CAPITALAND LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No.: 198900036N

ANNOUNCEMENT

PROPOSED DIVESTMENT OF PARCO BUGIS JUNCTION AND BCH OFFICE INVESTMENT PTE LTD

CapitaLand Limited ("**CapitaLand**") wishes to announce the following:

1. **Divestment of Parco Bugis Junction by CapitaLand's Associated Company**

CapitaLand's associated company, BCH Retail Investment Pte Ltd ("**BCHRI**"), has entered into a conditional sale and purchase agreement (the "**Retail Property Sale and Purchase Agreement**") with HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of CapitaMall Trust), for the sale by BCHRI to CapitaMall Trust ("**CMT**") the commercial property known as *Parco Bugis Junction*, as well as the plant and equipment relating thereto and certain fixed assets (the "**Retail Property**") (the "**Retail Property Divestment**").

The consideration for the sale of the Retail Property, arrived at on a willing-buyer and willing-seller basis, is $580.8 million payable in cash upon completion of the Retail Property Sale and Purchase Agreement. Completion is subject to and conditional upon, inter alia, the approval of CMT's unitholders being obtained at an extraordinary general meeting to be convened by CMT (the **"Unitholder Approval**").

Concurrently, with the signing of the Retail Property Sale and Purchase Agreement, CapitaLand has, through its indirect wholly-owned subsidiary, CapitaLand Retail (SI) Investments Pte. Ltd. ("**SI**"), entered into a conditional share purchase agreement (the "**Retail Share Purchase Agreement**") with Bugis City Holdings Pte. Ltd. ("**BCH**"), an associated company of Capitaland, for the purchase of 80% of the issued and paid-up share capital of BCHRI (the "**Retail Share Purchase**"). As at 30 June 2005, the adjusted net tangible assets value of BCHRI is approximately $291.9 million.

The Retail Share Purchase Agreement is a "backstop" agreement for the purpose of securing the Retail Property for CapitaLand group of companies if the divestment of the Retail Property to CMT does not proceed because the Unitholder Approval is not obtained. In such an event, SI and BCH will proceed to complete the Retail Share Purchase. However, if the Retail Property Divestment is completed as anticipated, the Retail Share Purchase Agreement shall terminate automatically.

SI currently owns 20% of the issued and paid-up share capital of BCHRI. If the Retail Share Purchase Agreement is completed, SI will own 100% of the issued and paid-up share capital of BCHRI, and CapitaLand will also own the Retail Property through BCHRI. In such event, CapitaLand intends to monetise the Retail Property to a vehicle managed or to be managed by the CapitaLand group of companies.

The aggregate consideration for the Retail Share Purchase is approximately $351.4 million payable in cash (subject to completion and post completion adjustments), which was arrived at on a willing-buyer and willing-seller basis, taking into account, amongst other factors, the value of the Retail Property at $580.8 million.

The Retail Property Sale and Purchase Agreement and the Retail Share Purchase Agreement are subject to and conditional upon the approval of the shareholders of Keppel Land Limited (the "**Keppel Land**") (if required by the Listing Manual of Singapore Exchange Securities Trading Limited) being obtained.

Completion of the Retail Property Sale and Purchase Agreement and the Retail Share Purchase Agreement (if not terminated) are expected to take place by end November 2005 and end December 2005 respectively. Completion of the Retail Property Sale and Purchase Agreement or (as the case may be) the Retail Share Purchase Agreement is subject to and contingent upon the concurrent completion of the Office Share Divestment referred to below.

2. **Divestment of BCH Office Investment Pte Ltd**

CapitaLand's indirect wholly-owned subsidiary, SI, has together with BCH (together, the "**Vendors**"), entered into a conditional sale and purchase agreement with Keppel Land Properties Pte Ltd (the "**Purchaser**"), a wholly-owned subsidiary of Keppel Land for the sale by the Vendors to the Purchaser of the entire issued and paid-up share capital (the "**Office Shares**") of BCH Office Investment Pte Ltd ("**BCH Office**") (the "**Office Share Divestment**").

BCH Office owns *Bugis Junction Tower* (the "**Office Property**"). SI currently holds a direct 25% equity interest in BCH Office whilst BCH holds the other 75%. As at 30 June 2005, the adjusted net tangible assets value of BCH Office is approximately $39.8 million.

The aggregate consideration for the Office Share Divestment is approximately $49.0 million (subject to completion and post completion adjustments), which was arrived at on a willing-buyer and willing-seller basis, taking into account, amongst other factors, the value of the Office Property at $140.0 million.

Completion of the Office Share Purchase Divestment is expected to take place by end November 2005, if not, then by end December 2005. Completion of the Office Share Divestment is subject to and contingent upon the concurrent completion of the Retail Property Sale and Purchase Agreement or (as the case may be) the Retail Share Purchase Agreement.

3. Rationale

The aforesaid divestments of the Retail Property and the Office Shares (the "**Divestments**") are in line with CapitaLand's asset productivity strategy to realize returns from its assets, and re-deploying sale proceeds into investments which could generate higher returns for shareholders. The sale of the Retail Property to CMT will enable CapitaLand to generate higher fee income from the management of an enlarged CMT portfolio.

4. Financial Effects

The Divestments are expected to yield a net gain of approximately $32 million for CapitaLand.

For illustrative purposes only, the financial effects of the Divestments on the earnings per share ("**EPS**") and net tangible assets ("**NTA**") per share of CapitaLand for the financial year ended 31 December 2004 are:

(i) Earnings: Assuming that the Divestments were effected on 1 January 2004, CapitaLand's EPS is expected to increase from 12.4 cents to 13.5 cents for the year ended 31 December 2004; and

(ii) NTA: Assuming that the Divestments had been effected on 31 December 2004, the financial impact on CapitaLand's NTA per share is not significant.

5. Directors' and Controlling Shareholders' Interests

Temasek Holdings (Private) Limited is the controlling shareholder of CapitaLand and Keppel Land. CapitaLand is a controlling unitholder of CMT.

As at 30 June 2005 (the "**Latest Practicable Date**"), certain directors of CapitaLand collectively hold an aggregate direct and indirect interest in 1,295,050 units in CMT and certain directors of CapitaMall Trust Management Limited, the manager of CMT (the "**Manager**") (including those of the aforementioned directors of CapitaLand who are also directors of the Manager) collectively hold an aggregate direct and indirect interest in 1,604,000 units in CMT.

As at the Latest Practicable Date, CapitaLand has an indirect interest in 465,963,990 units in CMT (comprising approximately 38.67% of the existing units in CMT). The Manager itself holds 1,782,437 units in CMT.

Mr Hsuan Owyang and Mr Liew Mun Leong are directors of both CapitaLand and the Manager.

Mr Pua Seck Guan is a director of BCH, BCHRI, BCH Office and the Manager.

Save as disclosed above, none of the directors or controlling shareholders of CapitaLand have any interest, direct or indirect, in the abovementioned transactions.

By Order of the Board

Rose Kong
Company Secretary
22 July 2005