

STARWOOD PROPERTY TRUST, INC.
Form 424B5
September 09, 2013

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Filed Pursuant to Rule 424(b)(5)
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 9, 2013

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated February 11, 2013)

25,000,000 Shares

Starwood Property Trust, Inc.

Common Stock

We are offering 25,000,000 shares of our common stock.

The underwriters have agreed to purchase our common stock from us at a price of \$ _____ per share, which will result in approximately \$ _____ million of total net proceeds to us before expenses. The underwriters may offer the shares of our common stock from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See "Underwriting."

We have granted the underwriters an option to purchase up to 3,750,000 additional shares of our common stock within 30 days from the date of this prospectus supplement.

Our common stock, par value \$0.01 per share, is listed on the New York Stock Exchange under the trading symbol "STWD." The last reported sale price of our common stock on the New York Stock Exchange on September 6, 2013 was \$24.71 per share. We have declared a dividend of \$0.46 per share on our shares of common stock, payable on October 15, 2013 to stockholders of record as of September 30, 2013.

To assist us in maintaining our qualification as a real estate investment trust for U.S. federal income tax purposes, subject to certain exceptions, no person may own more than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or of our outstanding capital stock. You should read the information under the section entitled "Description of Capital

Stock Restrictions on Ownership and Transfer" in the accompanying prospectus for a description of these restrictions.

Investing in our common stock involves certain risks. See "Risk Factors" beginning on page S-5 of this prospectus supplement and in the reports we file with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, incorporated by reference in this prospectus supplement and the accompanying prospectus, to read about factors you should consider before making an investment in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about September , 2013 through the book-entry facilities of The Depository Trust Company.

Citigroup

Deutsche Bank Securities

Wells Fargo Securities

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission, or the SEC. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations, liquidity and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering and also adds to or updates the information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information about our common stock and other securities that do not pertain to this offering of common stock. To the extent that the information contained in this prospectus supplement conflicts with any information in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control. The information in this prospectus supplement may not contain all of the information that is important to you. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully before deciding whether to invest in our common stock.

Unless otherwise indicated or the context requires otherwise, references in this prospectus supplement to "the Company," "our company," "we," "us" and "our" mean Starwood Property Trust, Inc. and its consolidated subsidiaries.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain certain forward-looking statements, including, without limitation, statements concerning our operations, economic performance and financial condition. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are developed by combining currently available information with our beliefs and assumptions and are generally identified by the words "believe," "expect," "anticipate" and other similar expressions. Forward-looking statements do not guarantee future performance, which may be materially different from that expressed in, or implied by, any such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their respective dates.

These forward-looking statements are based largely on our current beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or within our control, and which could materially affect actual results, performance or achievements. Factors that may cause actual results to vary from our forward-looking statements include, but are not limited to:

factors described in the section captioned "Risk Factors" in this prospectus supplement, as well as in our Annual Report on Form 10-K for the year ended December 31, 2012 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013, including those set forth under the captions "Risk Factors" and "Business," and in our other periodic reports filed with the SEC and incorporated by reference herein, including the risk factors described in our Current Report on Form 8-K filed on February 11, 2013;

defaults by borrowers in paying debt service on outstanding indebtedness;

impairment in the value of real estate property securing our loans;

availability of mortgage origination and acquisition opportunities acceptable to us;

our ability to integrate the segments of LNR Property LLC, a Delaware limited liability company, or LNR, which were acquired on April 19, 2013, into our business and achieve the benefits that we anticipate from this acquisition;

potential mismatches in the timing of asset repayments and the maturity of the associated financing agreements;

national and local economic and business conditions;

general and local commercial real estate and residential property conditions;

changes in federal government policies;

changes in federal, state and local governmental laws and regulations;

increased competition from entities engaged in mortgage lending;

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the timing, terms, structure or completion of our contemplated spin-off transaction;

changes in interest rates; and

the availability of and costs associated with sources of liquidity.

In light of these risks and uncertainties, there can be no assurances that the results referred to in the forward-looking statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein will in fact occur. Except to the extent required by applicable law or regulation, we undertake no obligation to, and expressly disclaim any such obligation to, update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, changes to future results over time or otherwise.

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SUMMARY

This summary highlights information about us and the shares of our common stock being offered by this prospectus supplement and the accompanying prospectus. This summary is not complete and may not contain all of the information that you should consider prior to investing in our common stock. For a more complete understanding of our company, we encourage you to read this entire document, including the information incorporated by reference into this document and the other documents to which we have referred.

Overview

We are a Maryland corporation that commenced operations in August 2009, upon the completion of our initial public offering. We are focused primarily on originating, acquiring, financing and managing commercial mortgage loans and other commercial real estate debt investments, commercial mortgage-backed securities, or CMBS, and other commercial real estate-related debt investments. We refer to the following as our target assets:

commercial real estate mortgage loans;

CMBS;

other commercial real estate-related debt investments;

residential mortgage-backed securities; and

residential real estate owned, or residential REO, and non-performing residential mortgage loans.

We may also invest in distressed or non-performing commercial loans and commercial properties subject to net leases. As market conditions change over time, we may adjust our strategy to take advantage of changes in interest rates and credit spreads as well as economic and credit conditions.

On April 19, 2013, we acquired the equity of certain subsidiaries of LNR. Immediately prior to the acquisition, an affiliate of ours acquired the remaining equity comprising LNR's commercial property division. The portion of the LNR business acquired by us includes the following: (i) a servicing business that manages and works out problem assets; (ii) a finance business that is focused on selectively acquiring and managing real estate finance investments, including unrated, investment grade and non-investment grade rated CMBS, subordinated interests of securitization and re-securitization transactions, and high yielding real estate loans; and (iii) a mortgage loan business which originates conduit loans for the primary purpose of selling these loans into securitization transactions.

Our objective is to provide attractive risk-adjusted returns to our investors over the long term, primarily through dividends and secondarily through capital appreciation. We employ leverage, to the extent available, to fund the acquisition of our assets and to increase potential returns to our stockholders. In order to achieve these objectives, we are focusing on asset selection and the relative value of various sectors within the real estate debt market to construct a diversified investment portfolio designed to produce attractive returns across a variety of market conditions and economic cycles. We are organized as a holding company that conducts its business primarily through its various subsidiaries.

We are externally managed and advised by SPT Management, LLC, or our manager, pursuant to the terms of a management agreement. Our manager is controlled by Barry Sternlicht, our Chairman and Chief Executive Officer. Our manager is an affiliate of Starwood Capital Group Global, L.P., or Starwood Capital Group, a privately-held private equity firm founded and controlled by Mr. Sternlicht.

We have elected to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes, commencing with our initial taxable year ended December 31, 2009. We also operate our

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business in a manner that permits us to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or the Investment Company Act.

Our corporate headquarters office is located at 591 West Putnam Avenue, Greenwich, Connecticut 06830, and our telephone number is (203) 422-7700.

Recent Developments

Declaration of Dividend

On August 6, 2013, we declared a dividend of \$0.46 per share on shares of our common stock for the quarter ended June 30, 2013. The dividend is payable on October 15, 2013 to stockholders of record as of September 30, 2013.

Potential Spin-Off of Certain Residential Assets

During 2012, our board of directors approved the expansion of our investment guidelines to include investments in (i) residential REO that are primarily comprised of single-family rental homes and (ii) distressed and non-performing residential mortgage loans (acquired with the expectation of their conversion into residential REO or other commercial resolution), and we began to opportunistically purchase portfolios of single-family rental homes and distressed and non-performing residential mortgage loans. As of June 30, 2013, our portfolio of residential REO properties consisted of 4,329 owned single-family rental homes and single-family homes underlying distressed and non-performing residential mortgage loans, including (1) 2,778 single-family rental homes located in 25 states with an aggregate investment, inclusive of acquisition and actual and budgeted upfront renovation costs, of approximately \$358.0 million and (2) distressed and non-performing residential mortgage loans with an unpaid principal balance of \$408.3 million and a total cost basis of \$192.0 million that are secured by first liens on 1,551 single-family homes.

As part of our continuing efforts to provide value to our stockholders, we are contemplating a spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, and our board of directors has approved certain preliminary matters with respect to such a transaction. However, a decision to effect the contemplated spin-off is subject to a number of conditions, including, but not limited to, further evaluation and approvals by our board of directors and the effectiveness of the related registration statement filed with the SEC. If the contemplated spin-off transaction is effected, we expect that the spin-off entity, which is currently our wholly-owned subsidiary, would elect to qualify to be taxed as a REIT and would be externally managed by an affiliate of our manager, which we refer to as the "spin-off manager." We also expect that the spin-off entity would apply to list its common equity on the New York Stock Exchange. Stockholder approval would not be required in connection with the contemplated spin-off, and we would not request it.

