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

ANNOUNCEMENT

VOLUNTARY UNCONDITIONAL CASH OFFER BY SOMERSET CAPITAL PTE LTD (A WHOLLY-OWNED SUBSIDIARY OF CAPITALAND LIMITED) FOR THE ASCOTT GROUP LIMITED

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1. INTRODUCTION

CapitaLand Limited ("**CapitaLand**" or the "**Company**") wishes to announce that DBS Bank Ltd ("**DBS Bank**") has today announced, for and on behalf of Somerset Capital Pte Ltd (the "**Offeror**"), a wholly-owned subsidiary of the Company, that the Offeror intends to make a voluntary unconditional cash offer (the "**Offer**") for all the issued ordinary shares (the "**Ascott Shares**") in the capital of The Ascott Group Limited ("**Ascott**") other than those already held by the Offeror, Somerset Land Pte Ltd ("**SLPL**") and Areca Investment Pte Ltd ("**AIPL**") as at the date of the Offer. SLPL and AIPL are also wholly-owned subsidiaries of the Company.

Ascott is a Singapore-incorporated company listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). As at 4 January 2008, the Offeror, SLPL and AIPL own an aggregate of 1,067,846,016 Ascott Shares, representing approximately 66.53% of the total number of issued Ascott Shares[1]. Further information on the Offeror and Ascott is set out in paragraphs 4 and 5 below.

The unaudited consolidated financial statements of Ascott for the financial year ended 31 December 2007 are expected to be announced by Ascott on or about 25 January 2008 via SGXNET (the "**Ascott Full Year Results Announcement**"). The formal document containing the terms and conditions of the Offer (the "**Offer Document**") is expected to be despatched after the release of the Ascott Full Year Results Announcement. The views of the independent directors of Ascott and the independent financial adviser to such independent directors, on the Offer (the "**Offeree Advice**") will be made available by Ascott to shareholders of Ascott (the "**Ascott Shareholders**") within 14 days of the despatch of the Offer Document. Ascott Shareholders may wish to take note of the Ascott Full Year Results Announcement and consider the Offeree Advice, and are therefore advised to exercise caution when dealing in the Ascott Shares in the meantime.

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[1] Unless otherwise stated, references in this Announcement to the total number of issued Ascott Shares are based on 1,605,153,717 Ascott Shares in issue as at 4 January 2008.

The Company, through its subsidiaries (which include Ascott), has a total deemed interest of approximately 46.59% of the units in Ascott Residence Trust, a real estate investment trust ("**REIT**") listed on the SGX-ST. It should be noted that the Offeror is not required under The Singapore Code on Take-overs and Mergers (the "**Code**") to make a chain offer for Ascott Residence Trust and, accordingly, no offer will be made by the Offeror for Ascott Residence Trust as a consequence of the Offer.

A copy of the announcement dated 8 January 2008 released by DBS Bank, for and on behalf of the Offeror, in relation to the Offer (the "**Offer Announcement**") is available on the website of the SGX-ST at www.sgx.com. A copy of the Offer Announcement is also attached to this Announcement. This Announcement should be read in conjunction with the full text of the Offer Announcement.

2. THE OFFER

2.1 **Offer Terms.** The Offeror intends to make the Offer for all the issued Ascott Shares, other than Ascott Shares already held as at the date of the Offer by the Offeror, SLPL and AIPL (the "**Offer Shares**"), in accordance with Rule 15 of the Code and subject to and upon the following principal terms and conditions:

(a) The Offer will be made on the following basis:

For each Offer Share: S$1.73 in cash (the "Offer Price")

(b) The Offer will be extended to all new Ascott Shares unconditionally issued or to be issued pursuant to (i) the valid exercise (if any) prior to the close of the Offer of any share options to subscribe for new Ascott Shares (the "**Ascott Options**") granted under the Ascott Share Option Plan and (ii) any contingent awards of Ascott Shares (the "**Ascott Awards**") granted under the Ascott Performance Share Plan and the Ascott Restricted Share Plan, which are vested and released prior to the close of the Offer. For the purposes of the Offer, the expression "**Offer Shares**" shall include such new Ascott Shares.

