



STWD Investment Management, LLC

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Form ADV, Part 2A
Disclosure Brochure

December 6, 2021

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 Investment Management 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

This “Other-Than-Annual” amendment dated December 6, 2021 is an update to the prior brochure dated May 10, 2021, and includes the following material changes that occurred since the last filing:

- The addition of a new advisory client – Woodstar Portfolio Holdings, LLC, for which the Adviser will serve as the Asset Manager. The new advisory relationship became effective as of November 5, 2021. Relevant updates were made to Items 4, 5, 7, 8, and 13, as they pertain to the new advisory client.

Please refer to the specific sections for details on the updates. It is important that this brochure is read in its entirety, including the material updates, to fully understand the disclosures made herein.

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Advisory Business

General Description of Adviser

STWD Investment Management, LLC, 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 (i) provides investment advisory and asset management services to private investment funds (or serves as investment adviser or asset manager to the general partner or managing member of such private investment funds) that were established to invest in a portfolio of collateralized mortgage-backed securities (CMBS) (“STWD CMBS Venture Holdings”) and a portfolio of affordable housing properties (“Woodstar Portfolio Holdings”), and (ii) serves as collateral manager and collateral advisor for the issuers of collateralized loan obligations (CLOs) secured by portfolios of commercial real estate loans (“STWD 2019-FL1” and “STWD 2021-FL2,”) and infrastructure finance loans (“STWD 2021-SIF1”). The private investment funds and CLOs are referred to in the brochure as “Clients,” collectively, and each a “Client.”

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

The Adviser’s asset management services to Woodstar Portfolio Holdings are principally focused on providing investors with quarterly distributions of operating cash flows and the opportunity for capital appreciation through the acquisition, management, and disposition of a portfolio of affordable housing properties. Investment advice is tailored to the specific investment objectives and restrictions of the fund, which are outlined in the governing documents.

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

As of the closing of Woodstar Portfolio Holdings on November 5, 2021, STWD IM managed \$5,515,058,072 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 a Client vehicle, the Adviser may look through the 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 or CLO must be a “qualified client.” The Adviser also discloses below the types of investors that may invest in each of its Client vehicles.

Item 5 Fees and Compensation

Fees

STWD CMBS Venture Holdings

STWD IM receives compensation in the form of a general and administrative expense reimbursement for advisory services provided to the Client. The amount of reimbursement varies according to the amount of capital invested and is assessed monthly in arrears. The general and administrative reimbursement amount shall be equal to 0.70% per annum of invested capital multiplied by a fraction, the numerator of which is the actual number of days from (but excluding) the immediately preceding distribution date through (and including) the distribution date and the denominator of which is three hundred sixty (360) days.

In addition, the Adviser or a Starwood affiliate may receive a carried interest allocation entitling it to a prescribed portion of the Client's profits. The Client's governing documents, such as the LLC agreement, disclosed the nature of the carried interest and fees to the investor prior to its commitment or investment.

An affiliate of the Adviser, LNR Partners, LLC ("LNR"), will act as special servicer with respect to commercial real estate loans in which STWD CMBS Venture Holdings has an ownership interest. Services performed by LNR will be reasonable and customary for such transactions. The fees, terms and conditions of the transactions are governed by the underlying CMBS pooling and servicing agreements for the securities in which the Client is invested. In certain cases, fees generated from special servicing activities relating to the securities in which the Client has an interest 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.

Woodstar Portfolio Holdings

STWD IM receives an asset management fee for services rendered in managing the assets of the fund. The asset management fee is an amount equal to 0.60% per annum (or 0.15% per quarter) on invested capital in the fund (calculated in accordance with the Client's governing documents). The asset management fee shall be payable by the fund quarterly in arrears on the first day (or, if not a business day, on the next succeeding business day) following the last day of each fiscal quarter of the fund.

In addition, the Adviser or a Starwood affiliate may receive incentive distributions if the Client's returns exceed an established threshold. The Client's governing documents, such as the LLC agreement, disclosed the nature of the carried interest and fees to investors prior to their commitment or investment.

An affiliate of the Adviser, Highmark Residential, LLC (“Highmark”), has been engaged to perform property management services for certain properties in the portfolio as of the closing date of the fund. The Adviser or an affiliate will take all commercially reasonable steps to bring the remaining properties in the portfolio currently managed by third parties as of the fund closing date under the property management agreement with Highmark. Highmark will be paid a commercially reasonable rate to manage the applicable portfolio properties, which is detailed within the property management agreement that was provided to investors. Any properties managed by third parties as of the time of fund closing that subsequently enter into the property management agreement with Highmark will not be charged fees (including reimbursements) that are greater than the fees payable to the existing third party property managers, and the services provided by Highmark will be substantially similar to those performed by the existing third party property managers. So long as the property manager is an affiliate of the Adviser, consent of the fund’s advisory committee will be required to increase the compensation of the property manager in a way that deviates from standard market terms, which is defined in the Client governing documents.

