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**NEWS RELEASE**

# CapitaLand sets up its eighth private equity fund

## *New real estate development fund for China*

## *Prime Ningbo site is seed investment for the fund*

***Singapore, 24 October 2005*** – CapitaLand Limited (CapitaLand) has successfully set up and closed its eighth private equity fund, a new real estate development fund for investments in China. The fund, known as the CapitaLand China Development Fund (凯德中国发展基金) ("CCDF"), was co-marketed with Citigroup. A total of US$400 million (S$678 million) was raised in line with investor confidence in the long term growth potential of China's real estate sector and its economy. CapitaLand, which has a presence in China since 1994, has committed US$150 million (S$254 million) (or 37.5 percent) in the fund. The CCDF attracted strong interest among international investors including institutions and high net worth individuals from Asia, the Middle East and the USA. Citigroup Property Investors, through wholly-owned CBC International Real Estate LP LLC, has co-invested US$20 million (S$34 million) in the CCDF.

Mr Liew Mun Leong, President and CEO of CapitaLand Group, said, "We are confident of China's long term growth prospects. The CCDF, our second private equity fund for investments in China, is an example of our on-going commitment to strengthen our presence in the country. The CCDF follows the success of our first US$61 million CapitaLand China Residential Fund, which is now fully invested. We had co-marketed the CCDF with Citigroup which shares our confidence in China's real estate development sector. Citigroup's own investment in the fund is an endorsement of CapitaLand's development delivery capabilities in residential, commercial and serviced apartment properties in China, as well as our skill sets in real estate capital management."

Mr Quek Kwang Meng, Head of Real Estate Investments, Citigroup Global Wealth Management, Asia Pacific and Middle East, said: "Our high net worth clients are increasingly interested in investments in high growth economies like China, especially in the real estate sector, as a means to diversify their portfolio. Its potential to enhance overall risk-adjusted returns and its low correlation to other asset classes makes real estate an important component in a client's wealth management portfolio."

The CCDF is managed by CapitaLand China Development Fund Management Pte Ltd, an indirect wholly-owned subsidiary of CapitaLand. The CCDF, co-investing in development projects in China with CapitaLand, will focus on sizeable residential, office, mixed and serviced apartment developments in high density and growing population centres with rising per capita GDP. The population centres are located within four areas, namely the Bohai Gulf Region, Yangtze River Delta, Western/Central China and Pearl River Delta.

A prime residential cum commercial site in Ningbo will form the seed investment for the fund. CapitaLand has signed a sale and purchase agreement to transfer an 80 percent interest in its Ningbo site to CCDF. The transfer, which will be at cost, is approximately US$108 million (approximately S$184 million). Completion of the transaction is expected on 31 October 2005. Upon completion, CapitaLand's effective stake in the project will be 50 percent (which includes the interest held through its 37.5 percent stake in the fund.)

The site was acquired by CapitaLand in April 2005 with the intention to warehouse it for the fund. It marked the Group's entry into Ningbo, a commercially vibrant city and one of the leading economic centres in Zhejiang Province. A key international port city in the Yangtze River Delta, Ningbo's GDP grew 15.5 percent in 2004 while its per capita urban household disposable income was the fifth highest amongst the Chinese cities.

The 98,413 square metre site consists of five land parcels, of which four of the plots have been designated for residential use and one plot for mixed use. The five parcels of land will be amalgamated and developed into a well-planned precinct. The proposed development will have a 75 percent residential component because residential supply in Ningbo City Centre is expected to be tight in the next few years due to the shortage of land and strong underlying demand. The remaining 25 percent will comprise office and retail components. The total potential gross floor area of the development is 225,050 square metres. Over the next three years, CapitaLand plans to build a residential development comprising an estimated 1,300 mid- to high-rise apartments. The development also includes about 59,000 square metres of commercial space, comprising an office tower and retail shops.

**About Ningbo**

Ningbo City is at the intersection of three rivers (Yuyao River, Yong River, and Fenghua River). Ningbo is an important international port city located on China's eastern seaboard in Zhejiang province, approximately 150 kilometres south of Shanghai on the edge of Hangzhou Bay. It is one of the fastest growing economies in China and has a per capita GDP ranking fourth in China. Its economy is driven by trade, thriving local enterprises, and a rapid influx of foreign investments. The main industrial sectors include the manufacture of textiles, electronics, machinery, petrochemicals, steel, and electric power.

Within the Zhejiang province's longer term transportation plan, Ningbo will be the central road transportation hub along the eastern seaboard. Moreover, Ningbo will leverage on its proximity to Shanghai, which will be just an hour and a half's drive away from Shanghai, with the completion of the Hangzhou Bay Bridge in 2007. These developments will impact positively on Ningbo's real estate sector. In addition, demand for properties is expected to continue to grow strongly due to Ningbo's economic dynamism, which will lead to strong wealth creation, ongoing upgrading of infrastructural facilities, rapid urbanisation, and labour migration.

**About CapitaLand in China**

Since 1994, CapitaLand has been a developer of premier homes and quality commercial properties in China, with a total project value of RMB 20 billion (S$4 billion). To facilitate its growth in the country, CapitaLand, after approval by the Chinese government, set up a wholly foreign-owned investment company in 2002.

In Shanghai, CapitaLand is one of the top builders of homes and a developer of landmark commercial properties such as Raffles City Shanghai. In Beijing, it has two new commercial developments, Raffles City Beijing and Capital Tower Beijing. In Guangzhou, it is developing a mixed-use project comprising of 386 residential units and 192 serviced residences, car parks and other amenities.

CapitaLand is also one of the leading developers and managers of malls in China with a portfolio of over US$1 billion (S$1.7 billion) of assets anchored by Wal-Mart and Beijing Hualian. Through its subsidiary, The Ascott Group, CapitaLand is the largest serviced residence operator in the country.

CapitaLand's first China residential fund, CapitaLand China Residential Fund (凯德中国住宅基金), formed with the support of corporate investors, is a US$61 million (S$103 million) private equity fund. The fund has been invested fully in mid- to high-end residential properties in Shanghai, Beijing and Guangzhou.

**About CapitaLand Group (www.capitaland.com.sg)**

CapitaLand is one of the largest listed property companies in Asia. Headquartered in Singapore, the multinational company's core businesses in property, hospitality and real estate financial services are focused in gateway cities in Asia, Australia and Europe. The company's property and hospitality portfolio spans 70 cities in 17 countries. CapitaLand also leverages on its significant real estate asset base and market knowledge to develop fee-based products and services in Singapore and the region. CapitaLand currently has eight private equity funds, namely, Eureka Office Fund, IP Property Fund, CapitaRetail Singapore, CapitaLand China Residential Fund, CapitaRetail Japan Fund, Mezzo Capital, Arc-CapitaLand Residences Japan and CapitaLand China Development Fund.

The listed subsidiaries and associates of CapitaLand include The Ascott Group, Raffles Holdings, CapitaMall Trust, CapitaCommercial Trust and Australand, which is listed both in Singapore and Australia.

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