



For Translation Purposes Only

April 15, 2021

For Immediate Release

Issuer of real estate investment trust securities:

Invesco Office J-REIT, Inc.  
6-10-1, Roppongi, Minato-ku Tokyo  
Ryukichi Nakata, Executive Director

(TSE code: 3298)

Asset Management Company:

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Notice concerning the Statement of Opinion (Reservation) on Tender Offer  
by Starwood Capital Group

On April 7, 2021, 101 Investment Limited Partnership (hereinafter referred to as “101 LPS”), SDSS Investco Limited (hereinafter referred to as “SDSS”), SDSS K Investco Limited (hereinafter referred to as “SDSS-K”), SSF U.S. Investco S, L.P. (hereinafter referred to as “SSF-S”), SSF U.S. Investco C, L.P. (hereinafter referred to as “SSF-C”) and SOF-11 International Investco Limited (hereinafter referred to as “SOF-11”, hereinafter referred to collectively or individually the “Tender Offeror(s)”), managed by the Starwood Capital Group, commenced a tender offer (hereinafter referred to as the “Tender Offer”) for all of the issued and outstanding investment units (hereinafter referred to as the “Investment Units”) of Invesco Office J-REIT, Inc. (hereinafter referred to as the “Investment Corporation”). The Investment Corporation hereby announces that the board of directors of the Investment Corporation has resolved, by unanimous consent of the Executive Director and all Supervisory Directors, to reserve its opinion on the Tender Offer at this time.

The Investment Corporation will carefully evaluate and review the Tender Offer from the viewpoint of maximizing the value of the Investment Corporation and the common interests of its unitholders, will pay the utmost respect to the recommendations or opinions of the special committee (hereinafter referred to as the “Special Committee”), which is comprised of only three Supervisory Directors of the Investment Corporation, and will ultimately determine and announce the Investment Corporation’s opinion to accept or reject the Tender Offer.

The Investment Corporation asks its unitholders to continue to pay attention to statements of opinion to be made and information to be disclosed by the Investment Corporation going forward, and to make a careful decision with respect to whether to tender their shares in the Tender Offer.

1. Overview of the Tender Offerors

(101 LPS)

(1)	Name	101 Investment Limited Partnership
(2)	Address	Level 4 Roppongi Hills Keyakizaka Terrace, 6-15-1, Roppongi, Minato-ku, Tokyo
(3)	Grounds of Establishment, etc.	Investment Limited Partnership under the Limited Partnership Act for Investment
(4)	Outline of General Partner	General Partner 101 GK Executive Officer Keita Iga
(5)	Description of Businesses	Acquisition and holding of investment units of the Investment Corporation, management of the partnership’s assets in accordance with the 101 Investment Limited Partnership Agreement, and other

		businesses prescribed in Article 3 Paragraph 1 of the Limited Partnership Act for Investment.
(6)	Total Investment Amount	JPY 10,999,988,240
(7)	Date of Origination	February 15, 2021
(8)	Relationship between the Investment Corporation and the Tender Offeror	
	Relationship between the Investment Corporation and the Tender Offeror	101 LPS owns 96,915 units (ownership ratio (Note 2): 1.10%) of the Investment Corporation investment units.
	Relationship between the Investment Corporation and Managing Partners	Not applicable.

(SDSS)

(1)	Name	SDSS Investco Limited
(2)	Address	1 Royal Plaza, Royal Avenue, St Peter Port GY1 2HL, Guernsey
(3)	Grounds of Establishment	Legal entity under the Guernsey Islands law
(4)	Title/Name of Representative	Director Andrew Rodger Whittaker Director Sandra Platts
(5)	Description of Businesses	Investment activities such as fundraising and acquisition, holding, sale and disposal of securities.
(6)	Capital Amount	JPY 15,334 (Note 3) (GBP 100)
(7)	Date of Incorporation	April 6, 2020
(8)	Investors and Investment Ratio (As of April 7, 2021)	1. SDSS Holdco Limited 100%
(9)	Relationship between the Investment Corporation and the Tender Offeror	
	Capital Relationship	SDSS owns 110,086 units (ownership ratio (Note 2): 1.25%) of the Investment Corporation investment units.
	Personnel Relationship	Not applicable.
	Business Relationship	Not applicable.
	Whether the Offeror falls under Related Party	Not applicable.

(SDSS-K)

(1)	Name	SDSS K Investco Limited
(2)	Address	1 Royal Plaza, Royal Avenue, St Peter Port GY1 2HL, Guernsey
(3)	Ground of Establishment	Legal entity under the Guernsey Islands Law
(4)	Title/Name of Representative	Director Andrew Rodger Whittaker Director Sandra Platts
(5)	Description of Businesses	Investment activities such as fundraising and acquisition, holding, sale and disposal of securities.

(6)	Capital Amount	JPY 15,334 (Note 3) (GBP 100)
(7)	Date of Incorporation	April 1, 2020
(8)	Investors and Investment Ratio (As of April 7, 2021)	1. SDSS Holdco Limited 100%
(9)	Relationship between the Investment Corporation and the Tender Offeror	
	Capital Relationship	SDSS-K owns 198,429 units (ownership ratio (Note 2): 2.25%) of the Investment Corporation investment units.
	Personnel Relationship	Not applicable.
	Business Relationship	Not applicable.
	Whether the Offeror falls under Related Party	Not applicable.