STWD 2019-FL1 and STWD 2021-FL2

As compensation for the performance of its obligations as collateral manager under the collateral management agreements, the Adviser is entitled to receive a fee, payable monthly in arrears on each payment date in accordance with the priority of payments, equal to 0.10% per annum of the sum of the net outstanding portfolio balance on such payment date to the extent funds are available. The collateral manager fee will be calculated for each interest accrual period assuming a 360-day year with 12 thirty-day months. STWD IM has agreed to waive its entitlement to the collateral manager fee for the CLOs so long as STWD IM or an affiliate is the collateral manager and also an affiliate of STWD. However, there can be no assurance that any replacement collateral manager will also waive the right to receive the collateral manager fee.

The Adviser, as collateral manager, will be responsible for its own overhead and expenses incurred in the course of performing its obligations under the collateral management agreements, provided that the Adviser will be entitled to reimbursement for certain out-of-pocket expenses. Refer to the section below which discusses allowable expenses under the CLOs’ governing documents.

The CLOs’ initial portfolios of collateral interests were acquired from an affiliate of the Adviser. It is anticipated, although not required, that the CLO Issuers will also acquire reinvestment collateral interests from an affiliate of the Adviser. These affiliates receive certain fees in association with loan origination services which are reasonable and customary for such transactions. The CLOs are not responsible for such fees. Additionally, other affiliates of the Adviser hold risk retention interests in the CLOs as required by applicable law or contractual obligation, and may hold other interests in the CLOs acquired at issuance or in the secondary market, which gives Starwood an additional pecuniary interest in the CLOs.

Pursuant to the servicing agreements described in the CLO offering documents, the CLO Issuers have appointed an affiliate of the Adviser, LNR, to act as special servicer on behalf of the CLO Issuers with respect to the commercial real estate loans that are owned by the CLO Issuers. Services performed by LNR will be reasonable and customary for such transactions. The fees, terms and conditions of the transactions between the CLOs and LNR are as favorable as would be

obtainable in an arm's length transaction. LNR, as special servicer, will generally be entitled to a monthly special servicing fee based on the principal balance of each specially serviced loan, as well as additional servicing compensation in the form of workout fees and liquidation fees, provided that LNR will be entitled to receive only a workout fee or liquidation fee, but not both. LNR will also be entitled to reimbursement of expenses, as permitted under the servicing agreements.

STWD 2021-SIF1

As compensation for the performance of its obligations under the collateral advisory agreement, the collateral advisor is entitled to receive from the CLO Issuer a collateral advisory fee equal to 0.15% per annum of the fee basis amount, payable monthly in arrears on each payment date (which fee will be waived for so long as STWD IM or an affiliate thereof is the collateral advisor and also an affiliate of STWD), measured as of the beginning of the collection period relating to the applicable payment date, which collateral advisory fee will be payable senior to the notes, but subordinated to certain fees and expenses of the Issuer, in accordance with the priority of distributions (such fee, the "Base Advisory Fee"). The Base Advisory Fee will be calculated on the basis of a 360-day year and the actual number of days elapsed during the related interest accrual period.

The collateral advisory agreement also provides that the collateral advisor is entitled to receive from the CLO Issuer a collateral advisory fee equal to 0.25% per annum of the fee basis amount, payable monthly in arrears on each payment date (which fee will be waived for so long as STWD IM or an affiliate thereof is the collateral advisor and also an affiliate of STWD), measured as of the collection period relating to applicable payment date, which collateral advisory fee will be payable senior to the distributions to the preferred shares, but subordinated to the notes in accordance with the priority of distributions (such fee, the "Subordinated Advisory Fee" and, together with the Base Advisory Fee, the "Advisory Fee"). The Subordinated Advisory Fee will be calculated on the basis of a 360-day year and the actual number of days elapsed during the related Interest Accrual Period.

The CLO's initial portfolio of collateral obligations was acquired from an affiliate of the Adviser. It is anticipated, although not required, that the CLO Issuer will acquire additional investment and reinvestment collateral interests from an affiliate of the Adviser. These affiliates receive certain fees in association with loan origination services which are reasonable and customary for such transactions. The CLO is not responsible for such fees. Additionally, other affiliates of the Adviser hold risk retention interests in the CLO when required by applicable law or contractual obligation, and may hold other interests in the CLO acquired at issuance or in the secondary market, which gives Starwood an additional pecuniary interest in the CLO.

LNR will not act in the capacity of special servicer on behalf of the CLO Issuer with respect to the infrastructure finance loans that are owned by the CLO Issuer.

Expenses

STWD CMBS Venture Holdings

Expenses of STWD CMBS Venture Holdings (actual, third party, out-of-pocket expenses incurred by the Client 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 Client and deducted in determining cash flow. Unless otherwise consented by the Client'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 Client, which are established within the LLC Agreement, and require the consent of the Client'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.

