



STWD Investment Management, LLC

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Form ADV, Part 2A
Disclosure Brochure

March 30, 2020

This brochure provides information about the qualifications and business practices of STWD Investment Management, LLC (“STWD IM” or “Adviser”). If you have any questions about the contents of this brochure, please contact us at 305-695-5500 or jvaughan@starwood.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. That the Adviser is registered is not intended to, and does not, imply a certain level of skill.

Additional information about STWD Investment Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Important Note about this Brochure

This Brochure is not:

- an offer or agreement to provide advisory services to any person
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle
- a complete discussion of the features, risks or conflicts associated with any investment vehicle or advisory service

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), STWD IM provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in an investment vehicle, together with other relevant documents, such as the investment vehicle’s offering or private placement memorandum, organizational documents and related transaction documents, as applicable, prior to, or in connection with, such persons’ investment in the Fund. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of STWD IM, persons who receive this Brochure (whether or not from STWD IM) should be aware that it is designed solely to provide information about STWD IM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant documents. More complete information about each investment vehicle is included in relevant documents, certain of which may be provided to current and eligible prospective investors only by STWD IM or its affiliate. To the extent that there is any conflict between discussions herein and similar or related discussions in any applicable relevant documents, such relevant documents shall govern and control.

Item 2

Material Changes

STWD IM's most recent other-than-annual amendment to Part 2A on Form ADV was filed on January 17, 2020. This annual amendment includes the following changes that were made since the last update:

- The addition of risk factor disclosure language relating to public health emergencies (i.e., COVID-19 and pandemics in general)

This Brochure includes certain routine updates, such as adjustments to AUM, and other additional information. Item 2 only reflects material changes made since the last filing. It is important that this Brochure is read in its entirety, including the updates, to fully understand the disclosures made herein.

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Item 4

Advisory Business

General Description of Adviser

STWD IM, a Delaware limited liability company formed on November 15, 2016, is wholly-owned by Starwood Property Trust, Inc. (“STWD” and, together with its subsidiaries, “Starwood”), a Maryland corporation that is publicly listed on the New York Stock Exchange. STWD is a leading diversified finance company with a core focus on originating, acquiring, financing and managing mortgage loans in the real estate and infrastructure sectors in both the United States and Europe.

Advisory Services

The Adviser’s business lines consist of (i) providing investment advisory services to a joint venture vehicle which was established between Starwood and an institutional investor (“Joint Venture”), and (ii) serving as collateral manager for a portfolio of collateralized loan obligations (“CLO”). The Joint Venture and the CLO are referred to in the brochure as “Clients,” collectively, and each a “Client.”

The Adviser’s investment advisory services to the Joint Venture are principally focused on managing debt-related instruments, including senior loans and below investment grade bond positions in commercial mortgage-backed securities (CMBS) transactions. Investment advice is tailored to the specific investment objectives and restrictions of the Joint Venture, which are outlined in the company governing documents.

As collateral manager to the CLO, the Adviser focuses on making investments to generate returns to meet the CLO’s payment obligations and optimize returns for investors. The Adviser manages the CLO subject to the powers, duties, and limitations outlined within the collateral management agreements entered into between STWD IM and the CLO and the indentures governing the CLO. Investors in the CLO should review the relevant offering document, indenture, and other constituent documents pertaining to the CLO for additional information.

As of February 29, 2020, STWD IM managed \$1,453,991,416 in assets on a discretionary basis, and \$0 in assets on a non-discretionary basis.

For certain disclosure purposes or in cases where the Advisers Act requires a look through of an investment fund, the Adviser may look through the fund structure to the investor as if the investor were a client. For example, in assessing carried interest, STWD IM and its affiliates must comply with Rule 205-3 under the Advisers Act. In order to permissibly assess carried interest, each investor in a private investment fund must be a “qualified client.” The Adviser also discloses in its Part 1A and below the types of investors that invest in investment funds advised by STWD IM.

Item 5

Fees and Compensation

Fees

Joint Venture

STWD IM receives compensation in the form of a general and administrative expense reimbursement from the institutional investor for advisory services provided to the Joint Venture. The amount of reimbursement varies according to the amount of capital invested by the Joint Venture and is assessed monthly in arrears. In addition, the Adviser or a Starwood affiliate may receive a carried interest allocation entitling it to a prescribed portion of the Joint Venture profits. The agreements governing the Joint Venture, such as the LLC agreement, disclosed the nature of the carried interest and fees to the institutional investor prior to its commitment or investment.

