

Asset Acquisitions and Disposals::Proposed investment in a leading operator of co-working spaces in the People's Republic of China
Issuer & Securities

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Announcement Details

Announcement Title	Asset Acquisitions and Disposals
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Announcement Sub Title	Proposed investment in a leading operator of co-working spaces in the People's Republic of China
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Submitted By (Co./ Ind. Name)	Enid Ling Peek Fong
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please see attached announcement titled "(I) Incorporation of subsidiary, City Connected Communities Pte. Ltd. and (II) Proposed investment in a leading operator of co-working spaces in the People's Republic of China" together with a News Release issued by City Developments Limited on 19 January 2017.
Attachments	CDL Annc 19Jan17.pdf CDL News Release.pdf Total size =94K

Announcement on

- (I) Incorporation of subsidiary, City Connected Communities Pte. Ltd.**
 - (II) Proposed investment in a leading operator of co-working spaces in the People's Republic of China**
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The Board of Directors of City Developments Limited (“CDL” or the “Company”) wishes to announce that its wholly-owned subsidiary, Singapura Developments (Private) Limited, has incorporated a wholly-owned subsidiary known as City Connected Communities Pte. Ltd. (“City Connected”) on 8 November 2016.

City Connected has entered into joint venture documentation, including a capital increase and equity transfer agreement, in connection with its acquisition of a proposed 24% equity stake in 上海办伴科技发展有限公司 (Shanghai Distrii Technology Development Co., Ltd), a leading operator of co-working spaces (“Distrii”) in the People’s Republic of China, which investment will provide CDL with immediate entry into the rapidly growing co-working space sector.

Distrii is currently operating in Shanghai and has capacity for more than 2,200 members across nine different locations, with 80% of this capacity being taken up already. With the rising popularity of co-working facilities in many urban centres, Distrii will be opening a new facility in Beijing in 1H 2017 and plans to further expand in this city as well as in Guangzhou, Shenzhen and other global gateway cities. Distrii differentiates itself from other co-working operators through its industry leading technology platform which allows seamless collaboration and connectivity for their members throughout their network of locations.

Marking its first international foray, Distrii will lease from a subsidiary of CDL more than 60,000 square feet of space at Republic Plaza Tower 1, a prime Grade A office building connected to the Raffles Place MRT Station in the heart of Singapore’s Central Business District. Distrii’s co-working facility at Republic Plaza is expected to open in 1H 2018 as the space is currently being leased out.

City Connected’s proposed investment for the 24% equity stake in Distrii has been agreed at Renminbi Seventy Two Million (RMB 72 million or approximately S\$14.9 million based on an exchange rate of RMB 4.83 to S\$1.00) (“Investment”), which would be invested in tranches, subject to the satisfaction and/or waiver of certain conditions precedent for each tranche.

Following the acquisition of the interest in Distrii by City Connected, the registered capital of Distrii would be held jointly by the investment entity of Distrii’s founder team, controlled by Dr Hu Jing, 上海京立投资合伙企业（有限合伙）(50%), an investment arm of the Huazhu Hotels Group, 华住投资（上海）有限公司 (26%), and City Connected (24%).

The amount of the Investment was determined taking into account the net assets attributable to Distrii, current market prices of comparable platforms and the Company’s assessment of the earnings potential of the joint venture. The Investment is expected to be funded via internal resources.

The proposed investment in Distrii is not expected to have any material impact on the net tangible assets or earnings of the CDL Group for the financial year ending 31 December 2017. The proposed Investment is expected to contribute to CDL group’s long-term recurring income streams.

None of the Directors or the controlling shareholders of the Company have any interest, direct or indirect, in the proposed investment in Distrii.

Further information on the Group's investment in "Distrii" can be found in the Company's press release issued on 19 January 2017, which is attached to this announcement.

By Order of the Board

Enid Ling Peek Fong
Company Secretary
Date: 19 January 2017



**CITY
DEVELOPMENTS
LIMITED**

News Release

19 January 2017

CDL INVESTS RMB 72 MILLION IN CHINA'S LEADING CO-WORKING SPACE OPERATOR DISTRII

- **Distrii to lease over 60,000 square feet of space at Republic Plaza, creating one of the largest co-working facilities in Singapore**

City Developments Limited (CDL) has signed an agreement to invest RMB 72 million (approximately S\$14.8 million¹) for a 24% stake in Distrii, a leading operator of co-working spaces in China. Founded in January 2016, Distrii already has capacity for more than 2,200 members across nine locations in Shanghai, with 80% of this capacity being taken up already. With the rising popularity of co-working facilities in many urban centres, Distrii will be opening a new facility in Beijing in the first half of 2017 and plans to further expand in this city as well as in Guangzhou, Shenzhen and other global gateway cities.

Marking its first international foray, Distrii will lease more than 60,000 square feet of space at CDL-owned Republic Plaza Tower 1, a prime Grade A office building connected to the Raffles Place MRT Station in the heart of Singapore's Central Business District. Expected to be one of the largest co-working facilities in Singapore, it will integrate food and beverage, entertainment, recreational and office facilities, leading a new trend in the co-working industry. Distrii's co-working facility at Republic Plaza is expected to open in 1H 2018 as the space is still currently leased out.