Woodstar Portfolio Holdings

Woodstar Portfolio Holdings shall bear and be charged all fees, costs, expenses, liabilities and obligations relating to the fund's and/or its subsidiaries' activities, investments and business, including: (i) all fees, costs, expenses, liabilities and obligations attributable to, financing, refinancing, managing, operating, holding, taking public, valuing, winding up, liquidating, dissolving and disposing of the fund's investments (including interest and fees on money borrowed by the fund or the Adviser or managing member on behalf of the fund, commitment, real estate title, survey, brokerage, finders', custodial and other fees), (ii) legal, accounting, administration, custodian, depositary, auditing, insurance (including directors and officers, errors and omissions and representation and warranty liability insurance), travel, reasonable expenses for business development and entertainment directly related to the management of investments to the extent not reimbursed by a third party, litigation (including damages) and indemnification costs and expenses, judgments and settlements, consulting, brokerage, finders', financing, appraisal, third party valuation, filing, printing, title, transfer (including transfer agent fees), registration, telephone, engineering and environmental costs and expenses, property management fees and real estate commissions, and other fees and expenses (including fees, costs and expenses associated with the preparation or distribution of the fund's financial statements, tax returns, tax estimates, FATCA filings and Schedule K-1s or any other administrative, regulatory or other fund-related reporting or filing, (iii) costs and expenses of the advisory committee incurred by the fund, (iv) all fees, costs, expenses, liabilities and obligations incurred by the fund, the managing member or any other affiliate relating to investment and disposition opportunities for the fund not consummated (including legal, accounting, auditing, insurance, travel (including, where appropriate, the cost of chartering private aircraft at a cost not exceeding the cost of first class commercial airfare, including when direct commercial flights are otherwise unavailable (which cost shall be determined by comparing the cost of first class commercial airfare for flights of similar distance between locations with similar populations, as reasonably selected by the Fund)), reasonable

expenses for business entertainment directly related to such investments to the extent not reimbursed by a third party, consulting, brokerage, finders', financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination and other fees and expenses), (v) all out-of-pocket fees, costs and expenses incurred by the fund, the managing member or any other affiliate in connection with the meetings of the members and any other conference or meeting with any members(s) (including any associated expenses related to meals and entertainment), (vi) the fund management fees and the property management fees, (vii) any taxes, fees and other governmental charges levied against the fund, except to the extent that the fund is reimbursed therefor by a member or the managing member determines in its sole discretion that a tax, fee or other governmental charge, including an "imputed underpayment", is properly chargeable to a particular member, (viii) costs and expenses that are classified as extraordinary expenses under GAAP, (ix) all fees, costs and expenses incurred in connection with the organization, management, operation, and dissolution, liquidation and final winding up of any feeder vehicles (or negotiations related thereto), (x) unreimbursed costs and expenses incurred in connection with any transfer, and (xii) any activities with respect to protecting the confidential or non-public nature of any information or data. All of the foregoing expenses set forth in clauses (i) through (xii) of this section are operating expenses. The fund may share insurance policies with other funds and other investment vehicles managed and/or sponsored by one or more other funds and investment vehicles managed by Starwood or its affiliates. The costs of such insurance policies shall be allocated among the funds and investment vehicles in a manner that the managing member determines in good faith to be reasonable (it being understood that a pro rata allocation based on assets under management and/or committed capital shall in any event be deemed reasonable). Additionally, the fund shall bear and be charged with all organizational costs and expenses, except placement agent or similar fees, pertaining to the offering and sale of interests to prospective members, the consummation of the closing and the organization of the fund and the managing member, including any related legal fees and travel expenses. The fund shall promptly reimburse to the managing member for any organizational expenses paid by the managing member which were required to be borne by the fund pursuant to the immediately preceding sentence.

STWD 2019-FL1 and STWD 2021-FL2

The CLOs will often bear the costs and expenses described below, to the extent permitted under CLOs' 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 CLOs. CLO expenses include: administration, legal, auditing, banking, trustee, custody, regulatory, reporting, and accounting and tax expenses; expenses and costs incurred in effecting or directing purchases of commercial real estate loans and sales of commercial real estate loans and eligible investments; expenses associated with negotiating with borrowers under the commercial real estate loans as to proposed modifications or waivers, expenses associated with taking action or advising the Trustee with respect to the Issuer's exercise of any rights or remedies in connection with the commercial real estate loans and eligible investments; expenses associated with the identification, investigation, acquisition, holding, structuring, organizing, financing, refinancing, restructuring, winding up, liquidation, dissolution and disposition of the CLO assets; expenses incurred in connection with the obtaining and maintaining of insurance policies; 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 loans; 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.