The Adviser does not generally take acquisition fees, disposition fees or other compensation which would be duplicative of the fees or compensation provided under the Joint Venture's governing documents, as the vehicle's governing documents usually prohibit such fees. STWD IM could take such fees only if authorized by a particular investment vehicle's governing documents.

An affiliate of the Adviser, LNR Partners, LLC ("LNR"), will act as special servicer with respect to commercial real estate loans in which the Joint Venture has an ownership interest. Services performed by LNR will be reasonable and customary for such transactions; and the fees, terms and conditions of the transactions between the Joint Venture and LNR are as favorable as would be obtainable in an arm's length transaction. Please refer to the Joint Venture's LLC Agreement for additional information on special servicing fees. In certain cases, fees generated from special servicing activities will be shared by a Starwood affiliate and the institutional investor. The terms of the fee share arrangement are detailed in a separate agreement between the Starwood affiliate and the institutional investor.

CLO

The Adviser is compensated for providing services to the CLO in the form of a market rate collateral management fee based on the total value of the CLO's assets. Total fees are based on the asset value of the CLO and are payable monthly in arrears. These fees are qualified by the CLO's respective transaction documents, and may be waived by the Adviser based on the terms and conditions therein.

The Adviser has agreed to waive its entitlement to its fees for the CLO for so long as the Adviser or an affiliate thereof provides collateral management and investment advice to the CLO and is an affiliate of STWD. If the Adviser's fees are not waived, such fees are allocated and paid in accordance with the designated "Priority of Payments" or waterfall payments. Refer to the relevant offering documents pertaining to the CLO for additional details.

Affiliates of STWD IM hold risk retention interests in the CLO when required by applicable law or contractual obligation, and hold other interests in any CLO acquired at issuance or in the secondary market, which gives Starwood an additional pecuniary interest in the CLO.

Pursuant to the Servicing Agreement described in the CLO Offering Documents, the CLO Issuer has appointed an affiliate of the Adviser, LNR, to act as special servicer on behalf of the CLO Issuer with respect to the commercial real estate loans that are owned by the CLO Issuer. Services performed by LNR will be reasonable and customary for such transactions; and the fees, terms and conditions of the transactions between the CLO and LNR are as favorable as would be obtainable in an arm's length transaction. Please refer to the CLO's governing and offering documents for additional information on special servicing fees.

Expenses

Joint Venture

Expenses of the Joint Venture (actual, third party, out-of-pocket expenses incurred by the Company or its Subsidiaries, including custodial fees, accounting and audit fees (including the preparation of tax returns and Forms K-1), filing fees and similar charges and fees, insurance and legal) shall be paid by the company and deducted in determining cash flow. Unless otherwise consented by the vehicle's investors, such expenses shall not exceed per annum \$200,000. The cap set forth in the preceding sentence shall not apply to: any expenses (including legal fees) associated with major decisions made on behalf of the company, which are established within the company's LLC Agreement, and require the consent of vehicle's members; any legal fees and due diligence costs associated with acquisition of additional bonds or equity interests not included in the initial seed portfolio; expenses associated with transactions involving the formation of a subsidiary, as a means to effect the sale of securities or equity interests, including equity interests in risk retention securities; organizational expenses, including out of pocket expenses paid or payable to third parties for the costs of forming the venture and negotiating the applicable operating agreements, including legal fees of outside counsel for both Members, shall be paid pro rata by the Members according to their Percentage Interests, and shall exclude any diligence costs conducted by the Members; reasonable costs and expenses associated with financing and hedging activities and any margin calls, or reasonable broker-dealer fees. The aforementioned costs and expenses shall be deducted in determining cash flow.

CLO

The CLO will often bear the costs and expenses described below, to the extent permitted under CLO governing documentation. Please note, the information provided in this section is intended to be a broad, general overview of the additional expenses incurred by the CLO. Please refer to the CLO's governing and offering documents for additional disclosures on expenses. The Adviser's fees are exclusive of brokerage commissions, transaction fees and costs (including broken deal costs), and other management related costs and expenses which shall be incurred by the CLO. CLO expenses include: administration, legal, auditing, banking, custody, regulatory, reporting (including securities filings related to the CLO) and accounting expenses; tax expenses and expenses related to a CLO's financial statements, tax returns, tax estimates and filings

