



# REDEFINING REAL ESTATE INVESTING

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

- A primary focus on global real estate.
- Assets under management of \$51 billion.
- More than 2,200 employees in nine offices worldwide, and approximately 17,000 additional employees involved with a dozen portfolio operating companies.
- A seasoned, stable senior management team that has worked together an average of 17 years and possesses an average of 28 years of industry experience.
- The investment flexibility to shift between real estate asset classes, geographies and positions in the capital stack as we perceive risk/return dynamics to be evolving.
- Extensive public markets expertise, having guided initial public offerings for eight leading companies.

SALESFORCE TOWER, LONDON

ON THE COVER:  
BACCARAT HOTEL & RESIDENCES NEW YORK  
PENTHOUSE (artist's rendering)



Since its inception in 1991, Starwood Capital has raised \$34 billion of equity capital and currently has \$51 billion of assets under management. Over the past 25 years, Starwood Capital has acquired more than \$79 billion of assets across virtually every real estate asset class,<sup>1</sup> including:

- OFFICE:** 65 million square feet
- APARTMENTS/CONDOS:** 143,000 units
- RETAIL:** 53 million square feet
- HOTELS:** 2,600
- RESIDENTIAL:** 52,000 lots
- INDUSTRIAL:** 37 million square feet
- LOANS:** 2,650
- OPERATING COMPANIES:** 28

Starwood Capital Group is a private investment firm focused on real estate whose business is built upon innovation. The Firm’s creativity is its primary differentiator—and the source of its ability to unlock value on behalf of investors.

That spirit of innovation goes back to the Firm’s roots in the depths of the savings & loan crisis of the early 1990s. At that time, Chairman & CEO Barry Sternlicht founded Starwood Capital to capitalize on the unique opportunity to acquire non-performing loans and real estate assets from the U.S. government-owned Resolution Trust Corp. By purchasing several thousand multifamily units at a significant discount to replacement cost—in distressed markets that he believed were poised for recovery—Mr. Sternlicht established an investment template that Starwood Capital continues to follow to this very day.

In the 25 years since its inception, Starwood Capital has grown into a diversified investment company that today encompasses more than 2,200 employees, and approximately 17,000 employees involved with a dozen portfolio operating companies. The Firm and its affiliates maintain offices in Atlanta, Chicago, Greenwich, Hong Kong, London, Los Angeles, Miami, San Francisco and Washington, D.C.

Throughout its history, the Firm has created a number of market-leading platforms to enhance operational efficiencies and maximize the value of its investments. These platforms include:

- One of the world’s largest public hotel companies—Starwood Hotels & Resorts (NYSE: HOT).
- Two of the biggest commercial mortgage finance companies in the United States—Starwood Property Trust (NYSE: STWD) and iStar (NYSE: STAR).
- One of the largest collections of multifamily apartments in the United States, with approximately 90,000 units currently under management.
- One of the largest portfolios of select-service hotels in the United States, with a current portfolio exceeding 500 properties.
- One of the largest homebuilders in the United States—TRI Pointe Homes (NYSE: TPH), with a current inventory of approximately 28,000 developable lots.
- One of the leading regional mall operators in the United States—Starwood Retail Partners, which currently manages more than 28 million square feet of retail space.

- One of the largest publicly traded owners and operators of single-family rental homes in the United States—Starwood Waypoint Residential Trust (NYSE: SWAY), now trading as Colony Starwood Homes (NYSE: SFR).
- One of the leading providers of residential sites to the U.S. homebuilding industry—Starwood Land Ventures, with nearly 20,000 lots acquired since inception and a current inventory of nearly 7,500 developable lots.
- One of the United Kingdom’s leading hotel operators (The Principal Hotel Company), with over 40 properties under management.

In its pursuit of the most compelling opportunities globally, Starwood Capital has invested in more than 30 countries, ranging from the Americas to Europe to Asia. Highlighting Starwood Capital’s international commitment and ability to shift geographies to capitalize on market dislocations, the Firm made the strategic decision in 2011 to enhance the Firm’s longstanding presence in Europe—in anticipation of a prolonged recovery across the region—by relocating the Firm’s Global Head of Acquisitions to London.

Reflecting the success of its investment activities, Starwood Capital and its professionals have received numerous industry accolades over the years. In 2015 alone, the Firm was honored by leading global private real estate publication *PERE* in the following categories:

- North American Firm of the Year.
- European Firm of the Year.
- Global Industry Figure of the Year.
- North American Industry Figure of the Year.
- North American Deal of the Year.
- #2 in the PERE 50 ranking of the top private equity real estate firms.

From the introduction of the Westin Hotels’ Heavenly Bed and Starwood Preferred Guest program, to the development of hotel brands inspired by nature (1 Hotels) and an iconic French crystal maker (Baccarat Hotels & Resorts), Starwood Capital has always challenged the conventional wisdom in its pursuit of value around the world. We invite you to partner with us as we continue...

**Redefining Real Estate Investing.**

<sup>1</sup>Data throughout as of Dec. 31, 2015

**STARWOOD CAPITAL HISTORICAL HIGHLIGHTS**

Barry Sternlicht launches Starwood Capital



Starwood Capital, via an affiliate, acquires a majority of the distressed senior debt of Hotel Investors Trust, thus setting the stage for the Firm's emergence as a global leader in the hospitality space

Starwood Mezzanine Investors closes at \$220M



805 Third Avenue, New York, Starwood Mezzanine

Starwood Opportunity Fund IV (SOF IV) closes at \$830M



Leo Burnett Building, Chicago, SOF IV

First W Hotel opens in New York



HOTELS

Starwood Opportunity Fund V (SOF V) closes at \$516M

Starwood Hotels & Resorts Worldwide is added to the S&P 500 Index

Starwood Capital, via an affiliate, takes National Golf Properties (NYSE: TEE) private



National Golf Ruffled Feathers Golf Course, Lemont Illinois, SOF VI



Hôtel du Louvre, Paris, Hotel I, SOF VII and SDL Co-Invest

Starwood Capital funds complete the \$3.2B acquisition of Groupe Taittinger and Société du Louvre

Mr. Sternlicht returns to Starwood Capital full time as Chairman and CEO

Starwood Capital funds acquire Corus Bank's \$4.5B face-value loan portfolio from the FDIC in one of the government's largest distressed debt transactions during the Great Recession



Mint, Miami, SOF VIII and CB Co-Invest

The Visionaire, developed by Starwood Capital via an affiliate, becomes Manhattan's first Platinum LEED-certified condominium project

Starwood Global Opportunity Fund VIII (SOF VIII) closes at \$1.83B

Starwood Capital Global Hospitality Fund II (Hotel II) closes at \$965M

Starwood Capital, via an affiliate, makes the first in a series of acquisitions that will establish the Firm as one of the largest operators of select-service and extended-stay hotels in the U.S.

Starwood Capital, via an affiliate, makes the first in a series of acquisitions of leading regional malls in the U.S., and creates Starwood Retail Partners to manage the portfolio



Wokefield Park, Reading, SOF IX and U.K. Co-Invest

Starwood Capital funds acquire Principal Hayley, which the Firm subsequently merges with Four Pillars and De Vere Venues to create a leading U.K. hotel platform

Starwood Energy Infrastructure Fund II (SEIF II) closes at \$983M



Starwood Waypoint Residential Trust (NYSE: SWAY), one of the largest owners of single-family rental homes in the U.S., goes public

Starwood Capital via SOF VIII, goes public with Opus Bank (NASDAQ: OPB), a leading regional real estate lender

Starwood Global Opportunity Fund X (SOF X) closes at \$5.6B

Starwood Capital funds acquire a portfolio of apartments across the U.S. from Equity Residential in a transaction valued at \$5.4B—the largest non-hotel purchase in the Firm's history



Starwood Opportunity Funds I and IA (SOF I and IA) close at \$52M

Starwood Opportunity Fund II (SOF II) closes at \$102M



Starwood Capital creates Starwood Hotels & Resorts Worldwide (NYSE: HOT) and Mr. Sternlicht becomes Chairman and CEO

Starwood Capital purchases Westin Hotels & Resorts and begins a new growth phase for the business

Starwood Capital creates Starwood Financial, subsequently renamed iStar Financial (NYSE: STAR), which becomes one of the largest publicly traded real estate finance companies in the U.S.