STWD 2021-SIF1

The CLO will often bear the costs and expenses described below, as provided under the 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. CLO expenses include: administration, legal, auditing, banking, trustee, custody, regulatory, reporting, and accounting and tax expenses; expenses and costs incurred in effecting or directing purchases and sales of collateral obligations; expenses associated with negotiating with borrowers of collateral obligations as to proposed modifications or waivers; expenses associated with taking action or advising the Trustee with respect to the Issuer's exercise of any rights or remedies in connection with the collateral obligations; expenses associated with the acquisition, holding, monitoring, marking to market, enforcement, amendment, due diligence, default, evaluation, transfer, workout, restructuring, bankruptcy or disposition of any collateral obligation or other assets (whether or not actually consummated), or with respect to any modification of or supplement to the collateral advisory agreement, the Indenture or any other CLO transaction document; third-party costs in connection with preparing reports provided for under the Indenture or any other CLO transaction document, including reports to holders of the CLO notes; fees and expenses of the rating agency rating the CLO notes and any incurred in connection with obtaining and maintaining ratings for the notes; reasonable travel expenses (airfare, meals, lodging and other transportation) undertaken in connection with the performance by the Adviser of its duties pursuant to the collateral advisory agreement or pursuant to the Indenture; expenses and costs in connection with any investor conferences, news and quotation subscription expenses; any fees payable to any broker or brokers in consideration of brokerage services provided to the Adviser in connection with the sale or purchase of any asset; any fees for bookkeeping, accounting or recordkeeping services obtained or maintained with respect to the Issuer (including those services rendered at the behest of the Adviser); out-of-pocket fees and expenses incurred in obtaining (a) the market value of collateral obligations (including, without limitation, fees payable to Loan Pricing Corporation, Markit, Mergent, Inc., IDC, FT Interactive Data or any other nationally recognized pricing service) and (b) the ratings of collateral obligations (including, without limitation, fees payable to any Rating Agency); disbursed or allocated expenditures related to the compliance module of portfolio monitoring software and technology, data entry and services costs for record keeping and fund administration related to the management of the assets; fees and expenses of auditors incurred in

connection with any consolidation review; fees and expenses incurred by the Adviser in connection with hedge agreements; out-of-pocket costs or expenses incurred by the Adviser in connection with compliance under the U.S. Risk Retention Rules, the EU Securitization Regulation or the UK Securitization Regulation; and any other expenses in connection with matters arising in the Adviser's performance of its duties under the collateral advisory agreement. If any expenses or costs described above are allocable to one or more entities or accounts in addition to the Issuer for which the Adviser provides advisory or management services, the Issuer shall be responsible only for the portions of those expenses and costs fairly allocable to the Issuer in the Adviser's sole discretion. Other than as stated above, the Issuer will bear, and will pay directly in accordance with the Indenture, all other costs and expenses incurred by it in connection with the organization, operation or liquidation of the Issuer.

Item 6

Performance-Based Fees and Side-by-Side Management

As noted above in Item 5, affiliates of the Adviser may receive carried interest from certain Clients 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. Under Rule 205-3, an investment adviser may charge a performance fee if the client – including investors within the client – is a “qualified client” as defined in the rule. 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 limits on the types of investment opportunities based on the particular strategy of each investment fund. Additionally, Starwood may impose organizational limitations on the creation of successor investment funds until a predecessor fund with a similar strategy is substantially committed. The Adviser has adopted and implemented policies and procedures to address the allocation of investment opportunities across Clients with similar or overlapping strategies. The policies and procedures seek to ensure that investment opportunities are allocated in a manner that is consistent with the relevant governing documents and on an otherwise fair and equitable basis.

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

Item 7

Types of Clients

As noted in Item 4 above, STWD IM provides investment advisory and asset management services to the private investment funds and serves as collateral manager or collateral advisor to the CLOs.

Advisory Clients are private investment vehicles that qualify for an exclusion from the definition of “investment company” under Section 3(c)(1) or 3(c)(7) of the Investment Company Act and are organized in both the United States and internationally.

Investors participating in the Client vehicles are required to meet certain suitability and net worth qualifications, 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

STWD CMBS Venture Holdings

The investment strategy of the fund 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 Client's investment strategy. The Adviser tracks the performance of all of the Client'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 Adviser'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 Adviser's market information comes from two primary sources: 1) persistent monitoring of market trends via industry research, and 2) the Adviser's access to all major industry data providers.

Woodstar Portfolio Holdings

The fund is organized for the object and purpose of providing its members with current returns from a portfolio of affordable housing properties through quarterly distributions of operating cash flows and to provide its members with the opportunity for capital appreciation from the portfolio and owning, managing, supervising and disposing of such investments, sharing the profits and losses therefrom and engaging in such activities necessary, incidental or ancillary thereto and to engage in any other lawful act or activity of the foregoing.

Active portfolio management is essential to the fund's investment strategy. The Adviser tracks the performance of all of the fund's assets at the property level by reviewing weekly occupancy and lease traffic reports, monthly financial statements, quarterly valuation analysis, annual compliance monitoring, and recurring property site visits. Quarterly portfolio reviews by the Adviser's asset management investment professionals outline performance as compared to projections and reviews current capital market activity to generate an updated valuation recommendation. The capital markets research is driven by both 3rd party research and the Adviser's active participation in both the debt and equity capital markets in this sector.

