

SETTING A NEW STANDARD FOR ECO-CONSCIOUS INVESTMENT



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HOTEL



STEPHENS RANCH WIND PROJECT, BORDEN AND LYNN COUNTIES, TEXAS. ON THE COVER: 1 HOTEL CENTRAL PARK, NEW YORK CITY.

Starwood Capital Group is a 25-year-old private investment firm with:

• A primary focus on global real estate.

• Assets under management of more than \$53 billion.

• More than 2,000 employees in 10 offices worldwide, and over 22,000 additional employees involved with a dozen portfolio operating companies.

With 1 Hotels, we have created a mission-driven platform for:

• Developing hotels in an environmentally responsible manner.

• Operating the properties with a focus on minimizing their environmental impact.

• Encouraging guests to pursue a more eco-conscious lifestyle.

We have also applied our focus on sustainability to:

• Other hospitality properties around the world. • Investments in retail, land, office and residential assets.

Our energy infrastructure business, Starwood Energy Group, has been a leader in the shift toward greener production:

• Invested in clean energy projects across North America totaling 1,450 megawatts.

FARM STANDS AT ALL

LOCALLY SOURCED

PRODUCE.

1 HOTELS FEATURE FRESH

1 Hotels Emerging as an Industry Leader In Environmentally Conscious Hospitality

t Starwood Capital Group, we don't just look at a real estate asset as it is today—we see it as it could be. This idea extends to our approach to environmentally responsible investing as well. Instead of accepting the status quo that says conservation is a secondary concern when managing property, we are committed to setting a new standard for the private equity industry.

Nowhere is this commitment more apparent than 1 Hotels. Operated by Starwood Capital affiliate SH Group, this luxury lifestyle brand represents hospitality with a purpose: To celebrate nature while encouraging sophisticated travelers to live well, do better and connect with the world around them.

All 1 Hotels are designed to meet the stringent requirements of LEED certification, the ratings program administered by the U.S. Green Building Council that is the standard for measuring building sustainability. Each property in the 1 Hotels portfolio is distinguished by open spaces bathed in natural light, food made with the freshest organic ingredients and materials for construction and furnishings that are reclaimed or repurposed whenever possible. The daily operation of each 1 Hotel is carefully orchestrated to minimize the property's carbon footprint by leveraging local resources, conserving non-renewable materials, mitigating paper consumption and reducing landfill waste.

Each 1 Hotel guestroom is equipped with:

- Triple Clear water filters in taps (eliminating the need for water bottles), sinks and showers.
- State-of-the-art, energy-efficient heating and cooling systems.
- Built-in LED lighting.
- Natural Keetsa hemp-blend mattresses.
- All-natural cotton towels, robes, socks and linens.
- Clothes hangers molded from recycled paper.
- Custom 1 Hotels products featuring naturally derived ingredients with the fresh scents of nature.
- Eco-friendly cleaning solvents.

A paperless approach to the guest experience includes electronic check-in, bedside chalkboards instead of notepads, and an in-room Nexus device pre-loaded with newspapers, magazines and the 1 Guide, the 1 Hotels











CLOCKWISE FROM LEFT: LOBBY AND CORAL STONE SIGN AT THE ENTRANCE OF 1 HOTEL SOUTH BEACH; GUESTROOM AT 1 HOTEL CENTRAL PARK AND FLOOR NUMBER COMPOSED OF REPURPOSED PENNY NAILS: GUESTROOM SITTING AREA AT 1 HOTEL SOUTH BEACH





app controlling all aspects of a room—from television to communications to temperature. To help minimize our impact on the surrounding communities, all 1 Hotels provide access to Tesla premium electric vehicle rides within a pre-set radius and complimentary valet parking for guests' own electric vehicles and bicycles.

1 Hotels' philosophy regarding its culinary offerings is: "Ingredients first." The company has partnered with celebrated chefs—including Tom Colicchio, Jonathan Waxman and Seamus Mullen—united by a common focus on ingredients, seasonality and responsible sourcing from local purveyors. In addition, farm stands located in the lobby of each hotel offer snacks from local farmers and suppliers.

A Platform for Change

1 Hotels launched in March 2015 with the opening of 1 Hotel & Homes South Beach in Miami, Florida, on the site of the former Gansevoort Miami South Beach. Situated on 600 feet of pristine beachfront property, the resort benefited from a comprehensive refurbishment ensuring that nature is omnipresent—from the graceful twist of driftwood furnishings to the soothing sounds of the ocean and abundance of living materials.