(SSF-S)

(1)	Name	SSF U. S. Investco S, L. P.
(2)	Address	Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801, U.S.A.
(3)	Ground of Establishment	Limited partnership under the Delaware State Law of the U.S.A.
(4)	Title/Name of Representative	General Partner Starwood SSF U.S. Holdco S GP, L. L. C. Managing Director Nathan Bagnaschi
(5)	Description of Businesses	1. Acquiring, holding, maintaining, operating, leasing, selling, managing, improving, mortgaging, encumbering and otherwise using for profit interests in real estate and in securities and other business interests related to real estate; 2. Participation as a partner or other investor in other general partnerships or limited partnerships or other investment vehicles, the business of which is related to real estate; and 3. All other activities related or incidental thereto.
(6)	Total Investment Amount	JPY 5,420,217,515 (Note 3) (USD 49,145,140.22)
(7)	Date of Origination	April 1, 2020
(8)	Relationship between the Investment Corporation and the Tender Offeror	
	Relationship between the Investment Corporation and the Tender Offeror	SSF-S owns 43,317 units (ownership ratio (Note 2): 0.49%) of the Investment Corporation investment units.
	Relationship between the Investment Corporation and Managing Partners	Not applicable.

(SSF-C)

(1)	Name	SSF U.S. Investco C, L.P.
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(2)	Address	Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801, U.S.A.
(3)	Ground of Establishment	Limited partnership under the Delaware State Law of the U.S.A.
(4)	Title/Name of Representative	General Partner Starwood SSF U.S. Holdco C GP, L. L. C. Managing Director Nathan Bagnaschi
(5)	Description of Businesses	1. Acquiring, holding, maintaining, operating, leasing, selling, managing, improving, mortgaging, encumbering and otherwise using for profit interests in real estate and in securities and other business interests related to real estate; 2. Participation as a partner or other investor in other general partnerships or limited partnerships or other investment vehicles, the business of which is related to real estate; and 3. All other activities related or incidental thereto.
(6)	Total Investment Amount	JPY 4,232,000,794 (Note 3) (USD 38,371,573.07)
(7)	Date of Origination	April 1, 2020
(8)	Relationship between the Investment Corporation and the Tender Offeror	
	Relationship between the Investment Corporation and the Tender Offeror	SSF-C owns 32,442 units (ownership ratio (Note 2): 0.37%) of the Investment Corporation investment units.
	Relationship between the Investment Corporation and Managing Partners	Not applicable.

(SOF-11)

(1)	Name	SOF-11 International Investco Limited
(2)	Address	1 Royal Plaza, Royal Avenue, St Peter Port GY1 2HL, Guernsey
(3)	Grounds of Establishment	Corporation under the Guernsey Islands law
(4)	Title/Name of Representative	Director Andrew Rodger Whittaker Director Sandra Platts
(5)	Description of Businesses	Investment activities such as fundraising and acquisition, holding, sale and disposal of securities.
(6)	Capital Amount	JPY 15,334 (Note 3) (GBP 100)
(7)	Date of Incorporation	April 1, 2020
(8)	Investors and Investment Ratio (As of April 7, 2021)	1. SDSS Holdco Limited 100%
(9)	Relationship between the Investment Corporation and the Tender Offeror	
	Capital Relationship	SOF-11 owns 42,890 units (ownership ratio (Note 2): 0.49%) of the Investment Corporation investment units.
	Personnel Relationship	Not applicable.
	Business Relationship	Not applicable.

	Whether the Offeror falls under Related Party	Not applicable.
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- (Note 1) Except for “Personnel Relationship,” “Business Relationship,” and “Whether the Offeror falls under Related Party” in “Relationship between the Investment Corporation and the Tender Offeror,” the description is based on the tender offer registration statement (hereinafter referred to as the “Tender Offer Registration Statement”) submitted by the Tender Offerors on April 7, 2021 with respect to the Tender Offer and its attachments.
- (Note 2) According to the Tender Offer Registration Statement, the ownership ratio refers to the ratio (rounded to the second decimal place) calculated based on the total number of issued and outstanding investment units (8,802,650 units), obtained by deducting the 96,606 units of treasury units cancelled as of March 10, 2021 from the 8,899,256 units of issued and outstanding investment units as of February 28, 2021, as described in the unit buyback report submitted by the Investment Corporation on March 12, 2021.
- (Note 3) According to the Tender Offer Registration Statement, the conversion from USD or GBP to JPY in “(6) Total Investment Amount” or “(6) Capital Amount” is based on the middle rate of the MUFG Bank, Ltd. telegraphic transfer selling rate as of April 6, 2021, which was USD 1 = JPY 110.29 and GBP 1 = JPY 153.34.

## 2. Purchase Price

JPY20,000 per investment unit

## 3. Details of, and Grounds and Reasons for, the Opinion regarding the Tender Offer

### (1) Details of the Opinion regarding the Tender Offer

At this time, the Investment Corporation reserves making a statement of opinion regarding the Tender Offer.

### (2) Grounds and Reasons for the Opinion regarding the Tender Offer

Since the commencement of the Tender Offer, the Investment Corporation has been carefully evaluating and examining the details of the Tender Offer, however, today, at a meeting of the Board of Directors of the Investment Corporation has resolved, by unanimous consent of the Executive Director and all Supervisory Directors, to reserve its opinion on the Tender Offer at this time.

On April 2, 2021, Starwood Capital Japan KK unilaterally and abruptly announced that it was scheduled to commence the Tender Offer, with no prior notice to the Investment Corporation and, on April 7, 2021, the Tender Offer was commenced by the Tender Offerors.

In response to the announcement of the Tender Offer by the Tender Offerors, and with a view to express its opinion on the Tender Offer, the Investment Corporation immediately attempted to collect information on the Tender Offer and the Tender Offerors and has carefully evaluated and examined the Tender Offer, including the contents of the Tender Offer Registration Statement.