STWD 2019-FL1 and STWD 2021-FL2

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 CLOs in accordance with the respective governing documents. After an investment is approved by STWD IM and becomes a holding of a 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.

STWD 2021-SIFI

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 and the assets securing the loan. The credit analysis of the borrower and the assets securing the loan typically includes a review of historical financial statements, loan documentation and, if applicable, key financial metrics and the loan payment history of the borrower. The collateral analysis typically includes, in each case to the extent available and applicable, an analysis of historical financial and operating performance, a review of contractual arrangements and third-party diligence reports. The market in which the asset participates is assessed to evaluate competitive positioning as well as market trends. Financial models are prepared to analyze the asset's financial performance in an expected case as well as in various downside scenarios.

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, investments are periodically reviewed to evaluate operating and financial performance. Key metrics are tracked by the appropriate investment professional and are discussed with the portfolio leaders.

Allocation of Investment Opportunities to Clients

STWD IM and its affiliates serve (and may in the future serve), as a sponsor of and/or an investment adviser to Clients which have (or may have in the future) investment objectives or

guidelines that overlap, or are in competition with each other. The Clients' governing documents will set forth the Adviser's duties and obligations to each such Client. The Adviser has adopted and implemented policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that is consistent with the relevant governing documents and on an otherwise fair and equitable basis.

Risk Factors

Very generally, investing in securities and other investment assets involve risk of loss of the principal amount invested. 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 investors 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 (including the subscription documents). Those documents also disclose potential risks for the private investment funds and CLOs 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 Issuers, and affiliate general partners and/or managing members have limited operating histories. 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 Adviser's Clients.
- 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 price depreciation, loan prepayment, unfavorable modification of loan principal amount and interest rate, and amortization of principal. Any of the foregoing events can result in investment losses.
- Commercial real estate loans generally. Commercial real estate loans generally may entail risks of delinquency and foreclosure, and risks of loss in the event thereof. Commercial real estate loans generally are non-recourse loans and in the event of a default generally there will be recourse only against the specific properties and other assets that have been pledged to secure such real

estate loans. Also, even if a real estate loan provides for recourse to a borrower or its affiliates, the Client is unlikely to ultimately recover any amounts not covered by the commercial property.

- Infrastructure finance loans generally. Investing in debt associated with infrastructure assets involves a variety of risks, not all of which can be foreseen or quantified, and which include, among others, the burdens of ownership of infrastructure assets; local, national and international economic conditions; the supply and demand for services from and access to infrastructure; the financial condition of users and suppliers of infrastructure assets; risks related to construction, regulatory requirements, labor actions, health and safety matters, government contracts, operating and technical needs, capital expenditures, demand and user conflicts, bypass attempts, strategic assets, changes in interest rates and the availability of funds which may render the purchase, sale or refinancing of infrastructure assets difficult or impracticable; changes in environmental laws and regulations, investments in other funds, troubled infrastructure assets and planning laws and other governmental rules; changes in energy prices; negative developments in the economy that may depress travel activity; force majeure acts, terrorist events, under-insured or uninsurable losses; competition from newer or refurbished infrastructure assets; and other factors which are beyond the reasonable control of the Issuer or the Adviser. Many of these factors could cause fluctuations in usage, expenses and revenues, causing the value of collateral obligations to decline and may negatively affect the returns.

- Real estate assets generally. Investment strategies involving the ownership of real estate assets may include: changes in global, national, regional, or local economic, demographic or real estate market conditions; changes in job markets and employment levels on a national, regional and local basis; changes in the overall conditions in the housing and rental markets, including declines in the value of residential real estate, increasing costs of maintaining, insuring, renovating and making improvements to properties in order to maintain the quality and condition of the portfolio, increasing vacancies and the need to periodically repair, renovate and re-lease the units, inability of residents to pay rent when due and otherwise perform their lease obligations, inability to lease or re-lease units to residents on a timely basis, on attractive terms or at all, changes in interest rates and availability of financing that may negatively impact the value of the properties and/or render the acquisition of new homes difficult or unattractive, and/or increases in state and local property taxes, and insurance costs; level of competition and demand for suitable rental units, including the development of new properties that compete for residents with the properties in the portfolio; unanticipated repairs and capital expenditures resulting from weather-related damages, environmental problems, such as indoor mold, and damage to the properties caused by current or former residents; the illiquidity of real estate investments, generally; and changes in laws, including those that increase operating expenses or limit the ability of the Adviser or its subsidiaries to increase rental rates.

- Regulations that impose rent restrictions. Owners of Low Income Housing Tax Credit (LIHTC) properties are required by law to charge rents at or below a specified monthly rate and restrict occupancy at the properties to residents who earn no more than specified income limits based on the median income in the property's geographic metropolitan statistical area (MSA) or county, as published annually by the U.S. Department of Housing and Urban Development. As a result of the foregoing, the ability to increase rents on the properties in the Portfolio is limited and

the pool of potential tenants is restricted, which limits the potential cash flows from and appreciation of the properties.