A prime example of nature's starring role is the two-story "green wall" at the main entrance to the property-the largest of its kind ever installed at a U.S. hotel. Comprising almost 3,000 square feet, the wall contains approximately 12,000 living plants and 27 different species that thrive in the local microclimate. The wall also includes a specially designed irrigation system that is employed only when necessary. In addition, the hotel hosts a 10x30 foot green wall in the hotel's ballroom highlighted by a patent-pending system designed to naturally clean the air. Headboards for the hotel's beds have been created by saving Colorado beetle kill pine, and wood from the predecessor property's boardwalk has been repurposed for the new pool deck.

The resiliency measures at 1 Hotel South Beach—which is targeting LEED Certified designation—extend beyond the property's boundaries. Through a program with the City of Miami that seeks to protect and maintain the coastal environment, each hotel employee can allocate a portion of his or her eight hours of paid annual community service to removing invasive exotic plants from nearby dunes and replacing them with native species that naturally trap and stabilize the sand. Dunes represent the first line of defense against coastal flooding from storm surges. By ensuring that the environment around the hotel is healthy and vibrant, we can provide our property—and the community—with a natural barrier against the destructive forces of hurricanes.





The 1 Hotel portfolio expanded further in August 2015. with the opening of 1 Hotel Central Park in New York City. Located just 100 steps south of Central Park, the hotel pays homage to Manhattan's largest green space with a three-story living wall on the building's exterior made of 32,000 individually potted English ivy plants. Embedded in the hotel's front doors are 16,000 branches collected from landscaping jobs on nearby Long Island and artfully arranged to greet guests with nature the moment they arrive.



RENDERING OF 1 HOTEL BROOKLYN BRIDGE WHICH IS SCHEDULED TO OPEN IN 2016.

Using the existing office building's industrial architecture as a reference point, the design features the raw beauty and compelling imperfections of natural and regionally sourced materials such as wood, bricks, stone and glassall blended with original riveted steel beams and concrete ceilings. Redwood staves reclaimed from water tanks throughout New York City have been incorporated into the building's façade, while beams and timbers from New York State barns and factories have been recycled for the property's guestrooms.

The hotel's fitness center floor has been fashioned out of the old basketball court from the University of Wisconsin. Terrariums utilizing uniquely shaped recycled studio glass

highlight each guestroom. Whimsical, individually crafted renditions of floor numbers use a variety of repurposed materials, including penny nails and acorns.

In 2016, 1 Hotels' first all-new, from-the-ground-up property will open at an iconic waterfront site in Brooklyn. Located just south of the Brooklyn Bridge, the 1 Hotel Brooklyn Bridge will feature sweeping views of the Manhattan skyline, the East River and New York Harbor, and direct access to the numerous waterside lawns and recreational facilities of the eponymous, 85-acre park whose operations we support through financial donations. In order to help preserve our property's stunning natural backdrop, we plan to reclaim all rainwater and distribute it to the park for irrigation. We also intend to reestablish native plantings and mature trees to restore natural habitats throughout the site and on the property's roof terraces, reduce the "heat island" effect of the roof and provide green common spaces for both hotel guests and residents of the condos in the adjacent Pierhouse.

Greenery will be prominent throughout the hotel interiors as well, and will include a green wall in the lobby and various vegetation beds built into stone walls in the public areas. Sustainably sourced or reclaimed wood, slate tile, granite flooring, marble wall slabs and plumbing trim—as well as furniture pieces by local Brooklyn artisans—all figure prominently in the property's construction, design and finishes. Among many luxury features, each condo unit will come with a composting unit and every hotel room will contain a tree. With an infinity pool and fire pits ringed by rocking chairs, the rooftop lounge and terrace will be a oneof-kind gathering space. Like 1 Hotel Central Park, 1 Hotel Brooklyn Bridge is targeting LEED Silver certification.

Further highlighting the depth of Starwood Capital's commitment to responsible investing, the Firm employs a corporate director of impact at SH Group who is dedicated to ensuring the sustainable development, operations and sourcing of products for all hotels under the group's management.

A Source of Inspiration

At 1 Hotels, we aim to create a sense of community and engage our guests in a dialogue about how we all can help protect the environment—yet we do so in a whimsical manner. For example, each shower at 1 Hotel Central Park features a plank of reclaimed cypress that contains a five-minute hourglass—gently encouraging guests to be mindful of their water consumption. Such touches underscore one of the animating principles behind 1 Hotels: "The luxury of enough."

Through our "Daylife" program, we have established a series of activities and rituals designed to cultivate positive connections with nature, the community and the local environment. For example, each month, on the evening of the new moon—when the sky is at its darkest-we dim the lights for an evening of candlelight in the hotel lobby in order to raise awareness of global light pollution and honor the celestial cycles of our planet. Guests are also treated to stargazing opportunities at each property with telescopes or star maps. And we have partnered with local non-profits to offer guests volunteer opportunities to help sustain the environment—from planting a tree to cleaning a beach.