(including, without limitation, expenses related to the foregoing incurred to allow a Client or its affiliate(s) to comply with non-U.S. and U.S. federal, local and state laws and regulations); expenses associated with the identification, investigation, acquisition, holding, structuring, organizing, financing, refinancing, restructuring, winding up, liquidation, dissolution and disposition of the CLO's assets; all costs incurred in connection with the organization, management, operation, and dissolution, liquidation and final winding up of any blocker subsidiaries; expenses incurred in connection with valuing the CLO's assets, including, without limitation, third-party valuation and appraisal services; expenses attributable to any proposed investment that is ultimately not made by the CLO (including expenses that may have been allocable to third-party co-investors had such transactions been consummated); expenses incurred in connection with the obtaining and maintaining of insurance policies by or on behalf of the CLO, its general partner and the Adviser (including directors and officers, errors and omissions liability and other insurance); extraordinary expenses of the CLO (such as fees or expenses incurred in litigation or in respect of indemnification obligations); expenses of the Advisory Committee Board (set forth in relevant governing documents) of the CLO; any taxes, fees and other governmental charges levied against the CLO; any loan servicing fees whether such fees are paid to a third party or to STWD IM, or an entity affiliated with STWD IM; organizational expenses of the CLO; reasonable travel expenses (airfare, meals, lodging and other transportation) undertaken in connection with the Adviser's duties pursuant to the relevant CLO governing documents; expenses related to the provision of information in order to render notes eligible for resale pursuant to Rule 144A; expenses related to participating in committees or other groups formed by creditors of the borrower under a Commercial Real Estate Loan; expenses related to consulting with and providing the Rating Agencies with any information in connection with its maintenance of the ratings of notes; and an allocable share of the cost of certain credit databases utilized by the Adviser in providing services to the CLO Issuer under the Collateral Management Agreement. Such costs and expenses are exclusive of and in addition to the Adviser's fees, and the Adviser does not receive any portion of these costs and expenses.

Item 6
Performance-Based Fees and Side-by-Side Management

As noted above in Item 5, affiliates of the Adviser may receive carried interest entitling them to a portion of the profits of a particular investment vehicle. These profit incentives are considered performance fees for purposes of the Advisers Act, including Rule 205-3. Rule 205-3 subjects these rules to investor eligibility conditions as a “qualified client” based on measures of financial sophistication. Carried interest payments have been structured to comply with the Advisers Act, including Rule 205-3 under the Advisers Act.

In any particular strategy, there may be differences in the structure of the carried interest. Differences in the performance fee structure could create potential conflicts in that a Starwood affiliate could have greater incentive to favor investment fund structures having the most profitable performance fee structure versus other investment fund structures that have a lower or no performance fee structure. These potential conflicts, however, are practicably mitigated by various limitations common to private equity structures. For example, allocations of investment opportunities are subject to organizational limitations on the creation of successor investment funds. That is, before Starwood may permissibly raise a new investment fund, a predecessor fund in the same strategy generally must be substantially committed. Additionally, Starwood-sponsored investment funds may be limited to the types of investment opportunities based on the particular sector investing designated for that investment fund.

Pursuant to the governing documents for the CLO, the Adviser is not currently eligible to receive performance-based fees, or carried interest, entitling it to a portion of the CLO’s profits.

Item 7

Types of Clients

As noted in Item 4 above, STWD IM provides investment advisory services to the Joint Venture and serves as collateral manager to a CLO.

The Joint Venture was established between a Starwood entity and an institutional investor who has had a longstanding relationship with the company. Investors in the CLO consist of Qualified Institutional Buyers, and may include, directly or indirectly, principals or other employees of the Adviser and its affiliates and members of their families, operating or joint venture partners, or other service providers retained by Starwood affiliates. Generally, investors participating in the CLO are required to meet certain suitability and net worth requirements, such as being (1) an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (“Securities Act”) and (a) a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”) or (b) a “knowledgeable employee” within the meaning of Rule 3c-5 of the Investment Company Act, or (2) a non-U.S. person, depending on the eligibility requirements of the specific Client.

The minimum investment in the Client vehicles is stated in the applicable offering and governing documents. Minimum investment size may be waived for certain investors at the Adviser’s discretion.

