CAPITALAND LIMITED

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

ANNOUNCEMENT

SALE OF STAKE IN CAPITALAND-RAFFLES PROPERTIES PTE LTD

CapitaLand Limited ("**CapitaLand**") wishes to announce that its wholly-owned subsidiary, CapitaLand Raffles Investment Pte Ltd ("**CapitaLand Raffles**"), has entered into a sale and purchase agreement (the "Agreement") with Raffles Medical Properties Pte Ltd ("**Raffles Properties**"), a wholly-owned subsidiary of Raffles Medical Group Ltd, for the sale (the "**Sale**") of its entire stake (comprising 4,800,000 ordinary shares and 51,570,000 preference shares) (collectively, the "**Sale Shares**") representing 50% of the issued share capital of CapitaLand-Raffles Properties Pte Ltd ("**CRPPL**") to Raffles Properties.

CRPPL is an indirect associated company of CapitaLand and the owner of the building called "Raffles Hospital" located at 585 North Bridge Road, Singapore 188770 (the "**Property**").

The aggregate cash consideration for the Sale Shares is S$66.9 million (the "Consideration"), subject to a post-completion adjustment of the net asset value of CRPPL on the date of completion of the Sale expected to be on or about 30 September 2007 (the "Completion"). The Consideration was arrived at on a willing buyer-willing seller basis taking into account, amongst other factors, the agreed value of the Property at S$215 million.

CapitaLand Group's carrying value of the Sale Shares based on the management accounts of CRPPL as at 31 May 2007 is S$28.3 million.

The Completion is subject to the fulfillment of certain conditions precedent set out in the Agreement, including the obtaining of the approval of United Overseas Bank Limited ("UOB") which has granted certain banking facilities to CRPPL. In the event that the approval from UOB is not obtained, Raffles Properties shall procure new financing (such financing to take effect before the Completion) to fully repay all outstanding loans owing by CRPPL to UOB.

Following the Completion, CapitaLand will recognise in its Group consolidated accounts a gain of approximately S$38.5 million. CRPPL will also cease to be an associated company of CapitaLand.

Based on the unaudited consolidated financial statements of CapitaLand for the first quarter ended 31 March 2007:

(i) assuming that the Sale was effected on 1 January 2007, CapitaLand's earnings per share would have increased from 21.8 cents to 23.2 cents for the first quarter ended 31 March 2007; and

(ii) assuming that the Sale was effected on 31 March 2007, the financial impact on CapitaLand's net tangible assets per share would not be material.

None of the Directors or the controlling shareholder of CapitaLand has any interest, direct or indirect, in the above transaction.

By Order of the Board

Low Sai Choy
Company Secretary
18 June 2007