News Release

12 December 2006
For Immediate Release

CapitaLand launches the largest Shariah compliant real estate fund of its kind in the GCC[1] region and Asia

Extends 'Raffles City' brand name to Bahrain

Singapore, 12 December 2006 – CapitaLand is pleased to announce that it will be setting up the largest Shariah compliant real estate fund in the GCC region and Asia. The fund, which targets to raise up to US$630 million (S$983 million) in equity, will invest in a prime waterfront integrated development at Bahrain Bay in Manama, Bahrain's capital city. CapitaLand had earlier signed a Memorandum of Understanding in April 2006 with Bahrain Bay Development B.S.C., to develop this integrated development. Given the landmark status of this premier project, CapitaLand will extend to it the 'Raffles City' brand, naming it Raffles City Bahrain, while the fund will be named the Raffles City Bahrain Fund. CapitaLand intends to hold between 20% to 30% interest in the fund, with sophisticated, high net worth and institutional investors taking up the remaining stakes. Book building for the fund has started, and the fund raising is expected to close in the first quarter of 2007.

There has been a major push from Singapore to establish itself in the Islamic financing domain, and this has been welcomed by the global Islamic banking community. CapitaLand's Raffles City Bahrain Fund will be the first ever equity *Sukuk*[2] for a real estate project. While many *Sukuk* issuances are debt instruments, the Raffles City Bahrain Fund will be unique in that it will have an equity characteristic. CapitaLand will break new ground as the first Singapore-based real estate company to launch such a landmark transaction in the GCC.

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[1] GCC, or Gulf Co-operation Council is an economic alliance made up of six Gulf states: Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Bahrain and Qatar.

[2] Sukuk, which are compliant with Shariah principles for Islamic investments, are certificates which represent the holders' proportionate ownership in the underlying assets.

Mr Liew Mun Leong, President and CEO of CapitaLand Group, said, "We are pleased to extend the 'Raffles City' brand, which has gained significant international recognition, to this exciting integrated development in Manama and to the related fund. To date, we have extended this mark of excellence to gateway cities where we operate. Currently, we have Raffles City in Singapore, Shanghai and Beijing, and going forward, in Chengdu. We will assemble the best team for the conceptualization, design and construction for Raffles City Bahrain, which will then boast a prime residential product, 'must-visit' retail experiences provided by international brand names, and world-class hospitality services from an international serviced residence operator. We are confident that Raffles City Bahrain will be a magnet for tourists from Saudi Arabia, Kuwait, Qatar, UAE and Oman."

He added, "With the Raffles City Bahrain Fund, we would achieve the triple targets of having a maiden investment in the GCC; fulfilling our aim to grow our Shariah-compliant assets under management by our financial services subsidiary, CapitaLand Amanah, by a further US$500 million[3] (S$780 million) by 2007; and adding to the footprint of the 'Raffles City' brand. We will continue to actively explore opportunities for more landmark integrated development sites in the GCC to export our expertise and grow the Raffles City brand further."

Mr Martin Tan, CEO of CapitaLand Commercial & Integrated Development and CapitaLand Financial (Real Estate Capital Management – Commercial and Integrated Development), added, "Raffles City Bahrain is CapitaLand's first major development in the GCC, and we are keen to add this signature project to our showcase of world-class landmark developments in various key gateway cities. We are also pleased to harness our expertise in real estate financial services to form the largest Shariah compliant real estate fund in Asia and the GCC region. We hope that our involvement in this landmark development and the setting up of the Raffles City Bahrain Fund will serve as a springboard for investors to participate in the growing financial and tourism hubs in the GCC, while contributing to the fast growing *Sukuk* market in this region."

Raffles City Bahrain will be one of the focal points within the Bahrain Bay development. Tonight in Manama, the prestigious Bahrain Bay will be officially launched at a Gala Event. Attending from Singapore is His Excellency Mr Zainul Abidin Rasheed, Senior Minister of State for Foreign Affairs of the Republic of Singapore and His Excellency Mr V P Hirubalan, Ambassador of the Republic of Singapore to the Kingdom of Saudi Arabia/Kingdom of Bahrain. Other distinguished guests include senior government figures and members of the Royal Court from Bahrain, as well as VIP guests from Saudi Arabia, Kuwait, Qatar, UAE and Oman.

[3] Excluding ARC-CapitaLand Residences Japan, CapitaLand's first Shariah compliant joint venture, which has a target AUM (assets under management) size of JPY42 billion.