- Resident relief laws. Client vehicles that own residential properties may be involved from time to time in evicting residents who are not paying their rent or who are otherwise in material violation of the terms of their lease. Eviction activities will impose legal and managerial expenses that will increase costs. The eviction process is typically subject to legal barriers, mandatory “cure” policies and other sources of expense and delay, each of which may delay the ability to gain possession and stabilize the home. Additionally, state and local landlord-resident laws may impose legal duties on landlords to assist residents in relocating to new housing, or restrict the landlord’s ability to remove the resident on a timely basis or to recover certain costs or charge residents for damage that residents cause to the landlord’s premises.
- Environmental risk. Investments involving real property or loans on real estate and energy infrastructure assets are subject to certain environmental risks associated with environmental claims, environmental regulations and occupational safety issues and concerns. Contamination of real property may give rise to a lien on that property to assure payment of the cost of clean-up or, in certain circumstances, may result in liability to the lender for that cost. Such contamination may also reduce the value of a property. Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances.
- 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. Clients 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.
- 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.

- Below investment-grade assets involve particular risks. Assets in the Client vehicles consist of non-investment grade loans or interests in non-investment grade loans, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that the assets generally will be subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the portfolio is concentrated in one or more particular types of collateral obligations.

- Credit ratings are not a guarantee of quality. Credit ratings of assets represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality or performance. Credit ratings address the timely payment of interest on non-deferrable classes and the ultimate payment of principal by the stated maturity. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency.

- Credit and interest rate risks of debt securities. Debt portfolios are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities which are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risk associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Floating rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

- Risks associated with bankruptcy cases. There are a number of significant risks inherent in the bankruptcy process. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of a Client vehicle. Furthermore, there are instances where creditors and equity holders lose their ranking and priority such as when they take over management and functional operating control of a debtor. In those cases where a Client vehicle, by virtue of such action, or by virtue of its investment in an issuer in which one or more other Starwood entity has a controlling equity interest is found to exercise "domination and control" of a debtor, a Client vehicle may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Client vehicle.

- Changes to, or elimination of, LIBOR could adversely affect LIBOR-linked commercial and financial contracts. In 2017, the FCA announced that it will no longer compel banks to submit rates for the calculation of LIBOR after December 31, 2021. Such announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. However, for U.S. dollar LIBOR, it now appears that the relevant date may be deferred to June 30, 2023 for the most common tenors (overnight and one, three, six and 12 months). As to those tenors, ICE Benchmark Administration Limited (“IBA”) has published a consultation regarding its intention to cease publication of U.S. dollar LIBOR as of June 30, 2023 (instead of December 31, 2021, as previously expected), apparently based on continued rate submissions from banks. Although the foregoing may provide some sense of timing, there is no assurance that LIBOR, of any particular currency and tenor, will continue to be published until any particular date, and it appears highly likely that LIBOR will be discontinued or modified after December 31, 2021 or June 30, 2023, depending on the currency and tenor.

- Benchmark transition event risks. LIBOR will likely be replaced as the Reference Rate for LIBOR-linked commercial and financial contracts following the occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date. Additionally, any Alternative Reference Rate may be further replaced by an as-yet unspecified successor Reference Rate following the occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date with respect to such Alternative Reference Rate. In order to compensate for differences between the successor Reference Rate and then-current Reference Rate, a Benchmark Replacement Rate Adjustment will be included in any Alternative Reference Rate. However, the Adviser cannot provide any assurances that any Benchmark Replacement Rate Adjustment will be sufficient to produce the economic equivalent of the then-current Benchmark, either at the Benchmark Replacement Date or over the life of the Notes. As a result of each of the foregoing factors, the Adviser cannot provide any assurances that the characteristics of any Alternative Reference Rate will be similar to the then-current Reference Rate that it is replacing, or that any Alternative Reference Rate will produce the economic equivalent of the then-current Reference Rate that it is replacing. The Adviser will have discretion in all elements of the Reference Rate replacement process, including, but not limited to, determining if a Benchmark Transition Event has occurred, determining the Alternative Reference Rate to be implemented in connection with such Benchmark Transition Event, and determining the applicable Benchmark Replacement Rate Adjustment and any applicable Benchmark Replacement Conforming Changes, in all cases in accordance with Client governing documents.

- The Secured Overnight Financing Rate (“SOFR”) may not be representative of LIBOR; SOFR-based benchmarks are under development and may not be available. The Alternative Reference Rate will depend on the availability of various alternative Reference Rates, the first of which is the forward-looking term rate for the applicable corresponding tenor based on SOFR that has been endorsed, selected or recommended by the Relevant Government Body (“Term SOFR”); the second of which is Compounded SOFR; and the last three of which are not currently specified. SOFR was selected by the Alternative Reference Rates Committee (“ARRC”) of the Federal Reserve Bank of New York as the replacement for LIBOR. However, because SOFR is a secured, risk-free rate, while LIBOR is an unsecured rate reflecting counterparty risk, SOFR will not be representative of LIBOR. Moreover, LIBOR is a forward-looking term rate. Term SOFR, which

is expected to be a forward-looking term rate which will be based on SOFR, is the first alternative among the Alternative Reference Rate, but is currently being developed, and no assurances can be provided that the development of Term SOFR will be completed or that the ARRC or some other relevant governmental entity will endorse the use of Term SOFR.

