STARWOOD PROPERTY TRUST, INC.
Form 424B5
December 07, 2016

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount to be Registered[(1)]	Proposed Maximum Offering Price Per Share[(2)]	Proposed Maximum Aggregate Offering Price[(2)]	Amount of Registration Fee[(2)]
Common Stock, par value $0.01 per share	20,470,000	$22.395	$458,425,650	$53,132

(1) Assumes exercise in full of the underwriters' option to purchase up to an additional 2,670,000 shares of common stock.

(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933. Pursuant to Rule 457(c) under the Securities Act, the proposed maximum offering price per share is based on the average of the high and low prices of the common stock reported on the New York Stock Exchange on December 1, 2016.

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Filed pursuant to Rule 424(b)(5)
Registration Statement No. 333-210560

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 1, 2016)

17,800,000 Shares

Starwood Property Trust, Inc.

Common Stock

We are offering 17,800,000 shares of our common stock.

The underwriters have agreed to purchase our common stock from us at a price of $21.926 per share, which will result in approximately $390.3 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 2,670,000 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 December 5, 2016 was $22.90 per share.

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 December 9, 2016 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

J.P. Morgan	**BofA Merrill Lynch**	**Citigroup**	**Credit Suisse**	**Wells Fargo Securities**

Co-Managers

Barclays	**Goldman, Sachs & Co.**

December 5, 2016

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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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Prospectus Supplement

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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 factors described in our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016, including those set forth under the captions "Risk Factors" and "Business";
- defaults by borrowers in paying debt service on outstanding indebtedness;
- impairment in the value of real estate property securing our loans or in which we invest;
- 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 and residential real estate 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 and securities investing activities;
- 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 investments in both the U.S. and Europe. We refer to the following as our target assets: commercial real estate mortgage loans, preferred equity interests, CMBS and other commercial real estate-related debt investments. Our target assets may also include residential mortgage-backed securities, or RMBS, certain residential mortgage loans, distressed or non-performing commercial loans, commercial properties subject to net leases and equity interests in commercial real estate. 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.

We have three reportable business segments as of September 30, 2016:

- Real estate lending engages primarily in originating, acquiring, financing and managing commercial first mortgages, subordinated mortgages, mezzanine loans, preferred equity, CMBS, RMBS and other real estate and real estate-related debt investments in both the U.S. and Europe that are held for investment.

- Real estate investing and servicing includes (i) a servicing business in the U.S. that manages and works out problem assets, (ii) an investment business that selectively acquires and manages unrated, investment grade and non-investment grade rated CMBS, including subordinated interests of securitization and resecuritization transactions, (iii) a mortgage loan business which originates conduit loans for the primary purpose of selling these loans into securitization transactions, and (iv) an investment business that selectively acquires commercial real estate assets, including properties acquired from CMBS trusts. This segment excludes the consolidation of securitization variable interest entities, or VIEs.

- Real estate property engages primarily in acquiring and managing equity interests in stabilized commercial real estate properties, including multi-family properties, that are held for investment.

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 intend to achieve our objective by originating and acquiring target assets to create a diversified investment portfolio that is financed in a manner that is designed to deliver attractive returns across a variety of market conditions and economic cycles. We are focused on our three core competencies: transaction access, asset analysis and selection, and identification of attractive relative values within the real estate debt and equity markets.

We are organized as a holding company and conduct our business primarily through our various wholly-owned 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

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Group Global, L.P., or Starwood Capital Group, a privately-held private equity firm founded and controlled by Mr. Sternlicht.

We are organized and conduct our operations to qualify as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Code. 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, 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

Medical Office Portfolio and Acquisition Credit Agreement

On September 30, 2016, SPT Ivey Holdings, LLC, or Holdings (our newly-formed, indirect wholly-owned subsidiary), entered into a purchase and sale agreement with the sellers named therein to acquire a stabilized portfolio of 38 medical office buildings which are geographically dispersed throughout the U.S. and primarily affiliated with major hospitals or located on or adjacent to major hospital campuses, which we refer to as the Medical Office Portfolio. The aggregate purchase price for the Medical Office Portfolio, which collectively comprises approximately 2.2 million square feet, is approximately $837.9 million assuming the full portfolio is acquired. The Medical Office Portfolio is 95% occupied and carries a weighted average remaining lease term of seven years. Although the precise timing has not been determined, it is currently anticipated that the acquisition may close in one or more stages in December 2016 and/or early 2017, subject to various closing conditions. In October 2016, we funded a $40.0 million deposit associated with this acquisition.