Starwood Hotels & Resorts Worldwide completes the \$14B acquisition of ITT Sheraton, making the company the largest hotel operator in the world



Starwood Opportunity Fund VI (SOF VI) closes at \$567M



Les Docks, Marseille, France, SOF VI

Starwood Capital, via an affiliate, makes its first international investment, purchasing the distressed loans of condominiums in Bangkok

Starwood Capital Hospitality Fund I (Hotel I) closes at approximately \$900M

Starwood Capital opens an office in London—marking the beginning of the Firm's significant expansion of its international operations



Pacific Shores Center, Redwood City, California, SOF VII

Starwood Global Opportunity Fund VII (SOF VII) closes at \$1.475B

Starwood Energy Infrastructure Fund (SEIF I) closes at \$433M

Starwood Capital, via an affiliate, launches Starwood Land Ventures, which goes on to become one of the leading providers of residential sites to the U.S. homebuilding industry

Starwood Debt Fund II (Debt II) closes at \$378M

Starwood Capital creates Starwood Property Trust (NYSE: STWD), a commercial mortgage REIT that is the largest blind pool company ever listed on the NYSE

Starwood Capital affiliate Starwood European Real Estate Finance (LSE: SWEF) goes public

Starwood Energy Group, via an affiliate, completes the Starwood SSM Project—one of the largest solar power plants in Canada



Starwood SSM Project, Ontario, Canada, SEIF I

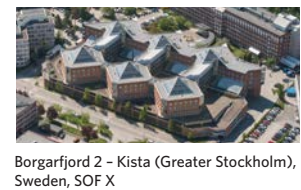


SOF VIII's TRI Pointe Homes (NYSE: TPH) goes public and is later combined with a Weyerhaeuser subsidiary to create one of the largest homebuilders in the U.S.

Starwood Capital, via an affiliate, and Starwood Property Trust acquire LNR Property LLC (along with subsidiary Hatfield Philips International) for \$1.05B, thus expanding the Firm's distressed real estate expertise

Starwood Capital funds acquire TMI Hospitality, one of the largest owners, managers and developers of select-service hotels in the U.S.

Starwood Capital launches 1 Hotels and Baccarat Hotels & Resorts brands



Borgarfjord 2 - Kista (Greater Stockholm), Sweden, SOF X

Starwood Distressed Opportunity Fund IX (SOF IX) closes at \$4.2B



## OUR BUSINESSES

Starwood Capital has been organized into complementary business lines that feature executive sponsorship and dedicated teams of professionals, supported by the Firm's general resources in acquisitions, asset management, finance, investor relations, accounting, tax and legal. These business lines include:

### REAL ESTATE

#### Global Opportunistic Real Estate

Starwood Capital considers opportunistic real estate investing to be defined by minimizing downside risk and maximizing upside. In executing this strategy, the Firm's seasoned team pursues global investment opportunities across all real estate asset classes and positions in the capital stack that offer compelling risk/return propositions. For example, Starwood Capital has been one of the most prolific investors in distressed debt since the global financial crisis, while acquiring cash-flowing office, residential, industrial, retail and hotel assets at discounts to replacement cost. The Firm has also successfully built platform strategies such as our land portfolio, retail malls and select-service hotels. Starwood Capital has raised 15 opportunistic real estate funds to date, with the most recent (Starwood Global Opportunity Fund X), attracting \$5.6 billion of committed capital—the largest fund in the Firm's history.

#### Performing Real Estate Debt

With total capital deployed since inception of more than \$28 billion, Starwood Property Trust (NYSE: STWD) is the largest commercial mortgage real estate investment trust in the United States. Externally managed by Starwood Capital, Starwood Property Trust focuses on originating, acquiring, financing and managing commercial mortgage loans and other commercial real estate debt investments. Starwood European Real Estate Finance Ltd. (LSE: SWEF), also externally managed by Starwood Capital, pursues similar investment objectives, with a geographic focus on Europe.

#### Retail

Formed in 2012 to acquire, redevelop, reposition, lease, manage and operate the retail centers in Starwood Capital's portfolio, Starwood Retail Partners has grown to become

one of the largest mall enterprises in the United States. Starwood Retail Partners seeks to capitalize on opportunities in the rapidly changing retail landscape through a unique combination of talent, experience and execution capabilities in the regional mall, lifestyle, street retail and power center sectors. Through a variety of co-investments, joint-venture partnerships, stand-alone transactions and a closed end core-plus fund, Starwood Retail Partners currently manages a portfolio of 30 properties across the United States, comprising 28 million square feet of gross leasable area and over \$6 billion in value. The organization has approximately 370 employees, and brings hands-on experience in management, leasing and redevelopment to each of its investments.

#### Loan Servicing

Starwood Capital, through Starwood Property Trust's 2013 acquisition of LNR Property LLC, operates as a special loan servicer in the United States, and has expanded its product offerings to include fixed-rate and conduit loans. LNR provides Starwood Capital with unique insights into the distressed debt market, as it is the named special servicer on 24% of all CMBS transactions in the industry representing an unpaid principal balance of \$101 billion. In Europe, Starwood Property Trust's non-controlling minority interest in Situs—which acquired LNR subsidiary Hatfield Philips International in 2016—allows Starwood Capital to benefit from access to a market-leading primary and special servicing platform.

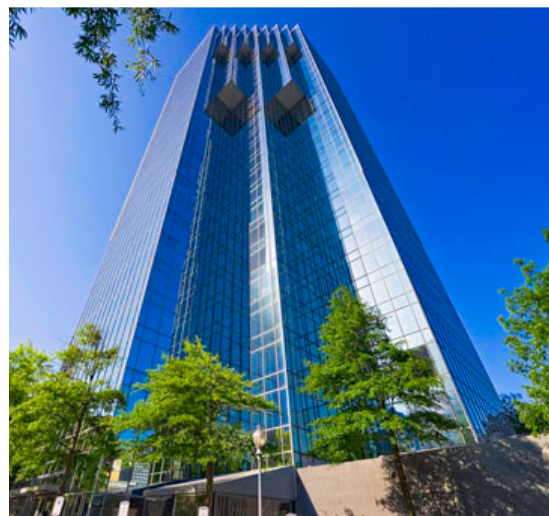
#### Hotel Brand Management

SH Group, a hotel brand management company with more than 1,100 employees owned by a fund sponsored by Starwood Capital, provides the Firm with significant proprietary investment opportunities and helps enhance the performance of fund hotel investments—including assisting Starwood Capital's in-house design and hotel operations



CLOCKWISE FROM TOP LEFT: 1 HOTEL CENTRAL PARK, NEW YORK CITY; NINE AT MARY BRICKELL VILLAGE, MIAMI, FLORIDA (artist's rendering); HUDSON YARDS, NEW YORK CITY (artist's rendering); STEPHENS RANCH WIND PROJECT, BORDEN AND LYNN COUNTIES, TEXAS; HELSFYR ATRIUM, OSLO, NORWAY





CLOCKWISE FROM TOP LEFT: LIBERTY CENTER, PITTSBURGH, PENNSYLVANIA; BALTIMORE WHARF, LONDON; TRI POINTE HOMES, LOS ARBOLES, SIMI VALLEY, CALIFORNIA; METREON, SAN FRANCISCO, CALIFORNIA; TOWER PLACE, ATLANTA, GEORGIA; BACCARAT HOTEL & RESIDENCES, NEW YORK CITY

experts. Leveraging its marketing, design, operational and technological expertise, SH Group has created what Starwood Capital believes are some of the most groundbreaking and dynamic hotel brands in the world, including:

- **1 Hotels**  
As a luxury lifestyle hotel brand inspired by nature, 1 Hotels cultivates the best of eco-conscious design and sustainable architecture, together with extraordinary comfort and an unrivaled level of service. 1 Hotels—which launched in 2015 with the opening of exclusive properties in Miami’s South Beach and Manhattan, to be followed by Brooklyn in 2016—was developed with the simple idea that those who travel the world also care about it. 1 Hotels upholds this vision by channeling nature through design, culinary partnerships, connecting with the local community and taking small steps to make a big difference.
- **Baccarat Hotels & Resorts**  
Drawing upon the 250-year history of the iconic French crystal maker, Baccarat Hotels & Resorts delivers a distinctive, personalized experience in the world’s most illustrious locales. Baccarat Hotels & Resorts launched in March 2015 with the opening of its flagship property in New York City, to be followed by Rabat, Morocco in 2016. Distinguished by a singular sense of glamour and celebration, as well as a groundbreaking vision of modern luxury, Baccarat Hotels & Resorts sets a new precedent for the ultimate lifestyle experience—reimagining excellence through impeccable service and inspired artistry.

#### Residential

In January 2013, Starwood Capital established TRI Pointe Homes (NYSE: TPH), a West Coast homebuilder that merged with Weyerhaeuser’s homebuilding business in 2014 to create one of the largest homebuilders in the United States. TRI Pointe Homes offers Starwood Capital a unique perspective on

the U.S. residential markets, while Starwood Land Ventures, one of the nation’s leading providers of residential sites to the homebuilding industry, provides additional insights into land valuation trends and their resulting impact on residential property values.

#### ENERGY

##### Energy Infrastructure

Starwood Energy Group specializes in energy infrastructure investments, with a focus on the natural gas and renewable power generation and transmission sectors. Through its general opportunity funds, Starwood Energy Infrastructure Fund I and II (SEIF I and SEIF II), and other affiliated investment vehicles, Starwood Energy Group manages total equity commitments of approximately \$2.3 billion, and has executed transactions totaling more than \$5 billion in enterprise value. By leveraging its extensive operations, development, construction, acquisition and financing expertise, the team is well-positioned to capitalize on opportunities emerging in this rapidly evolving industry.

##### Oil & Gas

Starwood Oil & Gas invests in conventional and unconventional oil & gas assets in North America. In 2013, the group made a \$35 million investment in Northeast Natural Energy to fund the Charleston, WV-based company’s acreage acquisition and development program in one of the most prolific areas of the Marcellus Shale. In 2015, the group led a \$110 million investment in EagleRidge Energy, a Dallas-based oil & gas producer focused on one of the lowest-cost natural gas shale plays in Texas. Leveraging its industry knowledge and extensive transactional experience, Starwood Oil & Gas is well-positioned to capitalize on the dramatic transformation of the energy sector.



Starwood Capital occupies a unique position in global real estate investing, based on the following differentiators:

**Deep, Hands-On Real Estate Perspective**

Starwood Capital has 25 years of experience covering virtually every real estate asset class. The Firm has acquired approximately \$59 billion of opportunistic real estate assets since inception, generating strong returns throughout that time. The Firm also operates one of the largest commercial mortgage REITs in the United States—Starwood Property Trust (NYSE: STWD), which has deployed over \$28 billion in capital since inception.

**Investment Agility**

A hallmark of Starwood Capital is its ability to pursue a wide variety of investment opportunities as they emerge— moving from asset class to asset class, shifting geographies from the United States to international markets, and changing positions in the capital stack as the team perceives risk/return dynamics to be evolving.

**Scale and Creativity**

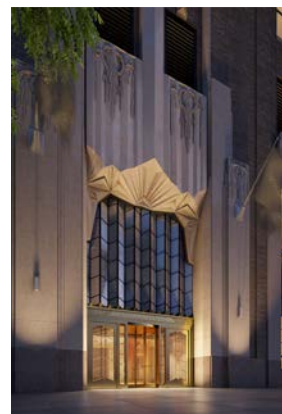
As one of the largest institutional real estate investors in the world, Starwood Capital benefits from a global sourcing engine—creating a robust deal flow, and accessing the majority of transactions on an off-market basis. In fact, over 90% of SOF X, SOF IX and SOF VIII's investments were sourced off-market or via small auctions, including all 14 of SOF X's European investments to date. The Firm also boasts a history of extraordinary creativity that extends to its innovative transaction structuring and execution capabilities.

**Operational Expertise**

Starwood Capital has broad real estate operating experience, with asset management organized into dedicated teams by specialty. The Firm has created a number of platforms that were designed to enhance operational efficiencies and maximize the value of underlying assets. In addition, Starwood Capital's in-house loan workout expertise gives the Firm the ability to manage large portfolios of NPLs.

**Capital Markets Skills**

The Firm's capital markets expertise is a core competency that Starwood Capital believes sets it apart from more traditional real estate investors. Starwood Capital's team constantly evaluates real estate in relation to the capital markets' valuations in order to take advantage of pricing inefficiencies, and arbitrage between the public and private markets. When the public markets are willing to pay more for assets or platforms than could be generated from



LEFT TO RIGHT: STELLA TOWER, NEW YORK CITY; AS ROMA STADIUM, ROME (artist's rendering); THE ROXBURGHE HOTEL, EDINBURGH, SCOTLAND

longer-term holds or individual asset sales, Starwood Capital has completed a number of successful public market executions, including:

- *Starwood Property Trust* (NYSE: STWD)
- *Starwood Hotels & Resorts Worldwide* (NYSE: HOT)
- *Equity Residential* (NYSE: EQR)
- *Starwood Waypoint Residential Trust* (NYSE: SWAY), now trading as *Colony Starwood Homes* (NYSE: SFR)
- *TRI Pointe Homes* (NYSE: TPH)
- *iStar Financial* (NYSE: STAR)
- *Starwood European Real Estate Finance* (LSE: SWEF)
- *Opus Bank* (NASDAQ: OPB)

In addition, Starwood Capital has executed several privatizations, including National Golf Properties, Inc., Société du Louvre and Groupe Taittinger.

On the debt side, the Firm's skilled in-house capital markets team has closed transactions totaling approximately \$52 billion since January 2010. The team's expertise and global network of lending relationships has often allowed it to obtain best-in-market terms for investors, while using brokers sparingly (less than 15% of the time).

**Global Reach**

Starwood Capital's track record as a global investor is well-established. Beginning with the purchase of distressed condominium loans in Bangkok in 1999, the Firm's international investments have steadily grown to encompass more than 30 countries around the world. In Europe alone, Starwood Capital has acquired more than \$15.6 billion of assets in over 50 transactions since 1999. To provide on-the-ground support for international investment opportunities as they develop, the Firm has established a number of offices around the world. For example, the Firm opened a London office in 2003 that now serves as the hub of a pan-European operation comprising nearly 150 employees. Today, Starwood Capital and its affiliates operate 10 offices worldwide. This expansive network allows the Firm to efficiently evaluate the most compelling risk/return opportunities across the globe.

**Distressed Investing in the Firm's DNA**

Starwood Capital was founded during the savings & loan crisis in the early 1990s, when the Firm acquired real estate holdings from the Resolution Trust Corp. The Firm has since capitalized on numerous opportunities to purchase distressed assets at deep discounts. Across its last three funds, the Firm has acquired \$10.4 billion of unpaid principal balance NPLs, partially sourced by engaging domestic money center and regional banks, and forming



strategic partnerships with the National Asset Management Agency (Ireland’s “bad bank”) and the FDIC (via the Corus Bank investment) to purchase some of their NPL pools, as well as purchasing a pool from Bankia (Spain’s amalgamation of seven troubled local banks).

