CAPITALAND LIMITED

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

ANNOUNCEMENT

TERMS AND FINANCIAL EFFECTS OF NEW ISSUANCE OF CONVERTIBLE BONDS DUE 2016

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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 2016 (the "**Convertible Bonds**"), which are convertible into new ordinary shares in the capital of the Company ("**Shares**"). Credit Suisse (Singapore) Limited ("**Credit Suisse**") is the sole bookrunner, lead manager and underwriter of the Offer. The Convertible Bonds have been fully placed to institutional investors and sophisticated investors.

2. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

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

Issue Size	:	S$1.1 billion in principal amount of Convertible Bonds (excluding the over-allotment option referred to below).
Over-allotment Option	:	An additional S$100 million in principal amount of Convertible Bonds under a 30-day over-allotment option granted by the Company to Credit Suisse.
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 30 July 2009 entered into between the Company and Credit Suisse, settlement and payment for the Convertible Bonds is expected to take place in Singapore on 3 September 2009 or such other date as may be agreed between the Company and Credit Suisse.
Interest	:	The Convertible Bonds will bear interest at the rate of 2.875 per cent. per annum.
Yield to Maturity	:	2.875 per cent. per annum.

Initial Conversion Price	:	S$4.79 for each new Share.
Conversion Premium	:	20 per cent. over the closing price of the Shares quoted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 30 July 2009.
Conversion Period	:	Convertible at the option of the holder, at any time from 14 October 2009 to 24 August 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.
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 Maturity Date.
Maturity Date	:	3 September 2016 (the "**Maturity Date**").
Delisting Put Right	:	In the event of a 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 an amount equal to the principal amount of the Convertible Bonds being redeemed, plus any accrued but unpaid interest up to (but excluding) the date of redemption.
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 3 September 2014 but not less than seven (7) business days prior to the Maturity Date, if the closing price of the Shares (as quoted on the SGX-ST) over each 30 consecutive Trading Days, the last day of which period occurs no more than 20 Trading Days prior to the redemption notice date, is at least 130 per cent. of the Conversion Price in effect on such Trading Day. The redemption price will be equal to the principal amount of the Convertible Bonds being redeemed, plus any accrued but unpaid interest up to (but excluding) the date of redemption. The term "Trading Day" shall have the meaning ascribed to it in the terms and conditions of the Convertible Bonds.
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 229,645,093 (based on the conversion price of S$4.79 and assuming no adjustments to the conversion price). The 229,645,093 new Shares represent approximately 5.41 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$1.08 billion (assuming no exercise of the over-allotment option). The Company expects to use the proceeds primarily to refinance its existing indebtedness (including the repurchase of its outstanding medium term notes and/or convertible bonds) and the balance to finance new investments and/or for working capital.

The Company intends to allocate the net proceeds in the following manner:

(a) approximately 70% to 80% to refinance its existing indebtedness; and

(b) approximately 20% to 30% to finance new investments and/or for working capital purposes.

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 2008, and the unaudited consolidated financial statements of the Group as at 30 June 2009, on the share capital, net tangible assets ("**NTA**"), earnings and net gearing of the Group are as follows:

(a) Share Capital

	The Company	
	31 December 2008	30 June 2009
Number of Shares	'000	'000
Before the issue of Convertible Bonds	2,823,506	4,246,056
After the issue of Convertible Bonds but before any conversion	2,823,506	4,246,056
Assuming full conversion of the Convertible Bonds	3,053,151	4,475,701

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 2008 '000	30 June 2009 '000
Number of outstanding share options under CapitaLand Share Option Plan	20,044	21,009
Contingent awards under CapitaLand Performance Share Plan[(1)]	8,425	10,288
Contingent awards under CapitaLand Restricted Stock Plan[(2)]	9,883[(3)]	14,593[(4)]

(1) The final number of shares released 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 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 pre-determined 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 performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered up to a maximum of 150% of the baseline award.

(3) Of which 1,358,003 are to be cash settled.

(4) Of which 2,157,369 are to be cash settled.

In the event that the S$430 million 2.1 per cent. convertible bonds due 2016, the S$1 billion 2.95 per cent. convertible bonds due 2022 and the S$1.3 billion 3.125 per cent. convertible bonds due 2018 previously issued by the Company are fully converted, the number of Shares of the Company will be increased by 340,239,005 Shares.

(b) NTA

	The Group	
	31 December 2008 S$'000	30 June 2009 S$'000
NTA as reported	10,092,753	11,583,379
Capital reserve arising from issue of the Convertible Bonds	209,000	209,000
Estimated issue expenses	(21,000)	(21,000)
Adjusted NTA after the issue of the Convertible Bonds but before any conversion	10,280,753	11,771,379
NTA per Share (S$)		
Before the issue of the Convertible Bonds	3.57	2.73
After the issue of the Convertible Bonds but before any conversion	3.64	2.77

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

	The Group	
	31 December 2008	30 June 2009
Adjusted NTA (S$'000)	11,380,753	12,871,379
Adjusted NTA per Share (S$)	3.73	2.88

(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be at the aggregate of 2.875 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 2008	30 June 2009
	S$'000	S$'000
Net borrowings, as reported	5,600,929	5,802,565
Decrease in net borrowings resulting from recording the fair value of the conversion rights upon the issue of the Convertible Bonds	(209,000)	(209,000)
Estimated issue expenses	21,000	21,000
Adjusted net borrowings after the issue of the Convertible Bonds but before any conversion	5,412,929	5,614,565
Total Equity, as reported	11,987,802	13,562,651
Capital reserve arising from the issue of the Convertible Bonds	209,000	209,000
Estimated issue expenses	(21,000)	(21,000)
Adjusted Total Equity after the issue of the Convertible Bonds	12,175,802	13,750,651
Net gearing (number of times)		
As reported	0.47	0.43
After the issue of the Convertible Bonds	0.44	0.41

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 2008	30 June 2009
	S$'000	S$'000
Adjusted net borrowings assuming full conversion of the Convertible Bonds	4,521,929	4,723,565
Adjusted Total Equity assuming full conversion of the Convertible Bonds	13,066,802	14,641,651
Net gearing (number of times)	0.35	0.32

By Order of the Board

Low Sai Choy
Company Secretary
Singapore, 31 July 2009