In connection with this contemplated transaction, the spin-off manager has entered into a non-binding letter of intent to purchase certain assets of an operator of single-family homes. This potential acquisition would be limited to the purchase of management-related assets and would not include the acquisition of any single-family homes or residential mortgage loans. If this acquisition is consummated, we expect that the core management team of the acquired operator would become part of the spin-off manager's executive team and, in certain cases, officers and trustees of the spin-off entity, and that its operations-level employees specializing in acquisitions, renovation, management, leasing, maintenance and related services would become employees of the spin-off entity or the spin-off manager. This acquisition is subject to ongoing negotiation and the entry into definitive documentation, and would be conditioned upon, and would occur contemporaneously with, the completion of the contemplated spin-off. As a result, there can be no assurance that this acquisition will be consummated on favorable terms or at all.

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There can be no assurance as to the timing, terms, structure or completion of the contemplated spin-off transaction. For a discussion of risks associated with the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, see "Risk Factors Risks Related to Potential Spin-Off Transaction."

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The Offering

Issuer	Starwood Property Trust, Inc.
Common stock offered by us	25,000,000 shares of our common stock, par value \$0.01 per share (28,750,000 shares of our common stock if the underwriters' option to purchase additional shares is exercised in full)
Shares of common stock to be outstanding after this offering ⁽¹⁾	191,348,924 shares of our common stock (195,098,924 shares of our common stock if the underwriters' option to purchase additional shares is exercised in full)
Use of proceeds	We estimate that the net proceeds from this offering will be approximately \$ million (or approximately \$ million if the underwriters' option to purchase additional shares is exercised in full), after deducting our estimated expenses. We intend to use the net proceeds from this offering to originate and purchase additional commercial mortgage loans and other target assets and investments. We may also use a portion of the net proceeds for other general corporate purposes, including, but not limited to, the payment of liabilities and other working capital needs. In addition, as described above under " Recent Developments Potential Spin-Off of Certain Residential Assets," we are contemplating a spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans. In the event that we effect the contemplated spin-off, we may contribute a portion of the net proceeds from this offering to the spin-off entity in connection with that transaction. See "Use of Proceeds."
Ownership limit	Subject to certain exceptions, our charter restricts ownership of more than 9.8% by value or number of shares, whichever is more restrictive, of our outstanding shares of common stock, or of our outstanding capital stock, in order to protect our status as a REIT for U.S. federal income tax purposes. See "Description of Capital Stock Restrictions on Ownership and Transfer" in the accompanying prospectus.
Listing	Our common stock is listed on the New York Stock Exchange under the trading symbol "STWD."
Risk factors	An investment in our common stock involves risks, and prospective investors should carefully consider the matters discussed under "Risk Factors" beginning on page S-5 of this prospectus supplement and the reports we file with the SEC pursuant to the Securities Exchange Act of 1934, as amended, or the Exchange Act, incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in our common stock.

(1) The number of shares of our common stock to be outstanding after this offering is based on 166,348,924 shares of our common stock outstanding as of September 5, 2013, which excludes: (i) 835,417 shares of our common stock that are issuable upon the vesting of restricted stock units previously granted to our manager; (ii) 2,983,328 shares of our common stock reserved for issuance under our equity incentive plans; and (iii) 38,816,468 shares of our common stock reserved for issuance upon conversion of our 4.55% Convertible Senior Notes due 2018 and our 4.00% Convertible Senior Notes due 2019 (in each case, based on the conversion rates in effect at September 5, 2013).

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RISK FACTORS

Investing in our common stock involves risks. You should carefully read and consider the risks described below as well as the risks described in the sections entitled "Item 1 Business" and "Item 1A Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012, and in our other periodic reports filed with the SEC, and incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risks described in our Current Report on Form 8-K filed on February 11, 2013. You should also carefully read and consider the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risks described above in "Cautionary Statement Regarding Forward-Looking Statements," before making a decision to invest in our common stock. Each of these risks could materially and adversely affect our business, financial condition, results of operations, liquidity and prospects, and could result in a partial or complete loss of your investment.

Risks Related to This Offering

The market price and trading volume of our common stock could be volatile and the market price of our common stock could decline, resulting in a substantial or complete loss of your investment.

The stock markets, including the New York Stock Exchange, which is the exchange on which our common stock is listed, have experienced significant price and volume fluctuations. Overall weakness in the economy and other factors have recently contributed to extreme volatility of the equity markets generally, including the market price of our common stock. As a result, the market price of our common stock has been and may continue to be volatile, and investors in our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. Some of the factors that could negatively affect our stock price or result in fluctuations in the price or trading volume of our common stock include:

our actual or projected operating results, financial condition, cash flows and liquidity, or changes in business strategy or prospects;

actual or perceived conflicts of interest with our manager or Starwood Capital Group and individuals, including our executives;

equity issuances by us, or share resales by our stockholders, or the perception that such issuances or resales may occur;

actual or anticipated accounting problems;

publication of research reports about us or the real estate industry;

changes in market valuations of similar companies;

adverse market reaction to the level of leverage we employ;

additions to or departures of our manager's or Starwood Capital Group's key personnel;

speculation in the press or investment community;

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our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts;

increases in market interest rates, which may lead investors to demand a higher distribution yield for our common stock and would result in increased interest expenses on our debt;

failure to maintain our REIT qualification;

uncertainty regarding our exemption from the Investment Company Act;

price and volume fluctuations in the stock market generally; and

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general market and economic conditions, including the current state of the credit and capital markets.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their share price. This type of litigation could result in substantial costs and divert our management's attention and resources.

There may be future dilution of our common stock as a result of additional issuances of our securities, which could adversely impact our stock price.

Our board of directors is authorized under our charter to, among other things, authorize the issuance of additional shares of our common stock or the issuance of shares of preferred stock or additional securities convertible or exchangeable into equity securities, without stockholder approval. The issuance of additional shares of our common stock in this offering and in connection with conversions of our outstanding 4.55% Convertible Senior Notes due 2018 and our outstanding 4.00% Convertible Senior Notes due 2019, or other future issuances of our common stock or shares of preferred stock or securities convertible or exchangeable into equity securities, may dilute the ownership interest of our existing stockholders. Because our decision to issue additional equity or convertible or exchangeable securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future issuances. Additionally, any convertible or exchangeable securities that we issue may have rights, preferences and privileges more favorable than those of our common stock. Also, we cannot predict the effect, if any, of future sales of our common stock, or the availability of shares for future sales, on the market price of our common stock. Sales of substantial amounts of common stock or the perception that such sales could occur may adversely affect the prevailing market price for our common stock.

We have not established a minimum distribution payment level and no assurance can be given that we will be able to make distributions to our stockholders in the future at current levels or at all.

We are generally required to distribute to our stockholders at least 90% of our taxable income each year for us to qualify as a REIT under the Internal Revenue Code of 1986, as amended, which requirement we currently intend to satisfy through quarterly distributions of all or substantially all of our REIT taxable income in such year, subject to certain adjustments. We have not established a minimum distribution payment level, and our ability to pay distributions may be adversely affected by a number of factors, including the risk factors contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. Although we have made, and anticipate continuing to make, quarterly distributions to our stockholders, our board of directors has the sole discretion to determine the timing, form and amount of any future distributions to our stockholders, and such determination will depend on our earnings, financial condition, debt covenants, maintenance of our REIT qualification and other factors as our board of directors may deem relevant from time to time. We believe that a change in any one of the following factors could adversely affect our results of operations and impair our ability to continue to pay distributions to our stockholders:

our ability to make profitable investments, including with respect to the investment of the net proceeds from our securities offerings;

margin calls or other expenses that reduce our cash flow;

defaults in our asset portfolio or decreases in the value of our portfolio; and

the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

As a result, no assurance can be given that we will be able to continue to make distributions to our stockholders in the future or that the level of any future distributions we do make to our

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stockholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect us.

In addition, distributions that we make to our stockholders are generally taxable to our stockholders as ordinary income. However, a portion of our distributions may be designated by us as long-term capital gains to the extent that they are attributable to capital gain income recognized by us or may constitute a return of capital to the extent that they exceed our earnings and profits as determined for tax purposes. A return of capital is not taxable, but has the effect of reducing the basis of a stockholder's investment in our common stock.

Investing in our common stock may involve a high degree of risk.

The investments that we make in accordance with our investment objectives may result in a high amount of risk, resulting in a complete loss of principal, when compared to alternative investment options. Our investments may be highly speculative and aggressive, and therefore an investment in our common stock may not be suitable for someone with lower risk tolerance.

