CAPITALAND LIMITED

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

ANNOUNCEMENT

ESTABLISHMENT OF A JOINT VENTURE
TO JOINTLY DEVELOP RAFFLES CITY CHANGNING

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1. Introduction

CapitaLand Limited ("**CapitaLand**") wishes to announce that its wholly-owned subsidiary, Longtex Investment Limited ("**Longtex**") has entered into the following agreements (the "**Agreements**") to establish a joint venture between CapitaLand, CapitaMalls Asia Limited, a 65.5% owned subsidiary of CapitaLand ("**CMA**"), and two other parties unrelated to CapitaLand (the "**Third Parties**"):

(i) a deed of sale and purchase for the divestment (the "**Sale**") of a total of 73% stake (comprising 730 ordinary shares of US$1 each) (the "**Sale Stake**") in its wholly-owned subsidiary, Senning Property Ltd. ("**Senning**") to Better Value Holdings Limited ("**Better Value**"), a wholly-owned subsidiary of CMA and the Third Parties (together, the "**Purchasers**"); and

(ii) a joint venture agreement in relation to the joint venture company, Senning which will be owned by Longtex (27%), Better Value (18%) and Third Parties (55%).

Senning is a company incorporated in the British Virgin Islands and owns 95% of the total registered capital of Shanghai Orient Overseas Kaixuan Real Estate Co., Ltd. (the "**PRC Project Company**"), which in turn owns the land (the "**Land**") bordered by Kaixuan Road and Changning Road in Changning District, Shanghai, the People's Republic of China ("**PRC**"). The Land will be developed into an integrated mixed-use development to be known as "Raffles City Changning" which will comprise *inter alia*, retail, office and residential units for strata sale (the "**Property**").

2. Rationale

The Sale is part of CapitaLand Group's ongoing strategy of capital productivity and to build up the Raffles City franchise in the PRC. It is also in line with the Collaboration Agreement dated 30 October 2009 entered into between CapitaLand and CMA, whereby CapitaLand offered CMA the opportunity to jointly develop the Property.

3. Consideration

The consideration for the Sale Stake of approximately S$759 million (the "**Provisional Total Consideration**"), which is subject to post-completion adjustments (the "**Final Total Consideration**"), was arrived at on a willing-buyer and willing-seller basis and comprises, *inter alia :*

(a) the consolidated net asset value of the Sale Stake in Senning of approximately S$403 million as at 30 September 2010, which takes into account, among other factors, the agreed value of the Land at RMB5,339,857,500 (approximately S$1,058 million), reflecting the appraised value of RMB5,340,000,000 (approximately S$1,058 million) of the Land being the valuation undertaken by an independent valuer commissioned by the PRC Project Company; and

(b) the payment of approximately S$225 million for the assignment of 73% of the shareholder's loan outstanding as of the date of signing of the Agreements (the "**Completion**") assigned by Longtex to the Purchasers.

The Final Total Consideration will be satisfied wholly in cash and is payable by the Purchasers in three instalments. The initial 30% of the instalment which is based on the Provisional Total Consideration will be paid ten business days after the Completion. The second 30% and final 40% instalments which are based on the Final Total Consideration will be paid in April 2011 and July 2011, respectively.

4. Completion

Following the Completion, Senning has ceased to be a wholly-owned subsidiary and has become a 38.79% associated company of CapitaLand. The PRC Project Company has also ceased to be a subsidiary and has become a 36.85% associated company of CapitaLand.

5. Financial Effects

Following the Completion, CapitaLand is expected to recognise a net gain of approximately S$132 million. Based on the unaudited consolidated financial statements of CapitaLand for the nine months ended 30 September 2010:

(a) assuming that the Sale was effected on 1 January 2010, CapitaLand's earnings per share would have increased from 17.6 cents to 20.7 cents; and

(b) assuming that the Sale was effected on 30 September 2010, the financial impact on CapitaLand's net tangible asset per share would not be material.

6. Interests of Directors and Controlling Shareholder

Mr Liew Mun Leong, Mrs Arfat Pannir Selvam and Dr Fu Yuning are the common Directors of CapitaLand and CMA. Mr Liew is also the President and Chief Executive Officer of CapitaLand and the Chairman of CMA.

Certain Directors of CapitaLand, namely Dr Hu Tsu Tau, Mr Peter Seah Lim Huat, Mr Liew Mun Leong, Mr Jackson Peter Tai, Mr Richard Edward Hale, Mr James Koh Cher Siang, Mrs Arfat Pannir Selvam, Dr Fu Yuning and Mr Ng Kee Choe have interests in the shares of CMA.

Save as disclosed above, none of the Directors or the controlling shareholder of CapitaLand has any interest, direct or indirect, in the above transactions.

By Order of the Board

Low Sai Choy
Company Secretary
30 December 2010