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

ANNOUNCEMENT

CONVERTIBLE BONDS DUE 2018

1. INTRODUCTION

CapitaLand Limited (the "**Company**") wishes to announce that the Company has priced its offering (the "**Offer**") of convertible bonds due 05 March 2018 (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$1,300,000,000 in principal amount of Convertible Bonds (excluding the over-allotment option referred to below).
Over-allotment Option	:	An additional S$200,000,000 in 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 31 January 2008 between the Company and JPMorgan, settlement and payment for the Convertible Bonds is expected to take place in Singapore on 05 March 2008 or such other date as may be agreed between the Company and JPMorgan.
Interest	:	The Convertible Bonds will bear interest at the rate of 3.125 per cent. per annum.
Yield to Maturity	:	3.95 per cent. per annum.
Initial Conversion Price	:	S$8.6140 for each new Share.

Conversion Premium	:	46 per cent. over closing price of the Shares quoted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 31 January 2008.
Conversion Period	:	Convertible at the option of the holder, at any time from 15 April 2008 to 23 February 2018.
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 109.998 per cent. of their principal amount on the Maturity Date.
Maturity Date	:	05 March 2018 (the "**Maturity Date**").
Early Redemption Amount	:	The early redemption amount (the "**Early Redemption Amount**") in respect of each S$250,000 in principal amount of Convertible Bonds is the amount determined which represents for the holder thereof on the relevant date for determination of the Early Redemption Amount, a gross yield to maturity identical to that applicable in the case of redemption on the Maturity Date, being 3.95 per cent. per annum (calculated on a semi annual basis).
Redemption at the Option of the Investor	:	Holders of the Convertible Bonds may require the Company to redeem all or some of their Convertible Bonds at 106.578 per cent. of their principal amount on 05 March 2015 (the "**Put Date**").
Delisting Put Right	:	Upon the delisting of the Shares on the SGX-ST, each holder of the Convertible Bonds has the right to require the Company to redeem all (but not less than all) their Convertible Bonds at the Early Redemption Amount.

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 05 March 2013 but not less than seven business days prior to the Maturity 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 principal amount of the Convertible Bonds plus interest equal to the Early Redemption Amount divided by the conversion ratio. The redemption price will be equal to the Early Redemption Amount.
Company's Stock Settlement Option	:	The Company shall have the option, on the Put Date and the Maturity Date, to redeem all (and not some only) of the Convertible Bonds by payment of cash and/or the delivery of Shares, to the holders of the Convertible Bonds. The number of Shares to be delivered shall be determined by the Company and calculated in accordance with the terms and conditions of the Convertible Bonds which shall not exceed 10 per cent. of the number of Shares outstanding on the twentieth trading day preceding the relevant redemption date.
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 150,917,111 (based on the conversion price of S$8.6140 and assuming no adjustments to the conversion price). The 150,917,111 new Shares represent approximately 5.38 per cent. of the existing issued Shares.

4. **USE OF PROCEEDS**

The estimated net proceeds from the issue of the Convertible Bonds are approximately S$1.27 billion (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 2006, and the unaudited consolidated financial statements of the Group as at 30 September 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	30 September 2007
Number of Shares	'000	'000
Before the issue of Convertible Bonds	2,779,346	2,805,089
After the issue of Convertible Bonds but before any conversion	2,779,346	2,805,089
Assuming full conversion of the Convertible Bonds	2,930,263	2,956,006

The number of outstanding share options under the CapitaLand Share Option Plan and contingent awards under the CapitaLand Performance Share Plan and the CapitaLand Restricted Stock Plan are as follows:

	The Company	
	31 December 2006	30 September 2007
	'000	'000
Number of outstanding share options under CapitaLand Share Option Plan	57,755	32,254
Contingent award under CapitaLand Performance Share Plan	9,004 [(1)]	8,678 [(1)]
Contingent award under CapitaLand Restricted Stock Plan (of which 632,245 are to be cash settled)	-	4,597 [(2)]

[(1)] The final number of shares given will depend on the achievement of pre-determined targets over a three-year performance period. No shares will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more performance shares than the baseline award could be delivered up to a maximum of 200% of the baseline award.

[(2)] The final number of shares released will depend on the achievement of threshold performance targets at the end of a one-year performance period and the release will be over a vesting period of two to three years. No shares will be released if the threshold targets are not met at the end of the one-year performance period. On the other hand, if superior targets are met, more shares than the baseline award could be released up to a maximum of 150% of the baseline award.

In the event that the S$430 million 2.1 per cent. convertible bonds due 2016 and the S$1 billion 2.95 per cent. convertible bonds due 2022 previously issued by the Company are fully converted, the number of Shares of the Company will be increased by 131,228,952 Shares.

(b) NTA

	The Group	
	31 December 2006	30 September 2007
	S$'000	S$'000
NTA as reported	7,361,389	9,266,702
Capital reserve arising from issue of the Convertible Bonds	117,000	117,000
Estimated issue expenses	(27,284)	(27,284)
Adjusted NTA after the issue of the Convertible Bonds but before any conversion	7,451,105	9,356,418
NTA per Share (S$)		
Before the issue of the Convertible Bonds	2.65	3.31
After the issue of the Convertible Bonds but before any conversion	2.68	3.34

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

	The Group	
	31 December 2006	30 September 2007
	S$'000	S$'000
Adjusted NTA	8,751,105	10,656,418
Adjusted NTA per Share (S$)	2.99	3.61

(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be at the effective rate of 3.95 per cent. each year plus 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	30 September 2007
	S$'000	S$'000
Net borrowings, as reported	5,444,977	5,124,349
Decrease in net borrowings resulting from recording the fair value of the conversion rights upon the issue of the Convertible Bonds	(117,000)	(117,000)
Estimated issue expenses	27,284	27,284
Adjusted net borrowings after the issue of the Convertible Bonds but before any conversion	5,355,261	5,034,633
Total Equity, as reported	9,512,750	11,137,354
Capital reserve arising from the issue of the Convertible Bonds	117,000	117,000
Estimated issue expenses	(27,284)	(27,284)
Adjusted Total Equity after the issue of the Convertible Bonds	9,602,466	11,227,070
Net gearing (number of times)		
As reported	0.57	0.46
After the issue of the Convertible Bonds	0.56	0.45

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	30 September 2007
	S$'000	S$'000
Adjusted net borrowings assuming full conversion of the Convertible Bonds	4,172,261	3,851,633
Adjusted Total Equity assuming full conversion of the Convertible Bonds	10,785,466	12,410,070
Net gearing (number of times)	0.39	0.31

By Order of the Board

Low Sai Choy
Company Secretary
Singapore, 01 February 2008