Risks Related to LNR's Business and our Recent Acquisition of LNR

In addition to the risks relating to our acquisition of LNR described in our Annual Report on Form 10-K for the year ended December 31, 2012 and in our Current Report on Form 8-K filed on February 11, 2013, which are incorporated by reference into this prospectus supplement and the accompanying prospectus, we are also subject to the risk summarized below.

The unaudited pro forma combined financial statements relating to the LNR acquisition and incorporated by reference into this prospectus supplement do not reflect the performance that we anticipate for future periods in the near-term.

In connection with our acquisition of LNR in April 2013, we prepared unaudited pro forma combined financial statements relating to the acquisition, which we filed in our Current Report on Form 8-K/A on June 27, 2013. The unaudited pro forma combined financial statements were prepared and presented in accordance with U.S. generally accepted accounting principles and pursuant to specific requirements under federal securities laws. The unaudited pro forma combined balance sheet and the unaudited pro forma combined statements of income were based on our historical financial statements and the historical financial statements of LNR (after giving effect to our acquisition of LNR using the purchase method of accounting and adjustments described in the notes to the unaudited pro forma combined financial statements) as if such acquisition had occurred as of March 31, 2013 for pro forma balance sheet purposes and as of January 1, 2012 for pro forma income statement purposes.

We believe the unaudited pro forma combined financial statements incorporated by reference into this prospectus supplement and the accompanying prospectus are not indicative of our near-term future results of operations. In particular, LNR's revenues from special servicing are likely to decline in the near-term from the historical amounts reported in the unaudited pro forma combined statements of income due to a decrease in both the number of loans going into special servicing and the amount of revenues received from the resolution of loans currently in special servicing. In addition, we believe that the portion of income generated through fair value increases in the value of LNR's securities portfolio associated with improving CMBS credit spreads during the historical periods presented in these pro forma financial statements may not recur in future periods. Although in determining the pricing for the LNR acquisition we considered a near-term decline in revenues from loans in special servicing and the likelihood that the increase in fair value may not recur in future periods, there can be no assurance that the decline in revenues from special servicing that occurs will not exceed the decline that we anticipated in amount and duration or that the fair value of LNR's securities portfolio will not decline.

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Risks Related to Potential Spin-Off Transaction

In the event that we determine to effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, we may not be able to complete such a spin-off on the terms anticipated or at all.

As part of our continuing efforts to provide value to our stockholders, we are contemplating a spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, and our board of directors has approved certain preliminary matters with respect to such a transaction. However, a decision to effect the spin-off is subject to a number of conditions, including, but not limited to, further evaluation and approvals by our board of directors. In the event that our board of directors approves the remaining aspects of the contemplated transaction, our ability to complete the spin-off would be subject to, among other things, the effectiveness of the related registration statement filed with the SEC, the filing and approval of an application to list the spin-off entity's common equity on the New York Stock Exchange and a formal declaration by our board of directors of a distribution in the form of the spin-off entity's common equity. Stockholder approval would not be required in connection with the contemplated spin-off, and we would not request it. There can be no assurance that the transaction would be completed on the terms anticipated or at all, and a failure to complete the contemplated spin-off could negatively affect the price of our common stock.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, such a spin-off may not have the benefits that we would have anticipated.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, such a spin-off may not have the full or any strategic and financial benefits that we would have anticipated, or such benefits may be delayed or may not materialize at all. The anticipated benefits of a spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans would be based on a number of assumptions, which may prove incorrect. For example, we believe that analysts and investors would regard the spin-off entity's corporate structure as clearer and simpler than our current corporate structure and would place a greater value on the spin-off entity as a stand-alone REIT than as a business that is part of us. In the event that a spin-off were not to have these and other expected benefits, the costs associated with the transaction, including the spin-off manager's compensation and general and administrative expenses, could have a negative effect on the spin-off entity's financial condition and both the spin-off entity's and our ability to make distributions to the stockholders of each company.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, the spin-off entity may not be able to successfully implement its business strategy.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, there can be no assurance that the spin-off entity would be able to generate sufficient returns to pay its operating expenses and make satisfactory distributions to its stockholders, or any distributions at all, once it were to commence operations as an independent company. The spin-off entity's financial condition, results of operations and cash flows would be affected by the expenses it would incur as a stand-alone public company, including fees paid to the spin-off manager and legal, accounting, compliance and other costs associated with being a public company with common equity traded on the New York Stock Exchange. In addition, the spin-off entity's results of operations and its ability to make or sustain distributions to its stockholders would depend on the availability of opportunities to acquire attractive single-family rental homes and distressed and non-performing residential mortgage loans, the ability to complete the acquisition of

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certain assets of the operator of single-family homes described above in "Summary Recent Developments Potential Spin-Off of Certain Residential Assets," or another such company, on favorable terms or at all, the level and volatility of interest rates, the availability of adequate short- and long-term financing, conditions in the real estate market and the financial markets and economic conditions, among other factors. After such a spin-off, we would not be required, and would not intend, to provide the spin-off entity with funds to finance its working capital or other cash requirements, so the spin-off entity would need to obtain additional financing from banks or through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, our agreements with the spin-off entity may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, the terms of the agreements related to the spin-off entity's separation from us, which we expect would include a separation and distribution agreement and a management agreement between the spin-off manager and the spin-off entity, would not have been negotiated among unaffiliated third parties. As a result, the terms of these agreements may be less favorable to us than the terms that would have resulted from arm's-length negotiations among unaffiliated third parties.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, the ownership by certain of our officers and directors of common equity or other equity awards of the spin-off entity would create, or may create the appearance of, conflicts of interest.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, we expect that certain of our officers and directors and certain other employees of our manager would hold positions with the spin-off entity, and that such individuals would own common equity or other equity awards of the spin-off entity. Ownership by certain of our officers and directors and certain other employees of our manager, after the contemplated spin-off is effected, of common equity or other equity awards of the spin-off entity would create, or, may create the appearance of, conflicts of interest when these officers, directors and other employees would be faced with decisions that could have different implications for the spin-off entity than they do for us.

In the event that we (1) effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans and (2) consummate the acquisition of certain assets of an operator of single-family homes, we may have conflicts of interest resulting from this acquisition.

In connection with the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, the spin-off manager has entered into a non-binding letter of intent to purchase certain assets of an operator of single-family homes. This potential acquisition would be limited to the purchase of management-related assets and would not include the acquisition of any single-family homes or residential mortgage loans. If this acquisition is consummated, we expect that the core management team of the acquired operator would become part of the spin-off manager's executive team and, in certain cases, officers and trustees of the spin-off entity (we refer to these anticipated members of the spin-off manager's executive team as the "acquired management team"), and that its operations-level employees specializing in acquisitions, renovation, management, leasing, maintenance and related services would become employees of the spin-off entity or the spin-off manager (we refer to these anticipated employees of the spin-off entity or the spin-off manager as the "acquired employees"). This acquisition is subject to ongoing negotiation and the entry into definitive

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documentation, and would be conditioned upon, and would occur contemporaneously with, the completion of the contemplated spin-off. As a result, there can be no assurance that this acquisition will be consummated on favorable terms or at all.

In the event that we effect the contemplated spin-off and consummate the foregoing acquisition, we anticipate that affiliates of the acquired operator would continue to manage single-family rental homes currently owned by certain third parties. We further anticipate that members of the acquired management team would continue to own interests in these affiliates. To facilitate the foregoing activities by affiliates of the acquired operator, we expect that the spin-off manager would grant to these affiliates, during the respective terms of relationships with these third parties, (1) a license to use the operational platform of the spin-off manager and (2) access to the acquired employees. We expect that any expenses incurred by the spin-off manager or the spin-off entity in connection with these activities conducted by or on behalf of affiliates of the acquired operator would either be reimbursed by such affiliates at actual cost or covered (in whole or in part) pursuant to an agreed upon arrangement with the acquired operator.

As a result of the foregoing, affiliates of the acquired operator may compete with the spin-off entity for leasing of single-family rental homes, financing and other aspects of the spin-off entity's business, which could have an adverse effect on the spin-off entity's business. Further, because members of the acquired management team would continue to own interests in such affiliates, these individuals could make substantial profits as a result of opportunities or management resources allocated to the third parties managed by these affiliates. For example, these individuals would share in the fee income and promoted interests earned by these affiliates for managing such third parties, which could be substantial. Therefore, these individuals may have greater financial incentives tied to the success of such entities than to the spin-off entity. In addition, although the acquired employees would be employed by the spin-off entity or the spin-off manager, because affiliates of the acquired operator would utilize such employees to assist in the operations of the third parties managed by such affiliates, these employees would have less time available to devote to the spin-off entity's business and may be unable to effectively allocate their time and other resources among these parties.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, the distribution of the spin-off entity's common equity would not qualify for tax-free treatment and may be taxable as a dividend to holders of our shares of common stock.

