CAPITALAND LIMITED

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

ANNOUNCEMENT

LETTER OF UNDERTAKING

CapitaLand Limited ("**CapitaLand**") refers to the proposal by The Ascott Group Limited ("**Ascott**") to sponsor a new real estate investment trust, the Ascott Residence Trust ("**ART**") for listing on the main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Ascott will be convening an Extraordinary General Meeting on 13 February 2006 in connection with the establishment and listing of ART (the "**EGM**").

In this regard, CapitaLand wishes to announce that it had executed an irrevocable letter of undertaking in favour of Ascott (the "**Irrevocable Undertaking**"). CapitaLand holds approximately 68 per cent of the issued ordinary share capital of Ascott as of the date of this announcement through its wholly-owned subsidiaries, Somerset Capital Pte Ltd ("**SCPL**"), Somerset Land Pte Ltd ("**SLPL**") and Areca Investment Pte Ltd ("**AIPL**"). Under the terms of the Irrevocable Undertaking, CapitaLand will procure that each of SCPL, SLPL and AIPL votes in favour of the following proposed resolutions at the EGM:

(i) (a) the sale by Ascott to ART of each of the following properties, Somerset Liang Court Property, Somerset Grand Cairnhill, The Ascott, Jakarta, Somerset Grand Citra, Country Woods, Somerset Millennium, Somerset Salcedo Property, The Ascott, Beijing, Somerset Grand Fortune Garden Property, Somerset Xu Hui, Somerset Ho Chi Minh City and Somerset Grand Hanoi, and/or

(b) the sale by Ascott to ART of the aggregate equity interests in each of Javana Pte Ltd, Somerset Grand Citra (S) Pte Ltd, Somerset Philippines (S) Pte Ltd, Hemliner Pte Ltd, Glenwood Properties Pte Ltd, Ascott Residences Pte Ltd, Burton Engineering Pte Ltd and Somerset FG Pte. Ltd.;

(ii) the proposed preferential offering of units in ART (the "**ART Units**") to the Ascott shareholders (the "**Preferential Offering**");

(iii) the proposed capital reduction exercise of Ascott to be carried out in connection with the Preferential Offering; and

(iv) the proposed modifications to provisions of the Ascott Share Plans, namely the Ascott Share Option Plan as subsequently modified, the Ascott Performance Share Plan and the Ascott Restricted Share Plan.

Pursuant to the terms of the Irrevocable Undertaking, CapitaLand has also undertaken to procure that each of SCPL, SLPL and AIPL and/or their nominees will acquire all the ART Units that each of them would be entitled to purchase at the Preferential Offering. The ART Units will be acquired at a consideration of S$0.68 per ART Unit pursuant to the Preferential Offering. Upon each of SCPL, SLPL and AIPL and/or their nominees exercising its full entitlement for the Preferential Offering, CapitaLand would be deemed interested in (i) a stake of up to approximately 47 per cent in ART to be owned collectively by SCPL, SLPL, AIPL and/or their nominees and (ii) a stake of up to a maximum of approximately 30 per cent in ART to be retained by Ascott. CapitaLand's effective stake in ART would be approximately 67 per cent ART will then be an indirect subsidiary of CapitaLand.

CapitaLand's approximately 47 per cent stake in ART held through SCPL, SLPL, AIPL and/or their nominees, will be subject to a moratorium period of 180 days from and including the date of listing of ART on the SGX-ST. The restriction does not apply to the transfer of ART Units by CapitaLand to and between the wholly-owned subsidiaries of CapitaLand. The listing of ART, subject to the approval of Ascott's shareholders, is expected to take place at the end of March 2006.

Save for Liew Mun Leong, Richard Edward Hale, Lim Chin Beng and Peter Seah Lim Huat who each has interests in the shares and share options in Ascott[1], none of the Directors or controlling shareholders of CapitaLand has any interest, direct or indirect in the Irrevocable Undertaking described above.

By Order of the Board

Rose Kong
Company Secretary
20 January 2006

[1] As at 9 January 2006.