

## Starwood Capital Group amends tender offer proposal to acquire all Units of Invesco Office J-REIT



- Offer price increased from JPY 20,000 to JPY 21,750 per unit
- Minimum threshold lowered to 55.27% to reflect significant passive investor holdings that cannot be tendered (Index Fund and publicly traded ETFs)
- Offer remains available to all unitholders
- End of tender offer period unchanged as May 24, 2021

**TOKYO, May 10, 2021** Starwood Capital Group (“Starwood Capital”), a global private investment firm focused on real estate and energy infrastructure investments, on behalf of 101 LPS, an investment limited partnership and five other fund entities managed by Starwood Capital (collectively, the “Offerors”), today announced that the Offerors have amended their tender offer to acquire all the Units of Invesco Office J-REIT (Ticker: 3298) listed on the J-REIT market of Tokyo Stock Exchange and thereafter take Invesco Office J-REIT private (the “Tender Offer”).

As further evidence of Starwood Capital’s conviction about the long-term prospects of the Japan market and ability to effectuate value creative changes which can only be achieved as a private vehicle, the Tender Offer price has been increased from JPY 20,000 per Unit to JPY 21,750 per Unit, increasing the certainty of Tender Offer completion, and in line with the Offerors aim of giving all unitholders an opportunity to share in a privatization premium on a transparent and equitable basis.

The Tender Offer period closes on May 24, 2021.

The increased Tender Offer price implies a 1.23x NAV per Unit multiple based on the FYE October 2020 NAV of JPY 17,684 per Unit, and represents a premium of 23.23% to the closing price of Invesco Office J-REIT Units on April 2, 2021 (the day on which the Offerors decided the Tender Offer price and announced plans to acquire all the Units of Invesco Office J-REIT), a 24.70% premium to the one-month average trading price per Unit, and a 34.34% premium to the three-month average trading price per Unit.

The threshold has been reduced to 55.27%. This change reflects analysis showing that an estimated 25.61% of units are held by passive index driven investors (including both TSE and overseas listed ETFs as well as index fund unitholders) who cannot tender based on investment policies. It implies an effective minimum threshold of 72.06% of all active investors who could be in a position to tender, and also a simple majority of all investors other than the Offerors, which respects the decision of ordinary investors to express their assessment of the merits of the Tender Offer and tender or not tender, analogous to the 'majority of the minority' level described as desirable in the [Fair M&A Guidelines](#).

The Offerors ask unitholders to consider the opportunity implying an ability to receive at the end of May the equivalent of an estimated 11.5 fiscal years of dividends upfront. This is estimated based on the difference between the Tender Offer Price and one-month average unit price prior to the announcement and applying the most recently expected dividends announced by Invesco Office J-REIT, Inc. (the "Investment Corporation") for this coming fiscal year (May to October 2021). Additionally, we note that unitholders as of end of trading April 27, 2021 will maintain the right to receive dividends for the last fiscal year (Fiscal year ending April 30, 2021), prior to participating in the Tender Offer.

Starwood Capital notes that in opposing the Tender Offer on May 6, the Investment Corporation referred to revised valuations without stating a specific value, the basis for and methodologies of such valuations, the specific entities who conducted the valuations, or a clear strategy with which to increase the value of the assets in a public REIT structure. Instead, they are asking an affiliate of their asset management company to acquire an unspecified number of units in the market or otherwise, at an unspecified price, from unspecified unitholders. This measure does not provide a transparent opportunity to all unitholders to sell their units at a known premium level. In lieu of such an opportunity, the Investment Corporation proposes to grant a subset of unitholders with opaque opportunities to assist what we believe to be an attempt to prevent the Tender Offer from completing by creating potential confusion amongst unitholders. Within its disclosure, the Investment Corporation did not concretely address its rationale for dissenting against the clear, strong economic merits of the Tender Offer for unitholders, nor provide sufficient information for unitholders to make an informed decision based on the justification for the opinion announced by the special committee.

Starwood Capital wants to reiterate the position it noted in a press release on April 28, 2021 that no injunctive relief against the Tender Offer has been applied for or granted in a court of

law, and Starwood Capital did not find any substantive reason amongst the Investment Corporation's cited grounds for such a petition. Therefore, the Starwood Capital Tender Offer remains on course with the offer period ending on May 24, 2021.

Starwood Capital continue to strongly believe that the Tender Offer is a fair, transparent and equitable opportunity for all unitholders to receive a substantial premium to both the pre-announcement market price and NAV per Unit, and that the Tender Offer process complies with all relevant regulations and market practices in Japan. Starwood Capital has already provided its views on the matters presented by the Investment Corporation in a [detailed response to its questions](#) and in the extensive disclosures provided in its [Tender Offer Registration documents](#), each of which already addressed certain of the issues raised by the Investment Corporation with the regulators.

The Offerors encourage unitholders to carefully review and consider any information presented, as well as the actions taken, by the Investment Corporation and evaluate whether they are consistent with the interests of unitholders.