However, based on the information available to the Investment Corporation to date, including the information contained in the Tender Offer Registration Statement, it is difficult to determine the purpose of the Tender Offer, the specific management policy of the Investment Corporation after the Tender Offer contemplated by the Tender Offerors, the management capabilities of REIT, the specific process of privatizing the Investment Corporation contemplated after the Tender Offer and the legality thereof, the details of specific measures for maximizing the value of the Investment Corporation and improving the common interests of unitholders, as well as the details of various issues that are considered material in evaluating and examining the merits of the Tender Offer and its various terms and conditions, including the basis for the Tender Offer price.

Therefore, the Board of Directors of the Investment Corporation believes that it should continue to collect information on the Tender Offer and the Tender Offerors in order to form its opinion regarding the Tender Offer, after carefully evaluating and examining the terms and conditions and the merits of the Tender Offer from the perspective of maximizing the value of the Investment Corporation and the common interests of its unitholders.

Accordingly, the Investment Corporation determined that accurate information on the Tender Offer

and the Tender Offerors should be collected at an early stage using the framework of questions to the Tender Offerors in an opinion report pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended), and, the Board of Directors of the Investment Corporation resolved today to submit an opinion report containing the contents described in the Attached Material, taking into consideration the recommendations of the Special Committee. At the same time, as stated in the “Notice Concerning Announcement of Establishment of a Special Committee, Appointment of Committee Members, and Consultation with the Special Committee” announced today, the Investment Corporation has decided to establish a special committee for the purpose of preventing arbitrary decisions by the Board of Directors of the Investment Corporation and ensuring the fairness and transparency of its decisions. The Special Committee is comprised of only three Supervisory Directors of the Investment Corporation—whose independence from Invesco Global Real Estate Asia Pacific, Inc. (hereinafter referred to as the “Asset Management Company”), an asset management company of the Investment Corporation, is ensured under the Act on Investment Trusts and Investment Corporations (No. 198 of 1951, as amended) (hereinafter referred to as “Investment Trust Act”)—who are independent from the Tender Offeror. As it is necessary to continue to carefully evaluate and examine the merits of the Tender Offer and the final decision of the Special Committee regarding the Tender Offer has not been presented at this time, the Investment Corporation has resolved to reserve the expression of its opinion on the Tender Offer at this time.

Pursuant to Paragraph 11, Article 27-10 of the Financial Instruments and Exchange Act and Paragraph 2, Article 13-2 of the Enforcement Order of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended), the Tender Offerors are required to submit the Tender Offerors’ answer as set forth in Paragraph 11, Article 27-10 of the Financial Instruments and Exchange Act in response to the questions described in “7. Questions to Offerors” and the Attached Material within 5 business days from the date of receipt of the copy of the opinion statement. Upon submission of the Tender Offerors’ answer by the Tender Offerors, the Investment Corporation will promptly review the contents and will carefully evaluate and review these contents together with the Tender Offer Registration Statement and other information disclosed by the Tender Offerors. In addition to such evaluation and review the recommendation or opinion of the Special Committee will also be obtained, and based on the content of such recommendation or opinion, the Investment Corporation will finally decide and express its opinion on the Tender Offer.

(3) Possibility of Delisting and Reasons Therefor

The Investment Units are currently listed on the J-REIT market of the Tokyo Stock Exchange (hereinafter referred to as “TSE”).

According to the Tender Offer Registration Statement, as the Tender Offerors have not set a maximum number of Investment Units to be purchased in the Tender Offer, depending on the results of the Tender Offer, the Investment Units may be subject to delisting via the prescribed procedures in accordance with the delisting criteria of TSE. Even where such delisting criteria are not applicable at the time of completion of the Tender Offer, the Offerors plan to implement the procedures described in “(4) Plan for Post-Tender Offer Restructuring, Etc. (i.e., Matters Regarding the Two-Step Acquisition)” below following the completion of the Tender Offer, in which case the Investment Units will be delisted via the prescribed procedures in accordance with the delisting criteria of TSE. Following delisting, it will no longer be possible to trade the Investment Units on the J-REIT market of TSE.

(4) Plan for Post-Tender Offer Restructuring, Etc. (i.e., Matters Regarding the Two-Step Acquisition)

According to the Tender Offer Registration Statement, the Tender Offerors plan to take the Investment Corporation private and convert the Investment Corporation to a private REIT, and if the Tender Offerors are unable to acquire all of the Investment Units (excluding the Investment Units owned by the Tender Offerors and the Investment Units owned by the Investment Corporation itself

(if any)) through the Tender Offer, the Tender Offerors plan to carry out various procedures after the completion of the Tender Offer through the consolidation of Investment Units for the purpose of acquiring all the Investment Units (excluding the Investment Units owned by the Tender Offerors and the Investment Units owned by the Investment Corporation itself (if any)).

(5) Measures to ensure Fairness and Measures to Avoid Conflicts of Interest

(i) Establishment of Special Committee and recommendation thereof

As stated in “(2) Grounds and Reasons for Opinion regarding Tender Offer” above, the Board of Directors of the Investment Corporation established the Special Committee for the purpose of preventing arbitrary decisions by the Board of Directors of the Investment Corporation and ensuring the fairness and transparency of its decisions. The Special Committee is comprised only of the three Supervisory Directors of the Investment Corporation. The Board of Directors of the Investment Corporation has received the Special Committee recommendation that it is appropriate to reserve expressing a statement of opinion on the Tender Offer at this time and to submit questions to the Tender Offerors regarding the matters described in “7. Questions to the Tender Offer” below and the Attached Material in order to further evaluate and examine the details of Tender Offer, and to then plan to finalize and express an opinion regarding acceptance or rejection of the Tender Offer based on the answers of Tender Offerors to the questions.