(c) The Offer Shares are to be acquired fully paid and free from all claims, charges, equities, liens, pledges and other encumbrances and together with all rights, benefits, entitlements and advantages attached thereto as at the date of the Offer Announcement and thereafter attaching thereto, including the right to all dividends, rights and other distributions (if any) declared, made or paid thereon on or after the date of the Offer Announcement (including any dividends that may be declared, made or paid in respect of the financial year ended 31 December 2007).

(d) The Offer will be extended, on the same terms and conditions, to all the issued Ascott Shares owned, controlled or agreed to be acquired by parties acting or presumed to be acting in concert with the Offeror in connection with the Offer (other than SLPL and AIPL).

2.2 **Unconditional Offer. The Offer will be unconditional in all respects.**

2.3 **Options.** As at 4 January 2008, there are 17,116,500 outstanding Ascott Options to subscribe for 17,116,500 new Ascott Shares granted under the Ascott Share Option Plan. Under the rules of the Ascott Share Option Plan, the Ascott Options are not transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the Ascott Options (although, for the avoidance of doubt, the Offer will be extended to all new Ascott Shares issued or to be issued pursuant to the valid exercise of the Ascott Options prior to the close of the Offer). The Offeror will instead make a proposal to the holders of the outstanding Ascott Options (the "**Options Proposal**") to pay holders of Ascott Options, subject to the relevant Ascott Options continuing to be exercisable into new Ascott Shares, a cash amount (determined as provided below) (the "**Option Price**") in consideration of such holders agreeing:

(a) not to exercise all or any of such Ascott Options into new Ascott Shares; and

(b) not to exercise all or any of their rights as holders of such Ascott Options,

in each case from the date of their acceptance of the Options Proposal to the respective dates of expiry of such Ascott Options. Such holders will also be required to surrender the Ascott Options for cancellation.

The Option Price is computed on a "see-through basis". In other words, the Option Price for an Ascott Option will be the amount (if positive) of the Offer Price less the exercise price of that Ascott Option. If the exercise price of an Ascott Option is equal to or more than the Offer Price, the Option Price for that Ascott Option will be the nominal amount of S$0.001.

3. OFFER CONSIDERATION

3.1 **Offer Price.** The Offer Price was arrived at by the Offeror, taking into account, *inter alia*, the market value of the Offer Shares and the net asset value of Ascott (please refer to paragraph 3.4 below for further information).

3.2 **Aggregate Offer Price.** Assuming (i) all outstanding Ascott Options are exercised and all outstanding Ascott Awards are released prior to the close of the Offer, (ii) no new Ascott Options and no new Ascott Awards are granted prior to the close of the Offer and (iii) full acceptances of the Offer, the total consideration payable by the Offeror under the Offer is approximately S$989.5 million (the "**Aggregate Offer Price**").

3.3 **Funding for the Offer.** The acquisition of the Offer Shares is proposed to be funded by way of bank borrowings obtained specifically for the Offer, with the balance funded by internal resources of the Company and its subsidiaries (the "**CapitaLand Group**"). DBS Bank, as financial adviser to the Offeror, has confirmed in the Offer Announcement that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

As at 31 December 2007, the CapitaLand Group's corporate treasury had total cash and cash equivalents available at its disposal of an amount exceeding S$2 billion and unutilised banking facilities (excluding the bank borrowings obtained specifically for the Offer referred to above) of an amount exceeding S$600 million.

3.4 **Value Comparisons in respect of Ascott.** The Offer Price of S$1.73 for each Offer Share:

(a) represents a premium of approximately 43.0% over S$1.21, being the last transacted price ("**LTP**") of the Ascott Shares on the SGX-ST prior to the date of the Offer Announcement;

(b) represents a premium of approximately 41.8% over S$1.22, being the volume weighted average price ("**VWAP**") of the Ascott Shares on the SGX-ST over the one-month period prior to the date of the Offer Announcement;

(c) represents a premium of approximately 20.1% over S$1.44, being the VWAP of the Ascott Shares on the SGX-ST over the three-month period prior to the date of the Offer Announcement; and

(d) represents a premium of approximately 145.0% over the unaudited net asset value per Ascott Share of S$0.706 as at 30 September 2007.

