

STARWOOD PROPERTY TRUST

Starwood Property Trust to Acquire Project Finance Debt Business from GE Capital's Energy Financial Services

August 2018



Forward Looking Statements

This presentation contains 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 our Annual Report on Form 10-K for the year ended December 31, 2017, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, 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.

Additional risk factors are identified in our filings with the U.S. Securities and Exchange Commission (the "SEC"), which are available on our website at http://www.starwoodpropertytrust.com and the SEC's website at http://www.sec.gov.

If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. As a result, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements might not occur. We qualify any and all of our forward-looking statements by these cautionary factors. Please keep this cautionary note in mind as you assess the information given in this presentation.

Transaction Overview

STWD/GE Capital Energy Project Finance Debt Business Terms Summary

Business to be Acquired	■ GE Capital's Energy Project Finance Debt Business ("Energy Project Finance Debt Business") – Full-service platform, including seasoned leadership team and 21 employees across loan origination, underwriting, capital markets and asset management – Portfolio consisting of 51 senior secured loans backed by energy infrastructure real assets, plus approximately $400 million of additional unfunded commitments
Consideration	■ $2.56 billion (including $400 million of unfunded commitments)
Financing	■ Secured term loan facility with MUFG with an initial advance of approximately $1.7 billion and committed capacity for future funding obligations in the acquired loan portfolio ■ STWD has ample available liquidity in addition to a $600 million committed acquisition facility from Credit Suisse and Citigroup Global Markets Inc. to fund the remainder of the purchase price
Financial Impact to STWD	■ Anticipated to be accretive to core earnings (1)
Timing	■ Closing expected by the end of Q3 2018, subject to customary conditions

(1) Based on management's current projections. Actual results may vary and Energy Project Finance Debt Business may not be profitable

Strategic Rationale and Transaction Benefits

Expands STWD's Position as Leading Diversified Finance Company

Compelling Returns with Strong Credit Profile

- ✓ Energy project finance loans secured by real assets offer compelling risk adjusted returns that are largely backed by long-term purchase contracts with investment grade counterparties

Attractive Portfolio Characteristics

- ✓ Existing loan portfolio is 97% floating-rate, adding additional positive correlation to rising interest rates
- ✓ Expected maturity for new originations in excess of 5 years, extending STWD's loan duration
- ✓ Low correlation of energy project finance to commercial real state sector improves portfolio diversification

Established, Full Service Operating Platform

- ✓ 21 full time employees including seasoned leadership team with an average of 21+ years of industry experience and successful track record of $24 billion of originations since 2004
- ✓ Full service platform with expertise across loan origination, underwriting, capital markets and asset management

Leverages Existing Expertise at Starwood Energy

- ✓ Builds off existing capabilities of Starwood Energy Group, which specializes in energy infrastructure equity investments and has a $7 billion history of successful transactions in similar assets since its inception in 2005

Highly Scalable Opportunity

- ✓ Unique lending vertical in the large and growing energy infrastructure project finance sector, which offers robust capital deployment opportunities

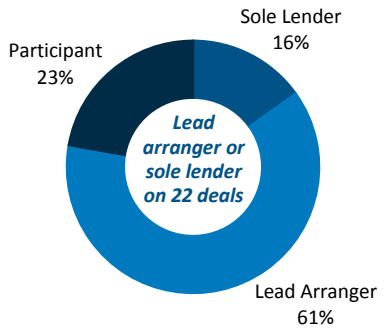
GE Energy Project Finance Debt Business: A Uniquely Positioned Platform

- A leading energy project finance origination, underwriting and capital markets business with $24 billion in gross origination volume[(1)] since inception in 2004
- Domain expertise in the thermal and renewable power and downstream, midstream and upstream oil & gas sectors globally
- Long-standing relationships with key participants, including developers / OEMs, independent power producers (IPPs), private equity firms, and financial institutions
- Active secondary investor undertaking portfolio acquisitions and engaging in proactive portfolio optimization
- Target assets largely backed by long term contracts with investment grade counterparties
- Experienced management team with an average of 21+ years of industry experience and 11+ years of working together

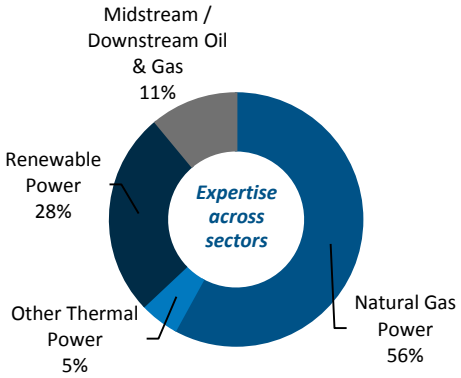
KEY PORTFOLIO METRICS	
No. of Loans	51
Total Commitments/Funded Balance	$2.48B / $2.08B
Average Loan Size	$50M
Gross Asset Yield	5.5% [(2)]
Debt Service Coverage	1.6x [(3)]
Fully or Partially Contracted Revenue	95%
Weighted Avg. Maturity / Life Remaining	5.8 years / 4.1 years
Security	100% Senior Secured