- Notes in a CLO are subject to interest rate risks, including mismatches between the notes and the collateral obligations. Although the collateral obligations will generally bear interest at floating rates based on LIBOR, a portion of the collateral obligations may consist of fixed rate obligations and/or floating rate obligations that bear interest based on other indices, and there may be mismatches between the floating rates applicable to the floating rate obligations and the LIBOR applicable to the floating rate notes, as well as timing mismatches based on different reset dates for such floating rates. No assurance can be made that the portion of floating rate collateral obligations of the Issuer that bear interest based on indices other than LIBOR will not increase in the future. As a result of such mismatches, changes in the level of LIBOR or any other applicable floating rate index could adversely affect the ability of the Issuer to make payments on the securities.
- Limited market for collateral interests; Illiquidity of collateral interests. There will be a limited trading market for CLO collateral interests, and in certain instances there may be effectively no trading market therefor. The illiquidity of certain collateral interests may restrict the Issuer's ability to dispose of investments in a timely fashion and for an attractive price. Illiquid collateral interests may trade at a discount from comparable, more liquid investments. In addition, the Issuer will invest in collateral interests that may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale, and even if such collateral interests are transferable, the prices realized from their sale could be less than those originally paid by the Issuer or less than what may be considered the fair value of such collateral interests.
- Limited market for defaulted collateral interests; Illiquidity of defaulted collateral interests. A defaulted collateral interest may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted collateral interest. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted collateral interest. The liquidity of defaulted collateral interests may be limited, and to the extent that defaulted collateral interests are sold to any purchaser other than the special servicer or its affiliates (who, if they elect to purchase any defaulted collateral interest, must purchase at a price equal to the principal balance plus accrued interest thereon), it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.
- Risks related to certain collateral interest modifications. The Adviser may direct and require the special servicer to effect administrative modifications and criteria-based modifications on the CLO loans and upon any such directions the special servicer will be required to effectuate such administrative modifications or criteria-based modifications, provided in the case of any criteria-based modification that certain conditions are satisfied as specified under the Servicing Agreement. A criteria-based modification may be a modification of significant economic terms of

a CLO loan, such as a reduction of the interest rate thereon or an extension of the maturity thereof. An administrative modification may result in changes to borrower financial covenants as to debt service coverage, debt yield or loan-to-value requirements.

- Sale of collateral upon default on the notes. If an event of default occurs with respect to the CLO notes, there can be no assurance that the proceeds of any sale by the Trustee, together with the other collateral securing the offered notes, would be sufficient to pay in full any amounts payable to the note administrator and the Trustee and all expenses of the Issuers and the principal of and interest on the notes. In addition, certain conditions set forth in the CLO Indenture must be satisfied before the Trustee is permitted to sell the collateral interests and other collateral pledged as security for the offered notes following an event of default and it is unlikely any such sale would take place unless the proceeds of the liquidation of the collateral would be sufficient to redeem all of the notes in full. As a result, the collateral could be preserved intact even if it were advantageous to sell it.

- Terms of the CLO governing indentures. The ability of a the Issuer of a CLO to make distributions or pay dividends will depend on the extent to which payments are made on the portfolio assets and, among other things, on the terms and conditions of the indentures governing the CLO securities. For example, tests based on overcollateralization, interest coverage or other financial ratios may restrict the ability of certain classes of CLO securities to receive cash flow from these investments. Also, such vehicles may take actions that prioritize distributions to certain classes of securities and delay distributions to other classes of securities in order to preserve ratings. Holders of the more senior debt tranches of such a vehicle will often receive current payments of principal and interest at times when the factors enumerated above preclude payments and distributions to some or all of the more junior debt and equity tranches of the CLO. In addition, a decline in the credit quality of an asset due to poor operating results of the relevant borrower or issuer, declines in the value of the collateral supporting such asset and increases in defaults, among other things, may force such vehicles to sell certain assets at a loss, reducing their earnings and, in turn, cash potentially available for payment or distribution.

- Subordinated interests. Certain Starwood affiliates will likely hold significant interests in the below investment grade bonds and preferred equity tranche of the CLOs, whose investment portfolios are managed by the Adviser or its affiliates. Starwood affiliates may also invest in various tranches of more senior debt securities issued by the CLOs managed by the Adviser or its affiliates. Investing in CLOs or financing vehicles sponsored by the Adviser or its affiliates would result in certain conflicts of interest.