3.5 **Comparisons with the CapitaLand Group.** Based on the unaudited consolidated financial statements of the CapitaLand Group for the nine-month period ended 30 September 2007 and the unaudited consolidated financial statements of Ascott and its subsidiaries (the "**Ascott Group**") for the nine-month period ended 30 September 2007, the net profits attributable to the Offer Shares amounting to approximately S$55.4 million represents approximately 2.2% of the net profits of the CapitaLand Group[(1)].

The Aggregate Offer Price represents approximately 5.6% of the market capitalisation[(2)] of the Company as at 4 January 2008 (being the last trading day for shares in the Company prior to the date of the Offer Announcement).

Notes:

(1) Based on profits before income tax, minority interest and extraordinary items.

(2) The market capitalisation of the Company is based on 2,806,298,993 issued shares in the Company as at 4 January 2008 (being the last trading day for shares in the Company prior to the date of this Announcement) and the last traded price of the shares in the Company transacted on the SGX-ST on 4 January 2008 of S$6.25 per share.

4. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Singapore on 16 June 1999 and is a direct wholly-owned subsidiary of the Company. Its principal activities are those of an investment holding company. As at 4 January 2008, the Offeror has an issued share capital of S$143,000,000 comprising 143,000,000 ordinary shares, all of which are held by the Company.

The directors of the Offeror are Mr Olivier Lim Tse Ghow, Mr Lai Choon Hung and Ms Gan Chui Chui. Mr Olivier Lim Tse Ghow is also an alternate director of Ascott. Information relating to the interests of the Offeror's directors in Ascott Shares is set out in the Offer Announcement.

5. INFORMATION ON ASCOTT

Ascott was incorporated in Singapore on 29 March 1979, and is listed on the Main Board of the SGX-ST. Based on publicly available information, the principal activities of the Ascott Group are in investment holding and the management of serviced residences. The Ascott Group is headquartered in Singapore and is the serviced residence arm of CapitaLand.

The Ascott Group is the largest international serviced residence owner-operator with close to 14,800 serviced residence units in key cities of Asia Pacific, Europe and the Gulf region, as well as more than 5,400 units which are under development, making a total of over 20,200 units.

The Ascott Group operates 3 brands, Ascott, Somerset and Citadines. Its portfolio spans 54 cities in 23 countries, 12 of which are cities where Ascott's serviced residences are being newly developed.

The Ascott Group pioneered Asia Pacific's first branded luxury serviced residence in 1984. It also established the world's first pan-Asian serviced residence REIT, Ascott Residence Trust, in 2006. As at 4 January 2008, the Ascott Group has an approximately 27.86% interest in Ascott Residence Trust.

Today, the Ascott Group has a 23-year industry track record and serviced residence brands that enjoy recognition worldwide.

As at 4 January 2008, Ascott has an issued share capital of S$268,464,469.84 comprising 1,605,153,717 issued Ascott Shares.

6. RATIONALE FOR THE OFFER

The Offer is being made to privatise Ascott.

The Offer presents an opportunity for the Ascott Shareholders to realise their investment in the Ascott Shares at a premium of 43.0% to the LTP and 41.8% to the 1-month VWAP of the Ascott Shares on the SGX-ST prior to the date of this Announcement. Based on publicly available information, the average premium of offer prices over the last transacted prices of the offerees' shares (prior to the offer announcement dates) was 28.5% in four successful privatisations in Singapore in 2007[2].

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[2] These refer to the privatisations by way of voluntary offers for four companies listed on the SGX-ST, which were announced and successfully completed in 2007.

The Offer also allows CapitaLand to achieve the following key objectives:

Strengthen Ascott's leadership position in the market

Competition in the growing global serviced residence market is intensifying. Ascott needs to strengthen its leadership position internationally and accelerate its growth in key markets. However, as a listed entity, Ascott has to comply with listing and compliance requirements, and this may restrict Ascott from having full flexibility to leverage on the capital base, resources and opportunities of CapitaLand, to capitalise on the continuing growth in this market. For instance, CapitaLand has been incorporating serviced residences into its residential and mixed development projects and has provided opportunities for Ascott to be part of such development projects. However, these opportunities would be categorised as interested person transactions between CapitaLand and Ascott which invariably would lengthen the time to completion and incur additional cost and management time in fulfilling the compliance processes.

