CAPITALAND LIMITED

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

ANNOUNCEMENT

SALE OF 50% STAKE IN GRAND DESIGN DEVELOPMENT LIMITED

CapitaLand Limited ("**CapitaLand**") wishes to announce that its indirect wholly-owned subsidiary, Somerset Mall Pte Ltd ("**SM**"), has entered into a conditional sale and purchase agreement (the **"Agreement"**) with American International Assurance Company (Bermuda) Limited ("**AIAB"**). Pursuant to the Agreement, SM would sell (the "**Sale**") its entire 50% stake (comprising 5,000 ordinary shares of US$1 each fully paid) (the "**Sale Shares**") in Grand Design Development Limited ("**GDD**") to AIAB and procure the repayment of all outstanding loans granted by two other companies within the CapitaLand group to GDD (the **"Loans"**).

GDD, a company incorporated in the British Virgin Islands, holds a 90% interest in Bayshore Development Group Limited (**"Bayshore"**), another company incorporated in the British Virgin Islands. Bayshore is the owner of the Grade A office building called "The AIG Tower" located at No. 1 Connaught Road, Central, Hong Kong (the "**Property**").

The consideration (the **"Consideration"**) for the Sale Shares which would be wholly satisfied in cash was HK$1,814.7 million (approximately S$354.9 million) subject to a post-completion adjustment of the net asset value of GDD as of the completion date, which is expected to be on or around 30 November 2007 (the **"Completion Date"**). The Consideration was arrived at on a willing buyer-willing seller basis taking into account, among other factors, the agreed value of the Property at HK$8,069 million[1] (approximately S$1,577.9 million).

---

[1] HK$22,042 per square foot on net lettable area of 366,072 square feet or HK$19,256 per square foot on gross floor area of 419,034 square feet.

The Loans would be repaid at the face value of the amounts outstanding plus the interest accrued up to the Completion Date.

CapitaLand's carrying value of the Sale Shares based on the management accounts of GDD as at 31 July 2007 was S$93.5 million.

Completion of the Sale is subject to the fulfillment of certain conditions precedent set out in the Agreement (the **"Completion"**) including the representation by SM that it has carried out all procedures and obtained all approvals required under the laws and administrative regulations to which it is subject, to sell the Sale Shares, remaining true and accurate and not misleading at the Completion.

Upon the Completion, CapitaLand will recognise in its Group consolidated accounts a gain of approximately S$260.7 million. GDD and Bayshore will cease to be associated companies of CapitaLand.

Based on the unaudited consolidated financial statements of CapitaLand for the half year ended 30 June 2007:

(i) assuming that the Sale was effected on 1 January 2007, CapitaLand's earnings per share would have increased from 54.4 cents to 63.2 cents; and

(ii) assuming that the Sale was effected on 30 June 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
16 September 2007