(ii) Appointment of External Advisors

In order to ensure fairness and appropriateness in the decision-making process in the evaluation and examination of the Tender Offer, the Investment Corporation appointed Nomura Securities Co., Ltd. (hereinafter referred to as “Nomura Securities”) and SMBC Nikko Securities Inc. (hereinafter referred to as “SMBC Nikko Securities”) as its financial advisors, and Nishimura & Asahi and Nagashima Ohno & Tsunematsu as its legal advisors, each independent from the Investment Corporation, the Asset Management Company, and Tender Offerors. and the Investment Corporation will carefully evaluate and examine the Tender Offer based on the advice from these external advisors. The Special Committee also appointed Ushijima & Partners as its legal advisor independent from the Investment Corporation, the Asset Management Company, and Tender Offerors, and will carefully evaluate and examine the Tender Offer based on its advice. Nomura Securities, SMBC Nikko Securities, Nishimura & Asahi, Nagashima Ohno & Tsunematsu and Ushijima & Partners are not a related party of the Tender Offerors, the Investment Corporation or the Asset Management Company, and do not have any material interest in the Tender Offer.

(iii) Extension of Tender Offer Period

As stated in “Notice Concerning the Request for Extending the Period of Tender Offer by Starwood Capital Group” (including the letter sent to the Tender Offerors attached thereto) released today, privatization of the Investment Corporation which the Tender Offerors intends, is a scheme using a method that forces a squeeze-out of dissenting minority unitholders without giving any opportunity for such minority unitholders to express their objections. Therefore, in light of the “Fair M&A Guidelines” dated June 28, 2019, the scheme lacks consideration to prevent coercion to ensure that general unitholders have an opportunity to appropriately decide whether to tender their Investment Units in response to the Tender Offer, and the Investment Corporation considers that there is a serious concern about the fairness of the scheme. In addition, the Investment Corporation is of the opinion that the Investment Trust Act does not contemplate that investment corporations would conduct squeeze-out procedures to forcibly exclude unitholders by delivering cash. There is a serious concern that the privatization of the Investment Corporations through a consolidation of the Investment Units, as intended by the Tender Offerors, may circumvent the purpose of the Investment Trust Act. In fact, since the enactment of the Investment Trust Act, there has been no example of a squeeze-out by an investment corporation

through the consolidation of Investment Units.

As such, the Investment Corporation is of the opinion that conducting the Tender Offer on the assumption of carrying out of a squeeze-out, which is not contemplated under the Investment Trust Act, may cause misjudgment on the part of general unitholders as to whether to tender their investment units in the Tender Offer, and the Tender Offer is, therefore, highly coercive.

Based on the above, the Investment Corporation is of the opinion that the Tender Offer is highly coercive, and the general unitholders may not be able to appropriately judge whether to tender their investment units in the Tender Offer. Therefore, in light of the current situation where the Tender Offerors suddenly and unilaterally commenced the Tender Offer without any prior consultation, the Investment Corporation believes that the intention of unitholders at the unitholders' meeting should be confirmed as to the approval and rejection of the takeover scheme of the Investment Corporation by the Tender Offerors and squeeze-out through the consolidation of the Investment Units by the Tender Offerors, so that unitholders will be able to make appropriate decisions as to whether to tender their investment units in the Tender Offer without being affected by coercion.

The Investment Corporation strongly requests the Tender Offerors in writing as of today to extend the tender offer period regarding the Tender Offer (hereinafter referred to as the "Tender Offer Period") to 60 business days, which is the maximum period stipulated under the Financial Instruments and Exchange Act in order to enable it to take necessary measures, such as holding a unitholders' meeting prior to the expiration of the Tender Offer Period, so that at a minimum, unitholders of the Investment Corporation will be able to make a decision as to whether to tender their investment units in the Tender Offer based on sufficient information and consideration without coercion. The Investment Corporation also requests that the Tender Offerors notify the Investment Corporation of its response to the request by noon on April 22, 2021, which is the fifth business days after the date of the request. If the Tender Offer Period is extended to 60 business days, the Tender Offer Period will be until Monday, July 5, 2021 (60 business days).

As of today, the Investment Corporation has received a recommendation from the Special Committee that, in its unanimous opinion, it would be appropriate to send a letter to the Tender Offerors requesting, among other things, that the Tender Offer Period be extended to 60 business days, which is the maximum period stipulated under the Financial Instruments and Exchange Act. A final decision on the holding of a unitholders' meeting will be made after discussions at the Board of Directors meeting of the Investment Corporation, after respecting the recommendations or opinions of the Special Committee to the maximum extent possible.

4. Matters Related to Important Agreements Concerning Tender Offer among Tender Offerors and the Unitholders and/or Directors of Investment Corporation  
Not applicable.
5. Details of Provision of Benefits from the Tender Offerors or a Special Related Party of the Tender Offerors  
Not applicable.
6. Response Policy with respect to Basic Policy Related to Corporate Control of Company  
Not applicable.
7. Questions to the Tender Offerors  
See the Attached Material.
8. Request for Postponement of Tender Offer Period  
Not applicable.  
However, as described in "(iii) Extension of Tender Offer Period" in "(5) Measures to ensure Fairness

and Measures to Avoid Conflicts of Interest” of “3. Details of, and Grounds and Reasons for, the Opinion regarding the Tender Offer” above, the Investment Corporation has requested the Tender Offerors to extend the Tender Offer Period to 60 business days. If the Tender Offer Period is extended to 60 business days, the Tender Offer Period will be until Monday, July 5, 2021 (60 business days).

\*Website address of the Investment Corporation: <http://www.invesco-reit.co.jp/en/>

<Attached Material>

### Questions to the Tender Offerors

Questions to the Tender Offerors are set forth below. The tender offer for the investment units of the Investment Corporation by the Tender Offerors is hereafter referred to as the “Tender Offer.”

