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Property Developers Continue to Create Design-led Real Estate Ventures with New Lifestyle Hotel - Tribute

HONG KONG - JULY 2015: Established in 2005 by two local-born entrepreneurs, District15 has been at the forefront of repositioning commercial and residential real estate assets to create serviced apartments, hotels and lofts in up-coming areas of Hong Kong.

Co-founders and joint managing partners, Alex Bent and Dinesh Nihalchand, both have extensive business experience having worked in international finance and marketing operations for multinational corporations.

Alex Bent has a BA in Chinese and Management Studies from Durham University and the People's University in Beijing. After graduating, Bent joined John Swire & Sons in London and went on to work in the marketing and operations department for Swire Pacific in Hong Kong, China and the USA.

Dinesh Nihalchand has a Bachelor of Science degree in Supply Chain Management and a minor in Management Information Systems from Pennsylvania State University. Nihalchand has worked in the US for Merck Pharmaceuticals and as an investment banker with Prudential Finance, moving back to Hong Kong to work in Risk Management for ABN Amro Bank.

In 2005 Bent and Nihalchand identified a niche market opportunity in the residential property sector in Hong Kong and created District15 as the vehicle to further their investment ideas. They employed a slightly different strategy than many other asset managers, being big believers in investing in design and building brands to create value in their property portfolio. They believe strong brand positioning, design and PR has a multiplying effect on the rental and capital appreciation of an asset. Design to them is not just about pretty pictures, and they have proven time and time again that retrofitting an asset in the right way, executing the correct marketing strategy surrounding that asset and securing the right concept and tenant are crucial in creating value.

Often first movers in investing in locations that are somewhat overlooked, and seeing the potential in areas on the fringes and on the verge of transforming into desirable neighbourhoods, Bent and Nihalchand have been instrumental in opening up these districts through their 'value creation' strategy.



Their first foray was in 2005 when they acquired 21 individual apartments in older buildings with an average floor area of 500 square feet. Over a one-year period, District15 retrofitted the apartments realising average rental yields of 12.5 percent.

Hospitality – Kush, Tribute Hotels

From 2006 to 2010, District15, with their capital partners, purchased a total of three en-bloc residential buildings on Hollywood Road, Des Voeux Road West and High Street in the Western District of Hong Kong with a total combined GFA of 64,550 square feet adapting them as serviced apartments and running them under Kush Serviced Apartments, a brand they created in-house. All buildings were bought in what were then non-core areas with the expectation that through repositioning of the asset as well as the area they would achieve an enhanced multiple on exit. The opening of Kush and the brand and marketing strategy employed by District15 helped to transform the western end of Hollywood Road into the vibrant area of restaurants and art galleries that it is today.

Kush has received critical acclaim in media and the industry for design, operations, marketing concept and tenant satisfaction. Kush was sold in 2010, virtually doubling the initial investment outlay.

In 2007 Bent and Nihalchand with their partners identified three adjacent blocs on Des Voeux Road West amalgamating them over a three-year period to form a 7,000 square foot site with permission to build a 105,000 square foot hotel. Building plans were approved on a design created by acclaimed British designer, Thomas Heatherwick. The site was sold on to another developer in 2013.

District15's re-entered the hospitality sector in 2013 with the purchase commercial office building in Yau Ma Tei in Kowloon. The increase in tourism numbers and the popularity of adjacent Mong Kok and Tsim Sha Tsui as major shopping districts identified the building on Tong Fung Street as ideal for adaptive reuse as a limited -service hotel.

They worked on the project with partners at Aussco, a family office traditionally in garment trading and manufacturing and now expanded into other businesses with a focus on customer centric service and innovation. Likeminded entrepreneur Joanne Chow of Aussco states, "I have always appreciated the limitless variations across décor, service, facilities and trends of the hotel industry and wanted to delve into this space to explore both my commercial and creative side. Tribute's brand vision fits within our larger company vision of Aussco which includes customer centric service, innovation and the affordable luxury space across all our businesses." Applying District15's proven value creation concepts, envisioning the guest experience through storyboarding and mapping out the typical stay from arrival to departure, they created the Tribute Hotels brand based on providing travellers with a personalised, design-centric and



affordable hotel with plenty of local character, setting Tribute properties apart from anything else available in the area.

Slated to open early 2015, the Tribute Hotel Yau Ma Tei will offer 24 comfortable rooms in a contemporary environment keeping things simple with just two room types to choose from: Big & Small. With a name denoting the idea of paying homage to the local community, Tribute Hotels will incorporate local themes in design, art, produce and personalities into the brand experience.

Bent and Nihalchand are also concurrently working on their first overseas villa project in Sri Lanka.

The positive change in Sri Lanka's social and geopolitical landscape has resulted in the government investing in necessary infrastructure such as new highways and airports, linking the south with the capital, Colombo. This is leading to an increased number of tourists and a more positive positioning of the island on the international tourism map.

Commercial – The Loft Division

District15 set up The Loft Division in 2009 purchasing unique commercial spaces around Hong Kong converting them into industrial, office and retail lofts. Current and previous tenants under the loft division include fashion and lifestyle brands, art galleries and recently the electric car company: Tesla, who has secured one of the units for its Hong Kong test drive centre.

Across Hong Kong harbour in Kowloon East, The Loft Division has purchased industrial spaces around San Po Kong. This area also includes the former Kai Tak airport site and is currently undergoing a comprehensive government redevelopment plan known collectively as CBD2. Many multinational corporations and small and medium enterprises (SMEs) have been moving to more lower-cost managed office spaces in decentralized locations such that the eventual pace of conversion of industrial-to-commercial usage in the area will intensify.

Bent and Nihalchand, through their various brands under the District15 umbrella, continue to identify unique positioning angles for hospitality, residential and commercial spaces. All their brands and assets not only help to deliver a unique identity for an asset but also provide a successful platform with which to find and secure tenants. Employing the right concept and finding the right tenant for the asset helps to bring people back to a location, sustain buzz, multiply value and provide more interesting and diverse places to live, work and shop in Hong Kong.



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