

Invesco Office J-REIT Reserves Statement of Opinions for the Tender Offer by Starwood Capital Group for Investment Units—JCR Will Monitor the Outcome and Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the tender offer made by Starwood Capital Group for investment units issued by Invesco Office J-REIT, Inc. (security code: 3298).

- (1) Starwood Capital Group (the "Group") commenced a tender offer (the "TOB") to acquire all of the issued and outstanding investment units of Invesco Office J-REIT, Inc. (the "Investment Corporation") on April 7, 2021. After successful conclusion of the TOB, the Group intends to delist the Investment Corporation and operates as a private placement REIT. In response to this, the Investment Corporation announced on April 15, 2021 that it would establish an independent special committee, request the Group to extend the TOB period and also reserve the statement of the opinion given the TOB was commenced without prior consultation with the Investment Corporation. Hereafter, the Investment Corporation will carefully evaluate and deliberate the reply to the written enquiry it sent to the Group from a viewpoint of protecting unitholders as soon as it receives from the Group, and then forms its opinion for the TOB.
- (2) Where the Investment Corporation is delisted due to successful conclusion of the TOB, benefits of term regarding existing loans and corporate bonds may be lost; however, the Group's intention relating to refinance of the interest-bearing debt is not known at present. Lenders can request the Group to pledge collateral for the existing debts and others, JCR views that how the Group formulates the strategies relating to redemption of debts including lender formation, refinance plan, etc. and also treatment of investment corporation bonds particularly existence of subordination against loans need to be checked.
- (3) In evaluating the creditworthiness of the Investment Corporation, JCR reflects expertise possessed by the sponsor and asset management company, and also governance system in addition to the status of current portfolio and financial position in the rating. Where changes arise in the operation system of the Investment Corporation due to the TOB, it may affect the rating. Although it is not known that the asset management company may be replaced or not after the successful conclusion of the TOB at this stage, the key factor is whether the system that the Investment Corporation can continue to realize stable growth including management policies relating to acquisition and sale of properties will be established.
- (4) JCR will monitor the moves of TOB and parties involved, and closely watch the impacts to the rating given that the Investment Corporation has requested to extend the TOB period and reserved statement of the opinion at present, the acquisition will be made where the number of units tendered reaching the lowest limit (the sum of the units held by the Group and units tendered reaching two third of the units issued) or higher under the TOB, and also a unitholder meeting is scheduled to be held on June 30, 2021.

Shigeo Sugiyama, Tetsuya Nakagawa

<Reference>

Issuer: Invesco Office J-REIT, Inc.

Long-term Issuer Rating: AA- Outlook: Stable



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