In the event that we effect the contemplated spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans, the distribution of the spin-off entity's common equity would not qualify for tax-free treatment. An amount equal to the fair market value of the shares received by a common stockholder, including any fractional shares deemed to be received, on the distribution date would be treated as a taxable dividend to the extent of a common stockholder's ratable share of any of our current or accumulated earnings and profits. The excess would be treated first as a non-taxable return of capital to the extent of a common stockholder's tax basis in our common stock and then as capital gain. In addition, we or other applicable withholding agents may be required or permitted to withhold at the applicable rate on all or a portion of the distribution that would be payable to non-U.S. stockholders, and any such withholding would be satisfied by us or such agent by withholding and selling a portion of the spin-off entity's common equity that would be otherwise distributable to non-U.S. stockholders. Such non-U.S. stockholders may bear brokerage fees or other costs from this withholding procedure. A common stockholder's tax basis in our shares held at the time of the distribution would be reduced (but not below zero) to the extent the fair market value of the spin-off entity's common equity distributed by us to a common stockholder in the distribution were to exceed such stockholder's ratable share of our then-current and accumulated earnings and profits. A common stockholder's holding period for our shares would not be affected by the distribution.

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Although we would be ascribing a value to the spin-off entity's common equity in the distribution for tax purposes, this valuation would not be binding on the Internal Revenue Service, or the IRS, or any other tax authority. These taxing authorities could ascribe a higher valuation to a common stockholder's shares, particularly if the spin-off entity's common equity were to trade at prices significantly above the value ascribed to such equity by us in the period following the distribution. Such a higher valuation may cause a larger reduction in the tax basis of a common stockholder's shares of our common stock or may cause a common stockholder to recognize additional dividend or capital gain income. You should consult your own tax advisor as to the possible tax consequences of the distribution to you.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately \$ million (or approximately \$ million if the underwriters' option to purchase additional shares is exercised in full), after deducting our estimated expenses. We intend to use the net proceeds from this offering to originate and purchase additional commercial mortgage loans and other target assets and investments. We may also use a portion of the net proceeds for other general corporate purposes, including, but not limited to, the payment of liabilities and other working capital needs. In addition, as described above under "Summary Recent Developments Potential Spin-Off of Certain Residential Assets," we are contemplating a spin-off of our single-family rental homes and distressed and non-performing residential mortgage loans. In the event that we effect the contemplated spin-off, we may contribute a portion of the net proceeds from this offering to the spin-off entity in connection with that transaction.

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The following table sets forth our consolidated capitalization (i) as of June 30, 2013 and (ii) as of June 30, 2013, as adjusted to give effect to (x) the issuance of \$460 million aggregate principal amount of our 4.00% Convertible Senior Notes due 2019 on July 3, 2013 and (y) the sale of the 25,000,000 shares of common stock offered hereby (assuming the underwriters' option to purchase additional shares is not exercised).

	As of June 30, 2013	
	Historical (Dollars in thousands)	As Adjusted ⁽¹⁾ unaudited
Debt:		
Secured financing agreements, net	\$ 1,707,366	\$
4.55% Convertible Senior Notes due 2018, net	562,226	
4.00% Convertible Senior Notes due 2019 ⁽²⁾		
Total debt	2,269,592	
Stockholders' equity:		
Common stock, par value \$0.01 per share, 500,000,000 shares authorized; 166,963,546 shares issued and 166,337,696 shares outstanding, historical, and 191,963,546 shares issued and 191,337,696 shares outstanding, as adjusted ⁽³⁾		1,670
Preferred stock, par value \$0.01 per share; 100,000,000 shares authorized and 0 shares issued and outstanding, historical and as adjusted		
Additional paid-in capital ⁽⁴⁾	3,580,096	
Treasury stock (625,850 shares historical and as adjusted)	(10,642)	
Accumulated other comprehensive income	60,285	
Accumulated deficit	(84,923)	
Total stockholders' equity	3,546,486	
Non-controlling interests in consolidated subsidiaries	41,847	
Total equity	3,588,333	
Total capitalization	\$ 5,857,925	\$

(1) Does not reflect the payment of our regular quarterly dividends in July 2013 or the incurrence of debt subsequent to June 30, 2013.

(2) As prescribed by Financial Accounting Standards Board guidance, Accounting Standards Codification 470-20, the feature that allows the holder to convert the notes into shares of our common stock will be reflected on our balance sheet in stockholders' equity and is measured as the difference between the proceeds received and the fair value of a similar liability that does not have a conversion feature. The debt will be reported at a discount to the face amount and will accrete up to the face amount over the expected term of the debt.

(3) Excludes 11,228 restricted shares of our common stock issued subsequent to June 30, 2013. In addition, this amount excludes (i) 835,417 shares of our common stock that are issuable upon the vesting of restricted stock units previously granted to our manager; (ii) 2,983,328 shares of our common stock reserved for issuance under our equity incentive plans; and (iii) 38,816,468 shares of our common stock reserved for issuance upon conversion of our 4.55% Convertible Senior Notes due 2018 and our 4.00% Convertible Senior Notes due 2019 (in each case, based on the conversion rates in effect at September 5, 2013).

(4) The difference between the proceeds received and the fair value of a similar liability that does not have a conversion feature will be reported as an increase to additional paid-in capital.

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SUPPLEMENTAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion supplements the discussion under the section entitled "U.S. Federal Income Tax Considerations" in the accompanying prospectus and is subject to the qualifications set forth therein. Terms used in this section but not defined in this section have the meanings ascribed to them elsewhere in this prospectus supplement or in the section entitled "U.S. Federal Income Tax Considerations" in the accompanying prospectus. You should refer to the discussion in the accompanying prospectus under "U.S. Federal Income Tax Considerations" for a discussion of the tax consequences of our election to be taxed as a REIT and additional information regarding the tax consequences to owners of our common stock.

Recent Changes in U.S. Federal Income Tax Withholding

This paragraph supplements the discussion in the accompanying prospectus under the heading "U.S. Federal Income Tax Considerations Taxation of Stockholders Taxation of Foreign Stockholders HIRE Act." Pursuant to final Treasury Regulations and recent IRS guidance, this 30% withholding tax will apply to payments on dividends on our common stock made on or after July 1, 2014, and to payments of gross proceeds from a sale or disposition of our common stock on or after January 1, 2017. In addition, the United States and other governments have entered into, and are in the process of negotiating, intergovernmental agreements with respect to the HIRE Act. These intergovernmental agreements and the implementation of local country laws and regulations may modify the withholding and reporting requirements described in the accompanying prospectus. Prospective investors are urged to consult their tax advisors regarding the effect of the HIRE Act on an investment in our common stock.

Table of Contents**UNDERWRITING**

Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and Wells Fargo Securities, LLC are acting as underwriters of this offering. Subject to the terms and conditions stated in the underwriting agreement, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

Underwriter	Number of Shares
Citigroup Global Markets Inc.	
Deutsche Bank Securities Inc	
Wells Fargo Securities, LLC	
Total	25,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the option to purchase additional shares described below) if they purchase any of the shares.

The underwriters have agreed to purchase the shares of common stock from us at a price of \$ _____ per share, which will result in net proceeds to us, after deducting estimated expenses related to this offering, of approximately \$ _____ million assuming no exercise of the option to purchase additional shares granted to the underwriters, and \$ _____ million assuming full exercise of the option.

The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. In connection with the sale of the shares of common stock offered hereby, the underwriters may be deemed to have received compensation in the form of underwriting discounts. The underwriters may effect such transactions by selling shares of common stock to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or purchasers of shares of common stock for whom they may act as agents or to whom they may sell as principal.

We estimate that our total expenses for this offering will be approximately \$750,000.

If the underwriters sell more shares than the total number set forth in the table above, we have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 3,750,000 additional shares at \$ _____ per share. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We, each of our officers and directors, our manager, each of our manager's officers and SPT Investment, LLC have agreed that, for a period of 45 days from the date of this prospectus supplement, subject to certain exceptions, we and they will not, without the prior written consent of Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and Wells Fargo Securities, LLC, dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock. Citigroup Global Markets Inc., Deutsche Bank Securities Inc. and Wells Fargo Securities, LLC, in their sole discretion, may release any of the securities subject to these lock-up agreements at any time without notice.

The shares are listed on the New York Stock Exchange under the symbol "STWD."

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In connection with this offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the option to purchase additional shares, and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in this offering.

"Covered" short sales are sales of shares in an amount up to the number of shares represented by the underwriters' option to purchase additional shares.

"Naked" short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters' option to purchase additional shares.

Covering transactions involve purchases of shares either pursuant to the option to purchase additional shares or in the open market after the distribution has been completed in order to cover short positions.

