CAPITALAND LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No.: 1989000036N

ANNOUNCEMENT

CONVERTIBLE BONDS DUE 2022

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1. **INTRODUCTION**

CapitaLand Limited (the "**Company**") wishes to announce that the Company has priced its offering (the "**Offer**") of convertible bonds due 2022 (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$1,000,000,000 in principal amount of Convertible Bonds
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 on or about 25 May 2007 between the Company and JPMorgan, settlement and payment of the Convertible Bonds is expected to take place on 20 June 2007 in Singapore.
Interest	:	The Convertible Bonds will bear interest at the rate of 2.95 per cent. per annum.
Yield to Maturity	:	2.95 per cent. per annum.
Initial Conversion Price	:	S$13.8871 for each New Share.

Conversion Premium	:	72 per cent. over the volume weighted average prices of the Shares traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for 25 May 2007.
Conversion Period	:	Convertible at the option of the holder, at any time from 20 June 2008 to 10 June 2022.
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.
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	:	20 June 2022.
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, on 20 June 2017 and 20 June 2019 and upon the 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 at any time on or after 20 June 2014 but not less than seven business days prior to the Final Redemption Date, if the closing price of the Shares (as quoted on the SGX-ST) over the prescribed period is at least 130 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 and the shares arising from the conversion of the Convertible Bonds.
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 72,009,275 (based on the conversion price of S$13.8871 and assuming no adjustments to the conversion price). The 72,009,275 new Shares represent approximately 2.6 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$986 million. 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, based on the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") as at 31 December 2006, and the unaudited consolidated financial statements of the Group as at 31 March 2007, 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 2006	31 March 2007
Number of Shares	'000	'000
Before the issue of Convertible Bonds	2,779,346	2,795,251
After the issue of Convertible Bonds but before any conversion	2,779,346	2,795,251
Assuming full conversion of the Convertible Bonds	2,851,355	2,867,261

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

	The Company	
	31 December 2006 '000	31 March 2007 '000
Share options	57,755	43,465

In the event that the S$430 million 2.1 per cent. convertible bonds due 2016 previously issued by the Company is fully converted, the number of Shares of the Company will be increased by 59,219,677 Shares.

(b) NTA

	The Group	
	31 December 2006 S$'000	31 March 2007 S$'000
NTA, as reported	7,361,389	7,978,731
Capital reserve arising from issue of the Convertible Bonds	92,000	92,000
Estimated issue expenses	(13,800)	(13,800)
Adjusted NTA after the issue of the Convertible Bonds but before any conversion	7,439,589	8,056,931
NTA per Share (S$)		
Before the issue of the Convertible Bonds	2.65	2.85
After the issue of the Convertible Bonds but before the any conversion	2.68	2.88

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

	The Group	
	31 December 2007	31 March 2007
	S$'000	S$'000
Adjusted NTA	8,347,589	8,964,931
Adjusted NTA per Share (S$)	2.93	3.13

(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be at the aggregate of 2.95 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 2006	31 March 2007
	S$'000	S$'000
Net borrowings, as reported	5,444,977	4,917,211
Decrease in net borrowings resulting from recording the fair value of the conversion rights upon the issue of the Convertible Bonds	(92,000)	(92,000)
Estimated issue expenses	13,800	13,800
Adjusted net borrowings after the issued of the Convertible Bonds but before any conversion	5,366,777	4,839,011
Total Equity, as reported	9,512,750	9,914,615
Capital reserve arising from the issue of the Convertible Bonds	92,000	92,000
Estimated issue expenses	(13,800)	(13,800)
Adjusted Total Equity after the issue of the Convertible Bonds	9,590,950	9,992,815
Net gearing (number of times)		
As reported	0.57	0.50
After the issue of the Convertible Bonds	0.56	0.48

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 2006	31 March 2007
	S$'000	S$'000
Adjusted net borrowings assuming full conversion of the Convertible Bonds	4,458,777	3,931,011
Adjusted Total Equity assuming full conversion of the Convertible Bonds	10,498,950	10,900,815
Net gearing (number of times)	0.42	0.36

By Order of the Board

Low Sai Choy
Company Secretary
Singapore, 25 May 2007