**Seasoned, Stable Management Team**

The senior team at Starwood Capital has worked together for an average of 17 years, and possesses an average of 28 years of industry experience—across all real estate asset classes and stages of the investment cycle.

**Strong Risk-Adjusted Performance**

Starwood Capital’s disciplined investment approach has enabled the Firm to consistently deliver strong performance across its funds, with the Firm’s first seven funds 100% liquidated.

**Design Leadership**

Starwood Capital believes that it possesses an expertise in the design of real estate assets that is unsurpassed in the private equity industry. This sensibility starts at the top: CEO Barry Sternlicht is a member of the Interior Design Hall of Fame, and the Firm’s Head of Design was recently inducted into the Hospitality Design Platinum Circle. A number of Starwood Capital’s assets have been acclaimed for their aesthetics, which ultimately help drive value for the Firm’s investors.

**Commitment to Eco-Conscious Investment**

The Firm continues to set a new standard for the private equity industry in environmentally responsible investment and development, across all real estate asset classes. 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.

**Flexible Investment Sizing**

Starwood Capital believes that it occupies a distinct niche in the market: Nimble enough to target transactions of \$50-125 million, yet large enough to capitalize on billion-dollar investment opportunities around the world by utilizing co-investment funds. For its sweet spot of mid-sized transactions, Starwood Capital believes that the Firm’s reputation, sophistication, speed, access to capital and ability to execute provide the Firm with a competitive advantage over smaller, more regional firms. On larger transactions, the Firm’s proven ability to conduct detailed due diligence using a vast network of resources and relationships results in an in-depth understanding of potential investments that few investors can match in a cost-efficient manner.



CLOCKWISE FROM TOP RIGHT: T-MOBILE OFFICE PARK, WARSAW, POLAND; GRAN HOTEL ATLANTIS BAHIA REAL, LAS PALMAS, SPAIN; THE ROYAL EXCHANGE, MANCHESTER, ENGLAND; THE ATLANTIC, ATLANTA, GEORGIA; THE CLOISTER AT SEA ISLAND, GEORGIA

An Information Advantage

The expertise developed through Starwood Capital’s symbiotic business lines enhances the team’s judgment throughout the underwriting process. These platforms provide critical bottom-up intelligence that helps set the agenda for the Firm’s investment strategy:

- **Starwood Property Trust:** The largest commercial mortgage REIT in the United States (by market capitalization), this affiliate helps Starwood Capital underwrite transactions by providing information on where loans are being executed in the market. The team also shares market data with the Firm to help create more accurate underwriting projections. As one of the largest loan special servicers in the United States (through affiliate LNR), as well as an investor in a leading debt advisory and loan servicing platform in Europe (through Starwood Property Trust’s non-controlling minority stake in Situs, which acquired LNR subsidiary Hatfield Philips International in 2016), the team supplies Starwood Capital with market information on both regions, as well as provides appropriate insight into troubled real estate projects.
- **Starwood Multifamily Portfolio:** With approximately 90,000 units under management, Starwood Capital is not only one of the largest apartment owners in the United States, but also among the largest within a number of select markets. The Firm is, for example, one of the largest institutional owners in Orlando, South Florida and Denver. This critical mass in targeted markets provides the Firm with information on asset performance that other investors simply do not possess—and helped give the team a decisive edge in the case of the acquisition in January 2016 of 23,262 garden-style units in 72 communities across the United States, as the Firm already owned assets in 95% of the markets represented in the transaction.
- **SH Group:** Starwood Capital’s hotel brand management team brings operational expertise in the areas of revenue management, marketing, food & beverage, systems and cost management to the hotel underwriting and asset management teams.
- **Starwood Retail Partners:** Starwood Capital’s team of retail experts gives the Firm an edge in evaluating malls, power centers and lifestyle centers. The team has built strong relationships with tenants and can provide accurate operating metrics to help fine-tune asset cash flow projections.
- **Colony Starwood Homes:** The publicly traded single-family rental platform enhances Starwood Capital’s knowledge of local residential markets, helping the Firm better evaluate residential land values, as well as multifamily rental markets.
- **Starwood Land Ventures:** The Firm’s team of residential land experts provides granular detail on residential land pricing movements and new housing trends, as well as development cost analysis.



Starwood Capital seeks to deliver consistent, robust returns while placing a premium on preserving capital. The team performs a comprehensive risk/return analysis on each potential transaction, and only invests in assets with asymmetrical return potential. Guided by common sense, discipline and the recognition that intellectual humility is the foundation of successful investing, the Firm adheres to the following core principles:

**Invest When New Supply Is Low**

Target markets with high barriers to entry and little to no competitive supply planned or under construction. Since the economic recovery has generally been slow and steady, Starwood Capital has not seen the type of aggressive supply that would typically result from the recent rent growth and strength of the markets.

**Anticipate Capital Flows**

Seek to get ahead of capital flows in areas where economic growth is projected to drive tenant demand but new supply is not yet on the horizon. The Starwood Capital team has found that capital flows often influence asset valuations as much as—or more than—the impact of local market supply and demand trends. Once these target markets are identified, the team works on the “micro” side to pinpoint opportunities for asymmetrical return potential through value-add asset management.

**Buy Below Replacement Cost**

Purchase—at favorable prices—fundamentally sound assets that have lacked capital, attention or effective management. Buying below replacement cost offers a margin of safety, typically ensuring that no new construction/ competition will be completed until values rise to justify new product. Starwood Capital’s recent transactions demonstrate that opportunities continue to arise to acquire assets at discounted prices.

**Utilize Appropriate Debt to Generate Positive Leverage**

Seek to use proper leverage—in amount and duration—to reflect the stability of each asset’s cash flow. In the current market, Starwood Capital can typically buy property at yields in excess of the cost of debt and generate strong cash-on-cash yields during the hold period. Positive leverage allows the investment team to be patient for a recovery, lessening the reliance on the residual value to achieve strong returns. In most cases, Starwood Capital can secure debt longer than the expected hold period—thus creating a potential asset upon exit if interest rates rise.

**Construct Diversified Portfolios**

Actively manage concentrations of fund capital by diversifying exposures across risk profiles, geographic areas, asset classes and positions in the capital structure. For example, Starwood Capital’s most recent fully invested fund, SOF IX, is well-diversified across the United States (two-thirds) and Europe (one-third), as well as across the following product types: hotel (29%), office (19%), retail (18%), multifamily/condo (15%), land (9%) and other (10%).

**UNEARTHING UNDERVALUED ASSETS**

Consistent with its longstanding approach, Starwood Capital continues to find opportunities to purchase a wide range of properties at significant discounts.

RECENT TRANSACTION	APPROXIMATE DISCOUNT
Landmark Multifamily Portfolio (U.S.)	38% discount to replacement cost
Regional U.K. Distressed Loan Portfolio	34% discount to replacement cost
Hilton Daytona Beach Resort	50% discount to replacement cost
Tower Place (Atlanta)	30% discount to replacement cost
Spanish Resort Portfolio	40% discount to replacement cost
North Carolina/Texas Multifamily Portfolio	40% discount to replacement cost
The Arboretum (Chicago)	30% discount to 2008 construction cost
U.S. Suburban Office Portfolio	31% discount to replacement cost



INDEPENDENCE, ORLANDO, FLORIDA

**Add Value to Investments Through Hands-On Asset Management**

Acquire undermanaged or undercapitalized assets that the Starwood Capital team can stabilize and refurbish, and implement a dynamic asset management plan in order to position each investment for sale at the maximum price. In appropriate cases, the Firm can create a growth platform through the acquisition of complementary assets and/or portfolios.

**Maintain Investment Discipline**

Seek to enhance returns in both cyclical downturns and upswings by maintaining a disciplined approach to assets and their value. For example, prior to the market crash

in 2008, Starwood Capital minimized its acquisitions and maximized dispositions of assets—whereas in subsequent years, the Firm shifted its focus toward a higher volume of acquisitions (see chart at left). By the same token, the Firm took advantage of a number of distressed investment opportunities in the wake of the Great Recession but shifted toward more defensive asset classes in recent years.