We are in negotiations for Holdings and its property owning subsidiaries to enter into a credit agreement, or the Acquisition Credit Agreement, for an up to $579 million five-year secured term loan facility. We anticipate that borrowings under the Acquisition Credit Agreement would be secured by mortgages on the Medical Office Portfolio and guaranteed by Starwood Property Trust, Inc. pursuant to a customary "bad boy" non-recourse carve out guaranty and by Holdings pursuant to a customary full payment guaranty. In addition, we anticipate that the Acquisition Credit Agreement will contain covenants (including a covenant for "springing guarantees" requiring certain of our subsidiaries to guarantee indebtedness under the Acquisition Credit Agreement if they guarantee certain other indebtedness in the future), representations and warranties and events of default customary for borrowings of this type. If we enter into the Acquisition Credit Agreement, we intend to use the proceeds of the loans thereunder primarily to purchase the Medical Office Portfolio, to pay transaction fees incurred in connection with the Medical Office Portfolio and to finance tenant improvements and leasing commissions in connection with the Medical Office Portfolio.

We expect to enter into the Acquisition Credit Agreement contemporaneously with the closing or closings of the acquisition of the Medical Office Portfolio. However, acquiring the Medical Office Portfolio and entering into the Acquisition Credit Agreement are subject to uncertainties, many of which are not within our control. There can be no assurance that we will acquire the Medical Office Portfolio or enter into the Acquisition Credit Agreement on the terms or within the time frame described, in its entirety or at all.

Declaration of Dividend

On November 2, 2016, our board of directors declared a dividend of $0.48 per share on our shares of common stock for the fourth quarter of 2016. The dividend is payable on January 13, 2017 to stockholders of record as of December 30, 2016. Purchasers of shares of common stock in this offering that own such shares on the record date will be entitled to receive this dividend.

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Other Financing Activities

On December 5, 2016, we commenced a private offering of $500 million aggregate principal amount of unsecured senior notes with an anticipated maturity date in 2021 (we refer to these unsecured senior notes as the Unsecured Notes). The interest rate and other terms of the Unsecured Notes will be determined at the time of pricing of the offering. We anticipate that the indenture governing the Unsecured Notes will contain customary covenants (including a covenant for "springing guarantees" requiring certain of our subsidiaries to guarantee the Unsecured Notes if they guarantee certain other indebtedness in the future) and certain events of default for indebtedness of this type.

We are also negotiating a new credit agreement, or the New Credit Agreement, for a new $300 million four-year secured term loan, or the New Term Loan, and a new $100 million four-year secured revolving credit facility, or the New Revolver, in each case subject to two 180-day extensions upon satisfaction of customary conditions precedent, including payment of a fee to the lenders. We anticipate that Starwood Property Trust, Inc. would be the borrower under the New Credit Agreement and that borrowings under the New Credit Agreement would be secured by mortgage loans (and A-Note and B-Note and senior and junior participation interests therein), mezzanine loans, equity interests in commercial real property, CMBS, RMBS and servicing and special servicing rights and would be guaranteed by certain of our subsidiaries which directly or indirectly hold such investments and equity interests. In addition, we anticipate the New Credit Agreement will contain covenants (including a covenant for "springing guarantees" requiring certain of our subsidiaries to guarantee indebtedness under the New Credit Agreement if they guarantee certain other indebtedness in the future), representations and warranties and events of default customary for borrowings of this type.

