



For Immediate Release

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Starwood Property Trust Announces \$271.9 Million Capital Deployment

Greenwich, CT (December 28, 2010) Starwood Property Trust (NYSE: STWD) today announced that the Company has recently deployed \$271.9 million of capital through three separate loan originations: a \$206 million first mortgage loan, mezzanine loan and bridge loan on a portfolio of ten full service hotels located throughout the United States (collectively, the “Hotel Loan”), a \$33.9 million first mortgage and mezzanine loan on a portfolio of drug stores located throughout the United States (collectively, the “Drug Store Loan”) and a \$32 million first mortgage loan on a retail development in Vail, Colorado (the “Retail Loan”). The Company recently raised net proceeds of approximately \$434.8 million through the sale of shares of its common stock and these investments represent the deployment of existing cash on hand as well as a portion of the proceeds from the offering.

We continue to effectively deploy our capital as we source attractive investments,” said Barry Sternlicht, Chairman and CEO. “These latest loans add further scale, diversity and safety to our portfolio. We have a number of competitive advantages in the marketplace, including our size, experience and relationships, allowing us to be a flexible lender capable of tailoring our financings to borrowers' unique needs.”

The \$206 million Hotel Loan was structured as a \$155 million first mortgage loan (the “Hotel First Mortgage Loan”) secured by eight full service hotels located in eight states and containing over 2,300 rooms, a \$37 million mezzanine loan (the “Hotel Mezz Loan”) and a \$14 million full recourse bridge loan secured by two full service hotels. The Hotel First Mortgage Loan and Hotel Mezz Loan, which on an aggregate basis have a loan to value ratio of less than 62%, both mature in January 2016 and the bridge loan matures in January 2012. The Company currently intends to split the Hotel First Mortgage Loan into an A Note and a B Note and contribute the A Note into a securitization while retaining the B Note, Hotel Mezz Loan and bridge loan (the “Hotel Retained Loans”). The Company’s expected levered return on the Hotel Retained Loans is in excess of 12%.

The Drug Store Loan was structured as a first mortgage loan and mezzanine loan secured by six retail properties that are fully leased to Walgreen Co. (NYSE: WAG) on a triple-net basis with an average remaining lease term of 20 years. Walgreen Co.’s long term debt rating is currently A/A2 by Standard & Poor’s and Moody’s, respectively. Both loans mature in January 2016. The Company currently intends to contribute the first mortgage loan to a securitization and retain the mezzanine loan which has an expected unlevered return in excess of 13%.

The Retail Loan was used to refinance the Shops at Solaris, a new 70,000 s.f. specialty retail and three-story, 304- space parking structure in the heart of Vail, Colorado. The Shops at Solaris are part of Solaris at Vail, a newly constructed, high end mixed use development that was constructed at a cost of over \$325 million. The Retail Loan matures in June 2012 and, subject to satisfying certain conditions, can be extended by the borrower for an additional one year term. The Retail Loan has a loan to value ratio below 65% and has an expected levered return in excess of 12%.

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.