To close a naked short position, the underwriters must purchase shares in the open market after the distribution has been completed. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in this offering.

To close a covered short position, the underwriters must purchase shares in the open market after the distribution has been completed or must exercise the option to purchase additional shares. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares.

Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, lending and other financial and non-financial activities and services. The underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

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In particular, Citibank, N.A., an affiliate of Citigroup Global Markets Inc., is the syndication agent and a lender under our revolving credit facility, a lender under a master repurchase and securities contract and a lender and arranger under our term loan facility. Further, Deutsche Bank Trust Company Americas, an affiliate of Deutsche Bank Securities Inc., is a lender under the senior secured revolving credit facility of Starwood Property Mortgage Sub-10, L.L.C. and Starwood Property Mortgage Sub-10-A, L.L.C., our indirect wholly-owned subsidiaries. Additionally, an affiliate of Wells Fargo Securities, LLC is the lender under our amended and restated master repurchase and securities contract, dated as of February 28, 2011, as amended on August 2, 2013, our master repurchase and securities contract, dated as of December 30, 2011, as amended on June 26, 2013, and our master repurchase and securities contract, dated March 18, 2011, as amended on June 26, 2013.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Notice to Prospective Investors in the European Economic Area

This prospectus supplement is not a prospectus for the purposes of the Prospectus Directive (as defined below).

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) no offer of shares which are the subject of the offering contemplated by this prospectus supplement may be made to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by the issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant

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implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

Each underwriter shall be deemed to have represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

In the United Kingdom, this prospectus supplement is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005, as amended, or the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of the shares may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This prospectus supplement is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus supplement relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of the shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares of common stock.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares

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offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement, you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia ("Corporations Act")) in relation to the common stock has been or will be lodged with the Australian Securities & Investments Commission ("ASIC"). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

- (a) you confirm and warrant that you are either:
 - (i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;
 - (ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
 - (iii) a person associated with the company under section 708(12) of the Corporations Act; or
 - (iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and

- (b) you warrant and agree that you will not offer any of the common stock for resale in Australia within 12 months of that common stock being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

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EXPERTS

The consolidated financial statements and related financial statement schedule of the Company incorporated in this prospectus supplement by reference from the Company's Annual Report on Form 10-K and the effectiveness of the Company's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. The consolidated financial statements of LNR incorporated in this prospectus supplement by reference from the Company's Current Reports on Form 8-K dated February 11, 2013 and April 8, 2013 have been audited by Deloitte & Touche LLP, Independent Auditors, as stated in their reports, which are incorporated herein by reference (which reports express unqualified opinions and include explanatory paragraphs relating to the recapitalization of LNR on July 29, 2010 and the adoption of various new accounting guidance). Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Sidley Austin LLP, New York, New York, and, with respect to matters of Maryland law, by Foley & Lardner LLP, Washington, D.C. Certain legal matters in connection with this offering will be passed upon for the underwriters by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any of these documents at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also read and copy any of these documents at the New York Stock Exchange's office at 20 Broad Street, New York, New York 10005. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Our SEC filings are also available over the Internet at the SEC's website at <http://www.sec.gov>. In addition, copies of our SEC filings are available free of charge through our website (www.starwoodpropertytrust.com) as soon as reasonably practicable after filing with the SEC. The information contained on our website is not part of, or incorporated by reference into, this prospectus supplement or the accompanying prospectus.

This prospectus supplement and the accompanying prospectus are only part of a registration statement on Form S-3 we have filed with the SEC under the Securities Act and therefore omit some of the information contained in the registration statement. We have also filed exhibits to the registration statement which are excluded from this prospectus supplement and the accompanying prospectus, and you should refer to the applicable exhibit for a complete description of any statement referring to any contract or other document. You may inspect or obtain a copy of the registration statement, including the exhibits, as described in the previous paragraph.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

SEC rules allow us to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus supplement and the accompanying prospectus from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus supplement and before the date that this offering is terminated will automatically update and, where applicable, supersede any information contained in this prospectus supplement and the accompanying prospectus or incorporated by reference herein and therein. We incorporate by reference into this prospectus supplement and the accompanying

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prospectus the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

our Annual Report on Form 10-K for the fiscal year ended December 31, 2012;

our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013 and June 30, 2013;

our Definitive Proxy Statement on Schedule 14A filed on April 3, 2013;

our Current Reports on Form 8-K filed on January 24, 2013, February 11, 2013 (the financial statements filed with this February 11, 2013 Form 8-K have been superseded by the financial statements filed with the April 8, 2013 Form 8-K referenced below), February 15, 2013, March 1, 2013, April 8, 2013 (filed and not furnished; the financial statements filed with the February 11, 2013 Form 8-K have been superseded by the financial statements filed with this April 8, 2013 Form 8-K), April 12, 2013, April 25, 2013 (two reports), May 6, 2013, July 3, 2013 and August 6, 2013 and our Current Report on Form 8-K/A filed on June 27, 2013; and

the description of our common stock included in our registration statement on Form 8-A filed on August 7, 2009.

All documents that we file (but not those that we furnish) pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus supplement and prior to the termination of this offering shall be deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus and will automatically update and supersede the information in this prospectus supplement, the accompanying prospectus and any previously filed documents.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus are delivered, upon his or her written or oral request, a copy of any or all documents referred to above that have been or may be incorporated by reference into this prospectus supplement and the accompanying prospectus, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. Requests for those documents should be directed to us as follows: Starwood Property Trust, Inc., 591 West Putnam Avenue, Greenwich, Connecticut 06830, Attention: Investor Relations, Telephone: (203) 422-8100.

PROSPECTUS

Starwood Property Trust, Inc.

Debt Securities
Common Stock
Preferred Stock
Warrants to Purchase Common Stock

We may offer, issue and sell from time to time, together or separately, the securities described in this prospectus.

We will provide the specific terms of any securities we may offer in supplements to this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest. This prospectus may not be used to offer and sell any securities unless accompanied by a prospectus supplement describing the amount of and terms of the offering of those securities.

We may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to purchasers on a continuous or delayed basis. We reserve the sole right to accept, and together with any underwriters, dealers and agents, reserve the right to reject, in whole or in part, any proposed purchase of securities. The names of any underwriters, dealers or agents involved in the sale of any securities, the specific manner in which they may be offered and any applicable commissions or discounts will be set forth in the prospectus supplement covering the sales of those securities.

Our common stock, par value \$0.01 per share, is listed on the New York Stock Exchange under the trading symbol "STWD." On February 8, 2013, the closing price of our common stock on the New York Stock Exchange was \$25.99.

Investing in our securities involves risks. You should carefully read and consider the risks described under the section entitled "Risk Factors" included in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, in prospectus supplements relating to specific offerings of securities and in other information that we file with the Securities and Exchange Commission before making a decision to invest in our securities.

We impose certain restrictions on the ownership and transfer of shares of our common stock and our other capital stock. You should read the information under the section entitled "Description of Capital Stock Restrictions on Ownership and Transfer" in this prospectus for a description of these restrictions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 11, 2013.

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You should rely only on the information contained in or incorporated by reference into this prospectus, any applicable prospectus supplement or any applicable free writing prospectus. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus and any applicable prospectus supplement do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation in such jurisdiction. You should assume that the information appearing in this prospectus, any applicable prospectus supplement, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of the respective dates of such documents or on the date or dates which are specified in such documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS

This prospectus is part of a "shelf" registration statement that we have filed with the Securities and Exchange Commission (the "SEC"). By using a shelf registration statement, we may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus. The exhibits to our registration statement contain the full text of certain contracts and other important documents that we have summarized in this prospectus or that we may summarize in a prospectus supplement. Because these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement and the exhibits can be obtained from the SEC as indicated under the sections entitled "Where You Can Find More Information" and "Documents Incorporated By Reference."

This prospectus only provides you with a general description of the securities we may offer and such description is not meant to be a complete description of each security. Each time we sell securities, we will provide a prospectus supplement that contains specific information about the terms of those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read carefully both this prospectus and any prospectus supplement together with the additional information described under the sections entitled "Where You Can Find More Information" and "Documents Incorporated By Reference."

Unless otherwise indicated or the context requires otherwise, in this prospectus and any prospectus supplement hereto, references to "our company," "we," "us" and "our" mean Starwood Property Trust, Inc. and its consolidated subsidiaries.

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STARWOOD PROPERTY TRUST, INC.