The master developer of Bahrain Bay is Bahrain Bay Development B.S.C., a consortium of Middle East investors led by Arcapita Bank B.S.C, while the master plan is designed by Skidmore, Owings & Merrill. CapitaLand has built an excellent relationship with Arcapita while working together on the Shariah compliant JPY42 billion (over S$550 million) ARC-CapitaLand Residence Japan Joint Venture, and this alliance is now being further strengthened by the Raffles City Bahrain integrated development.

The integrated development will sit on a 43,000-square metre reclaimed site in the commercial heart of Bahrain Bay. It will be strategically located adjacent to the Four Seasons Hotel and Arcapita's global headquarters, both new iconic landmarks within Bahrain Bay. The total development area forms 20% of the total developable area of Bahrain Bay.

Raffles City Bahrain will be a beacon for Bahrain Bay's unique positioning as the kingdom's premium residential, entertainment and business district, and a landmark development in the GCC. It will comprise 288,000 square metres of built up area for residential (60%), retail and leisure (30%) and serviced residences (10%) components. Construction is scheduled to commence in 2007 and to be completed by 2010.

Internationally acclaimed architect, Rafael Vinoly, will be designing this prestigious development. Its design has been conceived as a series of concentric 'waves', inspired by the intrinsic geometry and spectacular views of the bay and the sea. The waterfront integrated development, which overlooks the stunning skyline of Manama, will have a limited collection of exclusive sky villas, over 400 high-rise luxurious apartments, serviced residences, as well as a unique retail concept that has a modern interpretation of the souks, the traditional Arabic market place. Extending onto the waterfront is a promenade featuring a floating pavilion and Central Plaza dotted with gourmet outlets and signature restaurants. The promenade will also be an ideal venue for waterfront events with music and light shows. Complementing the spectacular waterfront views will be lush greenery, fountains and water features.

About Bahrain Bay

Bahrain Bay is a flagship project that symbolises the future growth for Bahrain as the development will set new standards for urban lifestyles in the Gulf region. Skidmore, Owings & Merrill, a leading architecture and urban design firm, has completed the master plans as well as architectural and design standards for the district. Additional support will be provided by Mace International and Atkins International, both of whom have considerable experience developing premium, high-profile development projects, in the Gulf region and around the world. Bahrain Bay, located on an island, will be connected by two bridges that form an inner harbour off the north east coast of Manama. Reclamation works has commenced for the 430,000 square metres of land for the entire district. Development works on the infrastructure, and for anchor developments are expected to commence in 2007.

Visit www.bahrainbay.com for more information on the Bahrain Bay waterfront district.

Bahrain Economy and Property Market

Bahrain is close to primary middle-eastern petroleum sources and is ideal for the establishment of a regional base to reap the trading benefits of the entire Middle East. It is riding on the continual growth of the global tourism industry, and is witness to a growing number of intra-regional business and leisure visitors. In addition, Bahrain has long been recognised as the region’s financial centre, facilitated by the government's pro-business policies. All these factors boost its economy, which is progressively now less reliant on its oil reserves.

Bahrain's hospitality industry, with improved accessibility from infrastructural development and strong tourism growth, gives ample opportunities for development of tourism products like hotels, resorts and shopping malls. This is further strengthened by the growing affluence of the local population. The residential market is also underpinned by Bahrain's strong economic fundamentals and favorable demographic trends. Even though there is strong demand from expatriates, home prices are still more affordable than in other similarly placed countries in the Gulf Cooperation Council.

About Rafael Vinoly Architects

Founded in 1982, Rafael Vinoly Architects boasts remarkable monuments around the world. In Japan, there’s the Tokyo International Forum. In Philadelphia, there’s the Kimmel Center for the Performing Arts. The firm’s works also include the Van Adnel Institute in Michigan and the largest building in New England – the Boston Convention and Exhibition Center.

About CapitaLand Group (www.capitaland.com)

CapitaLand is one of the largest listed real estate companies in Asia. Headquartered in Singapore, the multinational company's core businesses in real estate, hospitality and real estate financial services are focused in gateway cities in Asia Pacific, Europe and the Middle East.

The company's real estate and hospitality portfolio spans more than 80 cities in 20 countries. CapitaLand also leverages on its significant real estate asset base and market knowledge to develop real estate financial products and services in Singapore and the region.

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

Excluding Raffles City Bahrain Fund, CapitaLand has total fund assets under management of over S$11.8 billion comprising 10 private property funds and the four REITs in Singapore. CapitaLand recently launched the prospectus for a new REIT, Quill Capita Trust, its first proposed listing outside Singapore, on the Main Board of the Bursa Malaysia Securities Berhad.

Issued by CapitaLand Limited *(Regn. No.: 198900036N)*
12 December 2006

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