We also believe that it's never too early to cultivate ecoconsciousness. 1 Hotels' "Seedlings" program does more than just provide day care for our youngest guests—it helps foster a sense of curiosity and wonder about the world around us. For example, a recent "Ecosystem Exploration" day in South Beach—in partnership with our friends at the Patricia and Phillips Frost Museum of Science—included a meet-and-greet with a reptile from the museum's collection, a study of the different kinds of coral skeletons represented in nearby reef systems and a hands-on planting of mangrove propagules. Our ultimate goal is to join with our guests in an exploration of how small steps can make a big difference when it comes to the world around us.

BY THE NUMBERS

Our Firm's commitment to the environment can be encapsulated by some key statistics:

116,000 **PLASTIC BOTTLES** projected to be saved annually thanks to 1 Hotel Central Park's triplefiltered water system

32,000 **IVY PLANTS** blanketing the facade of 1 Hotel Central Park

16.000 **BRANCHES** collected from

nearby landscaping jobs that are woven into the design of 1 Hotel Central Park's front doors

12.000

PLANTS in 1 Hotel South Beach's living wall—the largest of its kind at a U.S. hotel

7,500 WEIGHT IN POUNDS of the

"1" sign at the entrance to the South Beach hotel fashioned from a single piece of local Florida coral stone

ACRES of open space Land Ventures' Harmony community



FROM TOP TO BOTTOM: LOBBY OF VICEROY ANGUILLA: AERIAL VIEW OF SEA ISLAND, GEORGIA; LOBBY AT ANDAZ MAULAT WAILEA RESORT WAILEA, HAWAII.

Environmental Awareness Extends To Hospitality **Properties Globally**

tarwood Capital's commitment to sustainable hotel operations is not confined Uto 1 Hotels. In 2014, Hawaii's Andaz Maui at Wailea Resort was honored with LEED Silver certification for its efforts to reduce energy and water consumption, and minimize waste and emissions. In the redevelopment of a predecessor property, the resort reused 93% of the existing walls, floors and roof. The property's efficient design resulted in annual energy cost savings of approximately 20%, while an onsite renewable solar thermal system fulfills almost 4% of the resort's annual energy needs.

Water consumption has been reduced by a drip irrigation system installed in planter beds throughout the resort, while gas-powered equipment has been eliminated from the landscaping process. The hotel's kitchen utilizes a dehydrator that shrinks food waste to just 10% of its original weight, and creates a compostable byproduct. Among the property's many sustainability measures, local coconuts are drained to extract coconut water, while the meat is dehydrated to create body scrub and the remainder is fermented to produce coconut oil for massages. Bio-plastic straws and reusable bamboo cutlery are used in outdoor F&B outlets, while biodegradable potato starch cutlery and bioplastic cups are employed for takeout orders.

At the Sea Island Resort in Georgia, an ambitious sea turtle nesting program—overseen by a full-time naturalist on staff-is focused on both conservation and education. Approximately 5,000 of the endangered creatures are hatched on the resort's beach each year, with hotel guests

7,000 preserved in Starwood

6.288

SQUARE FEET of wood saved from NYC water tanks and repurposed at 1 Hotel Central Park

5.000 SEATURTLES hatched annually, on average, at the Sea Island Resort's beach

invited to observe both adult and baby turtles as they embark upon their critical journeys to and from the ocean. Sea Island's rich ecosystem—which includes marshland, maritime forest, riverfront and beach supports a wide variety of wildlife, and the resort offers birding expeditions (with birds of prey such as bald eagles a common sight), as well as a daily seining at the surf line with a 60-foot net that affords guests the opportunity to observe the many species residing right at the resort's shore.

Newly constructed and opened in May 2014, The Hilton Garden Inn Washington, D.C./Georgetown Area is a premium select-service hotel that has received LEED Silver certification due to its many green features—including condensate and ventilation recovery systems, low volatile organic compound finishes and seven separate vegetative roofs over three different levels of the property. In addition, the Westin Ottawa was honored by the Hotel Association of Canada with its Green Key Meetings and Energy and Environment awards.

At the Viceroy Anguilla in the Caribbean, over 90% of the water fixtures are low-flow, and a leak detection system has been implemented across the resort. A drip irrigation system has been installed for trees and flowerbeds on the property.

At these and our other hotel properties, Starwood Capital continues to show that taking care of guests and taking care of the environment are not mutually exclusive.



