CAPITALAND LIMITED

(Company registration no. 198900036N)

ANNOUNCEMENT

ENTRY INTO JOINT VENTURE WITH SHENZHEN INTERNATIONAL TRUST & INVESTMENT CO., LTD TO ACQUIRE AND MANAGE A PIPELINE OF RETAIL MALLS IN VARIOUS PARTS OF CHINA

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1. Entry into Joint Venture

The Board of Directors of CapitaLand Limited (the "**Company**") is pleased to announce that its indirect wholly-owned subsidiary, CapitaRetail China Investments Pte. Ltd. ("**CapitaRetail China**"), has today entered into a co-operative agreement (the "**Co-operative Agreement**") with Shenzhen International Trust & Investment Co., Ltd (深圳国际信托投资有限责任公司) ("**SZITIC**") in respect of:

(i) a joint investment in a pipeline of project companies (the "**Project Companies**") which are directly and/or indirectly partially owned by SZITIC. These Project Companies will develop and hold retail malls to be anchored by the Wal-Mart chain of Supercenters (the "**Retail Malls**") in various parts of China; and

(ii) a joint venture retail management company (the "**Retail Management Company**") to provide, *inter alia*, marketing and retail management services to the Project Companies that will be jointly owned by CapitaRetail China and SZITIC, in respect of the Retail Malls held by such Project Companies.

In conjunction with the Co-operative Agreement, CapitaRetail China has also entered into six sale and purchase agreements (the "**Sale and Purchase Agreements**") for the acquisition of a 51% equity stake in the first batch of six Project Companies (the "**Initial Project Companies**") as well as six corresponding equity joint venture agreements (the "**EJV Agreements**") to govern the operations and management of the Initial Project Companies.

2. Principal Terms of the Co-operative Agreement, the Sale and Purchase Agreements and the EJV Agreements

2.1 Co-operative Agreement

The principal terms of the Co-operative Agreement are set forth below:

2.1.1 Acquisition of the Project Companies

Subject to, *inter alia*, CapitaRetail China being satisfied with the results of its due diligence investigations and agreement on the terms of the relevant sale and purchase agreements, CapitaRetail China has agreed to acquire 51% of the shares in each of the identified Project Companies while SZITIC, through its subsidiary, SZITIC Commercial Investment Co., Ltd (深圳市深国投商业投资有限公司) ("**SZITIC**

Investment"), will hold the balance 49% of the shares in the identified Project Companies. Each such acquisition will be on the terms, and subject to the conditions, of the relevant sale and purchase agreement.

The parties to the Co-operative Agreement have also agreed that, following CapitaRetail China's acquisition of its 51% equity stake in the Initial Project Companies, 14 other Project Companies which have been identified for joint investment by the parties will be acquired within a year from the date of the Co-operative Agreement (subject to, *inter alia*, CapitaRetail China being satisfied with the results of its due diligence investigations and agreement on the terms of the relevant sale and purchase agreements).

2.1.2 Retail Management Company

CapitaRetail China and SZITIC have also agreed to jointly establish the Retail Management Company, in which CapitaRetail will hold a 51% equity stake and SZITIC will hold the balance 49%.

The Chairman of the board of directors and the Chief Executive Officer/General Manager of the Retail Management Company will be appointed by CapitaRetail China.

The principal activity of the Retail Management Company will be to provide, *inter alia*, marketing and retail management services to the Project Companies that will be jointly owned by CapitaRetail China and SZITIC, in respect of the Retail Malls held by such Project Companies.

2.1.3 Right of First Refusal

In addition to the Retail Malls held or to be held by the Project Companies which have been identified under the Co-operative Agreement, SZITIC has also granted CapitaRetail China the first right to acquire a stake in more than half of the Retail Malls that SZITIC may propose to develop after 1 January 2005.

2.2 Sale and Purchase Agreements

The aggregate cost of CapitaRetail China's investment in the Initial Project Companies is RMB983.88 million (approximately S$195.99 million), subject to adjustment in certain specified situations. This amount comprises the purchase prices of the shares to be acquired by CapitaRetail China in each of the Initial Project Companies, the loans which CapitaRetail China will be making to each of the Initial Project Companies as a shareholder thereof and CapitaRetail China's proportionate contribution to outstanding progress payments on the construction of the relevant Retail Malls. The Sale and Purchase Agreements are substantially identical in form and further details of certain principal terms thereof are set out in Appendix 1 to this Announcement.