#### **I. Questions regarding Starwood Capital’s managerial policy regarding the Investment Corporation, Starwood Capital’s REIT management capabilities and performance, and other related matters**

1. Please let us know the Tender Offerors’ team structure in Japan (number of personnel and the experience and track records of the group and team leaders).
2. Although the Tender Offerors state that they intend to manage the Investment Corporation as a private REIT after the Investment Corporation goes private, the Tender Offerors have not disclosed any specific managerial policy. In the tender offer registration statement regarding the Tender Offer (hereinafter referred to as the “Tender Offer Registration Statement”), the Tender Offerors state that “The Offerors plan to engage in conversations with the Asset Manager and the board of directors of the Target regarding the possibility of the Asset Manager continuing to provide asset management services in line with the initiatives of contemplated by SCG as the Target’s asset manager after the Target goes private.” Please provide specific details of the measures contemplated by Starwood Capital (the meaning as defined in the Tender Offer Registration Statement; the same shall apply hereinafter). Also, please explain in detail how the Tender Offerors plan to change the current managerial policy of the Investment Corporation pursuant to such measures after the Investment Corporation is converted to a private REIT.
3. In the Tender Offer Registration Statement, the Tender Offerors state that because “SCG thinks that a proposal to terminate the asset management agreement with the Asset Manager is unlikely to be approved at a general unitholders meeting, so long as the Target remains a public REIT with the existing unitholder base”, “it is unlikely for the executive director of the Target and the Asset Manager to support the Tender Offer even if the Offerors discussed with them before the commencement of the Tender Offer” and “SCG intentionally chose not to contact the Target or the Asset Manager before publishing the Press Release on April 2, 2021”, and that because “it would be difficult in practice to implement the various initiatives contemplated by SCG to improve the value of the Target’s properties such as through renovating the Target’s properties with necessary capital injections in a speedy and certain manner, without the support by the Asset Manager”, the Tender Offerors chose not to hold prior consultations with the Investment Corporation and Invesco Global Real Estate Asia Pacific, Inc., the asset management company of the Investment Corporation (hereinafter referred to as the “Asset Manager”), with respect to the proposal, including the methods of merger or asset transfer. On the other hand, the Tender Offerors state that “The Offerors recognize the established track record of the Asset Manager and management skills in the local Japanese market. The Offerors believe there are substantial merits in

collaborating with the Asset Manager to further develop the portfolio post-privatization.” However, if the Tender Offerors had had no intention to terminate the asset management agreement with the Asset Manager in implementing the contemplated initiatives of the Tender Offerors, it would have been plausible to request to hold prior consultations with the Investment Corporation and the Asset Manager in order to facilitate smooth implementation of such initiatives. Please provide justifiable reasons why the Tender Offerors intentionally chose not to hold prior discussions with the executive director of the Investment Corporation before publishing the Press Release dated April 2, 2021.

4. The Tender Offerors state that “the Offerors could plan to terminate Target’s asset management agreement with the Asset Manager before the completion of the Squeeze-Out Procedures and have the Target enter into an agreement with a new asset manager in the event the Offerors are unable to reach an agreement with the Asset Manager.” If the Tender Offerors plan to retain a new asset manager within Starwood Capital, please provide the details of the relevant company (name, address, representative, authorization numbers for entrustment-based agency services for transactions, etc., as well as the details and numbers of licenses and approvals the relevant company holds under the Real Estate Brokerage Act and the Financial Instruments and Exchange Act), whether the relevant company intends to provide asset management and advisory service to funds and other entities other than the Investment Corporation, and, if so, the outline of such fund and measures to prevent conflicts of interest with the Investment Corporation.
5. In connection with 4. above, if the Tender Offerors plan to retain the new asset manager from a third-party asset manager other than Starwood Capital, please provide the details of the relevant company (name, address, representative, authorization numbers for entrustment-based agency services for transactions, etc., as well as the details and numbers of licenses and approvals the relevant company holds under the Real Estate Brokerage Act and the Financial Instruments and Exchange Act), whether the relevant company intends to provide asset management and advisory service to funds and other entities other than the Investment Corporation, and, if so, the outline of such fund and measures to prevent conflicts of interest with the Investment Corporation and the details of the agreements made with the relevant company regarding such asset management and advisory service.
6. In the case of 5. above, the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the “Investment Trust Act”) provides that an investment corporation must entrust an asset management company with the operations relating to the investment of its assets (Article 198, Paragraph 1 of the Investment Trust Act). Therefore, if the third-party asset manager contemplated as the relevant new asset manager does not agree to execute an asset management agreement with the Investment Corporation, the Investment Corporation will not be able to manage its assets. Please explain in detail the measures the Tender Offerors intend to take with respect to the asset management of the Investment Corporation in such case (including the possibility of dissolution of

the Investment Corporation).

