STARWOOD
PROPERTY TRUST

# INVESTOR PRESENTATION

FEBRUARY 2020



# 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, 2019, and our Quarterly Report on Form 10-Q for the quarters ended March 31, 2019, June 30, 2019 and September 30, 2019, 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;
- our ability to integrate our recently completed acquisition of the project finance origination, underwriting and capital markets business of GE Capital Global Holdings, LLC into our business and to achieve the benefits that we anticipate from the acquisition;
- 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.

# Starwood Property Trust Today

- A leading diversified finance company with a core focus on the real estate and infrastructure sectors and a market capitalization of approximately **$7.3B**[1]
- Highly flexible investment platform backed by **350** dedicated employees and leveraging Starwood Capital Group's approximately **4,000** person organization
- Total capital deployed since 2009 inception of over **$61B**; current portfolio of over **$17B** spanning multiple business segments
- Commercial lending segment is diversified across asset classes and geographies and has a very modest loan-to-value ratio of **64.1%**
- Floating-rate loan portfolio constructed to outperform in both higher and lower interest rate environments; position as special servicer provides a hedge against credit deterioration
- Focused on providing a secure dividend for investors; current dividend yield of **7.4%**[1]

Data as of December 31, 2019, unless otherwise noted.
[1] As of February 14, 2020

# STWD Primary Investment Cylinders




| Commercial Lending | CMBS Investing | Special Servicing | CMBS Loan Origination | Owned Real Estate | Residential Lending | Infrastructure Lending |
|---|---|---|---|---|---|---|
| Originate primarily floating-rate mortgages<br><br>**$9.1B** portfolio carrying value with **64.1%** LTV<br><br>**3-5** year average term<br><br>**$36B** invested since inception<br><br>**10% to 13%** targeted levered returns[1] | Invest in new issue and secondary CMBS B-pieces<br><br>**$1.0B** portfolio carrying value<br><br>20-year track record of CMBS investing spanning several cycles<br><br>Target mid-teen unlevered returns[1] | Workout defaulted CMBS loans<br><br>One of the largest commercial mortgage special servicers in the U.S.<br><br>Current servicing portfolio of **$5.1B** of loans and REO and named servicer on a total of **$92.8B** of loans<br><br>Special servicer carried on balance sheet for **$43M** | Originate fixed-rate conduit loans for CMBS<br><br>Sell loans into CMBS transactions with multiple dealers<br><br>Securitized **$1.8B** in 2019 | Invest in high-quality stable real estate assets<br><br>**$2.3B** undepreciated portfolio carrying value<br><br>**9% to 12%** targeted cash-on-cash returns with the potential for upside through appreciation[1] | Originate, securitize and invest in non-agency RMBS<br><br>**$1.5B** portfolio carrying value<br><br>**69.2%** LTV and **732** average FICO<br><br>Target mid-teens levered returns[1] | Originate floating rate loans for infrastructure real assets<br><br>**$1.6B** portfolio carrying value<br><br>**5+** year average term on new originations<br><br>**10% to 13%** targeted levered returns[1] |

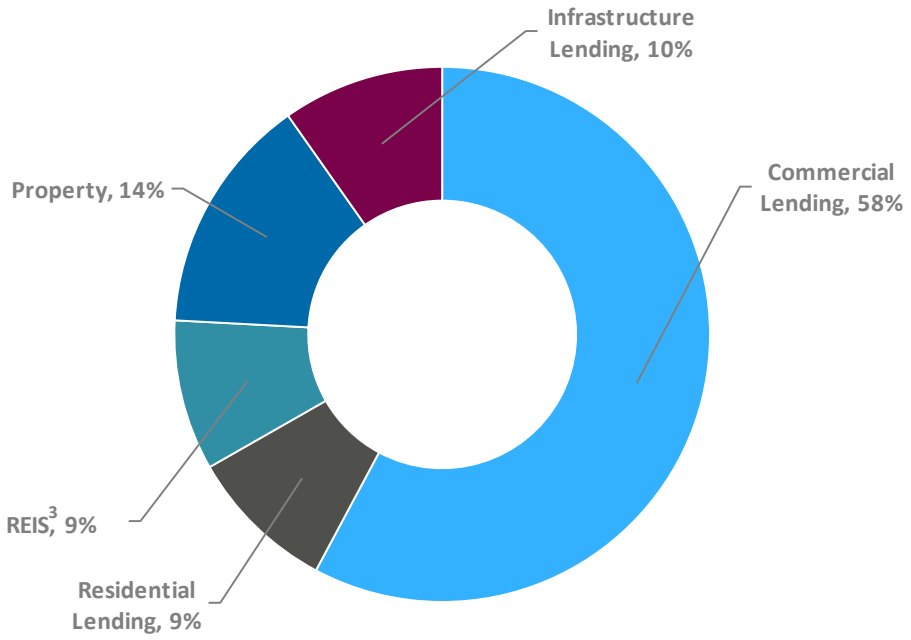
● Year Launched

Data as of December 31, 2019, unless otherwise noted.