Currently, Ascott has yet to build up the full complement of in-house real estate product development and project management capabilities, which CapitaLand already possesses. In the meantime, it has to outsource greenfield developments to partners and third parties. Its private equity fund origination and fund raising capabilities are also limited. Privatising Ascott will allow it to easily tap on CapitaLand's more established real estate development and financial services capabilities.

Replicate CapitaLand's successful business model

CapitaLand has created significant value for its shareholders along the entire real estate value chain and by building a capital efficient business model for its unlisted strategic business units. This transformation has enabled CapitaLand to establish itself as one of the most international real estate companies, and a leading REIT and real estate fund manager in Asia. While Ascott has also embarked on the same business model for its growth, such as through the launch of Ascott Residence Trust and a private equity fund (Ascott Serviced Residence (China) Fund), this approach can be accelerated and enhanced even further if Ascott is privatised given CapitaLand's extensive track record and experience in this aspect.

Maximise CapitaLand's competitive advantage

CapitaLand will be able to fully integrate Ascott's business and operations into the CapitaLand Group. This will enable CapitaLand to deploy capital and human resources seamlessly within the CapitaLand Group to maximise its competitive advantage of having a fully integrated real estate and financial services value chain across all property sectors. This is key in better enabling Ascott and CapitaLand's various strategic business units to bring their combined resources and expertise to exploit the business opportunities in the global real estate landscape.

CapitaLand will also have more flexibility in managing and deploying its mix of residential developments for sale, for corporate leasing and for serviced residences to match demand in different markets and to respond to changes in market dynamics.

Increase cost savings

As a listed entity, Ascott has to incur listing, compliance and other related costs associated with continuing listing requirements under the listing rules. If privatised, cost efficiency would result from greater sharing of services and resources with CapitaLand's other unlisted strategic business units. Similarly, CapitaLand and Ascott will be able to fully integrate their fund and REIT management businesses to increase operational benefits and cost savings.

7. FINANCIAL EFFECTS OF THE OFFER ON THE CAPITALAND GROUP

For illustration purposes only, a summary of the proforma financial effects of the Offer on the CapitaLand Group is set out below.

The proforma financial effects of the Offer on the earnings per share ("**EPS**") and net tangible assets ("**NTA**") per share of the CapitaLand Group for the financial year ended 31 December 2006 ("**FY2006**") have been prepared using:

(a) the audited consolidated financial statements of the CapitaLand Group for FY2006; and

(b) the audited consolidated financial statements of the Ascott Group for FY2006,

and are based on the following assumptions:

(i) the Offer had been completed on 1 January 2006 for the purpose of computing the financial effects on the EPS of the CapitaLand Group; and

(ii) the Offer had been completed on 31 December 2006 for the purpose of computing the financial effects on the NTA per share of the CapitaLand Group.

The proforma financial effects may not, because of its nature, be indicative of what the EPS of the CapitaLand Group for FY2006 would have been had the Offer been completed as of 1 January 2006, and what the NTA per share of the CapitaLand Group as at 31 December 2006 would have been had the Offer been completed as of 31 December 2006.

EPS

FY2006	**Before the Offer**	**After the Offer** [(1)]
Net profit attributable to equity holders of CapitaLand (S$'000)	1,017,985	1,002,285
Total basic earnings per share of CapitaLand (cents)	36.8	36.2
Total fully diluted earnings per share of CapitaLand (cents)	36.2	35.5
Weighted average number of ordinary shares used in calculation of basic earnings per share of CapitaLand ('000)	2,769,447	2,769,447
Weighted average number of ordinary shares used in calculation of diluted earnings per share of CapitaLand ('000)	2,819,428	2,819,428

NTA per Share

As at 31 December 2006	Before the Offer	After the Offer [1]
NTA of CapitaLand (S$'000) [2]	7,361,389	6,775,581
NTA per share of CapitaLand (S$)	2.65	2.44
Number of issued CapitaLand's shares ('000)	2,779,346	2,779,346

Notes:

(1) Assuming (i) all outstanding Ascott Options are exercised and all outstanding Ascott Awards are released prior to the close of the Offer, (ii) no new Ascott Options and no new Ascott Awards are granted prior to the close of the Offer and (iii) full acceptances of the Offer.

