



**OUE LIMITED**  
Company Registration No.: 196400050E  
Incorporated in Singapore

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## DISPOSAL OF U.S. BANK TOWER

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### 1. INTRODUCTION

- 1.1. The Board of Directors (the "**Board**") of OUE Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 25 January 2019 on the commencement of marketing (primarily in the United States of America) for the proposed sale of U.S. Bank Tower which is located in downtown Los Angeles, United States of America, and its subsequent announcement dated 16 June 2020 on non-binding exploratory discussions with a prospective institutional purchaser on a confidential basis.
- 1.2. The Board wishes to announce that Beringia Central LLC ("**Beringia Central**"), an indirect wholly-owned subsidiary of the Company, has today entered into a sale and purchase agreement ("**SPA**") with USBT Property Owner LP (the "**Purchaser**") in respect of the sale by Beringia Central to the Purchaser of U.S. Bank Tower at 633 West 5th Street, Maguire Gardens at 700 W. Fifth Street and Westlawn Garage at 524 Flower Street, Los Angeles, California, United States of America (the "**Property**") (the "**Disposal**"). The Disposal is in the ordinary course of business of the Group.

### 2. INFORMATION ON THE PROPERTY

The Property is a Class A office property located in downtown Los Angeles at the foot of Bunker Hill. Completed in 1989, the building has 72 floors of office accommodation and six levels of underground parking. The Property was acquired by Beringia Central in 2013 for approximately US\$367,500,000 (approximately S\$459,375,000)<sup>1</sup>, and underwent a series of asset enhancement works, including the launch of OUE Skyspace LA, an open-air observation deck.

### 3. MATERIAL TERMS OF THE DISPOSAL

- 3.1. The purchase consideration (the "**Purchase Consideration**") payable to Beringia Central under the SPA is US\$430,000,000 (approximately S\$597,700,000)<sup>2</sup>. The Purchase Consideration had been negotiated on a willing-buyer and willing-seller basis, after taking into account, among other things, the market value of the Property and the current US property market conditions in the relevant sectors amid the COVID-19 pandemic.
- 3.2. Within three (3) business days following the execution of the SPA, the Purchaser is required to make a deposit of US\$10,000,000 (approximately S\$13,900,000)<sup>3</sup> into an escrow. The balance of the remaining Purchase Consideration, subject to prorations and other adjustments set forth in the SPA, shall be paid in cash to Beringia Central at the closing of the SPA ("**Closing**").

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<sup>1</sup> Based on the exchange rate of US\$1 : S\$1.25 as at March 2013.

<sup>2</sup> Based on the exchange rate of US\$1 : S\$1.39 as at July 2020.

<sup>3</sup> Based on the exchange rate of US\$1 : S\$1.39 as at July 2020.

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## OUE LIMITED

- 3.3. Closing shall take place on the earliest to occur of (i) 8 September 2020, (ii) a date selected by the Purchaser upon at least ten (10) business days' prior written notice to Beringia Central, and (iii) a date mutually agreed to by Beringia Central and the Purchaser, each in its sole discretion (the "**Original Targeted Closing Date**").

The Purchaser shall have the right to extend the Original Targeted Closing Date to the Extended Targeted Closing Date (as defined herein) provided that no later than one (1) business day prior to the Original Targeted Closing Date, the Purchaser shall (a) deposit an additional non-refundable deposit of US\$5,000,000 (approximately S\$6,950,000<sup>4</sup>) in escrow; and (b) deliver to Beringia Central written notice that the Purchaser desires to extend the Original Targeted Closing Date.

The "**Extended Targeted Closing Date**" means the earliest to occur of (i) 8 October 2020, (ii) the date set forth in the Purchaser's extension notice; and (iii) a date mutually agreed to by Beringia Central and the Purchaser, each in its sole discretion; provided however that in no event shall the Extended Targeted Closing Date be fewer than ten (10) business days after Beringia Central's receipt of the Purchaser's extension notice without Beringia Central's prior written consent in its sole discretion.

- 3.4. In connection with the Disposal, the Group also intends to dispose of its leasehold interest in OUE Skyspace LA. Currently, Beringia Central (as landlord) and OUE Skyspace LLC, an indirect wholly-owned subsidiary of the Company, are parties to a lease (the "**Skyspace Lease**") which grants OUE Skyspace LLC the right to operate the Skyspace business. While Beringia Central is currently engaged in discussions with several prospective purchasers of the Skyspace operations, no definitive agreement has been entered into in relation to the sale of Skyspace. Any sale of Skyspace or transfer of the liquor license separate from the sale of the Property to the Purchaser will not affect the Purchase Consideration for the Property.

## 4. RATIONALE FOR THE DISPOSAL

- 4.1. The Disposal is a strategic sale entered into after evaluating the Group's inventory of assets, and even though the Property is being divested below its valuation<sup>5</sup>, it is nonetheless expected to benefit the Company and its shareholders ("**Shareholders**") as follows:
- (a) the Disposal will enable the Group to streamline its asset ownership in a period when the longer term outlook of the US property market may not be favourable. Due to the measures implemented by state governments in the US in response to the COVID-19 pandemic, the tenants in the Property have reduced, or temporarily closed down, their operations, and the rental income from the Property has been correspondingly affected. Unlocking capital from this divestment will enable the Company to recycle its capital to more optimally pursue higher growth reinvestment opportunities if and when such opportunities arise; and

<sup>4</sup> Based on the exchange rate of US\$1 : S\$1.39 as at July 2020.

<sup>5</sup> As disclosed in the Company's Annual Report 2019, the fair value of the Property as at 31 December 2019 was US\$650,000,000.

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- (b) in the absence of opportunistic acquisition targets, the Disposal will in the meantime, enable the Group to substantially increase its cash reserves, improve its net gearing by paring down existing debts and remain nimble in the current uncertain global economic climate.

### 5. FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal is not expected to have a material impact on the net tangible assets of the Group for the financial year ending 31 December 2020, but is expected to result in an estimated material decrease in the earnings per share (“EPS”) of the Group by approximately S\$0.35 for the financial year ending 31 December 2020. The impact to EPS is mainly non-cash and arises as a result of the difference between the Purchase Consideration and the book value of the Property as at 31 December 2019.

The Disposal is not expected to have a significant adverse impact on the Company’s working capital and gearing. The net gearing of the Company is expected to improve.

### 6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company (other than in their capacity as a Director or Shareholder of the Company) have an interest, direct or indirect, in the Disposal.

### 7. CAUTIONARY STATEMENT

Shareholders and potential investors are advised that the completion of the Disposal is subject to the conditions precedent in the SPA being fulfilled or waived (as the case may be) and there is no certainty or assurance that the Disposal will be completed or that no changes will be made to the terms of the SPA. Accordingly, Shareholders and potential investors are advised to exercise caution in dealings with the shares of the Company, to read this announcement and any further update announcement(s) released by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. The Company will make the necessary announcements when there are further material developments in this matter.

By Order of the Board

Brian Riady  
Deputy Chief Executive Officer and Non-Independent Executive Director  
17 July 2020