If we enter into the New Credit Agreement, we intend to draw the entire New Term Loan upon entering into such agreement and to use a portion of the proceeds from the New Term Loan, together with (if we complete the Unsecured Notes offering) net proceeds from the Unsecured Notes offering, to repay in full our existing term loan, or the Existing Term Loan, which, as of September 30, 2016, had approximately $653.2 million outstanding. The balance of the proceeds from the New Term Loan and the Unsecured Notes offering would be used for general corporate purposes, which may include investment in commercial real estate-related assets and debt obligations, the payment of liabilities and other working capital needs. If we enter into the New Credit Agreement, we do not intend to draw any of the New Revolver immediately upon entering into such agreement.

We currently expect that the Unsecured Notes offering will price and close in December 2016 and that we will enter into the New Credit Agreement prior to or contemporaneously with the closing of the Unsecured Notes offering. However, we have not obtained any financing commitments for these financings, and they are subject to the execution of definitive documentation and other uncertainties, many of which are not within our control. There can be no assurance that we will complete these financings on the terms or within the time frame described or at all. This offering is not contingent upon the completion of either of these contemplated financings and the completion of either such financing is not contingent on this offering.

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The Offering

Issuer	Starwood Property Trust, Inc.
Common stock offered by us	17,800,000 shares of our common stock, par value $0.01 per share (20,470,000 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)]	256,390,483 shares of our common stock (259,060,483 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 $389.5 million (or approximately $448.1 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. 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 238,590,483 shares of our common stock outstanding as of December 1, 2016, which excludes: (i) 536,650 shares of our common stock that are issuable upon the vesting of restricted stock units previously granted to our manager; (ii) 2,249,510 shares of our common stock reserved for issuance under our equity incentive plans; and (iii) 63,177,953 shares of our common stock reserved for issuance upon conversion of our 3.75% Convertible Senior Notes due 2017, our 4.55% Convertible Senior Notes due 2018 and our 4.00% Convertible Senior Notes due 2019, which we refer to herein collectively as our Convertible Notes (in each case, based on the conversion rates in effect at September 30, 2016).

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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 section entitled "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, as supplemented by the section entitled "Item 1A. Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, each of which is incorporated by reference into this prospectus supplement and the accompanying prospectus. 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 uncertainties described above under "Summary Recent Developments" with respect to (1) the closing(s) of the Medical Office Portfolio and entrance into the related Acquisition Credit Agreement, (2) the completion of the Unsecured Notes offering and (3) the entrance into the New Credit Agreement, as well as 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;

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;

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- uncertainty regarding our exemption from the Investment Company Act;
- price and volume fluctuations in the stock market generally; and
- 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 Convertible Notes, 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 Code, 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:

- the profitability of the investment of the net proceeds from our equity offerings;
- our ability to make profitable investments;
- 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.

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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 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 Our Investments

In addition to the investment-related risks described in our Annual Report on Form 10-K for the year ended December 31, 2015, as supplemented by the risks described in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, each of which is incorporated by reference into this prospectus supplement and the accompanying prospectus, we are also subject to the investment-related risk summarized below.

If we acquire the Medical Office Portfolio, we would be subject to the general risks of owning properties relating to the healthcare industry.

If we acquire the Medical Office Portfolio, the economic performance and value of the properties in the portfolio and of some or all of the tenants/operators of such properties could be adversely affected by many factors that are generally applicable to properties relating to the healthcare industry, including the following:

- adverse trends in healthcare provider operations, such as changes in the demand for and methods of delivering healthcare services, changes in third-party reimbursement policies, significant unused capacity in certain areas, which has created substantial competition for patients among healthcare providers in those areas, increased expense for uninsured patients, increased competition among healthcare providers, increased liability insurance expense, continued pressure by private and governmental payors to reduce payments to providers of services and increased scrutiny of billing, referral and other practices by federal and state authorities and private insurers; and

- extensive healthcare regulation, changes in enforcement policies with respect to such regulation and potential changes in the regulatory framework of the healthcare industry; and significant legal actions brought against tenants/operators that could subject them to increased operating costs and substantial uninsured liabilities.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $389.5 million (or approximately $448.1 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.