**Capitalize on the Firm’s Disposition Expertise**

Design optimal exit strategies that can generate maximum asset value, with options including an individual asset sale, portfolio sale, operating company sale

or public market execution—all of which Starwood Capital has extensive experience in executing.

**Align Interests with Investors**

Treat Starwood Capital investment partners’ capital as the Firm’s own—because a meaningful portion of it is the Firm’s own. Starwood Capital’s partners invest alongside its LPs in every transaction that they sponsor. Starwood Capital has never taken fund transaction fees—believing instead that the Firm should profit only after its investors receive a full return of their capital plus an attractive preferred return.



## OUR INVESTMENTS

Our funds generally take an opportunistic approach to global real estate investing. Across widely disparate economic environments, we have consistently focused on acquiring assets at a discount to replacement cost with the potential to benefit from improving fundamentals. Following are some notable investments over our history:

### PRIVATE TRANSACTIONS



ARIA, SAN DIEGO, CALIFORNIA



PARAMOUNT BAY, MIAMI, FLORIDA

### Corus Bank

In October 2009, a consortium led by Starwood Capital acquired a \$4.5 billion face-value distressed loan portfolio owned by the former Corus Bank. The \$2.7 billion purchase of the portfolio from the Federal Deposit Insurance Corp. was one of the government's largest distressed debt transactions during the Great Recession. The portfolio at acquisition consisted of more than 100 loans and owned real estate assets linked to high-quality condominiums, multifamily housing, office properties and land. Our strategy included "reworking" more than 40 large, non-performing loan positions and creating a dedicated entity (ST Residential) to manage the 13-asset multifamily portfolio. The team subsequently created an innovative branded lifestyle message for the multifamily properties that allowed it to raise prices and rents while achieving healthy absorption rates, followed by a successful program of loan payoffs, condo sales and asset sales. In March 2015, the Firm sold the last major asset in the portfolio.

Now, as Starwood Capital focuses on managing the end of the life of this partnership, we team can look back on what has proven to be an extraordinary investment for investors and the U.S. government.

### Regional Mall Portfolio

Starwood Capital's growing mall portfolio is an example of the Firm's ability to leverage in-house expertise to add value to its investments. In two separate transactions in June 2012 and November 2013, Starwood Capital funds purchased a total of 14 attractive malls from the Westfield Group. Due largely to a longtime relationship between Starwood Capital and Westfield senior executives, we were able to hand-pick many of these assets.

The overall portfolio has continued to grow under the leadership of Starwood Retail Partners, the wholly owned, fully integrated operating platform that we created to oversee our retail assets. The collection across multiple funds now comprises 30 properties totaling 28 million square feet of gross leasable area and over \$6 billion of gross asset value. Starwood Retail Partners is actively pursuing a number of re-tenanting and re-merchandizing opportunities for the assets, and has created "refresh" plans to enhance the shopping experience for customers.



SHOPS AT WILLOW BEND, PLANO, TEXAS



HOTEL RUSSELL, LONDON

### The Principal Hotel Company

In February 2013, Starwood Distressed Opportunity Fund IX, alongside a limited partner co-investment vehicle, acquired Principal Hayley Group and its extraordinary pan-U.K. collection of 22 grande-dame style hotels, as well as a London conference center. This purchase represented an opportunity to invest in an entire hotel company, including its management team, brands and technology platform. The platform expanded in January 2014 through the acquisition of Four Pillars Hotels—a portfolio of five hotels located in and around the historic city of Oxford. The portfolio grew further in March 2014 with the acquisition of De Vere Venues, which added 23 owned and leased hotels, as well as several conference centers in London.

After realizing significant cost synergies, delivering robust operating performance and investing more than £200 million of capital across the portfolio, Starwood Capital announced a rebranding of its collection of U.K. hotels under the name of The Principal Hotel Company. The new brand comprises Principal—city-center hotels based in landmark buildings in exceptional locations, and De Vere—modern country estate hotels with mansion houses at their heart.

Principal is scheduled to launch in November 2016 with a trio of properties—The Principal Manchester (formerly The Palace Hotel), The Principal Edinburgh George Street (formerly The George Hotel) and The Principal York (formerly The Royal York Hotel). The Principal portfolio also includes Principal Partners—iconic hotels that will soon join the brand, among them The Grand Central Hotel in Glasgow; The Hotel Russell in London, which is currently closed and is due to reopen in summer 2017 as The Principal London; and the former Martins Bank Building, which will reopen as The Principal Liverpool in early 2018. The De Vere brand is scheduled to launch in spring/summer 2017.

The distinctive heritage and resulting relationships between the properties and their surrounding communities are the cornerstones of the Principal brand. Each hotel has a story to tell—of its history, its design and architecture, its quirks and its characters, and its role in shaping the city in which it resides. These stories represent the antithesis of the mass-produced chain hotel, and provide Principal with a canvas on which to curate a unique sense of place.

### LNR Property LLC

Starwood Capital has long demonstrated the ability to tackle complex investments that offer attractive risk/return potential. Such was the case when the Firm teamed up with affiliate Starwood Property Trust (NYSE: STWD) on the \$1.05B acquisition of the largest special servicer in the U.S., LNR Property LLC, in April 2013.

While Starwood Property Trust's purchase of LNR greatly enhanced its expertise in the distressed marketplace and added Starwood Mortgage Capital, a commercial real estate conduit loan origination platform, Starwood Capital through an affiliated fund also acquired two important components. The first was LNR's Commercial Property Group, a real estate portfolio consisting of 26 assets in nine states, concentrated in land suitable primarily for single and multifamily development. The second component was an interest in Auction.com, which sells owned real estate and loans on behalf of financial institutions, corporations and individual owners. In 2014, Google Capital invested \$50 million in Auction.com and has committed to helping the company take advantage of its unique platform.



ENTRADA OFFICE, VALENCIA, CALIFORNIA

Starwood Capital continues to evaluate both the commercial mortgage-backed securities markets and LNR's portfolio to identify situations where the team can provide potential solutions for troubled borrowers. LNR's position as the largest special servicer in the United States—and the named special servicer on approximately 24% of all CMBS transactions in the industry, representing an unpaid principal balance of \$101 billion—enables it to provide unique insights into specific investment opportunities, sectors and markets. In addition, Starwood Property Trust's non-controlling minority interest in Situs—which acquired LNR subsidiary Hatfield Philips International in 2016—provides Starwood Capital with important visibility into the continued untangling of the region's distressed real estate loan inventory.



## OUR INVESTMENTS

### Westin Hotels & Resorts

In 1993, Japanese construction company Aoki Corp. was under pressure from its lenders to shed non-core operations, including Westin Hotels & Resorts. The hotel company had been struggling, and a reputation for poor operating performance had prevented it from adding new management contracts. After extensive negotiations, funds managed by Starwood Capital acquired Westin in May 1995 for \$537 million. The team quickly installed a new management team to execute a strategy of operational enhancements, brand marketing and growth.

As a result of these efforts, Westin saw its managed or franchised hotels increase from approximately 70 to more than 120, before Starwood Hotels & Resorts (NYSE: HOT) purchased the business for \$1.6 billion in January 1998. This transaction served as an early example of the Firm's skill in identifying undervalued assets and enhancing operations through its asset management expertise—and helped establish the Firm as a global leader in the hospitality space.



THE WESTIN CALGARY, ALBERTA, CANADA



1 HOTEL & HOMES SOUTH BEACH, MIAMI, FLORIDA

### 1 Hotel & Homes South Beach

With the 2009 acquisition via SOF VIII and a limited partner co-investment vehicle of Corus Bank's loan portfolio, Starwood Capital became the second-largest condo owner in Miami. As a result, the team was intimately familiar with the city and its massive potential. All that was needed was the right opportunity to capitalize upon—and the team found it with the Gansevoort, an unloved property blessed with a perfect location on South Beach.

