

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