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CAPITALIZATION

The following table sets forth our consolidated capitalization (1) as of September 30, 2016, (2) on a pro forma basis as of September 30, 2016, after giving effect to (a) the contemplated issuance and sale of the Unsecured Notes, (b) the use of net proceeds therefrom and certain of the New Term Loan borrowings we plan to make under the expected New Credit Agreement to repay in full the Existing Term Loan and (c) the other New Term Loan borrowings we plan to make under the expected New Credit Agreement, and (3) on a pro forma, as adjusted, basis as of September 30, 2016, after giving effect to the events described in clause (2) and the sale of the 17,800,000 shares of common stock offered hereby (assuming the underwriters' option to purchase additional shares is not exercised). There can be no assurance that we will complete the Unsecured Notes offering or enter into the New Credit Agreement on the terms or within the time frame described or at all. See "Summary Recent Developments Other Financing Activities."

	As of September 30, 2016		
	Historical	Pro Forma[1]	Pro Forma, as Adjusted[1]
		unaudited	
		(Dollars in thousands)	
Debt:[2]			
Secured financing agreements, net[3]	$ 3,478,269	$ 3,478,269	$ 3,478,269
Existing Term Loan, net	644,570(4)	(5)	(5)
New Credit Agreement		300,000(6)	300,000(6)
Unsecured Notes		500,000(7)	500,000(7)
Convertible senior notes, net	1,339,853	1,339,853	1,339,853
Total debt	5,462,692	5,618,122	5,618,122
Stockholders' equity:			
Common stock, par value $0.01 per share, 500,000,000 shares authorized; 242,995,917 shares issued and 238,389,032 shares outstanding, historical and pro forma, and 260,795,917 shares issued and 256,189,032 shares outstanding, pro forma, as adjusted[8]	2,430	2,430	2,608
Preferred stock, par value $0.01 per share; 100,000,000 shares authorized and no shares issued and outstanding, historical, pro forma and pro forma, as adjusted			
Additional paid-in capital	4,230,577	4,230,577	4,619,932
Treasury stock (4,606,885 shares historical, pro forma and pro forma, as adjusted)	(92,104)	(92,104)	(92,104)
Accumulated other comprehensive income	40,248	40,248	40,248
Accumulated deficit	(112,303)	(112,303)	(112,303)
Total stockholders' equity	4,068,848	4,068,848	4,458,381
Non-controlling interests in consolidated subsidiaries	36,534	36,534	36,534
Total equity	4,105,382	4,105,382	4,494,915
Total capitalization	$ 9,568,074	$ 9,723,504(9)	$ 10,113,037(9)(10)

(1) Other than as described herein, does not reflect the incurrence or repayment of debt subsequent to September 30, 2016. Does not give effect to our contemplated entrance into the Acquisition Credit Agreement for an up to $579 million five-year secured term loan facility in connection with our anticipated acquisition of the Medical Office Portfolio.

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(2) Does not include VIE liabilities or liabilities resulting from failed sales, both of which are liabilities that are included in our consolidated balance sheets in accordance with accounting principles generally accepted in the United States (GAAP).

(3) Does not include the Existing Term Loan or give effect to the New Credit Agreement.

(4) Amount reflects the $653.2 million outstanding principal balance of the Existing Term Loan adjusted for the unamortized deferred debt issuance costs of $7.2 million and unamortized discount of $1.4 million at September 30, 2016.

(5) Gives effect to the repayment in full of the Existing Term Loan with proceeds from the New Term Loan and the Unsecured Notes offering.

(6) Gives effect to the New Term Loan borrowings we plan to make under the expected New Credit Agreement upon the completion of the Unsecured Notes offering and entering into the New Credit Agreement. Amount has not been adjusted for any deferred financing costs. If we enter into the New Credit Agreement, we do not intend to draw any of the New Revolver immediately upon entering into such agreement.

(7) Gives effect to the contemplated completion of the Unsecured Notes offering and the use of net proceeds therefrom as described above. Amount has not been adjusted for any deferred financing costs.

(8)