For further details regarding the Tender Offer, information for unitholders on how to tender, and other previously disclosed materials, please visit <https://www.starwoodjapantob.jp/>

#### **About Starwood Capital in Japan**

Starwood Capital made its first investment in Japan in 2001, and from 2001-2011, through multiple Starwood Capital funds, invested in hospitality, industrial, multifamily and office sectors with a cumulative transaction value close to US\$900 million. In January 2020, Starwood Capital moved its Asian head office from Hong Kong to Tokyo, and in January 2021 Starwood Capital announced its first transaction by controlled affiliates in Japan from the new head office.

Internationally, Starwood Capital has invested in more than 30 countries, building and growing assets ranging from high-profile public hotel platforms through to residential home portfolios and in-house property management companies, as well as establishing a strong track-record in public-to-private transactions.

#### **About Starwood Capital Group**

Starwood Capital Group is a private investment firm with a core focus on global real estate, energy infrastructure and oil & gas. The Firm and its affiliates maintain 16 offices in seven countries around the world, and currently have approximately 4,000 employees. Since its inception in 1991, Starwood Capital Group has raised over US\$55 billion of equity capital, and currently has in excess of US\$75 billion of assets under management. Through a series of comingled opportunity funds and Starwood Real Estate Income Trust, Inc. (SREIT), a non-listed REIT, the Firm has invested in virtually every category of real estate on a global basis, opportunistically shifting asset classes, geographies and positions in the capital stack as it perceives risk/reward dynamics to be evolving. Starwood Capital also manages Starwood Property Trust (NYSE: STWD), the largest commercial mortgage real estate investment trust in the United States, which has successfully deployed over US\$63 billion of capital since

inception and manages a portfolio of over US\$17 billion across debt and equity investments. Over the past 29 years, Starwood Capital Group and its affiliates have successfully executed an investment strategy that involves building enterprises in both the private and public markets. Additional information can be found at [starwoodcapital.com](http://starwoodcapital.com)

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*Disclaimers*

Solicitation

This press release is a publication for the purpose of announcing certain changes to the Tender Offer and other matters in relation to the Tender Offer and has not been prepared as a solicitation for tendering or an offer to purchase under the Tender Offer. When tendering as a unitholder, please make sure you make such decision based on your own judgment after reviewing the Tender Offer Statement relating to the Tender Offer. This press release is not and does not constitute a solicitation for offers to sell or purchase securities. Neither this press release (in whole or in part) nor its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, and this press release may not be relied on at the time of entering into any such agreement.

U.S. Law

The Tender Offer will be conducted in compliance with the procedures and information disclosure standards set out in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the "Act"), but those procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, the Tender Offer is not subject to Section 13(e) or Section 14(d) of the United States Securities Exchange Act of 1934 (as amended, the "United States Securities Exchange Act of 1934") or the rules promulgated thereunder, and as such the Tender Offer will not be conducted in compliance with those procedures or standards. The financial information referenced on this press release comes from financial statements prepared in accordance with the accounting standards of Japan, and those financial statements may not include the same level of information as would be included in financial statements of a company required to prepare its financial statements in compliance with generally accepted accounting principles of the United States. The Offerors (except for the Offerors that are limited partnerships established in the State of Delaware in the United States) and Invesco Office J-REIT are entities established outside of the United States and their directors reside outside of the United States, so it may be difficult to exercise any rights or make any demands against such individuals or entities on the grounds of a violation

of the federal securities laws of the United States. It also may not be possible to bring action against an entity that is based outside of the United States or its directors in a court outside of the United States on the grounds of a violation of the federal securities laws of the United States. Additionally, there is no guarantee that an entity outside the United States or its affiliates may be compelled to subject themselves to the jurisdiction of a United States court.

The Offerors and any “covered person” as such term is defined in Rule 14e-5(c)(3) under the United States Securities Exchange Act of 1934 are prohibited, before the commencement of the Tender Offer or during the purchase period of the Tender Offer, to purchase by means other than the Tender Offer or conduct an act aimed at such a purchase of the Units on its own account or the account of its client unless and then only to the extent permitted by Japanese laws related to financial instruments transactions and other applicable laws and regulations in the ordinary course of its business and in accordance with the requirements of Rule 14e-5(b) of the United States Securities Exchange Act of 1934. Such permitted purchases may be executed at the market price in an on-the-market transaction or at a negotiated price in an off-the-market transaction. If information regarding such a permitted purchase is disclosed in Japan, that information will also be disclosed in the English language.

#### Language

Unless otherwise provided, all of the procedures concerning the Tender Offer will be conducted in the Japanese language. All or a subset of the documents related to the Tender Offer may be prepared in the English language, but if there is a discrepancy between that English language document and the corresponding Japanese language document, the Japanese language document will prevail.

#### Forward-Looking Statements

This press release may include forward-looking statements. Actual results may materially differ from these forward-looking statements due to known or unknown risks, uncertainties, and other factors. None of the Offerors and their respective affiliates can provide any assurances that such forward-looking statement will ultimately be correct. The forward-looking statements on this press release have been prepared based on information that is available to the Offerors as of the date of this press release, and except where required by applicable law, none of the Offerors and any of their respective affiliates has an obligation to update or correct those statements in order to reflect future events or circumstances.

#### Other Jurisdictions

Depending on the country or region, the publication of this press release may be restricted under the applicable laws. Please take note of such restrictions and comply with them. The publication of this press release shall only be considered as publication of information and shall not be considered as a solicitation for offers to sell or purchase securities in connection with the Tender Offer.