We are a Maryland corporation that commenced operations in August 2009, upon the completion of our initial public offering. We are focused on originating, investing in, financing and managing commercial mortgage loans and other commercial real estate debt investments, commercial mortgage-backed securities ("CMBS"), and other commercial real estate-related debt investments. We collectively refer to commercial mortgage loans, other commercial real estate debt investments, CMBS, and other commercial real estate-related debt investments as our target assets. We also invest in residential mortgage-backed securities ("RMBS") and residential real estate assets acquired by us directly or indirectly in settlement of loans ("residential REO"), and may invest in distressed or non-performing loans, commercial properties subject to net leases and residential mortgage loans. As market conditions change over time, we may adjust our strategy to take advantage of changes in interest rates and credit spreads as well as economic and credit conditions.

Our objective is to provide attractive risk-adjusted global returns to our investors over the long term, primarily through dividends and secondarily through capital appreciation. We employ leverage, to the extent available, to fund the acquisition of our target assets and to increase potential returns to our stockholders. In order to achieve these objectives, we are focusing on asset selection and the relative value of various sectors within the debt market to construct a diversified investment portfolio designed to produce attractive returns across a variety of market conditions and economic cycles. We are organized as a holding company that conducts its business primarily through its various subsidiaries.

We are externally managed and advised by SPT Management, LLC (our "manager"), pursuant to the terms of a management agreement. Our manager is controlled by Barry Sternlicht, our Chairman and Chief Executive Officer. Our manager is an affiliate of Starwood Capital Group Global, L.P. ("Starwood Capital Group"), a privately-held private equity firm founded and controlled by Mr. Sternlicht.

We have elected to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes, commencing with our initial taxable year ended December 31, 2009. We also operate our business in a manner that permits us to maintain our exemption from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Our corporate headquarters office is located at 591 West Putnam Avenue, Greenwich, Connecticut 06830, and our telephone number is (203) 422-8100.

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RISK FACTORS

Investing in our securities involves risks. You should carefully read and consider the risks described under the section entitled "Risk Factors" in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, which are incorporated by reference herein, as well as the other information contained in or incorporated by reference into this prospectus and in any applicable prospectus supplement, before making a decision to invest in our securities. Each of the risks described in these documents could materially and adversely affect our business, financial condition, results of operations and prospects, and could result in a partial or complete loss of your investment.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate herein by reference contain certain forward-looking statements, including without limitation, statements concerning our operations, economic performance and financial condition. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are developed by combining currently available information with our beliefs and assumptions and are generally identified by the words "believe," "expect," "anticipate" and other similar expressions. Forward-looking statements do not guarantee future performance, which may be materially different from that expressed in, or implied by, any such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

These forward-looking statements are based largely on our current beliefs, assumptions and expectations of our future performance taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or within our control, and which could materially affect actual results, performance or achievements. Factors that may cause actual results to vary from our forward-looking statements include, but are not limited to:

factors described in our most recent Annual Report on Form 10-K, any subsequent Quarterly Reports on Form 10-Q and any accompanying prospectus supplement, including those set forth under the caption "Risk Factors" therein;

defaults by borrowers in paying debt service on outstanding indebtedness;

impairment in the value of real estate property securing our loans;

availability of mortgage origination and acquisition opportunities acceptable to us;

potential mismatches in the timing of asset repayments and the maturity of the associated financing agreements;

national and local economic and business conditions;

general and local commercial real estate property conditions;

our ability to integrate any acquisitions into our business and achieve the benefits anticipated from such acquisitions;

changes in federal government policies;

changes in federal, state and local governmental laws and regulations;

increased competition from entities engaged in mortgage lending;

changes in interest rates;

changes in the exchange rates between the U.S. dollar and the respective currencies for our non-dollar denominated investments; and

the availability of and costs associated with sources of liquidity.

In light of these risks and uncertainties, there can be no assurance that the results referred to in the forward-looking statements contained in this prospectus and the documents we incorporate herein by reference will in fact occur. Except to the extent required by applicable law or regulation, we undertake no obligation to, and expressly disclaim any such obligation to, update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, changes to future results over time or otherwise.

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USE OF PROCEEDS

Unless otherwise indicated in a prospectus supplement, we intend to use the net proceeds from the offering of securities under this prospectus for general corporate purposes, including funding our investment activity, repayment of indebtedness and working capital. Further details relating to the use of the net proceeds from the offering of securities under this prospectus will be set forth in the applicable prospectus supplement.

Table of Contents**RATIOS OF EARNINGS TO FIXED CHARGES AND RATIOS OF EARNINGS TO COMBINED
FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table sets forth (i) our ratios of earnings to fixed charges; and (ii) our ratios of earnings to combined fixed charges and preferred stock dividends for the periods shown. For this purpose, earnings consist of our net income (loss) from continuing operations plus our fixed charges and our distributed income of equity investees. Fixed charges consist of interest expense on all indebtedness. We have not issued any preferred stock as of the date of this prospectus, and therefore there are no preferred stock dividends included in our calculation of ratios of earnings to combined fixed charges and preferred stock dividends.

	For the nine months ended September 30, 2012	For the year ended December 31,		For the period August 17, 2009 (commencement of operations) through December 31, 2009	
		2011	2010		
Ratio of earnings (loss) to fixed charges	5.24x	5.18x	4.45x		(a)
Ratio of earnings (loss) to combined fixed charges and preferred stock dividends	5.24x	5.18x	4.45x		(a)

- (a) For the period from August 17, 2009 (commencement of operations) through December 31, 2009, our losses exceeded our fixed charges by approximately \$1.1 million. The coverage deficiency for total fixed charges for this period was \$3.0 million to arrive at a one-to-one ratio.

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DESCRIPTION OF DEBT SECURITIES

Our senior debt securities will be issued under a senior indenture, as amended or supplemented from time to time, between the Company and The Bank of New York Mellon as Trustee (the "indenture").

The following description is a summary of the material provisions of the indenture including references to the applicable section of the indenture. It does not restate the indenture in its entirety. We urge you to read the indenture because it, and not this description, defines the rights of holders of debt securities. Except as otherwise defined herein, terms used in this description but not otherwise defined herein are used as defined in the indenture. When we refer to "Starwood," "we," "our," "us," and "the Company" in this section, we are referring to Starwood Property Trust, Inc. excluding its subsidiaries, unless the context otherwise requires or as otherwise expressly stated herein.

The indenture is incorporated by reference as an exhibit to the Registration Statement of which this prospectus is a part. The indenture is available for inspection at the corporate trust offices of the Trustee at The Bank of New York Mellon, 101 Barclay Street, Floor 8W, New York, New York 10286. The indenture is subject to, and is governed by, the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). All section references appearing in this description are to sections of the indenture.

General

Our debt securities will be direct, unsecured obligations. The debt securities issued under the indenture are not limited as to aggregate principal amount and may be issued in one or more series. The principal amount and series will be established from time to time in or pursuant to authority granted by a resolution of our board of directors. The principal amount and series also may be established in one or more indentures supplemental to the indenture. All debt securities of one series need not be issued at the same time (section 301 of the indenture). Unless otherwise provided, a series may be reopened for issuances of additional debt securities of such series without the consent of the holders of the debt securities of such series (section 301 of the indenture). The Trustee may resign or be removed with respect to one or more series of debt securities issued under the indenture, and a successor Trustee may be appointed to act with respect to such series.

Reference is made to each prospectus supplement for the specific terms of the series of debt securities being offered thereby, including:

- (1) the title of such debt securities;
- (2) the aggregate principal amount of such debt securities and any limit on such aggregate principal amount;
- (3) the percentage of the principal amount at which such debt securities will be issued and, if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity of such debt securities, or (if applicable) the portion of the principal amount of such debt securities which is convertible into shares of our common stock or other equity securities, or the method by which any such portion shall be determined;
- (4) if such debt securities are convertible, any limitation on the ownership or transferability of our common stock or other equity securities into which such debt securities are convertible in connection with the preservation of our status as a REIT;
- (5) the date(s), or the method for determining the date(s), on which the principal of such debt securities will be payable;