In February 2012, SOF VIII and an LP co-investment vehicle purchased the fee-simple interest in property in a 50/50 joint venture with one of New York's most successful private developers. After an approximately \$250 million renovation, Starwood Capital celebrated the opening of the newly rebranded 1 Hotel South Beach in March 2015. The opening also marked the launch of 1 Hotels, a new lifestyle hotel brand that cultivates the best of eco-conscious design and sustainable architecture, together with extraordinary comfort and an unrivaled level of service.

The team has already seen remarkable demand for the property's condos—amid a market that is red hot and growing hotter. Starwood Capital is thrilled that its bullish view on Miami has materialized, and is excited to have delivered what the team believes is one of the city's (and country's) premier hotel and condo destinations.

### NAMA Loan Portfolio

In August 2013, SOF IX purchased—at a significant discount to par—an €809.4 million (\$1.0 billion) non-performing loan portfolio from the National Asset Management Agency (NAMA), the Irish “bad bank.” Consisting of 18 loans secured by 39 Irish commercial properties, the portfolio was the first sale of Irish assets by NAMA. The pool—heavily concentrated in Dublin, Ireland's largest and most liquid market—comprised retail, industrial and residential properties, offices, parking garages and land/development sites.

The transaction highlights our focus on the increasing number of distressed debt investment opportunities in Europe, and it positioned us to benefit from the recovering Irish real estate market in general, and Dublin in particular. Building on this relationship, in January 2015, Starwood Capital via SOF X purchased a portfolio of four extended-stay hotels and one residential complex in London following the completion of an administration and company voluntary arrangement process led by NAMA and Duff & Phelps.



WATERFORD SHOPPING CENTRE, DUBLIN, IRELAND



THE GRAND CENTRAL, GLASGOW, SCOTLAND



## Starwood Land Ventures

Anticipating an opportunity that would emerge following the financial crisis, the Firm in 2008 began to selectively acquire both small and large assemblages of finished and semi-finished residential lots in some of the nation's most distressed markets that the team nonetheless believed were positioned for recovery. To pursue this strategy, Starwood Capital created an affiliate, Starwood Land Ventures, which teamed up on an exclusive basis with best-in-class, local residential land experts in Arizona, California, Colorado and Florida.

Since its inception, Starwood Land Ventures on behalf of multiple funds has purchased nearly 20,000 lots at an average price of over \$13,000 per lot—resulting in what the Firm believes may be the largest independent fee assemblage of finished and semi-finished lots in the United States since the Great Recession. Among its acquisitions, Starwood Land Ventures purchased the remaining 635 fully entitled lots in the gated community of Country Club East within the



TERRAIN, CASTLE ROCK, COLORADO

master-planned community of Lakewood Ranch in Sarasota, Florida—the top-selling master-planned community in the state at the time. In California, Starwood Land Ventures is developing residential land in supply-constrained submarkets with high demand—including Terramor, one of the largest land parcels to be developed into a new home community along the I-15 corridor, and Robinson Ridge, one of the last

remaining spaces available for large single-family detached homes in Orange County.

To date, Starwood Land Ventures has generated significant profits by selling 62% of the lots at average pricing of more than \$58,000 per lot—solidifying its position as one of the nation's leading providers of residential sites to the homebuilding industry.



WALKER TOWER, NEW YORK CITY

## Walker Tower

With its Walker Tower investment, Starwood Capital was able to position itself to capitalize on the New York City luxury condo boom. In December 2010, the team negotiated a 50% interest in a 19-story condominium complex located at 212 West 18th Street, between 7th and 8th avenues, in New York City's stylish Chelsea neighborhood. At the time of acquisition, the Firm's outlook for high-end luxury development in the downtown Manhattan area was extremely positive, due to decreasing supply, a stable price environment, increasing sales volumes and limited new construction.

Originally built in 1929 for Bell Telephone Company, the property was designed by Ralph Thomas Walker—named “the architect of the century” by The New York Times. Walker Tower presented an exciting redevelopment opportunity, due to its 13'6” average ceiling heights, art

deco architecture, space for residential terraces, unobstructed views of the Empire State Building, Hudson River, New York Harbor and both midtown and downtown, neighborhood amenities and existing development rights. The transformation of the asset into 47 high-end residential condominiums involved a gut renovation of the entire building, as well as the construction of four additional floors.

Starwood Capital's in-house design staff, in collaboration with the Firm's development partners, produced what we believed to be an extraordinary product. Clearly, the market agreed with the team's assessment—extremely high demand allowed Walker Tower to sell out at an average of \$3,750 per square foot. A full-floor penthouse unit in the building sold in January 2014 for \$51 million, or nearly \$8,400 per square foot—setting a new record for a downtown Manhattan condominium transaction.



## 150 West 34th Street

In 2014, SOF IX acquired 150 West 34th Street, a 78K square foot retail building 100% leased to Old Navy. The Fund purchased the property—situated in the heart of New York City's 34th Street retail corridor, between Sixth and Seventh avenues—from a seller that was determined to close quickly. Thus, the Starwood Capital team was able to showcase the ability to rapidly and thoroughly analyze and finalize what it viewed as a fantastic opportunity to acquire a prime retail asset—with an investment-grade tenant and valuable optionality through development rights—in one of NYC's top shopping districts.

At acquisition, the 34th Street corridor was experiencing a major rejuvenation—

some of its most prominent stores, such as the Macy's and H&M flagships, were undergoing significant renovations. Due to the disparity in rents between 34th Street and the Times Square, Madison Avenue and Fifth Avenue shopping districts, the team believed that tenants would increasingly be attracted to this corridor. With Penn Station down the block, foot traffic averaged up to 12,000 pedestrians per hour at peak times—and the team knew the neighborhood was well-positioned to reap the additional benefits of Hudson Yards and other nearby development and improvement projects.

With market participants recognizing the increasing strength of the 34th Street retail corridor in New York, the team elected to realize those gains by selling 150 West 34th Street for significantly more than its purchase price—barely one year after SOF IX's acquisition of the asset.

## U.S. Suburban Office Portfolio

In April 2015, SOF X purchased a 6.7 million square-foot, high-quality, well-located suburban office portfolio in an off-market transaction for \$1.125 billion. The vast majority of assets were located in the high-growth markets of Raleigh, Nashville and South Florida.

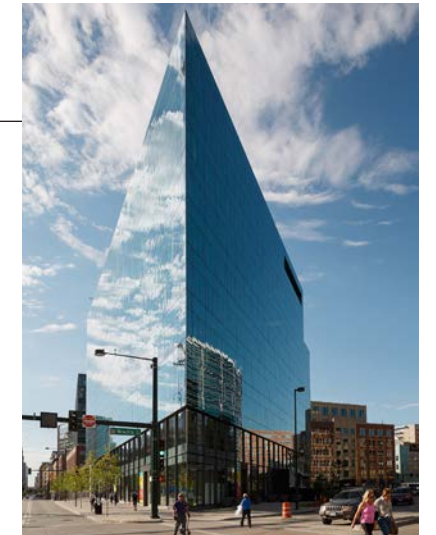
The portfolio at acquisition included 61 existing buildings and 57 acres of land, as well as a building under construction in Raleigh. The buildings were based in markets with minimal supply under construction, with the majority of that new construction pre-leased—thus greatly reducing the negative impact new supply might have on the portfolio. Moreover, these office markets are expected to continue experiencing strong rent growth, with projected job and population increases that are among the best in the nation. Starwood Capital has built a dedicated office asset management team that is positioning the portfolio's assets to capitalize on strong cash flow and



PERIMETER ONE, RALEIGH, NORTH CAROLINA

maximize profit by investing in high-return amenities, actively engaging tenants on early renewals and increasing rents to market levels.