Item 8

Methods of Analysis, Investment Strategies, and Risk of Loss

Investment Analysis and Strategy

Joint Venture

The investment strategy of the Joint Venture is to acquire, purchase and own commercial mortgage pass-through certificates, mortgage-backed bonds and collateralized mortgage obligations that evidence ownership interests in or are secured by one or more mortgage loans secured in whole or in part by mortgages, deeds of trust, deeds to secure debt or other first or junior liens on land, leasehold interests in land or improvements, commercial real properties or real estate projects under construction; to establish and own equity interests in entities and subsidiaries that engage in activities described above; and to own, hold, manage, borrow against, hedge and otherwise deal with the securities described above, all subject to any restrictions in the vehicle's governing documents and all in accordance with the Risk Retention Rule.

Active portfolio management is essential to the vehicle's investment strategy. The Adviser tracks the performance of all of the vehicle's assets at the securities level and will perform periodic credit re-underwriting on the loans collateralizing the securitized assets. Regular portfolio reviews by the vehicle's investment professionals adjust forecasted risk profiles of the underlying collateral allowing for better decision making in optimizing risk profile of the portfolio. The research process is driven by both macro and micro considerations. The manager's market information comes from two primary sources: 1) persistent monitoring of market trends via industry research, and 2) the manager's access to all major industry data providers.

CLO

The Adviser employs an investment approach based on fundamental credit and value analysis along with active portfolio management. In evaluating potential investments, Adviser personnel perform credit analysis and collateral analysis with respect to each loan, the loan applicant, and the real estate securing the loan. The credit analysis of the borrower and the real estate typically includes a review of historical financial statements, including rent rolls (generally unaudited), third party credit reports, judgment, lien, bankruptcy and pending litigation searches and, if applicable, the loan payment history of the borrower. Qualitative analysis, which incorporates independent credit checks and published debt and equity information with respect to certain principals of the borrower as well as the borrower itself will also be performed. The collateral analysis typically includes, in each case to the extent available and applicable, an analysis of the historical property operating statements, rent rolls and operating budgets, a review of commercial tenant leases, third-party appraisals as well as environmental and building condition reports. Members of the underwriting team may also conduct a site inspection to ascertain the overall quality, functionality and competitiveness of the property, including its neighborhood and market, accessibility and visibility, and to assess the tenancy of the property. The submarket in which the property is located is assessed to evaluate competitive or comparable properties as well as market trends.

Investments are allocated to the CLO in accordance with the respective governing documents. After an investment is approved by STWD IM and becomes a holding of the CLO, portfolio holdings are periodically reviewed to evaluate credit trends and highlight any new potential risks and/or opportunities. Key metrics are tracked by the appropriate investment professional and are discussed with the portfolio managers.

Risk Factors

Very generally, investing in securities and other investment assets involve risk of loss of the principal amount invested. Clients and investors should be prepared to bear any risk of loss. While the Adviser's investment strategies emphasize a proactive credit discipline, there can be no assurance that our investment strategies will be successful, that Clients will achieve their investment objectives or that losses will not occur. Investing involves significant risks and is suitable only for persons who can bear the economic risk of the loss of their entire investment, have a limited need for liquidity in their investment and meet the conditions set forth in Client documentation. The risk summary contained herein is intended solely as a summary and is not an exhaustive list of risk. Risks associated with each Client vehicle are described in offering documents. Those documents also disclose potential risks for the Joint Venture or CLO in greater and more particularized detail than the summary set forth below. Investors should consult their own legal, tax and financial advisors, prior to making an investment in an investment fund, or engaging STWD IM as a manager.

- STWD IM, the affiliate CLO Issuer, and affiliate Joint Venture Member have a limited operating history. Although the Adviser and its management teams have significant experience in real estate, infrastructure, and credit analysis, the entities have a limited operating history upon which an investor can base its investment decision.
- Key Personnel Risk. The Adviser's investment strategies and expertise rely on key professionals. The departure of any of these key professionals from Starwood could adversely impact the performance of the Joint Venture or CLO.
- Funding Commitments. Failure of investors to fund commitments when due can adversely affect an investment fund's ability to complete its investment program and, if substantial defaults on commitments, to continue operations.
- Leverage. Use of borrowed funds to leverage acquisitions involves a high degree of financial risk and can exaggerate the effect of any increase or decrease in value of an investment and will increase the exposure of the investments to adverse economic factors, such as fluctuations in interest rates, downturns in the local economies in which the investments are located or deterioration in the condition of the investments. Accordingly, the use of leverage may cause a Client's portfolio value to be more volatile than it would be in the absence of such leverage. In addition, to the extent a strategy employed on behalf of a Client is dependent on leverage, the availability (or lack thereof) and cost of financing may significantly affect the ability of the Client to execute its investment strategy.