7. In the Tender Offer Registration Statement, the Tender Offerors state that even after taking the Investment Corporation private, “the Offerors plan to keep the REIT structure and have the Target operate as a private REIT that continues to provide appropriate distributions to investors in adherence to the requirements on REITs under the tax regime in Japan (Note).” As the Tender Offerors themselves state in the relevant notes, in order to satisfy the tax regime in Japan, it is necessary to satisfy requisites, such as the fact that no single unitholder, together with its special related parties, holds more than 50% of the total number of outstanding investment units or voting rights at the end of the fiscal period. However, if the Squeeze-Out is carried out as described in the Tender Offer Registration Statement and if Starwood Capital will hold all of the issued investment units of the Investment Corporation solely through one entity and its special related parties, the tax regime in Japan will not be satisfied. If there is any consideration or plan to transfer to a third-party, the investment units or all or part of the assets held by the Investment Corporation, or to have a third-party make capital contributions to the Investment Corporation or a fund or other entities to which the assets are transferred after the Squeeze-Out, please provide the details of the relevant third-party (name, address, representative, business, etc.) and the specific details of the transfer of investment units and asset transfer or capital contribution and other methods that are being considered or planned (timing, amount, method, etc.) and the details of the agreements with the relevant third-party regarding the relevant transfer or capital contribution and other methods.
8. Please advise whether Starwood Capital has managed real estate funds (including private REIT) in Japan to date. In addition, if Starwood Capital has a track record of managing private REIT in Japan to date, please provide the details thereof (including the name of the relevant private REIT, investment assets, scale of investment, NOI yield, etc.).
9. Regarding 8. above, if Starwood Capital has a real estate fund (including a private REIT) currently under management in Japan, please describe whether there is a plan to merge the Investment Corporation and the relevant private REIT after the Tender Offer.
10. If Starwood Capital, as a sponsor of the Investment Corporation, has a pipeline of properties that may contribute to the external growth of the Investment Corporation, please provide specific details, the expected terms and conditions of sale, and the reasons why Starwood Capital believes the relevant properties are appropriate as investment targets. In addition, please provide the specific details of the support Starwood Capital plans to provide to the Investment Corporation as a sponsor of the Investment Corporation.

## **II. Questions Regarding the Purpose of the Tender Offer and Delisting**

1. In the Tender Offer Registration Statement, the Tender Offerors state that they came to the

conclusion that “it is necessary to reconsider the use and specifications of the Target’s properties ..... to meet the new demands for and adjust to the changes in office use under the influence of COVID-19 ..... in order to maintain and improve the asset value of the Target’s properties, and that a value-additive approach with mid- to long-term capital injection in order to revise the use and specifications of offices is necessary, given such shifting demand for and use of offices under the influence of COVID-19”, and that they reached the conclusion that “given it is inevitable that such mid- to long-term capital injection in order to make changes in the use and specifications of the properties, will place restrictions on the office rental usage for a period of time, which are expected to have a temporary adverse effect on the rental revenue and cash flow and consequently on the dividends to the unitholders, it is difficult to implement such initiatives if the Target remains a public J-REIT that is expected to provide continuous and stable dividends to the unitholders.” However, the Tender Offerors do not provide any specific explanation regarding the change of use and specifications that cannot be implemented while remaining a public J-REIT, except for only a few examples in an abstract manner. Please explain in detail as to what changes of use and specifics are scheduled or planned for which properties that are held by the Investment Corporation, and the estimated increase in the value of the properties that is expected as a result of such changes, as well as the period of time required for such changes. In addition, as an internal growth strategy, the Investment Corporation has implemented strategic and designed capital expenditures and renewals aiming to maintain and enhance the medium- to long-term value of investment assets. Please provide the specific reason why the Tender Offerors believe that the initiatives to improve the value of the property based on the medium- to long-term capital expenditures set forth by the Tender Offerors would be difficult to implement while the Investment Corporation remains listed (including explanation on the degree of influence that is estimated to occur to the distribution, concerning expected “adverse effect ... on the dividends to the unitholders” with respect to “unitholders’ need for stable returns” with regard to “needs for stable investment dividends by unitholders,” and the length of the time period Tender Offerors expect that such need for the stable returns would not be met).

2. The Tender Offer states that “Examples of initiatives to maximize asset values that are worth considering include renovating the lobby area and landscape surrounding the building at Nishi Shinjuku and considering options to change the usage for the space which is expected to become vacant at the Shinagawa Seaside location.” However, we believe these initiatives are commonly implemented by public REITs. If the Tender Offerors believe these initiatives would be difficult to implement while the Investment Corporation remains listed, please explain the specific reasons thereof.
3. The portfolio occupancy rate of the properties owned by the Investment Corporation was 98.2% as of the end of February 2021, and has remained at a high level of 98.1% to 99.5% over the past year. In addition, some of the properties owned by the Investment Corporation have co-working spaces, rental offices, shared-type satellite offices, etc. that can meet diverse office needs, and the

Investment Corporation plans to continue its effort to improve the value of the investment units through acquisition and the like of assets that can meet diversifying office needs. Please provide specific reasons why the Tender Offerors believe it is highly necessary to make changes in the use and specifications so far as to place restrictions on the rental usage of the properties of the Investment Corporation for a certain period of time, and also provide the Tender Offerors' views on how they may affect tenant leasing.

4. Please let us know the Tender Offerors' plans as to which entity of Starwood Capital would decide and implement the changes in the use and specifications of offices as described above.
5. Please advise whether Starwood Capital has any track record with respect to changing the use and specifications of its offices "to meet the new demands for and adjust to the changes in office use under the influence of COVID-19" in Japan, and provide us with specific details of the relevant record and its effects, if any.
6. Even if the changes of use or specifications suggested by the Tender Offerors are specifically planned and actually implemented, if the profitability of the property can be realistically expected to improve as a result of such measures, more than a few unitholders would agree with the Tender Offerors' plan and want to continue to hold the investment units of the Investment Corporation after the Tender Offer, even if there will be a temporary adverse effect on the rental revenue, cash flow, and dividend distributions. How do the Tender Offerors plan to explain this to the unitholders?
7. As we asked in I. above regarding the managerial policy of the Investment Corporation after the Investment Corporation goes private, please answer as to whether there is a possibility the Investment Corporation will be dissolved after the Tender Offer. If there is a possibility the Investment Corporation will be dissolved after the Tender Offer, please let us know the timing of the dissolution, the name of the person contemplated as the liquidator, the prospective purchaser of the properties owned by the Investment Corporation and the estimated sales amount, etc. The Investment Corporation believes there is doubt as to the feasibility to the continued operation of the Investment Corporation after it goes private, as the Tender Offer has commenced without any discussion with the Asset Manager and without any agreement regarding the asset management of the Investment Corporation with the third-party licensed asset manager to be entrusted with the asset management of the Investment Corporation. In the event that an asset management agreement is not executed, the dissolution of the Investment Corporation will be inevitable and as such, information regarding the sales amount, etc. of property owned by the Investment Corporation in the event of property sale or dissolution at an early stage after the Investment Corporation goes private is extremely important for the unitholders of the Investment Corporation to consider upon in deciding whether to tender their investment units in the Tender Offer. Therefore, we believe that specific answers are required with respect to the above, unless the possibility of dissolution can be denied completely.