WESTIN OTTAWA, CANADA



HILTON GARDEN INN WASHINGTON, D.C./ GEORGETOWN AREA



KITSAP MALL, SILVERDALE, WASHINGTON LOUIS JOLIET MALL, JOLIET, ILLINOIS

Taking Steps Toward Greener Malls

Mid its rapid growth into one of the largest mall enterprises in the United States—with 30 properties totaling over 28 million square feet assembled since 2012—Starwood Retail Partners has introduced a number of ecofriendly practices across its portfolio.

The Starwood Capital affiliate has installed LED lighting in the parking lots of seven properties—a project that will provide estimated savings on energy costs of more than \$600K annually. The team has also implemented interior LED retrofits at two malls, executed water conservation systems at two more, and introduced on-demand response programs for utility usage at two other retail centers. An ambitious recycling program has produced more than 3,640 tons of recycled materials across the portfolio year to date through October 2015. In addition, the operations directors for all Starwood Retail Partners properties are required to undergo training to be certified as LEED Associates.

Through such efforts, the team has demonstrated that its operational expertise extends beyond re-merchandizing, retenanting and "refresh" programs for its assets. It has also proved that it can significantly reduce the environmental impact of the many retail centers on its platform—and, like Starwood Capital, set a new standard for its industry.

Respect for the Land

hrough our affiliate, Starwood Land Ventures—one of the leading providers of residential sites to the U.S. homebuilding industry—as well as our land investments across multiple funds, we have taken a hands-on approach to preserving irreplaceable habitats and minimizing the impact of development on fragile ecosystems.

Our Harmony development near Orlando, Florida has earned Green Development certification from the Florida Green Building Coalition based on a number of community-wide practices that follow sustainable principles, including:

- A land-use mix that allows residents to meet most daily needs within a short distance of their homes—making walking, cycling or neighborhood-type vehicles a viable first choice for transportation.
- More than 7,000 acres of open space out of the community's total area of approximately 11,000 acres.
- Irrigation controls on public and private lands that conserve water by responding to landscape growing conditions.
- Extensive use of native plants and grasses in landscaping.
- Two natural lakes of approximately 500 acres apiece with protected shorelines for recreation.
- Dark Sky-compliant lighting to reduce glare, eliminate wasted light and preserve our star-filled sky.

The success of the project's Energy Star practices and Dark Sky lighting are reflected in the fact that they have been adopted as policy by the East Central Florida Regional Planning Council and Osceola County. In addition, in partnership with our builders, every home in Harmony is built with a minimum of Energy Star standards for durability, indoor environmental quality and energy efficiency. This can save homeowners up to 30% on utility costs compared to a home built just a few years ago.

In our Terrain community in Castle Rock, Colorado, we have carefully preserved views of the Rocky Mountains and natural

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4,000 WINEBOTTLES reclaimed for drinking glasses and carafes at 1 Hotel Central Park

2,459

SQUARE FEET of wood reclaimed from the bedding bins of mushroom-growing facilities for 1 Hotel Central Park's guestrooms

1,450

MEGAWATTS of renewable power developed or under contract via Starwood Energy Group **800** TERRARIUMS at 1 Hotel South Beach—at least one in every guestroom

650

TREES killed by beetles in Colorado that were given new life in 1 Hotel South Beach's guestrooms and corridors

15 PROPERTIES owned by

Starwood Capital affiliates garnering LEED recognition for green design or operations

8 STARWOOD CAPITAL GROUP



rock outcroppings, as well as native stands of Gambel oak. We are clustering development areas to maintain corridors for wildlife such as deer, elk, bear and wild turkey. We are providing significant stabilization of the McMurdo Gulch running through Terrain, thus creating additional wetland areas and wildlife habitats. We are also utilizing water-wise landscape architecture. Finally, we are preserving over 50% of the community's land for open space and public usage.

Our Terramor community in Southern California—which broke ground in November 2015—is employing a number of measures to protect the land and natural resources. Water conservation, among other sustainability features, will include the use of native and drought-resistant landscaping. Slopes will be irrigated with reclaimed water to address the Southern California climate and the current drought conditions. Existing riparian habitats will be preserved, while developers will dedicate 540 acres of permanent open space.

Our developments at Sierra Bella, Canyon Hills and Sycamore Creek in California are all taking similar steps to Terramor in conserving water and preserving habitats. Permanent open spaces of approximately 176, 66 and 73 acres have also been designated at Sierra Bella, Canyon Hills and Sycamore Creek, respectively.

Our efforts across our investments prove that, even as we develop land, we can help preserve it as well.