- **Illiquid Investments.** Assets held by investment vehicles, and the interests in the investment vehicles themselves, can be illiquid, thus making them hard to value and liquidate, particularly in a falling market. Additionally, interests in investment funds are subject to restrictions on transfer pursuant to the Securities Act.
- **Risk of loss associated with mortgage loans and mortgage-backed securities.** These instruments are subject to default, foreclosure timeline extension, fraud, commercial and residential price depreciation, unfavorable modification of loan principal amount and interest rate, and amortization of principal. Any of the foregoing events can result in investment losses.
- **Prepayment risk.** To the extent assets may be backed by mortgage instruments, prepayment can adversely affect the value of the underlying real estate portfolio.
- **Some mortgage-related instruments may include distressed opportunities,** which can increase the potential for risk of loss.
- **Investment strategies and analysis may not accurately project targeted returns** because the considerations and assumptions underlying any projected returns are subject to uncertainty.
- **Environmental risk.** Investments involving loans on real estate and energy infrastructure are subject to certain environmental risks associated with environmental claims, environmental regulations and occupational safety issues and concerns.
- **Concentration risk.** Investing in loans involving real estate and energy infrastructure may lack a diversified pool of assets compared to other types of investment funds that trade in publicly traded securities.
- **Currency exchange risk.** Typically, distributions from and contributions to an investment fund are denominated in U.S. dollars. Investments, however, may be denominated in currencies other than the U.S. dollar. Therefore, the value of these non-U.S. dollar denominated investments will depend in part on the strength of the U.S. dollar, and the value of dividends, interest and gains and losses can be adversely affected by fluctuating currency exchange rates.
- **Counterparty credit quality.** Investment funds can have assets tied to long-term contracts the performance of which will be dependent on the credit quality of the counterparties. Defaults by such counterparties could adversely affect the value of these assets.
- **Cybersecurity.** Starwood and its service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect investors, despite the efforts of Starwood and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information

belonging to the investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Starwood and its service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, third-party service providers or other users of Starwood's systems to disclose sensitive information in order to gain access to Starwood's data or that of the investors. A successful penetration or circumvention of the security of Starwood's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause Starwood and its service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

- **Public Health Emergencies.** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the client vehicles we manage.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across several of the world's largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. In addition, COVID-19 could have a material adverse effect on the regional economies in

which we operate, could continue to negatively impact stock markets (including the trading price of our common stock), could adversely impact our ability to raise capital in our client vehicles, could cause continued interest rate volatility and movements that could make obtaining financing or refinancing our debt obligations more challenging or more expensive, could result in our operations affected by COVID-19 and any threatened areas to be subject to quarantine situations, and could cause a reduction in travel that would have a material adverse effect on our lending activities in the hospitality and retail sectors. Any of these developments, and others, could have a material adverse effect on our business and results of operations.

The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could also have a significant adverse impact and result in significant losses to the client vehicles we manage. The extent of the impact on our clients' and their respective portfolio investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in cash flows, unexpected losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of our client vehicles to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy a client intends to pursue, all of which could adversely affect such client's ability to fulfill its investment objectives. They may also impair the ability of our clients' respective portfolio investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of our client vehicles, their respective portfolio investments, and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Item 9
Disciplinary Information

Neither STWD IM nor any of its professionals have been the subject of any legal or disciplinary event of an investment-related nature that would be material to the business of STWD IM or that would be subject to disclosure on Form ADV.

Item 10

Other Financial Industry Activities and Affiliations

As mentioned in Item 4 above, STWD IM is a wholly-owned affiliate of STWD, which is publicly traded on the New York Stock Exchange. STWD is externally managed by SPT Management, LLC, which is an affiliate and relying adviser of Starwood Capital Group Management, L.L.C. (“SCGM”), a registered investment adviser.

An affiliated broker-dealer, Starwood Capital, L.L.C. (“SC”), may act as a placement agent for the private offer and sale of interests in certain Client vehicles advised by STWD IM. STWD IM, not the Client vehicle or investor, reimburses SC for its expenses for acting as placement agent for STWD IM’s private funds; SC does not receive commissions or other transaction fees for its services relating to STWD IM’s investment vehicles. SC will not act as a placement agent for the CLO and will not execute any portfolio trades on behalf of the CLO.