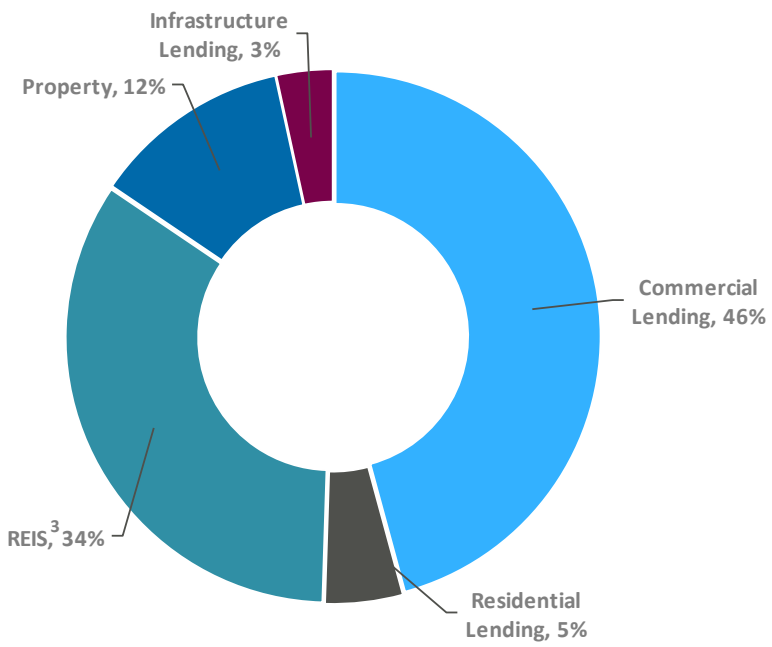
[1] There can be no assurance that target returns will be achieved.

# Diversified, Complementary and Scalable Platforms

## Portfolio Breakdown[1]




## Earnings Breakdown[2]




Note: As of December 31, 2019, unless otherwise noted. "REIS" = CMBS Investing, Special Servicing and CMBS Loan Origination."

[1] Excludes cash, restricted cash, receivables, conduit loans held for securitization, and certain RMBS securities. Also excludes certain intangible assets, including goodwill and the special servicing intangible

[2] Represents year-to-date earnings and excludes equity in earnings of unconsolidated entities and Corporate segment.

[3] Real Estate Investing and Servicing (REIS) includes CMBS Investing, Special Servicing, and CMBS Loan Origination.

# Starwood Capital Group

## A Leading Global Real Estate Investment Firm

### Starwood Capital Group Profile

- Founded in 1991 by Barry Sternlicht
- Current assets under management in excess of **$60B**
- Acquired over **$110B** of assets over the past **28** years across virtually every major real estate asset class
- Seasoned senior team that has been together for over **20 years** with an average of **29 years** of experience
- Extensive public markets expertise, having guided IPOs for **8** leading companies
- The investment flexibility to shift between real estate asset classes, geographies and positions in the capital stack as risk-reward dynamics evolve over cycles

### Affiliated Business

| Real Estate Equity | Performing Real Estate Debt | Energy |
|---|---|---|
| STARWOOD CAPITAL GROUP | STARWOOD PROPERTY TRUST | STARWOOD OIL & GAS GROUP |
| STARWOOD RETAIL PARTNERS | STARWOOD MORTGAGE CAPITAL | |
| STARWOOD REAL ESTATE INCOME TRUST | STARWOOD EUROPEAN FINANCE | STARWOOD ENERGY GROUP |
| HIGHMARK RESIDENTIAL | | |
| SH GROUP | | |