- Participation Interests. The Adviser may invest the CLOs in loans acquired through participations. In purchasing participations, there will usually be a contractual relationship only with the selling institution, and not the borrower. There generally will not be any right to directly enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to the loan agreement agreed to by the selling institution. The CLOs may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of setoff the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof, the CLOs may be treated as general

creditors of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, the CLOs may be subject to the credit risk of the selling institution as well as of the borrower.

- **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, 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. 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, 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 financing activities. Further, this outbreak has led to severe disruptions of global financial markets, including the credit markets, significant increases in unemployment, significant reductions in consumer demand and downturns in the economies of many nations, including the United States. The long-term effects of the social, economic and financial disruptions caused by the COVID-19 pandemic are unknown and will likely continue for some time. It is expected that many obligors on senior, secured commercial real estate and infrastructure finance loans will be

affected or will continue to be affected by the COVID-19 pandemic. As a result, many obligors may be unable to make timely payments on the loans or may be unable to sell the underlying collateral or refinance their related loans at maturity, in each case, in an amount sufficient to pay the principal balances of the loans. Any such scenario could lead to an increased likelihood of defaults on the loans and longer than expected liquidation timelines upon the occurrence of an event of default thereunder. Any of these developments, and others, could have a material adverse effect on our business and results of operations.

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 future Client vehicles advised by STWD IM. STWD IM, not the Client vehicle or investor, will reimburse SC for its expenses for acting as placement agent for STWD IM’s private funds. SC will not receive commissions or other transaction fees for its services relating to STWD IM’s investment vehicles. SC did not act as a placement agent for any STWD IM Clients, nor will it execute any portfolio trades on behalf of STWD IM Clients.

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 knowingly 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 assets to a Client managed by the Adviser or an affiliate. 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 providing disclosure to and receiving the 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 prior to the execution of a transaction. 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 have interests in the Client vehicles and may 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 may face 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. Such conflicts will be addressed in accordance with the requirements set forth in the Client governing documents and the Adviser's policies and procedures.

Affiliates of the Adviser will enter into service arrangements with certain Clients advised by the Adviser. These arrangements present conflicts of interest and are disclosed to the investors in offering 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.

Item 12

Brokerage Practices

STWD IM advises Clients with investment objectives primarily focused on investing in and managing real estate and infrastructure-related debt and equity 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. The Adviser generally does not make recommendations for investments by its Clients in public securities as most investments are in privately negotiated transactions. Accordingly, the Adviser does not typically select broker-dealers for Client transactions. In the event that a broker-dealer is selected, the Adviser 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.

The Adviser's Clients do participate in hedging transactions and the Adviser generally uses a third-party vendor to help provide quotes and facilitate execution from multiple broker-dealer counterparties. Client transactions are executed with the counterparties with the intent of seeking best execution for the Clients. The Adviser does not have any soft dollar arrangements with the third-party vendor or any of the counterparties selected by the third-party vendor. The Adviser does not have any directed brokerage arrangements.

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 investors in STWD CMBS Venture Holdings. 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. Following the end of the Client'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.

On a quarterly basis, STWD IM or an affiliate will issue to investors in Woodstar Portfolio Holdings unaudited quarterly financial statements no later than ninety days following the end of the first three fiscal quarters of each fiscal year. Following the end of the Client's fiscal year, STWD IM or an affiliate will deliver audited annual financial statements of the fund and its consolidated subsidiaries no later than one hundred twenty days after the end of each fiscal year of the fund. Additionally, the Adviser and investors in the fund may enter into side letter arrangements that provide such investors with preferential rights, which may include additional information and reporting rights. Except as otherwise agreed with an investor, the Adviser, or applicable affiliate, is not required to disclose the terms of any side letter arrangement with other investors in the same fund.

Regarding STWD 2019-FL1 and STWD 2021-FL2, 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.

Regarding STWD 2021-SIF1, the Issuer, or collateral administrator on its behalf, will compile and make available a monthly report setting forth certain information with respect to the collateral obligations, including certain loss and delinquency information and measurements of certain investment criterion ("Monthly Report"). On each Payment Date, the Issuer, or collateral administrator on its behalf, will make available a report containing all information in a Monthly Report for the full collection cycle as well as setting forth, among other things, certain information, provided by an affiliate of the Adviser, as to the distributions being made, the fees to be paid to

the collateral advisor and the Trustee and the loss and delinquency status of the collateral obligations (“Distribution Report”).

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 private investment funds and CLOs. 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

STWD CMBS Venture Holdings and Woodstar Portfolio Holdings

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 general partners or managing members of the private investment funds, 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.

STWD 2019-FL1, STWD 2021-FL2, and STWD 2021-SIF1

With respect to the CLOs, neither the Adviser nor its affiliates intend to maintain custody of Client funds or securities. The Trustees of the corresponding CLOs, who are unaffiliated with the Adviser, ultimately maintain control over the assets in accordance with the relevant offering and governing documents.

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, act in accordance with recommendations from senior management when it believes those recommendations are consistent with a Client's best interests. Likewise, the Adviser maintains the authority to abstain from consent decisions if it determines that not consenting is in a Client's best interests.

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.