8. If Starwood Capital considers or plans to sell the properties owned by the Investment Corporation after the Tender Offer, please let us know the name of the property, the timing of the sale, the prospective or contemplated buyer, and the estimated sales proceeds, etc. In addition, if Starwood Capital intends to hold the properties owned by the Investment Corporation for a long period of time after the Tender Offer, please let us know the Tender Offerors' leasing strategy and other business plans.

### **III. Questions regarding the Tender Offer Price**

1. In the Tender Offer Registration Statement, the Tender Offerors state that "In addition to the NAV analysis of the Target's portfolio and the Adjusted Per Unit NAV analysis, SCG conducted a valuation analysis on the Units for the purpose of determining the Units' market value, using (i) Market Approach, (ii) Comparable Company Approach and (iii) Historical Per Unit NAV Analysis of the Target", but no valuation report or fairness opinion has been obtained from a third-party appraisal institution in analyzing such value. The market price of the Investment Corporation's investment units remained above JPY 20,000 prior to the COVID-19 pandemic (for example, the average closing price during the month from January 6, 2020 to January 31, 2020 was JPY22,633). The Tender Offerors also state that "The Tender Offer Price of JPY 20,000 implies a premium of 14.66%, 23.53% and 32.34% to the simple arithmetic average closing price for the past month, three months and six months (JPY 17,442, JPY 16,190 and JPY 15,125), respectively." However, the market price of the Investment Corporation's investment units has been rising steadily since around the end of October 2020, and the market price of investment units of other office J-REITs (the 7 listed real estate investment corporations (excluding the Investment Corporation) classified as office-specific REITs by The Association for Real Estate Securitization) has also been rising steadily since around the end of October 2020. In addition, the Investment Corporation's net income has also been increasing steadily during the 12th fiscal period (from November 1, 2019 to April 30, 2020) and thereafter, which includes the period affected by the COVID-19 pandemic. This was reflected in the fact that the simple arithmetic average closing price for the past six months, three months and one month has risen to JPY15,125, JPY16,190, and JPY17,442, respectively, as stated in the Tender Offer Registration Statement, and the market price of the Investment Corporation's investment units was approaching the price level prior to the COVID-19 pandemic. Please explain specifically why the Tender Offerors believe that the Tender Offer Price of JPY 20,000 provides unitholders with an opportunity to receive an "appropriate" return on their investment and is, therefore, a fair price that includes a sufficient premium, in spite of the above-mentioned facts.
2. In the Tender Offer Registration Statement, the Tender Offerors state that they considered "the appraised value of the portfolio (as of the end of October 2020)" of the Investment Corporation. However, the appraised value is usually based on the assumption that the owner will continue to hold the property; therefore, the value does not necessarily reflect the gain on sale of the property. If Starwood Capital believes that there are any properties owned by the Investment Corporation

that can be sold at a price higher than the appraised value, please provide the specific property name and expected sales value, etc. Also, if there are no such properties, please provide specific reasons why the Tender Offerors think that the properties owned by the Investment Corporation cannot be sold at a price higher than the appraised value.

3. Please provide the Tender Offerors' opinion as to whether the Tender Offerors believe that if Starwood Capital sells all or part of the properties owned by the Investment Corporation, the Investment Corporation's NAV per unit, including the gain on the sale, may exceed the Tender Offer Price of JPY 20,000, and also tell us the estimated excess amount in that case.

#### **IV. Questions on the Legality of the Squeeze-Out**

1. In the Tender Offer Registration Statement, the Tender Offerors state that they "believe that in the event that the squeeze-out price equals the tender offer price, which includes a premium to the net asset value of the target investment corporation, the unitholders are provided with a redemption opportunity at the net asset value when being squeezed-out after a tender offer and there is no coercion issue with the squeeze-out at a squeeze-out price that exceeds the net asset value, regardless of the mandatory nature of a squeeze-out." However, the Investment Corporation considers that such argument is irrational in that as long as the squeezed-out price is equal to, or slightly higher than, the net asset value and such value is delivered to unitholders and a consolidation of units is resolved by a special resolution of the unitholders' meeting, the Investment Corporation's squeeze-out will not involve any problem. Please provide the Tender Offerors' view regarding this issue, taking into account the court precedent (the decision of Tokyo District Court dated May 10, 2010 (Financial and Business Law Precedents No. 1343: p. 21)), which made the judgment regarding the fair value of investment units issued by listed REITs based on market prices, and the nature of listed REITs with many investors seeking stable, long-term investment in general unlike shares of stock companies.
2. In light of the above-mentioned court decision, it is not appropriate to make judgment regarding the fair value of units of listed REITs only based on net asset value. Also, given that the Tender Offerors intend to squeeze out other unitholders, the purchase price must be the fair value reflecting the fair value of investment units and the appropriate distribution of synergies, etc. If so, it would be especially important that unitholders dissatisfied with the purchase price (the price to be delivered upon the squeeze-out) be given an opportunity to contest such price in order to ensure the fairness of the price. However, under the Investment Trust Act, dissenting unitholders will not be given the right to ask the issuer to purchase fractional units or the appraisal right to ask the court to determine the fair price to be paid upon the consolidation of units, though those rights are given to shareholders upon the stock consolidation procedure in case of stock companies. Therefore, unitholders that are dissatisfied with the purchase price (the price to be delivered upon the squeeze-out) do not have any right to contest such price in a court once the consolidation of units relating to this squeeze-out is approved by a resolution of the general meeting of unitholders. Taking the above into

consideration, please explain in detail why the Tender Offerors believe that there will be no coercion issue with the squeeze-out.

