CAPITALAND LIMITED

(Company registration no. 198900036N)

ANNOUNCEMENT

SIGNING OF CO-OPERATIVE AGREEMENT WITH SZITIC COMMERCIAL PROPERTY CO., LTD. AND SHENZHEN SZITIC COMMERCIAL INVESTMENT CO., LTD. TO INVEST IN A FURTHER PIPELINE OF RETAIL MALLS IN VARIOUS PARTS OF CHINA

---

1. Introduction

1.1 Signing of Co-operative Agreement

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 SZITIC Commercial Property Co., Ltd. (深国投商用置业有限公司) ("**SZITIC Commercial**") and Shenzhen SZITIC Commercial Investment Co., Ltd. (深圳市深国投商业投资有限公司) ("**SZITIC Investment**"). Under the Co-operative Agreement, CapitaRetail China or an entity nominated by it (the "**Relevant CapitaRetail China Entity**") will invest in a pipeline of project companies (the "**Project Companies**") which are owned or controlled by SZITIC Commercial. 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.

This Co-operative Agreement builds upon the earlier co-operative agreement entered into between CapitaRetail China and Shenzhen International Trust & Investment Co., Ltd. ("**SZITIC**") on 23 December 2004, which sets out the framework for, among other things, CapitaRetail China's investment in an initial batch of six project companies which are developing Retail Malls in six Chinese cities.

1.2 Investment in 15 Project Companies

Pursuant to the Co-operative Agreement, the Relevant CapitaRetail China Entity will, subject to certain conditions set forth below, enter into 15 transfer agreements (the "**Transfer Agreements**") to take up a 65% equity stake in a first batch of 15 Project Companies as well as 15 corresponding equity joint venture agreements (the "**EJV Agreements**") to govern the operations and management of these Project Companies. SZITIC Commercial will hold, or will nominate one of its related or associated entities to hold, the balance 35% equity stake in each such Project Company.

The gross floor area of the 15 Retail Malls to be held by the first batch of 15 Project Companies generally range between 30,000 square metres and 50,000 square metres each. These 15 Retail Malls are mostly located in provincial cities.

2. Principal Terms of the Co-operative Agreement

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

2.1 Investment in the Project Companies

The Relevant CapitaRetail China Entity will enter into each of the Transfer Agreements and EJV Agreements only upon the satisfaction of certain specified conditions relating to the relevant land and/or the Retail Mall under construction. Subject to, among other things, the satisfaction of the relevant conditions precedent, the Relevant CapitaRetail China Entity will invest in four Project Companies by 30 July 2005, seven Project Companies by 30 September 2005 and the remaining four Project Companies by 15 November 2005. In the event that the conditions precedent for the investment by the Relevant CapitaRetail China Entity in one or more of the first batch of 15 Retail Mall projects cannot be satisfied in full, such projects may be substituted with other projects to be mutually agreed between the parties to the Co-operative Agreement.

2.2 Participation in Other Retail Mall Projects

The parties to the Co-operative Agreement have also agreed that, following the investment by the Relevant CapitaRetail China Entity in the first batch of 15 Project Companies, CapitaRetail China will have the right to invest in 17 other identified Project Companies, subject to certain specified conditions.

Under the Co-operative Agreement, CapitaRetail China has also been granted the first right (which may be exercised by not later than 31 August 2005) to participate, on terms to be mutually agreed, in a commercial project under development in Shenzhen, China that will comprise, among others, Wal-Mart's Asia head office, a Sam's Club (a Wal-Mart retail concept) and a retail podium.

In addition, the Co-operation Agreement gives CapitaRetail China the first right to invest in not less than 70% of future Retail Mall projects that SZITIC Commercial may propose to develop between the date of the Co-operative Agreement and 31 December 2010.

2.3 Retail Management Company

CapitaRetail China and SZITIC Investment have agreed to jointly establish a retail management company in Shenzhen, China, in which CapitaRetail China or an entity nominated by it will hold a 51% equity stake and SZITIC Investment or an entity nominated by it will hold the balance 49% equity stake.

The retail management company to be established will provide, among other things, retail management services to the Project Companies that CapitaRetail China will invest in.

3. Estimated Investment Amount

The current estimated quantum of CapitaRetail China's investment in the first batch of 15 Project Companies is RMB3,373 million (approximately S$687 million), subject to adjustment in certain specified situations. This amount comprises, among other things, the cost of CapitaRetail China's 65% of the equity stake in each of the Project Companies, the loans which the Relevant CapitaRetail China Entity will be making to the Project Companies as a shareholder thereof, the Relevant CapitaRetail China Entity's proportionate contribution to outstanding progress payments on the construction of the Retail Malls and other transaction expenses such as professional fees.

4. Rationale for the Transaction

The Company believes that its entry into the Co-operative Agreement and its investment in the Retail Malls will produce 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 Company's investment in the Retail Malls will enable it to leverage on its capabilities and resources to further grow its business in the Chinese retail property market. In addition, the Company will also benefit from its partnership with reputable local players.

(ii) CapitaRetail China's first right to invest in a larger pipeline of Retail Malls that SZITIC Commercial may develop in the future gives the Company the potential to continuously grow the scale and reach of its business across China.

(iii) Most of the 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.

(iv) 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.

(v) The Company's investment in the Retail Malls provides the opportunity to create a listed fund or some other form of investment vehicle with a portfolio comprising, among others, the Retail Malls.

5. Method of Financing

CapitaRetail China's investment in the first batch of 15 Project Companies will be funded in part by cash from the Company's internal resources and in part by borrowings.

6. Other Information

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.

By Order of the Board

Rose Kong
Company Secretary

8 July 2005