



For Immediate Release
8 July 2005

CapitaLand to invest and manage 15 more retail malls in China, anchored by Wal-Mart

Total portfolio of 21 malls with asset size of more than S\$1 billion

Singapore, 8 July 2005 – CapitaLand Limited's indirect wholly-owned subsidiary, CapitaRetail China Investments Pte. Ltd. ("CapitaRetail China"), has today signed a Co-operative Agreement ("Agreement") with SZITIC Commercial Property Co., Ltd. (深国投商用置业有限公司) ("SZITIC Commercial") and Shenzhen SZITIC Commercial Investment Co., Ltd (深圳市深国投商业投资有限公司) ("SZITIC Investment") to take an equity stake in 15 retail malls in China. This is in addition to its earlier co-operative agreement for six retail malls with Shenzhen International Trust & Investment Co., Ltd ("SZITIC").

Under the Agreement, CapitaRetail China will take a 65% equity stake in 15 retail malls which are under development and which are to be anchored by the Wal-Mart chain of Supercenters in various parts of China. SZITIC Commercial will hold the remaining 35% stake. The estimated investment cost for CapitaRetail China's 65% stake in the 15 properties, measuring over 662,000 square metres ("sq m") in total, is RMB3,373 million (approximately S\$687 million). This follows the investment by CapitaRetail China in a 51% equity stake in six retail malls, similarly anchored by Wal-Mart, on 23 December 2004 through a joint venture with SZITIC at a cost of RMB984 million (approximately S\$196 million).

Pursuant to the Agreement, CapitaRetail China will own a sizeable portfolio of 21 retail malls with a total gross floor area of over 926,000 sq m and an aggregate asset value of S\$1.3 billion across China. With these two agreements, CapitaRetail China

has successfully secured 21 Wal-Mart-anchored malls to be developed by SZITIC Commercial, most of which are scheduled to be opened by end-2006.

All the 21 malls will be managed by a retail management company, in which CapitaRetail China holds a 51% stake and a SZITIC Investment related company holds the remaining 49% share. The retail management company was set up to provide marketing and retail management services.

CapitaRetail China will enter into the relevant share transfer agreements over a staggered period of time. The relevant share transfer agreements will be entered into for four of the 15 retail malls by 30 July 2005, another seven by 30 September 2005 and the final four by 15 November 2005, subject to the satisfaction of certain specified conditions.

The Agreement also grants the following rights to CapitaRetail China:

- A first right, which may be exercised by 31 August 2005, to participate in a commercial project under development in Shenzhen, China that will house Wal-Mart's Asia head office and a Sam's Club (a Wal-Mart retail concept) on terms to be mutually agreed upon. The estimated total gross floor area for the project is 138,000 sq m.
- The right to invest in 17 other identified retail malls to be anchored by Wal-Mart, comprising an estimated total gross floor area of 700,000 sq m, subject to certain specified conditions.
- The first right to invest in not less than 70% of future retail mall projects for Wal-Mart that SZITIC Commercial may propose to develop between the date of the Agreement and 31 December 2010.

Mr Li Nan Feng, Chairman of SZITIC Commercial and SZITIC Investment said: "CapitaLand has the proven track record in retail mall development and management in Asia, including China. Our partnership with the CapitaLand Group is to build and manage quality retail malls customised to Wal-Mart's needs, and to professionally manage the assets which will be anchored by one of the largest retailers in the world. With its strong capital backing and expertise in real estate financial

management, CapitaLand is an ideal partner capable of supporting Wal-Mart's expansion plan in China and creating efficient capital structures to drive growth for the assets in the portfolio."

Mr Liew Mun Leong, President and CEO of CapitaLand Group, said: "With this partnership, CapitaLand has a head start in the fast-growing China retail property market, especially with the unique opportunity to penetrate the relatively untapped provincial cities. These 21 malls are expected to generate attractive returns. With another 17 malls in the pipeline, the portfolio encompasses substantial growth potential. China's retail malls will be successful as the malls will be supported by growing affluence in the country and positive market sentiments. With this Agreement, we will grow our China retail portfolio to exceed a total gross floor area of 4 million square metres by 2010. We expect strong interest from retail and institutional investors when we launch a listed fund with these properties by 2006."

Added Mr Pua Seck Guan, CEO of CapitaLand Retail Limited: "With this strategic alliance, we will grow a world-class retail property business in China. Our partner's strength in site selection and development, as well as their close relationship with Wal-Mart, complements CapitaLand's expertise in retail management and strong retailers' network in Singapore, China and other parts of Asia. The wide diversity of brand names at these malls, along with the injection of fresh retail ideas and marketing concepts, will create a rich, exciting and vibrant shopping experience for Chinese consumers. With our expanding portfolio of retail malls in China, we will have more opportunities to bring Singapore brand names and retailers into the country. It also paves the way for CapitaLand to bring Chinese retailers and brand names to Singapore and other parts of Asia, where the Group has an established retail presence. "

Wal-Mart has a committed long-term strategy for China. The retail malls will cater to the basic shopping needs of the local masses in the provincial cities, with each having a gross floor area of generally between 30,000 sq m and 50,000 sq m. Wal-Mart Supercenter in Jiulongpo district, Chongqing city - the first of the six retail malls acquired by CapitaRetail China - officially opened on 30 June 2005. Most of the 21 retail malls will progressively become operational from end-2005 to end-2006.

These retail malls are targeted to generate a property yield of approximately 8% to 9% when operational.

CapitaLand has been active in the property fund business over the past few years. With this joint venture, the Group is well on its way to more than doubling its assets under management to S\$13 billion in the next three years, up from the current S\$6 billion. To date, CapitaLand Group's two REITs, CapitaMall Trust, Singapore's first listed REIT, and CapitaCommercial Trust, the first commercial REIT in Singapore, have consistently outperformed market expectations. The Group has also set up private property retail funds such as CapitaRetail Singapore, which holds three Singapore shopping malls under a securitisation structure, and CapitaRetail Japan, which invests in income-producing retail properties in Japan. With its established track record, the Group sees opportunities to expand its property funds and REITs in the retail, residential and office sectors in Singapore, Malaysia, Thailand, Hong Kong, China and Japan.

In China, the Group has also been active in the property and hospitality sectors. Its indirect wholly-owned subsidiary, CapitaLand China Holdings has, since 1994, developed premier homes and quality commercial properties in the country, with a total project value of over RMB16 billion. CapitaLand was accorded the coveted "Wholly Foreign-Owned Enterprise" investment status, by the Chinese government in 2002.

About CapitaLand Group

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 more than 80 cities in 28 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.

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

Issued by CapitaLand Limited (*Regn No:198900036N*)

8 July 2005

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