



Starwood Property Trust Announces \$352 Million Capital Deployment

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GREENWICH, Conn., March 23, 2011 /PRNewswire/ -- Starwood Property Trust (NYSE: STWD) today announced that the Company has recently deployed \$352 million of capital through three separate transactions: the origination of a \$165.5 million first mortgage loan, mezzanine loan and corporate loan on a portfolio of six full service hotels located throughout California (collectively, the "Hotel Loan"); the origination of a \$30 million mezzanine loan on a luxury hotel located on the Upper East Side of Manhattan (the "New York Mezzanine Loan"); and the discounted purchase of a \$188.0 million mezzanine loan secured by a portfolio of 10 office buildings located in Northern Virginia (the "Office Loan").

"We are pleased to continue deploying capital at very attractive risk adjusted returns," said Barry Sternlicht Chairman and CEO. "Since our secondary equity offering in December 2010, we have invested \$650 million of gross capital, 76% of which was new originations and 24% was acquisitions. We expect that our entire portfolio of target assets, which has a weighted average LTV of less than 64%, will yield approximately 12% which we consider an exceptional yield with moderate risk in a low rate world. STWD has differentiated itself by offering creative tailored solutions for borrowers where we can rely on the extensive real estate experience of our growing team."

The \$165.5 million Hotel Loan was structured as a \$107 million first mortgage loan (the "Hotel First Mortgage Loan") and \$38 million mezzanine loan (the "Hotel Mezzanine Loan") secured by five full service hotels located in California and containing over 1,050 rooms and a \$20.5 million corporate loan secured primarily by one full service hotel. The Hotel First Mortgage Loan and Hotel Mezzanine Loan, which on an aggregate basis have a loan to value ratio of approximately 75%, both mature in March 2016 and the corporate loan matures in March 2012. At closing, the Company split the Hotel First Mortgage Loan into an A Note, B Note and C Note and intends to retain the C Note, Hotel Mezzanine Loan and corporate loan (the "Hotel Retained Loans"). The Company's expected levered return on the Hotel Retained Loans is in excess of 13%.

The New York Mezzanine Loan was used to refinance a 188 room luxury boutique hotel located in the heart of the Upper East Side of Manhattan. The New York Mezzanine Loan matures in February 2014, has a loan to value ratio of approximately 53% and an expected levered return in excess of 10.5%.

The Office Loan, which matures in May 2012, was bought at a discounted purchase price of \$156.5 million. The portfolio of office buildings is comprised of 9 Class A and Class B office buildings with 2.5 million square feet of net rentable area and an office building under construction that will contain 538,029 square feet of Class A office. The Office Loan has a loan to value ratio of approximately 54% and has an expected return in excess of 10%.

About Starwood Property Trust, Inc.

Starwood Property Trust, Inc. (NYSE: STWD) is a commercial real estate finance 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 has elected 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

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