HOURS of paid community service contributed annually by each 1 Hotel South Beach employee

5 MINUTES counted by hourglasses installed in the showers at 1 Hotel Central Park

WORLD we live in

Supporting Sustainable Offices and Residential Properties

Starwood Capital's eco-conscious approach to investing also includes office and residential properties around the world. In the 25 years since our inception, a number of assets owned by the Firm and its affiliates have garnered recognition for their environmentally friendly design or operations, including:



▲ The Visionnaire, New York City: Manhattan's first Platinum LEED-certified condominium project.



- ▲ Vertigo Office Buildings, Luxembourg: Luxembourg's first HQE (Haute Qualité Environnementale)certified development.
- Quattro Business Park, Krakow, Poland: BREEAM Very Good certification for three of the buildings and BREEAM Excellent certification for the fourth.

- One Union Station, Denver, Colorado: LEED Gold certification.
- Jefferson MarketPlace, Washington, D.C.: LEED Silver certification.
- ▶ Jefferson Westshore, Tampa, Florida: National Green Building Standard designation.
- Katowice Business Point, Katowice, Poland: BREEAM Very Good certification.





- **T-Mobile Office Park, Warsaw**: Poland's first building to earn BREEAM Excellent certification.
- ▼ Beagle House, London: Expected to receive BREEAM Excellent certification upon its completion.







- ▲ Lopuszanska Business Park, Warsaw: BREEAM Very Good certification.
- ▲ Harmony, Florida: Sustainable Florida, Promising Practices and WCI Green Building Awards; Certified Green Development; Aurora Award, Green Construction Residential Development/Mixed Use Development; Dark Sky Development of Distinction; International Audubon Cooperative Sanctuary (Harmony Golf Preserve).

Spearheading the Shift Toward Clean Energy Production

As both corporations and individuals place a greater emphasis on the health of the environment in their decision-making processes, clean sources of energy have seen a surge in interest. Starwood Capital affiliate Starwood Energy Group has emerged as a leader in the industry's push toward greener energy production. Since its founding in 2005, the team has invested in a number of innovative wind, solar and other renewable energy projects across North America, including:







▲ Starwood Solar Sault Ste. Marie, Ontario, Canada: A three-phase, 69-megawatt DC solar photovoltaic project—one of the largest solar power plants in Canada.

▲ Berlin Station, Berlin, New Hampshire: A 75-megawatt, wood-fired power plant—one of the largest biomass power plants in the Northeast.

▲ Gainesville Renewable Energy Center, Gainesville, Florida: A 100-megawatt, wood-fired power plant—one of the largest biomass power plants in the U.S.

- ► Hudson and Neptune Transmission Projects, New York and New Jersey: Two projects that, upon commencing operations in 2007 and 2013, respectively, provided customers in New York City and Long Island with access to significantly cheaper and more diverse sources of energy, including low-cost shale gas, nuclear and renewables.
- Nautilus Solar Energy, Summit, New Jersey: A leading solar power producer.
- Shannon Wind Project, Clay County, Texas: 204-megawatt project that began commercial operations in December 2015.
- Stephens Ranch Wind Project, Lynn County, Texas: Two-phase project totaling 376 megawatts that began commercial operations in November 2014.
- Horse Creek, Knox and Haskell Counties, Texas: 230-megawatt wind project expected to begin commercial operations in October 2016.

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Good for the Environment—and for Our Investors

Just as 1 Hotels has proven that green design and luxury hospitality are not mutually exclusive, so Starwood Capital has demonstrated time and again that environmentally conscious investing can also be profitable investing. Whether employed for hotels, malls, housing, offices, condos or energy infrastructure, sustainable design and practices often result in more efficient processes that reduce expenses and enhance the value of real estate assets. Such properties also benefit from the growing demand from eco-mindful tenants, buyers and investors. For example, sales prices for our condos at 1 Hotel & Homes South Beach have far exceeded brokers' expectations to date, while a penthouse unit at the Pierhouse adjacent to 1 Hotel Brooklyn Bridge is expected to set a new record for a Brooklyn condo sale upon closing.

As an industry leader, we embrace the opportunity to serve as stewards of the environment. We are just as serious about serving as stewards of our investors' hard-earned capital. Across our portfolio, we are have demonstrated that these critical responsibilities can go hand-in-hand.

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OUR MISSION

Across all real estate asset classes globally, Starwood Capital continues to pursue opportunities to develop and manage properties in an environmentally sensitive manner—while also upholding our responsibility to enhance the value of our investments to the ultimate benefit of our limited partners. We appreciate the support of our investors, business partners, tenants and guests as we continue *Setting a New Standard for Eco-Conscious Investment.*



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