STWD IM may have duties or incentives relating to the interests of STWD’s shareholders that may differ from, and that could conflict with, the interests of its Clients and its investors, such as conflicts arising from the allocation of expenses and investment opportunities. Each of STWD and STWD IM, consistent with its fiduciary duties, will endeavor to resolve such conflicts in a manner that it deems fair and equitable to the extent possible under the prevailing facts and circumstances.

There may be conflicts of interest related to STWD IM’s affiliations with other entities under STWD that may increase risk to the Clients. The commercial mortgage loans in which the Clients invest are originated, underwritten and serviced by various affiliates of the Adviser. LNR, acting in its capacity as special servicer of the non-performing loans, will from time to time come into possession of material non-public information (“MNPI”) which could impact the ability of the Adviser to transact in certain investments. The Adviser has established and implemented an information barrier to mitigate these potential conflicts of interest. Additionally, the Adviser selects the specific pool of commercial mortgage loans that are included in a Client vehicle based on, among other things, whether such mortgage assets satisfy the eligibility criteria set forth in the governing documents for such Client. In order to address these and other related-party conflicts, the advisory committee, or an independent representative, will review conflicted transactions.

Item 11

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Standards of Conduct

STWD IM has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. The Code imposes standards of business conduct, including standards and procedures for the detection and prevention of inappropriate personal securities transactions and addresses other situations involving potential conflicts of interest. The Code is intended to ensure that the personal securities transactions of persons subject to it are conducted in accordance with the following principles: (i) the duty at all times to place the interests of the Adviser’s Clients first; (ii) the requirement that all personal securities transactions be conducted consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual’s responsibility and position of trust; (iii) the fundamental standard that persons subject to the Code not take inappropriate advantage of their positions; and (iv) the duty at all times to comply with applicable state and federal securities laws. The Adviser’s Chief Compliance Officer will maintain a restricted list of securities in which there is a conflict or non-public information known about an issuer of securities (the “Restricted List”). Adviser personnel are prohibited from trading and investing in securities on the Restricted List unless permitted by the Chief Compliance Officer. A copy of the Code is available upon request.

In addition to the Code, STWD IM has other policies and procedures designed to address conflicts of interests with respect to, among others, principal and affiliated transactions, gifts and entertainment, outside business activities and political contributions. Other Adviser policies prohibit its personnel from trading securities for Clients or themselves or recommending to others trading in securities while in possession of MNPI or disclosing MNPI to any person not entitled to receive it, in violation of applicable securities laws.

In certain limited circumstances, the Chief Compliance Officer or designee may grant exceptions to its policies and procedures (including the Code) when he believes, based on the particular facts and circumstances, that doing so would not harm a Client or otherwise interfere with STWD IM’s fiduciary duties.

Principal Transactions

The Adviser expects that principal transactions will arise primarily but not exclusively when an entity funded or owned by Starwood or a Related Party transfers one or more warehoused assets to a Client managed by the Adviser. To the extent that a transaction may be viewed as a principal transaction due to the ownership interest by the Adviser or its affiliates, the Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including disclosure to and consent of the Client’s Advisory Committee or independent review party, as applicable under the Client’s governing documents. Following the receipt of notice of a principal transaction, the Advisory Committee or independent review party, as applicable, is required to determine whether the transaction is on terms substantially as favorable to the Client as would be the case if such transaction were not a principal transaction and whether the investment satisfies the applicable

eligibility criteria applicable to it. Each of the foregoing determinations must be made by the Advisory Committee or independent review party and evidenced in writing. The Adviser's Compliance Manual contains policies and procedures designed to ensure compliance with principal transactions requirements.

Participation or Interest in Client Transactions, Affiliate Transactions

A STWD IM affiliate will invest in the Client vehicles and will enjoy more favorable terms (including, but not limited to, fees, reporting and/or liquidity) than other non-affiliated investors in the same investment fund. Interests are acquired upon initial issuance or through secondary market transactions. There is no assurance that such holdings will remain unchanged over time or that the STWD IM affiliate's interest will remain aligned with those of the Client, investors or any particular class of investors or noteholders. For example, if a STWD IM affiliate owns preferred equity interests in a CLO, STWD IM faces a conflict when making investment decisions for the portfolio between the holders of the senior notes on the one hand and the owners of the equity on the other. Further, in instances where STWD IM or an affiliate have a financial interest in a Client vehicle, there is a conflict of interest for the Adviser when making decisions regarding the allocation of trade opportunities between that Client and others in which there is no or lesser economic interest because there is an incentive to make favorable allocations to those Client vehicles where STWD IM or an affiliate have a financial interest in order to benefit from such favorable allocation decisions.