CURRENT PORTFOLIO (Q2'18)

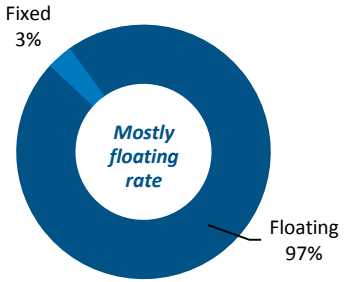
Energy Project Finance Debt Business Role



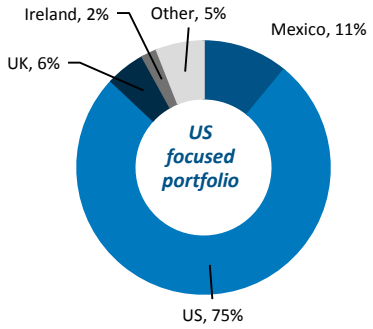
Sector



Interest Rate



Geographic Exposure



Note: Stratifications based on total commitments in USD as of June 30, 2018
(1) Represents hold volume and syndicated volume
(2) Assumes 9/30/2018 projected forward 3ML of 2.47% and includes recurring fee income
(3) Most recent borrower certified DSCR

Leveraging the Capabilities of Starwood Energy Group

Transaction enhanced by the in-house expertise, relationships, and track record

Leading Value-Add Energy Infrastructure Investment Firm

- Starwood Energy specializes in energy infrastructure investments, with a focus on power generation, transmission, storage, and related projects
- Through Starwood Energy Infrastructure Fund ("SEIF"), Starwood Energy has raised approximately $3 billion of capital and has executed transactions with approximately $7 billion in asset value
- Starwood Energy's team is comprised of 17 investment professionals with an average of 15 years of relevant experience and brings extensive development, construction, operations, acquisition and financing expertise to its investments

Successful Track Record

- Starwood Energy currently manages 31 investments across North America in power generation, high-voltage transmission, and energy storage
- Starwood Energy Infrastructure Fund III ("SEIF III") closed in June 2018 with total capital commitments of over $1.2 billion. SEIF III will focus on power generation, transmission and energy infrastructure projects in North America[(1)]







Note: Figures as of June 30, 2018, unless otherwise noted
(1) SEIF III has a value-add strategy involving higher risk/reward investments

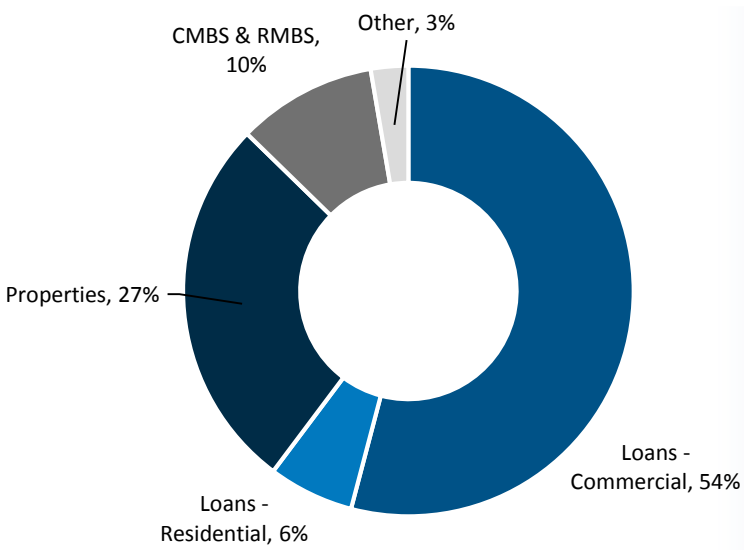
Expansion of STWD's Multi-Cylinder Platform

Commercial Lending	Residential Lending	Energy Project Finance	Owned Real Estate	CMBS Investing	Special Servicing	CMBS Loan Origination
■ Originate floating-rate first mortgage and mezzanine loans ■ **$7.0B** portfolio carrying value ■ **3 to 5** year average term ■ **62.4%** loan-to-value ratio ■ **$30B** invested since inception with **$0** of realized loan losses ■ **10% to 13%** targeted levered IRRs (1)	■ Invest in non-agency residential loans and RMBS ■ **$1.0B** portfolio carrying value, including **$793M** of loans ■ Non-agency loans have **63%** loan-to-value ratio and **724** average FICO ■ Target mid-teens levered returns (1)	■ Originate floating rate loans backed by energy infrastructure real assets ■ **$2.5B** of commitments across senior loan investments ■ **1.6x** debt service coverage ratio ■ **5+ year** average term on new originations ■ **10% to 13%** targeted levered IRRs (1)	■ Invest in high-quality stable real estate assets ■ Unique ability to acquire assets out of CMBS trusts ■ **$3.1B** portfolio carrying value ■ **9% to 12%** targeted cash-on-cash returns with the potential for upside through capital appreciation (1)	■ 20-year track record of real estate debt investing spanning several cycles ■ Invest primarily in mezzanine CMBS ■ **$1.1B** portfolio carrying value ■ Target mid-teen unlevered returns (1)	■ One of the largest commercial mortgage special servicers in the U.S. ■ Workout defaulted mortgages to return maximum proceeds ■ Currently servicing a portfolio of **$8.9B** of loans and REO and named special servicer on a total of **$74B** of loans	■ Originate $10M to $15M fixed-rate mortgages ■ Sell mortgages into CMBS transactions with multiple dealers ■ Securitized **$653M** in first half of 2018 ■ Gain-on-sale margins typically range from 2.0% to 4.0%

