

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|--|-----------------------------------|---|-----------------------------|
| 1 Issuer's name | | 2 Issuer's employer identification number (EIN) | |
| STARWOOD PROPERTY TRUST, INC. | | 27-0247747 | |
| 3 Name of contact for additional information | 4 Telephone No. of contact | 5 Email address of contact | |
| RINA PANIRY | (305) 695-5500 | | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact | | 7 City, town, or post office, state, and Zip code of contact | |
| 591 WEST PUTNAM AVENUE | | GREENWICH, CT 06830 | |
| 8 Date of action | | 9 Classification and description | |
| 12/28/2016 | | CONVERTIBLE NOTES OF STARWOOD PROPERTY TRUST, INC. | |
| 10 CUSIP number | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |
| 85571BAA3 & 85571BAB1 | N/A | STWD | N/A |

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On December 28, 2016, Starwood Property Trust, Inc.'s 4.55% Convertible Notes due 2018 had a deemed distribution of \$5.92 per \$1,000 principal amount of the notes and the 4.00% Convertible Notes due 2019 had a deemed distribution of \$5.45 per \$1,000 principal amount of the notes.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The following description of the quantitative effect is based on a reasonable assumption that may require a corrected return pursuant to Reg. 1.6045B(a)(2)(ii). The taxable portion of the deemed distribution increases the basis of the notes in the hands of the taxpayer for the 4.55% Convertible Notes due 2018 by \$5.92 per \$1,000 principal amount of the notes and for the 4.00% Convertible Notes due 2019 by \$5.45 per \$1,000 principal amount of the notes.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **The following description of the change in basis is based on a reasonable assumption that may require a corrected return pursuant to Reg. 1.6045B(a)(2)(ii). The amount of the deemed distribution was based on the fair market value of the shares into which the notes are convertible. The portion of the deemed distribution that is taxable is based on the allocable share of the earnings and profits. The Taxpayer's earnings and profits were calculated under IRC section 312 (as modified by IRC §857(d) for a Real Estate Investment Trust), and the regulations thereunder.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC section 301(c)(1), 305(b)(2) and 305(c). Reg. 1.301-1(h) and Rev. Rul. 76-186, 1976-1 C.B.86, Prop. Reg. 1.305-3(f).

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ These actions are effective on the date of the distribution identified above and reportable in the 2016 taxable year.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ *Rina Paniry* Date ▶ 1/25/17

Print your name ▶ RINA PANIRY Title ▶ CFO

| | | | | | |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | Firm's name ▶ | | | | Firm's EIN ▶ |
| | Firm's address ▶ | | | | Phone no. |