Affiliates of the Adviser will likely enter into service arrangements with Clients advised by the Adviser. These arrangements present conflicts of interest and are disclosed to the investors in disclosure documents delivered prior to investment. The offering and governing documents of the Client vehicles set forth restrictions on conflicts of this nature. These service arrangements are required to be provided pursuant to terms documented in written agreements that describe the services to be provided and the fees to be assessed. The terms and conditions of these written agreements must be at terms at least as favorable to the Client as would be the case if the service agreement were with an independent provider. In certain circumstances, the governing documents of a Client require approval of such transactions, regardless of terms, by an Advisory Committee or independent representative.

Item 12

Brokerage Practices

STWD IM advises Clients with investment objectives primarily focused on commercial lending and investment activities, including originating, investing in, and managing debt-related investments. Subject to Client documentation, the Adviser has the authority and full discretion to select trading counterparties, investment amount and price when making investment decisions on behalf of its Clients and to seek best execution in executing transactions on behalf of its Clients. Investment strategies which focus on credit markets generally do not involve commissions in connection with executing transactions but will typically be subject to spreads or other trading costs. Moreover, due to the nature of credit markets and, in particular, leveraged loans, there is often a limited universe of counterparties offering or making a market in these instruments. STWD IM anticipates transacting not only with banks and broker-dealers but also with other participants in the credit markets such as funds and fund managers. In seeking best execution, STWD IM is not obligated to choose the counterparty with the lowest possible execution cost, but primarily considers whether the transaction represents the best qualitative execution under the circumstances. Consideration of best execution will include, but may not be limited to, price, speed, anonymity, counterparty credit risk, and the ability to locate financial intermediaries with significant trading capabilities. The Adviser has adopted written policies and procedures governing the process for evaluating best execution.

In the event of a trade error, STWD IM endeavors to detect and correct the error promptly. The breach of any prohibitions, limits or other guidelines (numerical, percentage, ratings based or otherwise) does not constitute a trade error if the remedy for such breach is addressed in the relevant Client documentation. When seeking to cure such breach, the Adviser exercises its discretion to purchase or sell any asset or instrument (whether or not such asset or instrument caused the breach). Errors which are detected and corrected prior to settlement are not deemed to be trade errors. The Adviser determines whether such error resulted from its gross negligence, bad faith or willful misconduct and, unless it finds this to be the case, any losses from such trade errors will be borne by the Client. Gains resulting from trade errors can be applied to offset any losses from trade errors. As a result, Clients, and not STWD IM, will generally be responsible for losses from trade errors and similar human errors.

Item 13

Review of Accounts

The Adviser's investment professionals will perform ongoing reviews of the Client portfolios to monitor performance and adherence with investment objectives and guidelines, credit risk requirements and investment strategy set forth in the Client governing documents. Portfolio managers will conduct portfolio credit monitoring for all Client accounts. The Adviser will perform these reviews no less frequently than quarterly.

On a quarterly basis, STWD IM issues an interim report to the Joint Venture investors. This report typically includes a consolidated balance sheet of the company as at the end of such fiscal quarter and the related consolidated statements of operations, members' equity and cash flow for such quarter and the year-to-date, as well as current portfolio holdings, sales, hedging and/or borrowing during the prior calendar quarter reporting period. On a monthly basis, STWD IM issues a remittance report detailing the month end portfolio composition and cash flow remittances, as well as cash flows used for valuation purposes obtained from Trepp.

Regarding the CLO, the related servicer and special servicer will prepare period statements regarding the collateral assets, and the related note administrator prepares period statements regarding distributions to noteholders.

Following the end of the Joint Venture's fiscal year, STWD IM will deliver to investors an audited, written annual report, which typically includes financial statements prepared in accordance with generally accepted accounting principles (GAAP), a report of the activities of the vehicle during the year, a schedule and description of the investments owned, a description of investments acquired or disposed of during the year. The annual report is prepared and the delivery of it are intended to comply with the SEC's custody rule, as described in more detail in Item 15 below.

Item 14

Client Referrals

STWD IM does not compensate any third party for Client referrals directly to it for advisory services and does not receive any economic benefit from a third party for providing investment advice or other services to its Clients. Thus, it has no cash solicitation arrangements subject to the SEC's cash solicitation rule, Rule 206(4)-3 under the Advisers Act.

STWD IM may enlist the services of private placement agents in respect of the offering of interests in the investment vehicles. These placement agents include unaffiliated placement agents.