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- (6) the rate(s) (which may be fixed or variable) at which such debt securities will bear interest, if any, or the method by which such rate(s) shall be determined;
- (7) the date(s), or the method for determining the date(s), from which interest, if any, will accrue;
- (8) the date(s) on which any interest will be payable;
- (9) the record date(s) for an interest payment, or the method by which such record date(s) shall be determined (the record date for an interest payment is the date on which a Person must be a holder in order to receive the interest payment);
- (10) the Person to whom any interest shall be payable;
- (11) the basis upon which any interest shall be calculated if other than that of a 360-day year consisting of twelve 30-day months;
- (12) the place(s) where:
- a. the principal of (and premium, if any) or interest, if any, and Additional Amounts, if any, on such debt securities will be payable,
 - b. such debt securities may be surrendered for conversion or registration of transfer or exchange, and
 - c. notices or demands in respect of such debt securities and the indenture may be served;
- (13) the period(s) within which, the price(s) at which, and the terms and conditions upon which such debt securities may be redeemed at our option, as a whole or in part, if we are to have the option to redeem such debt securities;
- (14) our obligation, if any, to redeem, repay or purchase such debt securities pursuant to any sinking fund or analogous provision or at the option of a holder thereof, and the period(s) within which, the price(s) at which, and the terms and conditions upon which we are obligated, if at all, to redeem, repay or purchase such debt securities, as a whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof;
- (15) if other than U.S. dollars, the currency or currencies in which such debt securities are denominated and payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto;
- (16) whether the amount of payments of principal of (and premium, if any) or interest, if any, on such debt securities may be determined with reference to an index, formula or other method and the manner in which such amounts shall be determined (the index, formula or method may, but need not be, based on a currency, currencies, currency unit or units or composite currency or currencies);
- (17) any additions to, modifications of or deletions from the terms of such debt securities with respect to the Events of Default or covenants set forth in the indenture;
- (18) whether such debt securities will be issued in certificated or book-entry form;
- (19) whether such debt securities will be in registered or bearer form or both and, if and to the extent in registered form, the denominations thereof if other than \$1,000 and any integral multiple thereof and, if and to the extent in bearer form, the denominations thereof and terms and conditions relating thereto;
- (20) the applicability, if any, of the defeasance and covenant defeasance provisions of the indenture;
- (21) the terms, if any, upon which such debt securities may be convertible into shares of our common stock or other equity securities (and the class thereof) and the terms and conditions upon

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which such conversion will be effected, including, without limitation, the initial conversion price or rate, the conversion period, any adjustment of the applicable conversion price and any requirements relative to the reservation of such shares for purposes of conversion;

(22) whether and under what circumstances we will pay Additional Amounts on such debt securities in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such debt securities in lieu of making such payment;

(23) if other than the Trustee, the security registrar and/or paying agent;

(24) provisions, if any, granting special rights to holders upon the occurrence of such events as may be specified;

(25) if securities are to be issued upon the exercise of warrants, the time, manner and place for authentication and delivery; and

(26) any other terms of such debt securities not inconsistent with the provisions of the indenture.

The debt securities may provide for the payment of less than the entire principal amount upon declaration of acceleration of the maturity of the debt securities. Such debt securities are known as "Original Issue Discount Securities." Any material U.S. federal income tax, accounting and other considerations applicable to Original Issue Discount Securities will be described in the applicable prospectus supplement.

The indenture does not contain any provision that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in a highly leveraged or similar action involving Starwood or in the event of a change of control of Starwood. However, certain restrictions on ownership and transfer of our common stock and other equity securities designed to preserve our status as a REIT may act to prevent or hinder a change of control. See "Description of Capital Stock." Reference is made to the applicable prospectus supplement for information with respect to any deletion from, modification of or addition to the Events of Default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Interest, Registration and Transfer

Unless otherwise described in the applicable prospectus supplement, the debt securities of any series will be issued in denominations of \$1,000 and integral multiples thereof, other than bearer securities issued in global form (section 302 of the indenture).

Unless otherwise specified in the applicable prospectus supplement, principal, premium, if any, and interest payments on any series of debt securities will be made at the corporate trust office of the Trustee as follows: The Bank of New York Mellon, 101 Barclay Street, Floor 8W, New York, New York 10286. However, we may elect to pay interest by check mailed to the address of the holder as it appears in the register for debt securities of such series or by wire transfer of funds to the holder at an account maintained within the United States (sections 301, 305, 306, 307 and 1002 of the indenture).

Any interest with respect to a debt security that is not punctually paid or duly provided for on the date the interest is due and payable will cease to be payable thereafter to the holder on the applicable record date. The interest may be paid to the holder at the close of business on a special record date fixed by the Trustee for the payment of the interest. Notice of such payment must be given to the holder of such debt security not less than 10 days prior to the special record date. Such interest may also be paid at any time in any other lawful manner, all as more completely described in the indenture (section 307 of the indenture).

Subject to certain limitations applicable to debt securities issued in book-entry form, the debt securities of any series will be exchangeable for other debt securities of the same series and of a like

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aggregate principal amount and tenor of different authorized denominations upon surrender of such debt securities at the corporate trust office of the Trustee. In addition, subject to certain limitations applicable to debt securities issued in book-entry form, the debt securities of any series may be surrendered for conversion or registration of transfer thereof at the corporate trust office of the Trustee. Every debt security surrendered for conversion, registration of transfer or exchange must be duly endorsed or accompanied by a written instrument of transfer. No service charge will be incurred for any registration of transfer or exchange of any debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith (section 305 of the indenture). If the applicable prospectus supplement refers to any transfer agent (in addition to the Trustee) that we initially designated with respect to any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location at which any such transfer agent acts; however, we will be required to maintain a transfer agent in each place where principal, premium, if any, and interest payments on debt securities of such series are payable. We may designate additional transfer agents with respect to any series of debt securities at any time (section 1002 of the indenture).

Neither Starwood nor the Trustee will be required:

to issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption;

to register the transfer of or exchange any debt security, or portion thereof, called for redemption, except the unredeemed portion of any debt security being redeemed in part;

to exchange any bearer security called for redemption except that such bearer security may be exchanged for a registered security of that series and like tenor, provided that such registered security shall be simultaneously surrendered for redemption; or

to issue, register the transfer of or exchange any debt security that has been surrendered for repayment at the option of the holder, except the portion, if any, of such debt security not to be repaid (section 305 of the indenture).

Merger, Consolidation or Sale

The indenture provides that we may consolidate with, or sell, lease or convey all or substantially all of our assets to, or merge with or into, any other Person, provided that:

(1) we are the continuing Person, or the successor Person shall be organized and existing under the laws of the United States or a state thereof and shall expressly assume payment of the principal of (and premium, if any) and interest and all Additional Amounts, if any, on, all of the outstanding debt securities and the due and punctual performance and observance of all of the covenants and conditions contained in the indenture by supplemental indenture satisfactory to the Trustee;

(2) immediately after giving effect to such transaction and treating any indebtedness which becomes our or our subsidiaries' obligation as a result thereof as having been incurred by us or our subsidiaries at the time of such transaction, no Event of Default under the indenture, and no event which, after notice or the lapse of time, or both, would become such an Event of Default, occurs and is continuing; and

(3) an officer's certificate and legal opinion confirming the satisfaction of the conditions are delivered to the Trustee (sections 801 and 803 of the indenture).

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Material Covenants

The indenture contains the following covenants:

Existence. Except as permitted under the provisions of the indenture described under the caption "Merger, Consolidation or Sale," we must preserve and keep in full force and effect our corporate existence, rights (charter and statutory) and franchises. We will not be required to preserve any right or franchise if we determine that the preservation of that right or franchise is no longer desirable in the conduct of our business and that the loss thereof is not disadvantageous in any material respect to the holders of the senior debt securities (section 1004 of the indenture).

Maintenance of Properties. All of our properties that are used or useful in the conduct of our business or the business of our subsidiaries must be maintained and kept in good condition, repair and working order and supplied with all necessary equipment. We also are required to make all necessary repairs, renewals, replacements, betterments and improvements to our properties. We must do these things as necessary in our judgment to conduct the business carried on in connection therewith in a proper and advantageous manner at all times. However, we and our subsidiaries will not be prevented from selling or otherwise disposing of properties for value in the ordinary course of business (section 1005 of the indenture).

Payment of Taxes and Other Claims. We must pay or discharge, or cause to be paid or discharged, before the same become delinquent:

- (1) all taxes, assessments and governmental charges levied or imposed upon us or any of our subsidiaries or upon our or any of our subsidiaries' income, profits or property; and
- (2) all lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon our property or the property of any of our subsidiaries.

However, we will not be required to pay or discharge, or cause to be paid or discharged, any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings (section 1006 of the indenture).

Provision of Financial Information. We will be required to file with the trustee, within 15 days after we file the same with the SEC, copies of the annual and other reports which we are required to file with the SEC pursuant to Section 13 or 15(d) of Securities Exchange Act of 1934, as amended (the "Exchange Act"). If we are not so required to file such reports to the SEC under said Sections, then we will be required to file with the Trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such of the supplementary and periodic reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations. Any documents filed by us with the SEC via the SEC's EDGAR system will be deemed filed with the Trustee as of the time such documents are filed via the SEC's EDGAR system.

