CAPITALAND LIMITED

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

ANNOUNCEMENT

CONVERTIBLE BONDS DUE 2016

1. INTRODUCTION

CapitaLand Limited (the "**Company**") wishes to announce that the Company has priced its offering (the "**Offer**") of convertible bonds due 15 November 2016 (the "**Convertible Bonds**"), which are convertible into new ordinary shares in the capital of the Company ("**Shares**"). J.P. Morgan (S.E.A.) Limited ("**JPMorgan**") is the sole bookrunner and lead manager of the Offer. The Convertible Bonds have been fully placed to institutional investors and accredited investors.

2. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms and conditions of the Convertible Bonds are summarised as follows:

Issue Size	:	S$350 million principal amount of Convertible Bonds (excluding the over-allotment option referred to below).
Over-allotment Option	:	An additional S$150 million principal amount of Convertible Bonds under a 30-day over-allotment option granted by the Company to JPMorgan.
Issue Price	:	100 per cent. of the principal amount of the Convertible Bonds.
Settlement and Payment	:	Subject to fulfilment of the conditions of the subscription agreement dated 5 October 2006 between the Company and JPMorgan, settlement and payment for the Convertible Bonds is expected to take place on 15 November 2006 in Singapore.
Interest	:	The Convertible Bonds will bear interest at the rate of 2.1 per cent. per annum.

Yield to Maturity	:	2.1 per cent. per annum.
Conversion Price	:	S$7.3136 for each New Share.
Conversion Premium	:	42.8 per cent. over the volume weighted average prices of the Shares on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") from 29 September 2006 to 5 October 2006.
Conversion Period	:	Convertible at the option of the holder, at any time from 26 December 2006 to 5 November 2016.
Status of the New Shares	:	The Convertible Bonds constitute direct and unsecured obligations of the Company and shall at all times rank pari passu without preference or priority amongst themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and the terms of the Convertible Bonds themselves, rank at least equally with all its other present and future direct, unsubordinated, unconditional and unsecured obligations.
Cash Settlement Option	:	The Company has the option to pay cash in lieu of issuing new Shares on conversion of the Convertible Bonds. The cash settlement amount will be based on the average of the volume weighted average price of the Shares on the SGX-ST for the five market days after the Company gives notice of its intention to exercise the cash settlement option.
Final Redemption	:	Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed at 100 per cent. of their principal amount on the final redemption date.
Final Redemption Date	:	15 November 2016.
Redemption at the Option of the Investor	:	Holders of the Convertible Bonds may require the Company to repurchase all their Convertible Bonds at a price equal to the principal amount of the Convertible Bonds being redeemed, together with any accrued but unpaid interest accrued to the date of redemption, in any of the following situations: • 15 November 2013; and • delisting of the Shares.
Redemption at the Option of the Company	:	All or a portion of the Convertible Bonds may be redeemed by the Company from 15 November 2011 until the seventh business day preceding the final redemption date, if the

		closing price of the Shares (as quoted on the SGX-ST) over the prescribed period is at least 125 per cent. of the conversion price. The redemption price will be equal to the principal amount of the Convertible Bonds being redeemed, together with any accrued but unpaid interest accrued to the date of redemption.
Listing	:	Application will be made to list the Convertible Bonds on the Official List of the SGX-ST.
Governing Law	:	English law.

3. NEW SHARES

The number of new Shares to be allotted and issued by the Company, pursuant to the full conversion of the Convertible Bonds, is 47,856,049 (based on the conversion price of S$7.3136 and assuming no adjustments to the conversion price). The 47,856,049 new Shares represent approximately 1.7 per cent. of the existing Shares in issue.

4. USE OF PROCEEDS

The estimated net proceeds from the issue of the Convertible Bonds are approximately S$344 million (assuming no exercise of the over-allotment option). The Company intends to use the proceeds to refinance its existing borrowings, finance new investments, and/or for working capital.

5. FINANCIAL EFFECTS

For the purposes of illustration, the financial effects of the issue of the Convertible Bonds (excluding the over-allotment option), based on the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") as at 31 December 2005, and the unaudited consolidated financial statements of the Group as at 30 June 2006, on the share capital, net tangible assets ("**NTA**"), earnings and net gearing of the Group are as follows:

(a) Share Capital

	The Group and the Company	
	31 December	30 June
Number of Shares	2005	2006
	'000	'000
Before the issue of Convertible Bonds	2,750,503	2,773,408
After the issue of Convertible Bonds but before any conversion	2,750,503	2,773,408
Assuming full conversion of the Convertible Bonds	2,798,359	2,821,264

The number of outstanding share options under the CapitaLand Share Option Plan is as follows:

	The Company	
	31 December 2005 '000	30 June 2006 '000
Share options	64,060	63,631

(b) NTA

	The Group	
	31 December 2005 S$'000	30 June 2006 S$'000
NTA, as reported	6,622,316	6,468,455
Capital reserve arising from issue of the Convertible Bonds	47,950	47,950
Estimated issue expenses	(6,100)	(6,100)
Adjusted NTA after the issue of the Convertible Bonds but before any conversion	6,664,166	6,510,305
NTA per Share (S$)		
Before the issue of the Convertible Bonds	2.41	2.33
After the issue of the Convertible Bonds but before any conversion	2.42	2.35

Assuming full conversion of the Convertible Bonds, the effects on the NTA and NTA per Share would be as follows:

	The Group	
	31 December 2005 S$'000	30 June 2006 S$'000
Adjusted NTA	6,966,216	6,812,355
Adjusted NTA per Share (S$)	2.49	2.41

(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be the aggregate of 2.1 per cent. interest payable each year and the amortisation of the fair value of the conversion rights recorded on the date of issue. However, it is not possible to quantify the effects of the issue of the Convertible Bonds on the earnings of the Group until the proceeds from the issue of the Convertible Bonds have been deployed.

(d) Net Gearing

	The Group	
	31 December 2005 S$'000	30 June 2006 S$'000
Net borrowings, as reported	4,552,709	4,965,550
Decrease in net borrowings resulting from recording the fair value of the conversion rights upon the issue of the Convertible Bonds	(47,950)	(47,950)
Estimated issue expenses	6,100	6,100
Adjusted net borrowings after the issue of the Convertible Bonds but before any conversion	4,510,859	4,923,700
Total Equity, as reported	9,028,368	9,089,640
Capital reserve arising from issue of the Convertible Bonds	47,950	47,950
Estimated issue expenses	(6,100)	(6,100)
Adjusted Total Equity after the issue of the Convertible Bonds	9,070,218	9,131,490
Net gearing (number of times)		
As reported	0.50	0.55
After the issue of the Convertible Bonds	0.50	0.54

Assuming the full conversion of the Convertible Bonds, the effects on the net gearing of the Group would be as follows:

	The Group	
	31 December 2005 S$'000	30 June 2006 S$'000
Adjusted net borrowings assuming full conversion of the Convertible Bonds	4,208,809	4,621,650

	The Group	
	31 December 2005 S$'000	30 June 2006 S$'000
Adjusted Total Equity assuming full conversion of the Convertible Bonds	9,372,268	9,433,540
Net gearing (number of times)	0.45	0.49

By Order of the Board

Low Sai Choy
Company Secretary
Singapore, 6 October 2006