The team has also taken advantage of opportunities to generate upside through early asset sales—including selling non-strategic properties for prices well above initial allocations. This investment demonstrated Starwood Capital's ability to identify an attractive point in the cycle to enter markets (in this case, for suburban offices) that were well-positioned for growth.



TRIANGLE BUILDING, DENVER, COLORADO

## Denver Union Station Assemblage

In 2011, Starwood Capital via SOF VIII capitalized on the opportunity to form a joint venture with the master developer for the 50-acre Union Station project in Denver, Colorado—the largest transit-oriented development in the U.S. The Firm believed that Denver was poised for a resurgence, and that the Lower Downtown (LoDo) area in particular—which includes the Union Station neighborhood—was primed to emerge as the new city center.

As part of the JV, SOF VIII's partner contributed several undeveloped land parcels that were all located within steps of the historic Union Station, which has become Denver's new transit hub. The first building that the JV developed, One Union Station, was sold in 2014—and established a new high-water mark for Denver office pricing on a per-square-foot basis. The second, the Triangle building, was completed in August 2015, and is home to high-quality tenants including Liberty Global and WeWork. The third property, 16 Chestnut, broke ground in June 2016, and has already signed up Davita Healthcare Partners, the leading provider of kidney services in America, as an anchor tenant. The building was sold to a core investment manager prior to the start of construction.

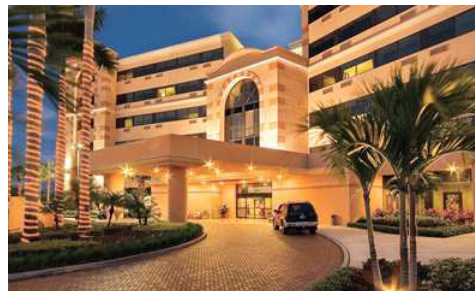
The Denver office market continues to thrive, with LoDo in particular becoming a destination of choice for Fortune 500 companies. The team is excited to see the market play out as expected in its original investment thesis.



## OUR INVESTMENTS



HAMPTON INN, SAN BERNARDINO, CALIFORNIA



DOUBLETREE BY HILTON HOTEL, WEST PALM BEACH AIRPORT, FLORIDA

### Select-Service Hotel Portfolio

In 2015, Starwood Capital took a major step in the Firm's continuing expansion into the select-service space with Starwood Global Opportunity Fund X's acquisition, alongside a limited partner co-investment vehicle, of TMI Hospitality, one of the largest owners, managers and developers of select-service hotels in the United States, with 184 operating hotels and more than a dozen in the development pipeline. This follows joint ventures that Starwood Capital has established across multiple recent funds that target select-service hotels with strong cash-on-cash yields that can be acquired at significant discounts to replacement cost. As a result, the Firm has assembled one of the largest collections of select-service hotels in the United States.

Throughout the portfolio, the Firm has enhanced the management of the hotels and implemented property improvement plans focused on enhancing guest-facing areas. Starwood Capital believes that these hotels should allow the Firm's funds to participate in significant upside if the economy enters an inflationary cycle, due to the properties' ability to pass on inflation through rate increases. This investment highlights Starwood Capital's ability to assemble well-curated portfolios below replacement cost and increase value through the efforts of the Firm's dedicated hotel asset management team.

## PUBLIC OFFERINGS

### TRI Pointe Homes

By 2010, amid a rather grim macroeconomic climate, the Starwood Capital investment team believed that many of California's housing markets had hit cyclical lows, and long-term demographics, household formation and population growth all implied a positive course ahead. Therefore, the team thought that a pure-play homebuilder focused on California would be extremely well-positioned in the market.

SOF VIII created a vertically integrated homebuilder focused on California, led by Doug Bauer, the former President and COO of William Lyon Homes. An opportunistic niche builder and land developer, TRI Pointe Homes' approach focused on constructing single-family detached and attached homes, targeting entry-level and move-up buyers in proven, fast-growing markets. TRI Pointe Homes (NYSE: TPH) went public in 2013—the first IPO for a homebuilder in almost a decade. In 2014, TRI Pointe Homes combined its assets with Weyerhaeuser's homebuilding subsidiary, WRECO, in a transformative transaction for the company—for which Starwood Capital CEO Barry Sternlicht serves as Chairman—that promised to accelerate the company's growth.



CROSS CREEK RANCH, HOUSTON, TEXAS

With nearly 28,000 lots owned and controlled, TRI Pointe Homes has grown to become one of the largest homebuilders in the United States. TRI Pointe Homes' successful strategy and operations—evidenced by a rise in new orders, a lift in average pricing and an increase in the builder gross margin—should position the company for continued growth.

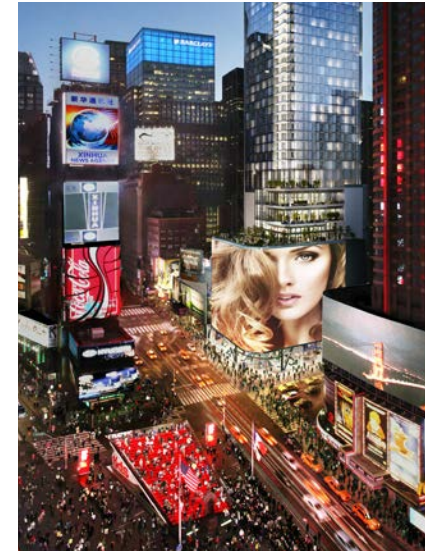
### Starwood Property Trust

Amid the depths of the Great Recession, Starwood Capital recognized that traditional commercial lenders were withdrawing from the marketplace and a significant need had emerged for alternative commercial mortgage financings. In August 2009, Starwood Capital created Starwood Property Trust, Inc. (NYSE: STWD), a publicly traded real estate finance company focusing on originating, acquiring, financing and managing commercial mortgage loans and other commercial real estate debt investments. With an initial market capitalization of \$950 million, Starwood Property Trust was, at the time of its IPO, the largest blind pool company ever created and traded on the NYSE.

In conjunction with Starwood Capital, Starwood Property Trust in April 2013 acquired LNR Property LLC and subsidiary LNR Partners LLC, the largest special servicer in the U.S., thus gaining significant expertise in the distressed marketplace while also adding substantial scale and sophistication to the company's operations. LNR subsidiary Hatfield Philips International, one of the largest loan

servicers in Europe, also helped position Starwood Property Trust to capitalize on the unwinding of European banks' real estate lending portfolios. In November 2016, Starwood Property Trust sold Hatfield Philip to Situs, while retaining a non-controlling minority interest in Situs—thus positioning the team to benefit from the scale and opportunities supplied by a leading global provider of advisory and loan servicing solutions. In addition, Starwood Property Trust in early 2014 spun off its single-family residential operations into a separate entity, Starwood Waypoint Residential Trust, that now trades as Colony Starwood Homes (NYSE: SFR)—and is one of the largest publicly traded investors, owners and operators of single-family rental homes in the U.S.

The business has grown dramatically since inception, and Starwood Property Trust today is the nation's largest commercial mortgage REIT by market capitalization. With total capital deployed since inception of more than \$28 billion, Starwood Property Trust continues to solidify its position as one of the world's leading non-bank real estate finance companies.



20 TIMES SQUARE, NEW YORK, NEW YORK (artist's rendering)



CHELSEA PIERS, NEW YORK CITY

### iStar Financial, Inc.

In the mid-1990s, Starwood Capital recognized that the abundance of real estate capital, led by the growing REIT sector, was driving up pricing on traditional asset classes, and thus shifted its acquisition focus to mezzanine lending.

After executing more than \$1 billion in financings within a four-year period, the Firm capitalized on its sizable, well-seasoned portfolio and took the business public in 1998 by creating Starwood Financial, Inc. (NYSE: SFI). The Firm contributed the assets to a small, public REIT that it controlled and provided a dedicated management team to the entity. Barry Sternlicht became Chairman of the Board and several other executives of the Firm assumed Board seats. Starwood Capital subsequently expanded the company by closing on more than \$1.1 billion of new financing commitments and by merging with TriNet Corporate Realty Trust.

