CAPITALAND LIMITED

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

ANNOUNCEMENT

ACQUISITION OF 60% INTEREST IN CAPITALAND TOWNSHIP HOLDINGS PTE. LTD. AND SALE OF 40% INTEREST IN SURBANA INTERNATIONAL CONSULTANTS HOLDINGS PTE. LTD.

CapitaLand Limited ("**CapitaLand**") wishes to announce that its wholly-owned subsidiary, CL Pinnacle Pte. Ltd. ("**CL Pinnacle**") has entered into agreements with Arakan Investments Pte. Ltd. ("**Arakan**"), a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"), for:

(a) the acquisition ("**Acquisition**") of ordinary shares in CapitaLand Township Holdings Pte. Ltd. ("**Township**") representing 60% equity interest in Township ("**Township Shares**") from Arakan, for a cash consideration of S$240 million ("**Township Consideration**"); and

(b) the sale ("**Sale**") of ordinary shares in Surbana International Consultants Holdings Pte. Ltd. ("**SIC**") representing 40% equity interest in SIC ("**SIC Shares**") to Arakan, for a cash consideration of S$104 million ("**SIC Consideration**"),

collectively, the "**Transactions**".

Currently, CL Pinnacle holds 40% equity interest in each of Township and SIC. Upon completion of the Acquisition, CapitaLand's interest in Township will increase from 40% to 100% and Township will become a wholly-owned subsidiary of CapitaLand. Upon completion of the Sale, CapitaLand will have disposed of all its interest in SIC and SIC will cease to be an associated company of CapitaLand.

While the principal activity of Township is township development business in China, the principal activities of SIC are building consultancy services and related businesses in Asia, Africa and the Middle East.

The full ownership of Township will allow CapitaLand to integrate the township development business into CapitaLand China. This will allow CapitaLand to enjoy full synergies and cost savings in its development business, and further strengthen CapitaLand's leading market position in China, one of the core markets identified by CapitaLand Group. On the other hand, the Sale is consistent with CapitaLand's strategy to focus resources on its core businesses.

Both the Township Consideration and SIC Consideration were negotiated through an arm's length process and agreed on a willing-buyer willing-seller basis, taking into account, amongst other things, the respective financial performances of the Township group of companies and the SIC group of companies.

The respective book values of the Township Shares and the SIC Shares are S$266.5 million and S$164.1 million, as at 31 December 2014.

Completion of the Transactions is subject to the fulfillment of certain conditions precedent. The Transactions are expected to complete by the third quarter of 2015.

The Transactions are not expected to have any material impact on the net tangible assets or earnings per share of CapitaLand Group for the financial year ending 31 December 2015.

Arising from the Transactions, CapitaLand is expected to recognise a net loss of approximately S$60 million in respect of its investment in SIC in its financial statements for the financial year ended 31 December 2014.

By way of illustration, based on the consolidated financial statements of CapitaLand Group as at 30 September 2014:

(i) assuming that the Sale was effected on 1 January 2014, the financial impact on the earnings per share for CapitaLand Group for the period ended 30 September 2014 would be a decrease from 17.6 Singapore cents to 16.4 Singapore cents; and

(ii) assuming that the Sale was effected on 30 September 2014, the financial impact on CapitaLand Group's net tangible assets per share as at 30 September 2014 would not be material.

As recorded in CapitaLand's Register of Substantial Shareholders as at the date of this announcement, Temasek has an interest of approximately 40.85% in CapitaLand and is regarded as a "Controlling Shareholder" of CapitaLand under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").

Although the Transactions are interested person transactions for CapitaLand under Chapter 9 of the Listing Manual, the aggregate value of all transactions (including the Transactions) entered into with Temasek and/or its associates as at the date of this announcement during the current financial year ending 31 December 2015 is less than 3% of CapitaLand Group's latest audited net tangible assets as at 31 December 2013.

Save as disclosed in this announcement, Temasek as the Controlling Shareholder of CapitaLand does not have any interest, direct or indirect, in the Transactions. None of the Directors has any interest, direct or indirect, in the Transactions.

By Order of the Board

Michelle Koh
Company Secretary
16 February 2015