2.3 EJV Agreements

The EJV Agreements are substantially identical in form and they set out the agreement between CapitaRetail China and SZITIC Investment for the operations and management of the Initial Project Companies, including in relation to matters such as payment of dividends

by the Initial Project Companies, business development plans and asset enhancement plans.

The EJV Agreements provide that the board of directors of the Initial Project Companies will comprise six directors, with three (including the chairman) appointed by CapitaRetail China and another three appointed by SZITIC Investment.

3. Certain Information on the Initial Project Companies

The Initial Project Companies own Retail Malls under development and which are targeted to open between mid-2005 and early-2006. The gross floor area of these Retail Malls range from approximately 40,000 sq m to 70,000 sq m.

4. Rationale for the Transaction

The Company believes that this joint venture transaction will bring about the following benefits:

(i) The Company has a strong track record and extensive experience in the investment, development and management of retail malls in Asia, including China. The entry into this joint venture will enable the Company to leverage on its capabilities and resources to further grow its business in the Chinese retail property market.

(ii) Some of these Retail Malls are located in provincial cities with strong growth potential. The Company believes that these cities have high demand for good quality retail malls that cater to the shopping needs of the local mass markets.

(iii) The Retail Malls will benefit from being anchored by the Wal-Mart chain of Supercenters. Wal-Mart is the world's largest retailer and has been established in China since 1996.

(iv) CapitaRetail China's first right to acquire a stake in more than half of the Retail Malls that SZITIC may propose to develop after 1 January 2005 gives the Company the potential to continuously grow the scale and reach of its business across China in the future.

(v) The joint venture transaction also provides an opportunity for the Company to establish and list a property fund or some other form of investment vehicle with a portfolio comprising, *inter alia*, the Retail Malls.

5. Method of Financing and Financial Effects of the Acquisitions

5.1 CapitaRetail China's acquisition of a 51% equity stake in each of the Initial Project Companies will be funded in cash from the Company's internal resources. Such cash outlays may in the future be refinanced with external borrowings or other sources of funds.

5.2 The acquisitions will not have a material impact on the earnings per share or the net tangible assets per share of the CapitaLand Group for the financial year ending 31 December 2004.

6. Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the transactions described in this Announcement.

7. Documents Available for Inspection

Copies of the Co-operative Agreement, the Sale and Purchase Agreements, and the EJV Agreements are available for inspection during normal business hours at the registered office of the Company at 168 Robinson Road, #30-01 Capital Tower, Singapore 068912 for a period of 3 months commencing from the date of this Announcement.

By Order of the Board

Ng Chooi Peng
Assistant Company Secretary
23 December 2004

Certain Principal Terms of the Sale And Purchase Agreements

1. Purchase of Shares in the Project Companies

CapitaRetail China will acquire 51% of the shares in the Initial Project Companies from SZITIC Commercial Property Co., Ltd (深圳国投商用置业发展有限公司) ("**SZITIC Commercial**"), an associated company of SZITIC.

2. Consideration

The purchase prices of the relevant shares in the Initial Project Companies are payable in cash by CapitaRetail China to SZITIC Commercial within five business days of the satisfaction or deemed satisfaction of the relevant conditions precedent and, in any case, by no later than 5 February 2005, subject to a subsequent adjustment based on certain specified formulae.

3. Certain Conditions Precedent

The completion of the sale and purchase of the relevant shares in each of the Initial Project Companies is subject to, *inter alia,* the fulfilment of the following conditions precedent:

(a) the grant of the necessary approvals by the relevant Chinese authorities for the transfer of the relevant shares in the Initial Project Companies from SZITIC Commercial to CapitaRetail China;

(b) the passing of the necessary resolutions by the board of directors of the Initial Project Companies and the ordinary shareholders of the Initial Project Companies, approving the sale of the relevant shares to CapitaRetail China;

(c) the land or the development being free from any encumbrances (other than such encumbrances are as disclosed in the relevant Sale and Purchase Agreement); and

(d) CapitaRetail China being satisfied with the results of its due diligence investigations.