Additionally, SC may also act from time to time as placement agent of the interests in a sponsored investment vehicle. STWD IM has entered into a services agreement with SC, however no fees are paid to SC for placement agent activities. Private placement arrangements with affiliated or unaffiliated broker-dealers are not considered a cash solicitation arrangement subject to Rule 206(4)-3 in reliance on a staff no-action letter of the SEC.

Item 15 Custody

Joint Venture

The Adviser itself does not have custody of Client funds or securities, but affiliates of the Adviser are deemed to have custody. Because of the affiliation of the Adviser with the affiliated member manager of the Joint Venture, the SEC's custody rule, Rule 206(4)-2 under the Advisers Act, applies to the custody over Client funds and securities.

The Adviser affiliate maintains Client funds at qualified custodians but relies on an exception available to "pooled investment vehicles" from various reporting and surprise audit obligations imposed by the SEC's Custody Rule. This exception requires the Adviser to engage an independent public accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board ("PCAOB") and to distribute audited annual financial statements, prepared in accordance with GAAP or other substantially similar accounting standards, to fund investors within a prescribed period.

CLO

With respect to the CLO, neither the Adviser nor its affiliates intend to maintain custody of Client funds or securities. The trustee of the CLO, which is unaffiliated with the Adviser, ultimately maintains custody of the CLO's assets in accordance with the relevant offering and governing documents.

CLO Springing Custody Consideration

Should a non-performing loan of the CLO become a real estate owned asset ("REO asset"), and an affiliate of the Adviser is the named special servicer for the REO asset, the Adviser may be deemed to have indirect custody over the REO asset due to the fact that the affiliate special servicer will have the authority to direct proceeds of the REO asset on behalf of the CLO. In the event that the Adviser is deemed to have indirect custody, it will implement procedures designed to adhere to the provisions of the SEC's Custody Rule, Rule 206(4)-2 under the Advisers Act.

Item 16

Investment Discretion

STWD IM accepts discretionary authority to manage the assets of its Clients. The Adviser's discretion is limited by the investment guidelines and conditions contained in the Clients' investment advisory agreement and governing documents. All investors receive disclosure of investment guidelines and Client operations prior to their commitment to an investment fund.

Grants of discretionary authority will be part of the governing documents of the Client vehicles. The authorization permitting discretionary authority is extended to the managing member or general partner directly and by extension to STWD IM as delegated by the managing member or general partner under the governing documents of the Client vehicles.

Item 17

Voting Client Securities

The types of investments that the Adviser's Clients will primarily hold typically do not issue proxies. However, the Adviser or affiliated general partners or managing members could be called upon to consent on certain matters (e.g., loan amendments, modifications, waivers, resolutions, etc.) which are conceptually similar to voting proxies.

STWD's Compliance Manual contains a section on voting policies and procedures designed to comply with Rule 206(4)-6 of the Advisers Act. Very generally, a broad fiduciary principle is extended to any consent decisions made on behalf of Clients, requiring the Adviser to act prudently and consistent with its fiduciary duties. As such, the Adviser could, but is not obliged to, vote in accordance with recommendations from senior management when it believes those recommendations are consistent with the Clients' best interests. Likewise, the Adviser maintains the authority to abstain from consent decisions if it determines that not consenting is in the Clients' best interests.

These procedures, among other things, require the Adviser to monitor any consent decision to identify any actual or potential conflicts of interest. In the event the Adviser determines that its policies do not adequately address a material conflict of interest, the Adviser will provide the affected Client's Advisory Committee or independent representative, as applicable, with copies of all consent decision materials, a description of the actual or potential conflict of interest, the Adviser's intended response to the consent decision, and will request the Client's Advisory Committee or independent representative to consent to the Adviser's intended response. If the Client's Advisory Committee or independent representative consents to the intended response or fails to respond within a reasonable period of time specified in the notification, the Adviser will vote as described in the notification. If the Client's Advisory Committee or independent representative objects to the Adviser's intended response, the Adviser will provide or withhold consent at the direction of the Client.

STWD IM will maintain a record of all situations where a consent was requested and will provide a record of whether it consented or withheld consent and a copy of its voting policies to Clients upon request.

Item 18
Financial Information

STWD IM is not aware of any financial condition that is reasonably likely to impair the Adviser's ability to meet contractual commitments to Clients. The Adviser does not assess any fees more than six months in advance. The Adviser has never been the subject of a bankruptcy proceeding.