Events of Default, Notice and Waiver

The indenture provides that the following events are "Events of Default" with respect to any series of debt securities issued thereunder:

- (1) default for 30 days in the payment of any installment of interest, Additional Amounts or coupons on any debt security of such series;
- (2) default in the payment of the principal of (or premium, if any, on) any debt security of such series at the time such payment becomes due and payable;
- (3) default in making any sinking fund payment as required for any debt security of such series;

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(4) default in the performance, or breach, of any other covenant or warranty contained in the indenture continued for 60 days after written notice as provided in the indenture; however, default in the performance, or breach, of a covenant or warranty added to the indenture solely for the benefit of a series of debt securities issued thereunder other than such series is not an Event of Default;

(5) default under any bond, debenture, note or other evidence of indebtedness of the Company or under any mortgage, indenture or other instrument of the Company under which there may be issued or by which there may be secured or evidenced any indebtedness of the Company (or by any subsidiary, the repayment of which the Company has guaranteed or for which the Company is directly responsible or liable as obligor or guarantor), which results in the acceleration of indebtedness in an aggregate principal amount exceeding \$75,000,000, but only if such indebtedness is not discharged or such acceleration is not rescinded or annulled as provided in the indenture;

(6) certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee, of the Company or of any significant subsidiary of the Company as defined in Regulation S-X promulgated under the Securities Act of 1933, as amended (the "Securities Act") or of the respective property of either; and

(7) any other Event of Default provided with respect to that series of debt securities (section 501 of the indenture).

If an Event of Default occurs under the indenture with respect to Outstanding debt securities of any series issued thereunder and is continuing, then the Trustee or the holders of not less than 25% in principal amount of the Outstanding debt securities of that series may declare the principal amount of all of the debt securities of that series to be due and payable immediately by written notice to us. If the holders give notice to us, they must also give notice to the Trustee. If the debt securities are Original Issue Discount Securities or Indexed Securities, the amount declared to be due and payable will be such portion of the principal amount as specified in the terms thereof. However, at any time after a declaration of acceleration with respect to debt securities of such series (or of all debt securities then Outstanding under the indenture, as the case may be) has been made, the holders of a majority in principal amount of the debt securities of such series or of each series of debt securities then Outstanding under the indenture, as the case may be, may rescind and annul such declaration and its consequences if:

(1) we have deposited with the Trustee all required payments of the principal of (and premium, if any) and interest and Additional Amounts payable on the debt securities of such series or of all debt securities then Outstanding under the indenture, as the case may be, plus certain fees, expenses, disbursements and advances of the Trustee; and

(2) all Events of Default have been cured or waived as provided in the indenture (except for the nonpayment of accelerated principal (or specified portion thereof) with respect to debt securities of such series or of all debt securities then Outstanding under the indenture) (section 502 of the indenture).

The indenture also provides that the holders of a majority in principal amount of the debt securities of any series or of each series of debt securities then Outstanding under the indenture may waive any past default with respect to such series and its consequences.

However, holders may not waive a default:

in the payment of the principal of (or premium, if any) or interest on any debt security of such series; or

in respect of a covenant or provision contained in the indenture that cannot be modified or amended without the consent of the holder of each Outstanding debt security affected thereby (section 513 of the indenture).

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The indenture provides that the Trustee is required to give notice to the holders of debt securities issued thereunder within 90 days of a default under the indenture. However, the Trustee may withhold notice of any default to the holders of any such series of debt securities if certain officers of the Trustee consider such withholding to be in the interest of the holders. The Trustee may not withhold notice with respect to a default in the payment of the principal of (or premium, if any) or interest on any debt security or in the payment of any sinking installment in respect of any debt security (section 601 of the indenture).

The indenture provides that no holder of debt securities of any series issued thereunder may institute any proceeding, judicial or otherwise, with respect to the indenture or for any remedy thereunder. However, a holder of debt securities may institute a proceeding if the Trustee fails to act for 60 days after it has received a written request to institute proceedings in respect of an Event of Default from the holders of not less than 25% in principal amount of the Outstanding debt securities of such series, as well as an offer of indemnity reasonably satisfactory to it (section 507 of the indenture). However, this provision will not prevent any holder of debt securities from instituting suit for the enforcement of payment of the principal of (and premium, if any) and interest on the debt securities held by that holder at the respective due dates thereof (section 508 of the indenture).

Subject to provisions in the indenture relating to its duties in case of default and unless holders of any series of debt securities then Outstanding under the indenture have offered security or indemnity reasonably satisfactory to the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the indenture at the request or direction of the holders (section 602 of the indenture). The holders of a majority in principal amount of the Outstanding debt securities of any series (or of each series of debt securities then Outstanding under the indenture, as the case may be) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee. They also have the right to direct the time, method and place of exercising any trust or power conferred upon the Trustee. However, the Trustee may refuse to follow any direction which is in conflict with the indenture or any law which may involve the Trustee in personal liability or which may be unduly prejudicial to the holders of debt securities of such series not joining therein (section 512 of the indenture).

Within 120 days after the close of each fiscal year, we must deliver to the Trustee a certificate signed by one of several specified officers. The certificate must state whether such officer has knowledge of any default under the indenture and, if so, specify each such default and the nature and status thereof (section 1007 of the indenture).

Modification of the Indenture

Modifications and amendments to the indenture may be made only with the consent of the holders of a majority in principal amount of all Outstanding debt securities issued thereunder which are affected by such modification or amendment. However, unless the consent of the holder of each affected debt security is obtained, no modification or amendment may:

- change the date specified in any such debt security as the fixed date on which the principal thereof is due and payable;
- change the date specified in any such debt security as the fixed date on which any installment of interest (or premium, if any) is due and payable;
- reduce the principal amount of any such debt security;
- reduce the rate or amount of interest on any such debt security;
- reduce the premium payable on redemption of any such debt security;
- reduce any Additional Amount payable in respect of any such debt security;

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reduce the amount of principal of an Original Issue Discount Security that would be due and payable upon declaration of acceleration of the maturity thereof or would be provable in bankruptcy, or adversely affect any right of repayment of the holder of any such debt security;

change the place of payment of principal of (or premium, if any) or interest on any such debt security;

change the currency or currencies for payment of principal of (or premium, if any) or interest on such debt security;

change our obligation to pay Additional Amounts;

impair the right to institute suit for the enforcement of any payment on or with respect to any such debt security;

reduce the percentage of Outstanding debt securities of any series necessary to modify or amend the indenture, to waive compliance with certain provisions thereof or certain defaults and consequences thereunder, or to reduce the quorum or voting requirements set forth in the indenture; or

modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect such action or to provide that certain other provisions may not be modified or waived without the consent of the holder of such debt security (section 902 of the indenture).

The indenture provides that the holders of a majority in principal amount of Outstanding debt securities issued thereunder have the right to waive our compliance with certain covenants in the indenture, including those described in the section of this prospectus captioned "Material Covenants" (section 902 of the indenture).

Starwood and the Trustee may modify and amend the indenture without the consent of any holder of debt securities issued thereunder for any of the following purposes:

to evidence the succession of another Person to our obligations under the indenture;

to add to our covenants for the benefit of the holders of all or any series of debt securities issued thereunder or to surrender any right or power conferred upon us in the indenture;

to add Events of Default for the benefit of the holders of all or any series of debt securities issued thereunder;

to add or change any provisions of the indenture to facilitate the issuance of, or to liberalize certain terms of, debt securities issued thereunder in bearer form, or to permit or facilitate the issuance of such debt securities in uncertificated form, provided that such action shall not adversely affect the interests of the holders of such debt securities of any series in any material respect;

to change or eliminate any provision of the indenture, provided that any such change or elimination shall become effective only when there are no debt securities Outstanding of any series issued thereunder which are entitled to the benefit of such provision;

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to secure the debt securities issued thereunder;

to establish the form or terms of debt securities of any series issued thereunder, including the provisions and procedures, if applicable, for the conversion of such debt securities into our shares of common stock or shares of preferred stock;

to provide for the acceptance of appointment by a successor Trustee;

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to facilitate the administration of the trusts under the indenture by more than one Trustee;

to cure any ambiguity, defect or inconsistency in the indenture, provided that such action shall not adversely affect in any material respect the interests of holders of debt securities of any series issued thereunder;

to conform the terms of the indenture or the debt securities of a series to the description thereof contained in any prospectus or other offering document or memorandum relating to the offer and sale of such debt securities

to supplement any of the provisions of the indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of debt securities issued thereunder; however, such action shall not adversely affect in any material respect the interests of the holders of the debt securities of any series issued thereunder (section 901 of the indenture).

The indenture provides that in determining whether the holders of the requisite principal amount of Outstanding debt securities of a series issued thereunder have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of holders of such debt securities:

the principal amount of an Outstanding Original Issue Discount Security shall be the amount of the principal that would be due and payable as of the date of such determination upon declaration of acceleration of the maturity of the security;

the principal amount of an Outstanding debt security denominated in a foreign currency shall be the U.S. dollar equivalent, determined on the issue date for such debt security, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent on the issue date of such debt security in the amount determined as provided above);