(2) For the purpose hereof, the NTA of CapitaLand is derived by subtracting intangible assets from equity attributable to equity holders of CapitaLand.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at 4 January 2008, the interests of the Directors of the Company in Ascott Shares are as follows:

	Direct interest in Ascott Shares		Deemed interest in Ascott Shares	
	No. of Ascott Shares	%	No. of Ascott Shares	%
Name				
Dr Hu Tsu Tau	-	-	-	-
Mr Hsuan Owyang	-	-	-	-
Mr Liew Mun Leong	-	-	452,500[2]	0.028
Mr Lim Chin Beng	925,000[1]	0.058	-	-
Mr Jackson Peter Tai	-	-	-	-
Mr Peter Seah Lim Huat	74,000	0.005	-	-
Mr Richard Edward Hale	830,000	0.052	-	-
Professor Robert Henry Edelstein	-	-	-	-
Dr Victor Fung Kwok King	-	-	-	-
Mr James Koh Cher Siang	-	-	-	-
Mrs Arfat Pannir Selvam	-	-	-	-
Professor Kenneth Stuart Courtis	-	-	-	-
	1,829,000	0.114	452,500	0.028

Notes:

(1) 800,000 Ascott Shares are registered in the name of DBS Nominees (Private) Limited.

(2) Mr Liew Mun Leong is deemed to be interested in the Ascott Shares held by his spouse.

As at 4 January 2008, the following Directors of the Company hold Ascott Options, details of which are as follows:

Name	No. of Ascott Options*
Mr Liew Mun Leong	517,500
Mr Lim Chin Beng	75,000
Mr Richard Edward Hale	80,000
	672,500

**Each Ascott Option is exercisable into one new Ascott Share.*

As at 4 January 2008, the following Directors of the Company have been granted Ascott Awards, details of which are as follows:

Name	No. of Ascott Shares comprised in the Ascott Awards granted	
	Ascott Performance Share Plan[(1)]	**Ascott Restricted Share Plan[(2)]**
Mr Liew Mun Leong	-	up to 36,990[(3)]
Mr Lim Chin Beng	-	up to 30,825[(3)]
Mr Richard Edward Hale	-	up to 30,825[(3)]
	-	up to 98,640[(3)]

Notes:

(1) As at 4 January 2008, there are outstanding Ascott Awards in respect of up to 14,145,726 Ascott Shares granted under the Ascott Performance Share Plan.

(2) As at 4 January 2008, there are outstanding Ascott Awards in respect of up to 3,406,488 Ascott Shares granted under the Ascott Restricted Share Plan.

(3) The final number of Ascott Shares given over the vesting period of two years will depend on the achievement of the performance conditions at the end of the one-year performance period. If the performance conditions are not met at the end of the performance period, recipients will not be given any Ascott Shares. On the other hand, if superior targets are met, more Ascott Shares than the original Ascott Award could be delivered up to a maximum of 150% of the original Ascott Award.

Mr Lim Chin Beng, Mr Liew Mun Leong and Mr Richard Edward Hale, who are Directors of the Company, are also directors of Ascott.

CapitaLand is an associated company of Temasek Holdings (Private) Limited ("**Temasek**"). Accordingly, Temasek is deemed through its interest in CapitaLand to have an interest in the 1,067,846,016 Ascott Shares in which CapitaLand is interested by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.

Save as disclosed in above, none of the Directors of the Company nor (so far as the Directors of the Company are aware) the controlling shareholder of the Company has, any interest, direct or indirect, in the Offer.

By Order of the Board

Low Sai Choy
Company Secretary
8 January 2008