTAL PRESALES BACKLOG



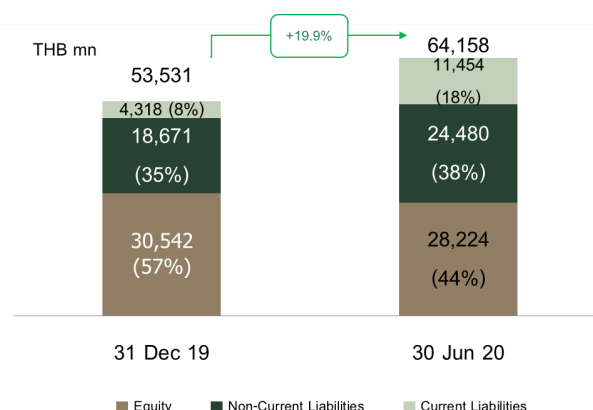
For the second quarter of 2020, the total remaining backlog was THB 1,288mn, decreasing by 70% compared to the previous quarter of THB 4,284mn from the value transferred of 6 ready-to-move-in projects (i) The Monument Thonglor, (ii) The Line Wongsawang, (iii) The Line Sukhumvit 101, (iv) The Line Phahon Pradipat, (v) The Base Petchkasem 29, and (vi) Khun By Yoo.

FINANCIAL POSITION

ASSETS



LIABILITIES AND SHAREHOLDERS' EQUITY



Since the beginning of 2020, the Company has adopted the new financial reporting standards related to financial instruments and leases. The cumulative effect of initially applying these standards was recognized 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 summarized 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 30 June 2020 was THB 64,158mn, increasing THB 10,627mn, or 19.9% 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 the acquisition of a new subsidiary, Prime Area 12 Company Limited ("PA12") (formerly known as "BTS Sansiri Holding Fifteen Limited"), and (iii) the depreciation of the Thai Baht that affected the Company's foreign asset value. Current assets decreased THB 448mn to THB 7,373mn at the end of 2Q 2020, while Non-current assets increased THB 11,075mn to THB 56,785mn.

Total Liabilities as of 30 June 2020 was THB 35,934mn, increasing 56.3% or an amount of THB 12,945mn 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, Prime Area 12 Company Limited ("PA12") (formerly known as "BTS Sansiri Holding Fifteen Limited"), and (iii) the depreciation of the Thai Baht that affected the Company's foreign liabilities. Current Liabilities increased significantly by THB 7,136mn from THB 4,318mn at the end of 2019 to THB 11,454mn on 30 June 2020 mainly as formerly long term obligations became due in less than a year, while Non-current Liabilities was THB 24,480mn increasing THB 5,809mn from THB 18,671mn at the end of the previous year.

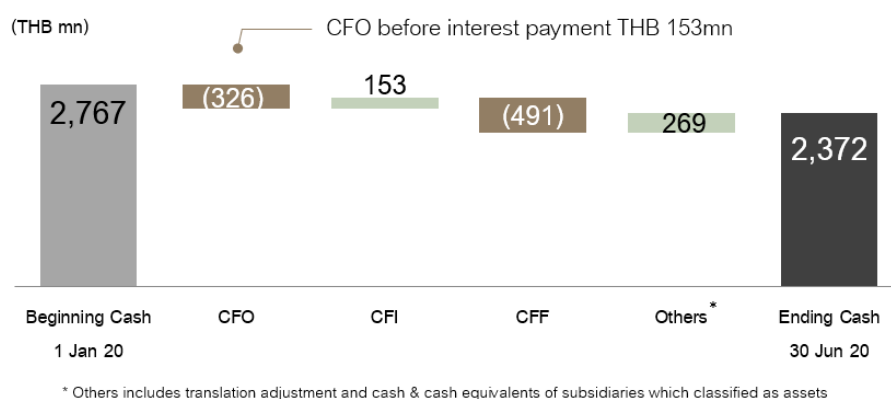
Total Equity stood at THB 28,224mn on 30 June 2020, decreasing THB 2,318mn, or 7.6%, from THB 30,542mn at the end of 2019. The decrease was predominantly from six-month net loss in 2020 and the impact from the adoption of new financial reporting standards.

CAPITAL STRUCTURE

As of 30 June 2020, U City's total interest-bearing debt was THB 30,355mn increasing THB 12,760mn 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 the first half of 2020, the Company spent THB 1,170mn 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 Prime Area 12 Company Limited ("PA12") (formerly known as "BTS Sansiri Holding Fifteen Limited") from Sansiri JV.

CASH FLOW



As of 30 June 2020, cash and cash equivalents was THB 2,372mn, decreasing from THB 2,767mn at the beginning of the year. For the six-month period ended 30 June 2020, cash used in operating activities was THB 326mn. This was derived from loss before tax of THB (2,092)mn, being compensated by non-cash reconciling items of THB 2,488mn and changes in net working capital of THB (196)mn. After deducting cash paid for interest expenses of THB (478)mn and cash paid for corporate income tax of THB (47)mn, **net cash used in operating activities** was THB (326)mn.

Net cash from investing activities was THB 153mn. The key activities were: (i) the decrease in long-term loans to related parties THB 1,251mn (ii) cash paid for investment properties THB 395mn, (iii) purchase of long-term financial assets THB 139mn, (iv) purchases of property, plant & equipment THB 257mn, and (v) net cash from acquisition and disposal of ordinary shares in joint ventures and associated companies THB (191)mn.

Net cash used in financing activities was THB (491)mn. The key components were the net repayment of long-term loans from financial institutions of THB 132mn, and repayment of liabilities under lease agreements THB 325mn.

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 our hotels were temporary closed since the 2nd half of March 2020. At the end of June 2020, around 80% of our hotels reopened, while the remaining 20% were planning to reopen in the second half of 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 since the second half of March 2020 and gradually reopen continuously. At the end of 2Q 2020, 45 hotels were reopened, while 10 hotels were still temporary closed and expected to reopen in the second half of 2020. The Group carried out cost control policies seriously and continuously, whilst still maintaining optimal staffing plan. This will ensure that the Company has enough manpower to support its growth after the crisis.

Office Business

Office segment is slightly affected by COVID-19 as some tenants were struggled to pay their rent. The Group carried out cost control policies seriously and continuously, together with measures to assist the tenants by reducing the rental fees for a certain period.

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 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 minimize 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 prioritized 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 pandemic 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. As the second quarter closed, global hotel industry continues to struggle with the effects of COVID-19. Low occupancy rate continues to lessen revenue and profitability. Since the main business of U City is the Hospitality business, the effect of COVID-19 is unavoidable and severely felt.

For our **Hospitality business**, as of 30 June 2020, around 80% of our hotels were reopened, while the rest 20% were planning to reopen in 2H 2020. The Company has applied cost reduction measures to maintain liquidity. In Europe, the Company is assisted by the governments 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.

All our **Projects in Development** are on track. As of 30 June 2020, the construction of **The Unicorn** was 18% completed. Restoration plan for **the Customs House** or **the Roi Chak Sam** has now been approved by the Fine Arts Department. For the **Verso International School**, the construction of Phase 1 was completed, and the construction of Phase 2 is progressing as planned. The school is ready to open on 17 August 2020.

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(Ms. Soraya Satiangoset)

Executive Director and Chief Financial Officer