Note: Figures as of June 30, 2018, unless otherwise noted
(1) There can be no assurance that targeted returns will be achieved

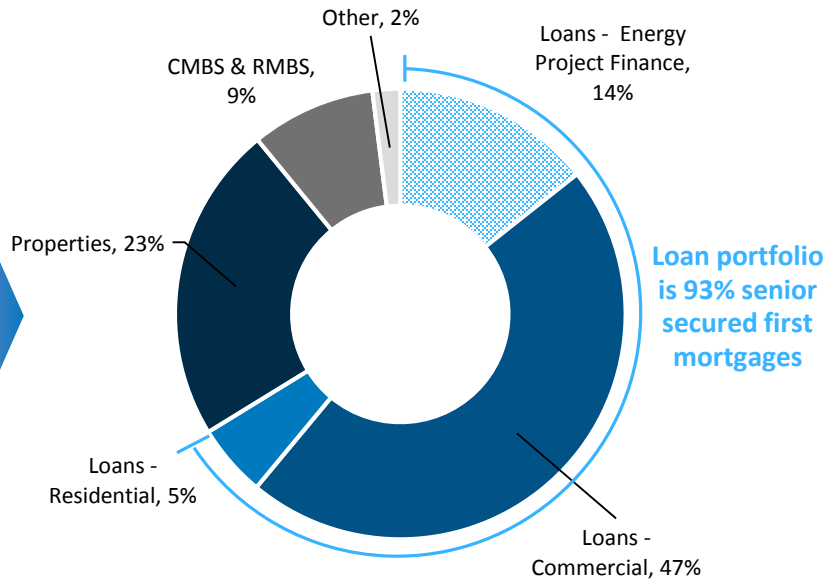
Pro Forma Portfolio – Increased Diversification

STWD ASSET BREAKDOWN (1)



TOTAL ASSETS: $13.0B

PRO FORMA ASSET BREAKDOWN (1)



TOTAL PRO FORMA ASSETS $15.1B

Note: Figures as of June 30, 2018, unless otherwise noted
(1) Statistics in pie charts exclude accumulated depreciation and amortization, cash & cash equivalents, restricted cash, loans transferred as secured borrowings, VIE's and other corporate and non-investment assets

STWD - A Leading Global Multi-Cylinder Finance Company

A leading multi-cylinder finance company and the largest commercial mortgage REIT in the U.S. with a market capitalization of approximately **$6.0B**(1)

Highly flexible investment platform backed by over **300** dedicated employees and leveraging Starwood Capital Group's over **3,500** person organization

Total capital deployed since 2009 inception of over **$44B** with **$0** of realized loan losses; current portfolio of over **$15B**(2) spanning multiple business segments and asset classes

Lending segment is diversified across asset classes and geographies and has a modest loan-to-value ratio of **62.4%**

Floating-rate loan portfolio constructed to outperform in a rising interest rate environment; position as special servicer provides a hedge against credit deterioration

Focused on providing a secure dividend for investors; current dividend yield of **8.6%**(1)

Note: Figures as of June 30, 2018, unless otherwise noted
(1) As of August 2, 2018
(2) Pro-forma for acquisition of Energy Project Finance Debt portfolio



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APPENDIX



What is Project Finance?

TYPICAL CHARACTERISTICS

- Financing of long-lived assets, across broad infrastructure sectors focused on cash flow generation of the projects
- Project financings may support operational projects or new construction
- Project finance deals fall into 3 broad categories, including fully contracted, partly contracted, and merchant
- Projects capitalized through a combination of debt and equity
- Debt is non-recourse or limited recourse to the equity owner
- Typically limited financial covenants, but include affirmative and negative covenants that provide strong structural protections
  - Restrictions on equity distributions and additional indebtedness
- Repayment profile includes fixed amortization and potential cash sweeps

REVENUE MODEL

1 **Fully Contracted**
Take or pay contracts and / or availability payments where offtakers (or users) agree to pay for access to substantially all of the project's production over a prolonged tenor (typically 10 – 20+ years)

2 **Partially Contracted**
Take or pay contracts and / or availability payments where offtakers (or users) agree to pay for access to a portion of the project's production over an interim period relative to the life of the debt

3 **Merchant**
Cash flows not contracted, therefore subject to full supply / demand dynamics







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NYSE : STWD