To eliminate market confusion, Starwood Financial was subsequently renamed iStar Financial, Inc., and grew to be one of the largest publicly traded finance companies focused exclusively on commercial real estate, with an enterprise value of more than \$16 billion at its peak.



## Starwood Waypoint Residential Trust

Consistent with Starwood Capital’s longstanding approach of investing capital at attractive return levels relative to risk, the investment team identified an opportunity to buy, renovate and lease a large assemblage of single-family homes across the United States. Leveraging the efforts of Starwood Capital, affiliate Starwood Property Trust (NYSE: STWD) constructed a portfolio of 7,200 single-family homes and distressed and nonperforming residential mortgage loans. The team built this portfolio using a network of local partners who managed the renovation and leasing of these homes and the resolution of the loans. Starwood Capital also used its real estate acumen to build scale in select geographic markets that the team believed had the greatest potential for long-term appreciation, and in which the team could buy homes at the largest discounts to replacement cost.

The success of these efforts was reflected in the fact that the portfolio grew to almost \$800 million, or 13% of Starwood Property Trust’s equity base. Once the team decided to spin off these assets, it scoured the country to find a best-in-class management team to build an industry-leading company. To that end, Starwood Capital acquired Waypoint Homes, a veteran of this newly institutional asset class. In 2014, Starwood Capital and Starwood Property Trust completed the spinoff of the single-family rental business and created Starwood Waypoint Residential Trust (NYSE: SWAY).

In 2016, Starwood Waypoint merged with Colony American Homes, bringing together two industry pioneers and creating a portfolio of over 30,000 homes. The combined company—for which Starwood Capital CEO Barry Sternlicht serves as Chairman—is today one of the largest publicly traded investors, owners and operators of single-family rental homes in the United States.

## Starwood European Real Estate Finance

Starwood Capital has identified financing market dislocations twice in the last 19 years, and each time created a substantial lending platform—iStar in 1998 and Starwood Property Trust in 2009. Believing that another such dislocation had emerged in the European lending market, the Firm in 2012 created Starwood European Real Estate Finance (LSE: SWEF).

Starwood European Real Estate Finance originates, executes and services commercial real estate loans for institutional-quality investors throughout Europe. The company built a diversified portfolio of debt investments, collateralized by assets that has included the historic Claridge’s, Connaught and Berkeley hotels in London, the Salesforce Tower and Centre Point office buildings in London, the Battersea Place senior assisted living facility in London, a Finnish retail platform, and Dutch and Danish light industrial assets.



CENTRE POINT, LONDON

Leveraging the comprehensive real estate expertise of its investment manager and a flexible investment strategy, Starwood European Real Estate Finance is well-positioned to address the changing dynamics of the European financing markets. This investment represents an example of Starwood Capital’s longtime focus on businesses with strong potential returns, diversification benefits and significant downside protection.



THE ST. REGIS HOTEL, NEW YORK CITY

## Starwood Hotels & Resorts Worldwide

Starwood Capital is perhaps best known for creating and building Starwood Hotels & Resorts. This leading global hotel company has its origins in Starwood Capital’s initial investment in publicly traded Hotel Investors Trust (NYSE: HOT) in 1994. At that time, HOT had an equity market capitalization of just \$8 million and needed an immediate recapitalization. Through a series of complex negotiations, Starwood Capital affiliates acquired a majority interest in HOT, and completed a restructuring and reorganization of the company. Between 1994 and 1998, Starwood Capital dramatically expanded the rebranded Starwood Hotels—highlighted by the acquisition of two major hotel companies, Westin Hotels & Resorts and ITT Sheraton. Following these transactions, Starwood Hotels in three short years had become the largest hotel company in the world, with more than 120,000 employees at its peak, 895 properties in 100 countries, and ownership of brands such as W Hotels, Westin, Sheraton, The St. Regis, Le Méridien and The Luxury Collection.

Barry Sternlicht became the Chairman and Chief Executive Officer of the renamed Starwood Hotels & Resorts in 2000. Mr. Sternlicht created W Hotels, generally regarded as the world’s most successful “boutique” brand, built St. Regis Hotels from a single hotel to a global brand, and is credited with industry innovations including the Westin Heavenly® Bed and line of related products and Starwood Preferred Guest, the industry’s first “no-blackout” frequent-stay program.

## Equity Residential

At its inception in 1991, Starwood Capital was focused on the disarray in the real estate markets resulting from the S&L crisis of the late 1980s and early 1990s. Over approximately 18 months, the Firm acquired 7,000 multifamily units at a fraction of replacement cost through the purchase of equity and distressed debt from the Resolution Trust Corp., FDIC and troubled lending institutions. In assembling this portfolio, Starwood Capital focused on newer properties in fundamentally sound secondary markets, with the strategic view that the recovery would be both imminent and dramatic. In August 1993, the Starwood Capital funds contributed approximately 6,400 multifamily units to Sam Zell’s Equity Residential (NYSE: EQR) at its IPO.

EQR went on to become the largest publicly traded apartment owner in the country, with Barry Sternlicht serving on its Board of Directors for several years. This transaction marked the first of numerous investments in which the Firm created leading real estate platforms or companies in order to enhance value for its investors.



ESTATES AT MAITLAND SUMMIT, ORLANDO, FLORIDA

## PRIVATIZATIONS



HÔTEL DE CRILLON, PARIS

## Société du Louvre

In December 2005, Starwood Capital funds completed the \$3.2 billion acquisition of Groupe Taittinger and Société du Louvre (SDL), a family-controlled French conglomerate. At acquisition, SDL’s assets included one of Europe’s largest hotel networks—a unique collection of 15 luxury hotels, the most famous of which was the

Hôtel de Crillon in Paris, and more than 800 budget hotels under three brands. SDL also owned several luxury goods businesses, including famed champagne producer Taittinger, iconic crystal maker Baccarat and Annick Goutal perfumes.

The Firm’s track record with this complex investment includes a number of milestones: a revamp and expansion of the Louvre Hotels budget business that spurred dramatic market share gains, and eventually led to the sale of the business to China’s Jin Jiang International Holdings Co., Ltd.; the sale of the Taittinger Champagne and Annick Goutal businesses; the sale of a 22% stake in Baccarat and an enhancement of the brand in conjunction with its 250-year anniversary that included the launch in March 2015 of the ultra-luxury Baccarat Hotel & Residences New York; the execution of a sale-leaseback transaction for 32 budget hotels in France at an attractive



HARCOURT, BACCARAT CRYSTAL

yield; and the careful disposition of the portfolio’s luxury hotels at compelling prices.

This investment displays many of the hallmarks of Starwood Capital—creativity, agility and tenacity—and enabled the Firm to leverage its expertise in the hospitality industry, as well as its branding and operational savvy, to maximize the value of the portfolio.



Starwood Capital is led by seasoned professionals who have successfully navigated all stages of the real estate investment cycle. The top executives at the Firm have worked together for an average of 17 years, and possess an average of 28 years of experience in the industry. We believe that our team collectively represents exceptional real estate talent—and, at all levels of the organization, we continue to seek out energetic, self-motivated individuals with fresh ideas and the ability to help implement innovative solutions that ultimately benefit our investors.





## OUR MISSION

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At Starwood Capital Group, our mission is simple: To be the best investment firm in the world. We are relentless in identifying value that others may overlook, while seeking to deliver superior results through rigorous financial and risk discipline. The longstanding relationships that we have enjoyed with many of our business partners, lenders and investors are a testament to our success in meeting the highest standards of fairness, cooperation and transparency.

Harnessing both skill and innovation in the pursuit of compelling investment opportunities has been a hallmark of Starwood Capital from the very beginning—and we have never been more committed to serving as the stewards of our investors' hard-earned capital than we are today. We look forward to continue building lasting partnerships with those who share our vision of Redefining Real Estate Investing.



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