CAPITALAND LIMITED

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

ANNOUNCEMENT

ACQUISITION OF 40% INTEREST IN SURBANA CORPORATION PTE. LTD.

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1. Introduction

CapitaLand Limited ("**CapitaLand**") wishes to announce that its wholly-owned subsidiary CL Pinnacle Pte. Ltd. (the "**Purchaser**") had on 15 April 2011 entered into a share purchase agreement ("**SPA**") with Temasek Holdings (Private) Limited ("**Temasek**") for the acquisition (the "**Acquisition**") of 126,442,832 issued ordinary shares (the "**Shares**") representing 40% of the total issued share capital of Surbana Corporation Pte. Ltd. ("**Surbana**"). Completion of the Acquisition (the "**Completion**") had also been effected on 15 April 2011.

Surbana is a private limited company incorporated in Singapore and was prior to the Acquisition wholly owned by Temasek. Surbana, its subsidiaries and associated companies (collectively, the "**Surbana Group**") are engaged in the principal activities of:

(a) consultancy and related businesses, where the Surbana Group provides full-service building consultancy solutions across the value chain in the building industry, from master planning to architectural, engineering, quantity surveying, project management, landscaping and other ancillary services; and

(b) township development business, where the Surbana Group has established itself as a township developer by delivering well-designed and comprehensive townships in the People's Republic of China ("**PRC**"), in particular, in the cities of Shenyang, Xi'an, Chengdu and Wuxi.

2. Rationale

CapitaLand believes that the Acquisition will bring about the following benefits, namely, it would:

(a) accelerate CapitaLand's value housing business initiative by leveraging on the Surbana Group's expertise, particularly in large scale, mass market, residential developments. Through its corporate history of providing planning, designing and project management of housing developments for Singapore's Housing and Development Board (HDB), the Surbana Group has independently developed integrated skill sets and expertise in township development, urban and master planning, architecture, engineering, project management, cost control and marketing. The Surbana Group has the required work processes and mindset which have been shaped by HDB's requirements for cost efficiency, rapid time to market and economies of scale. This has been further supplemented by the Surbana Group's provision of full suite consultancy services to their four townships in the PRC;

(b) add to CapitaLand's real estate development value chain through the full suite consultancy services of the Surbana Group;

(c) create additional sources of fee income and potential consultancy synergies for projects undertaken by CapitaLand across all real estate sectors (e.g. residential, retail, office, serviced residence and mixed-use developments);

(d) enhance CapitaLand's market penetration into emerging markets where the Surbana Group has established a presence, including the PRC, India and Vietnam. In particular, it would add significant residential presence for CapitaLand in the PRC through the Surbana Group's township developments; and

(e) avail a significant and experienced talent pool in the real estate industry to CapitaLand's group business.

3. Consideration

The cash consideration for the Acquisition is S$360 million (the "**Consideration**") and was paid by the Purchaser to Temasek following the Completion.

The Consideration was arrived at on an arm's length and a willing-buyer willing-seller basis taking into account, *inter alia*, (i) the financial performance of the Surbana Group; (ii) a cash distribution of up to S$150 million by Surbana to Temasek by way of a capital reduction (which has been approved by the sole shareholder of Surbana prior to Completion and which is subject to the approval of the High Court of Singapore post Completion) and/or by way of a declaration of a dividend post Completion; (iii) the consultancy and related businesses and township business of the Surbana Group; (iv) the net tangible asset value of the Shares at S$202 million[1] based on the audited accounts of Surbana Group as at 31 March 2010 and (v) the Surbana Group's expertise, track record, branding and market position in the region.

Following the Completion, Surbana has become a 40% owned associated company of CapitaLand.

4. Financial Effects

The Acquisition is not expected to have any material impact on the net tangible assets or earnings per share of the CapitaLand Group for the financial year ending 31 December 2011.

[1] Excluding minority interest.

5. Interests of Directors and Controlling Shareholders

Temasek is the controlling shareholder of CapitaLand. As at 28 February 2011, Temasek has an interest of approximately 40.92% in CapitaLand.

Although the Acquisition is an interested person transaction under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the aggregate value of all transactions (including the Acquisition) entered into with Temasek and/or its associates as at the date of this announcement during the current financial year ending 31 December 2011, is less than 3% of the CapitaLand Group's latest audited net tangible assets as at 31 December 2010.

Mr Simon Israel, a Director of CapitaLand, is also an Executive Director of Temasek. Accordingly, Mr Simon Israel has abstained from participating in all deliberations of the Directors in respect of the Acquisition.

Mr Richard Hale, a Director and Chairman of the Audit Committee of CapitaLand has also abstained from participating in all deliberations of the Directors and the Audit Committee in respect of the Acquisition as he was conflicted being a Director of another company which was also exploring a possible transaction with Temasek concerning Surbana Group.

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

6. Financial Adviser

J.P. Morgan (S.E.A.) Limited acted as financial adviser to CapitaLand in connection with the Acquisition.

7. Statement of the Audit Committee

As the aggregate value of all transactions (including the Acquisition) entered into with Temasek and/or its associates as at the date of this announcement during the current financial year ending 31 December 2011, is less than 3% of the CapitaLand Group's latest audited net tangible assets as at 31 December 2010, there is no requirement under the Listing Manual for the Audit Committee to offer its view on the Acquisition.

Notwithstanding the above, CapitaLand has appointed ING Bank N.V. as the independent financial adviser (the "**IFA**") to the Audit Committee in respect of the Acquisition and the IFA has given its opinion to the Audit Committee that the Acquisition is on normal commercial terms and is not prejudicial to the interests of CapitaLand and its minority shareholders.

The Audit Committee has considered the Acquisition and taking into consideration the IFA's opinion, is of the view that the Acquisition is on normal commercial terms and is not prejudicial to the interests of CapitaLand and its minority shareholders.

8. Documents Available for Inspection

A copy of the SPA will be made available for inspection during normal business hours at CapitaLand's registered office for a period of three months from the date of this announcement.

9. Additional Information about the Surbana Group

Surbana was formed through the corporatisation of the Building and Development division of HDB. The Surbana Group is a well-established building consultancy with a global footprint. Its consultancy projects span across the PRC, Malaysia, India, Vietnam, Singapore and the Middle East. Surbana is a market leader in Singapore and has various award winning and landmark projects in Singapore such as the Treelodge @ Punggol and CleanTech One. Surbana has secured landmark projects in the Middle East such as the Emirates Morocco Hotel project in Abu Dhabi. Surbana Group has also established itself as a leading township developer in PRC with projects in Shenyang, Xi'an, Chengdu and Wuxi.

<u>The Surbana Group's Township Development Projects in the PRC</u>

City	Gross Floor Area (sqm)	Remaining residential units to be sold	Current Average Selling Price of Residential Units (RMB per sqm)	Land Costs (RMB per sqm GFA)	Residential component	Commercial component	Effective equity stake
Shenyang	1,198,238	12,331	4,070	349	92%	8%	57.0%
Xi'an	3,051,493	23,810	6,389 (9,744 for premium units)	552	90%	10%	38.0%
Chengdu	1,042,847	3,135	6,696	420	95%	5%	15.3%
Wuxi	671,053	2,464	8,366	1,080	85%	15%	15.0%

By Order of the Board

Low Sai Choy
Company Secretary
15 April 2011