

Starwood Property Trust Announces \$131 Million Capital Deployment

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GREENWICH, Conn., May 26 /PRNewswire-FirstCall/ -- Starwood Property Trust (NYSE: STWD) today announced that the Company has recently deployed \$131.4 million of capital through the origination of a \$59.0 million first mortgage loan on a 38-story office building (the "Property") located in the heart of Chicago's central business district (the "Office Loan") and through the \$72.4 million discounted purchase of a \$90.6 million participation in a B note secured by four resorts in the United Kingdom (the "Corporate Loan").

The Office Loan matures in May 2015, bears interest at the rate of 8.0% per annum, and has a debt yield of 11.5% and an expected unlevered return of approximately 8.8%. The Company's basis in the Property is approximately \$77 per square foot. In the near term and in connection with additional investment deployment, the Company expects to apply appropriate leverage to the Office Loan to increase its expected return.

The Corporate Loan matures in October 2013, bears interest at the rate of L + 350 bps and, at the Company's discounted purchase price, has a debt yield of 11.7% and an expected return of 13.6% (in US Dollars). The resorts backing the Corporate Loan are a leader in the UK leisure market and have demonstrated resilient operating performance throughout the downturn, including achieving 97% occupancy in 2009. In addition, since the Corporate Loan is denominated in British Pounds the Company has entered into a currency hedge to mitigate potential risk.

"These new investments are consistent with our investment philosophy of deploying capital in a disciplined manner which will provide predictable growth and safety in our cash flow stream, thereby enabling us to grow our dividend over time," said Leo Huang, Head of Real Estate Fixed Income for Starwood Capital Group, the Company's external manager. "We remain confident that we will be able to deploy additional capital at attractive rates of return as spreads widen due to both the uncertainty in the global financial markets and as an increasing volume of loan restructurings and maturities hit the market."

To date the Company has fully deployed the equity raised in its IPO and has made investments totaling approximately \$981.2 million. As of today, the Company has \$220.4 million of cash on hand or available on the term loan facility with Wells Fargo Bank, National Association. In addition, the Company is currently in discussions to implement an additional financing facility in the near term.

About Starwood Property Trust, Inc.

Starwood Property Trust, Inc. (NYSE: STWD) is a newly formed company that is focused primarily on originating, investing in, financing and managing commercial mortgage loans and other commercial real

estate-related debt investments. Starwood Property Trust, Inc. is externally managed and advised by SPT Management, LLC, an affiliate of Starwood Capital Group, and intends to elect to be taxed as a real estate investment trust for U.S. federal income tax purposes.

Forward Looking Statements

Statements in this press release which are not historical fact may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Although Starwood Property Trust, Inc. believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from the Company's expectations include completion of pending investments, continued ability to acquire additional investments, competition within the finance and real estate industries, economic conditions, and other risks detailed from time to time in the Company's reports filed with the SEC.

SOURCE Starwood Property Trust