3. In the Tender Offer Registration Statement, the Tender Offerors state that the squeeze-out “procedures may take time to be implemented and may be changed into other methods that will have substantially the same effects, depending on circumstances such as the amendment or interpretation by authorities of relevant laws and regulations.” Please explain in detail the “other methods that will have substantially the same effects” to be implemented by the Tender Offerors in the event that the squeeze-out procedures through the consolidation of units are not implemented or may take time to be implemented, depending on circumstances such as the amendment or interpretation by authorities of relevant laws and regulations.
4. As mentioned above, in the event that the squeeze-out procedures through the consolidation of units “may take time to be implemented”, or may not be implemented, “depending on circumstances such as the amendment or interpretation by authorities of relevant laws and regulations” or that “other methods that will have substantially the same effects” may also not be implemented, please explain specifically how the Tender Offerors will operate the Investment Corporation and treat unitholders other than the Tender Offerors themselves under such circumstances.
5. As admitted by the Tender Offerors themselves in the Tender Offer Registration Statement, the squeeze-out procedures via unit consolidation may “take time to be implemented . . . . ., depending on circumstances such as the amendment or interpretation by authorities of relevant laws and regulations.” However, the Tender Offerors have not disclosed any specific details of the “other methods that will have substantially the same effects,” and as a result, the Investment Corporation cannot rule out the possibility that the squeeze-out may not be implemented even by such “other methods.” Since the Investment Corporation cannot rule out the possibility that the squeeze-out will not be implemented even after the completion of the Tender Offer, it is possible that unitholders who continue to hold the Investment Units of the Investment Corporation without applying for the Tender Offer will be treated more disadvantageously than the unitholders who will apply for the Tender Offer. Consequently, unitholders’ decisions of whether to apply for the Tender Offer could be unjustly distorted, and unitholders who are dissatisfied with the Tender Offer Price may be virtually forced to apply for the Tender Offer. For the above reasons, we believe that the coercion existing in the Tender Offer cannot be denied. However, if the Tender Offerors believe that there is no coercion issue in the Tender Offer even considering these matters, please explain the reasoning.
6. As the Investment Corporation considers that the Tender Offer is highly coercive, and the general unitholders may not be able to appropriately judge whether or not to apply for the Tender Offer, and in light of the current situation where the Tender Offerors suddenly and unilaterally commenced the Tender Offer without any prior consultation, the Investment Corporation believes that the intention of unitholders at the unitholders’ meeting should be confirmed as to acceptance or rejection of the Tender Offerors’ takeover scheme of the Investment Corporation and squeeze-out through the consolidation of Investment Units by the Tender Offerors so that unitholders will be able to make

appropriate decisions whether to apply for the Tender Offer without being affected by coercion. Please confirm whether the Tender Offerors intend to extend the tender offer period regarding the Tender Offer (hereinafter referred to as the “Tender Offer Period”) to 60 business days, which is the maximum period stipulated under the Financial Instruments and Exchange Act, in order for the Investment Corporation to take necessary measures, such as holding a unitholders’ meeting prior to the expiration of the Tender Offer Period, so that at a minimum, unitholders of the Investment Corporation will be able to determine whether to apply for the Tender Offer based on sufficient information and consideration without coercion.

**V. Questions regarding refinancing of interest-bearing debt after the Tender Offer**

As of the date hereof, the Investment Corporation has raised interest-bearing debt of JPY 124,160 million in total, consisting of JPY 106,760 million through borrowings and JPY 17,400 million through investment corporation bonds. The Investment Corporation receives all borrowings in the form of a syndicated loan from lenders such as banks. Except for the case of delisting due to merger, if it becomes certain that the units of the Investment Corporation will be delisted, the maturities of the loan may be accelerated upon request of the lender. If the Tender Offer by the Tender Offerors is completed, the lender may claim immediate repayment of the loan in full because the units of the Investment Corporation will be delisted by the intention of the Tender Offerors. In such case, the maturity of investment corporation bonds may also be accelerated due to so-called cross-default provisions, and the Investment Corporation may be forced to sell a large amount of its assets, etc. in order to repay the loans and investment corporation bonds. In order to avoid default of the Investment Corporation, the Investment Corporation needs to consult with its existing lenders so as not to let them make a claim related to the acceleration and to take necessary measures, if any, to avoid such claim. The Tender Offerors state that “After the conclusion of the Tender Offer, the Offerors plan to commence discussions with existing lenders regarding the outstanding debt facilities with the intention of establishing a constructive dialogue in regards to retaining existing debt financing as well as the potential for additional opportunities to implement leverage where appropriate.” Please explain specifically the outlook for such plan and the policy for funding in the case where the discussion with the existing lenders is not successful. In addition, it is not practicable to refinance investment corporation bonds with funds raised by investment corporation bonds after delisting. Thus, please explain the Tender Offerors’ policies regarding the refinancing or repayment of investment corporation bonds and confirm that there are no concerns regarding protection of interests of holders of investment corporation bonds.

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