In 2016, prior to embarking on a joint venture with CDL, Distrii secured an angel investment from an investment arm of Huazhu Hotels Group (Huazhu). Nasdaq-listed Huazhu currently owns and operates over 3,000 hotels across 350 cities in China. Huazhu is founded by Mr Ji Qi, who within a span of 11 years also founded and listed Ctrip and Homeinns on the Nasdaq stock exchange.

According to a 2016 global survey by Deskmag, a leading co-working publication, the number of co-working spaces worldwide surged from just 75 in 2007 to more than 7,800 in 2015, representing a compound annual growth rate of 71%. Deskmag forecasts that there will be more than 37,000 co-working spaces by 2018².

Users of Distrii's co-working spaces include start-ups, small businesses, freelancers, independent contractors and frequent business travellers seeking to rent furnished and equipped spaces under flexible and cost-effective terms. These users are also attracted to the smart IT infrastructure, social and collaborative environment that co-working spaces provide. In addition to working alongside industry professionals and counterparts, users are invited to networking events organised by the operator.

Mr Sherman Kwek, CDL Deputy Chief Executive Officer, said, "In line with CDL's strategic diversification, we have been actively looking for innovative offerings and new growth platforms that are complementary to our core businesses of real estate and hospitality. With the burgeoning sharing economy, an increasingly mobile workforce and a greater requirement for flexibility, we see strong potential in co-working spaces and the demand for them has been rapidly growing. Our investment in Distrii enables us to immediately gain entry into the sector and will contribute to CDL's long-term recurring income streams. Through this strategic partnership, CDL will contribute not only capital but also provide our international market expertise to support Distrii's expansion both in China and on the global scene."

Dr Hu Jing, Distrii CEO, said, "The strong growth of the co-working spaces sector is expected to continue as companies and employees require more flexibility for their workspaces. In particular, for major cities in

¹ Based on an exchange rate of RMB 4.85 to S\$1.00

² CBRE Research, August 2016: [Asia Pacific Occupier Markets – The Rise of Co-working Space in Asia Pacific: Boon or bane?](#)

China and Asia, the start-up boom is a key factor for the rapid growth of co-working spaces. Distrii is in a strong position to cater to this demand. We have a leading technology platform that allows seamless collaboration and connectivity for our members throughout our network of locations. CDL's extensive international experience and network will give our joint venture a strategic advantage as we push forward with Distrii's expansion. We are excited to debut Distrii in Singapore, leveraging on our membership base and providing new-to-market offerings that will further elevate this new economy sector."

Earlier, in September 2016, CDL's wholly-owned subsidiary CDL China Limited announced it would invest RMB 100 million for a 20% stake in mamahome (<http://www.52mamahome.com/>), a fast-growing Chinese online apartment rental platform. As a one-stop solution for both apartment owners and rental customers, mamahome provides an online booking website, online management software and other value-added services including housekeeping, renovation, 24-hour concierge and call centre. In addition, mamahome provides management for its own brands of serviced apartments, namely Suisse Place, Locca and Login.

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About City Developments Limited

City Developments Limited (CDL) is a Singapore-listed international real estate operating company with a global presence spanning 94 locations in 26 countries. As one of Singapore's largest companies by market capitalisation, its income-stable and geographically-diversified portfolio comprises residences, offices, hotels, serviced apartments, integrated developments and shopping malls, totalling over 18 million square feet of floor area globally.

CDL has hotel assets in one of the world's largest hotel groups – its London-listed subsidiary Millennium & Copthorne Hotels plc (M&C) has more than 120 hotels globally, many in key gateway cities. In Singapore, CDL has developed over 36,000 homes and is one of Singapore's largest commercial landlords, with one of the biggest landbanks amongst Singapore private-sector developers.

Building on its track record of over 50 years in real estate development, investment and management, CDL has developed growth platforms in five key international markets – China, UK, US, Japan and Australia. The Company is also leveraging its stable of prime assets and growing its real estate funds management business. It currently has over S\$3.5 billion in funds under management.

For more information on CDL, please visit www.cdl.com.sg

About Distrii

Distrii is founded by Dr Hu Jing (former chief architect and Executive Vice President in Greenland Holdings) in January 2016. The company is currently operating successfully in Shanghai with over 2,200 member capacity across nine different locations and has plans to expand into the other major Tier 1 Chinese cities (Beijing, Guangzhou and Shenzhen) and also internationally. The company differentiates itself from other co-working operators through its industry leading technology platform, which allows seamless collaboration and connectivity for their members throughout their network of locations. In December 2016, to facilitate interaction between members and to connect them to Distrii's trusted partners, the Distrii Entrepreneur Alliance (DEA) was launched. DEA is an extensive platform for sharing ideas, experiences and resources, and provides more opportunities for new partnerships and clientele development.

In early 2016, an investment arm of Huazhu Hotels Group ("Huazhu"), previously known as China Lodging Group Limited (Nasdaq: HTHT), invested into Distrii as an Angel Investor. Huazhu, founded by Ji Qi, currently owns and operates over 3,000 hotels across over 350 cities in China. Within a span of 11 years, Ji Qi founded and listed 3 companies (Ctrip, Homeinns and Huazhu) on Nasdaq.

For more information on Distrii, please visit www.distrii.com