### Diverse Real Estate Experience

**MULTIFAMILY**
180,000
UNITS

**HOTELS**
3,000

**INDUSTRIAL**
40M
SQUARE FEET

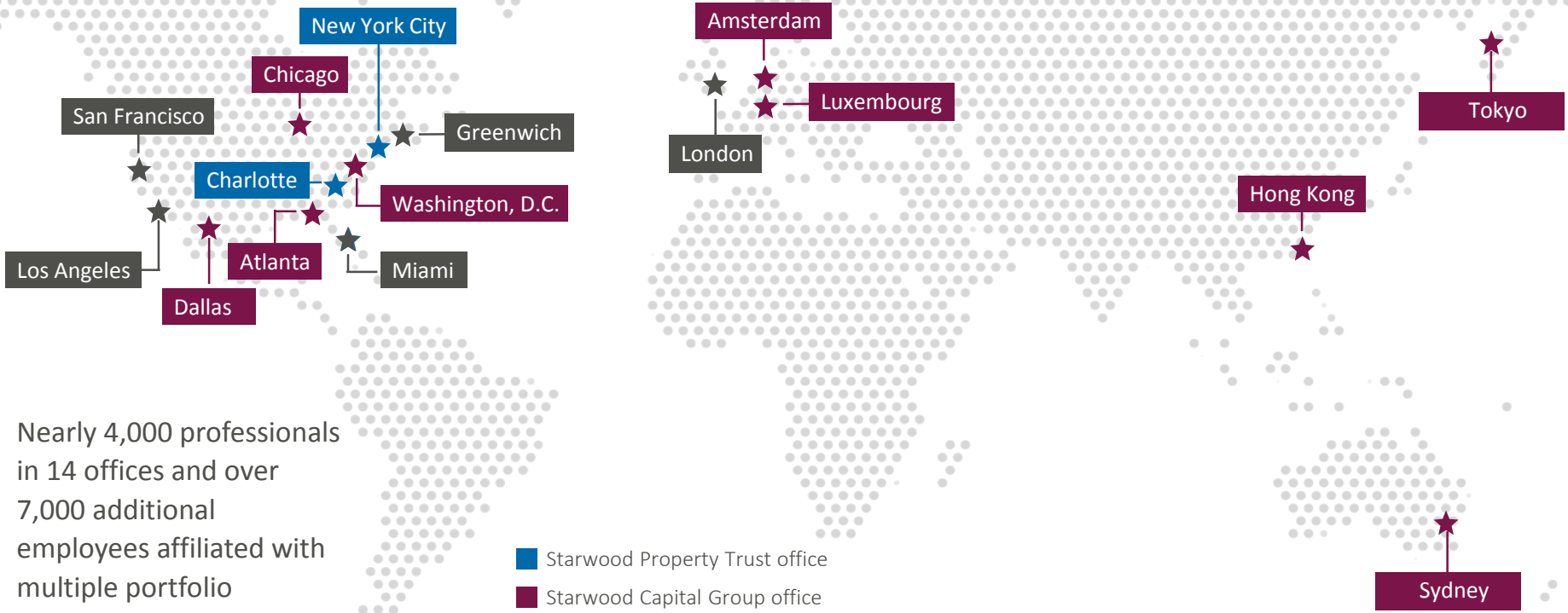
**RETAIL**
55M
SQUARE FEET

**RESIDENTIAL LOTS**
50,000

**OFFICE**
86M
SQUARE FEET

Note: As of December 31, 2019, unless otherwise noted.

# Starwood Global Footprint




Nearly 4,000 professionals in 14 offices and over 7,000 additional employees affiliated with multiple portfolio operating companies

Data as of December 31, 2019

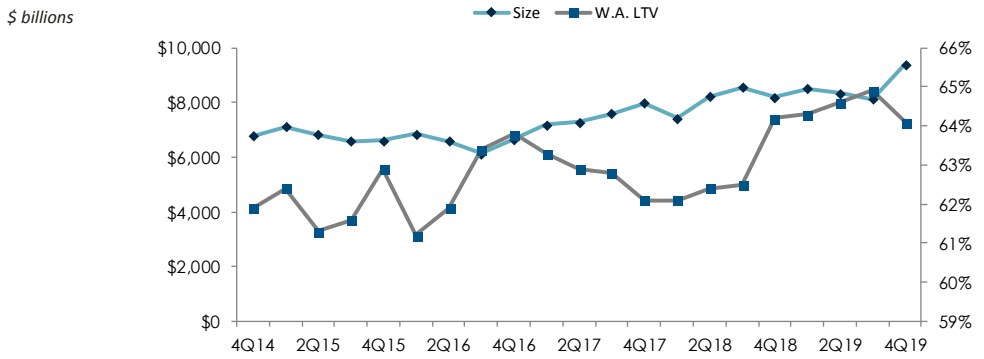
# Commercial Lending Overview

## Leading Provider of First Mortgage and Mezzanine Loans

### STWD Competitive Advantages

- Reputation, scale and market knowledge
- Information advantage from affiliation with Starwood Capital Group and insight into over $100B of real estate transactions annually
- Decades-long relationships with sponsors, institutional borrowers, banks and brokers in the CRE community
- Benefits of scale:
  - One-stop financing solution
  - Focus on large transactions
  - Lower cost of capital

### Portfolio Size[1] vs. W.A. LTV[2]




### Select Borrower Clients




Note: As of December 31, 2019, unless otherwise noted.

[1] Includes lending segment assets as of each period end.

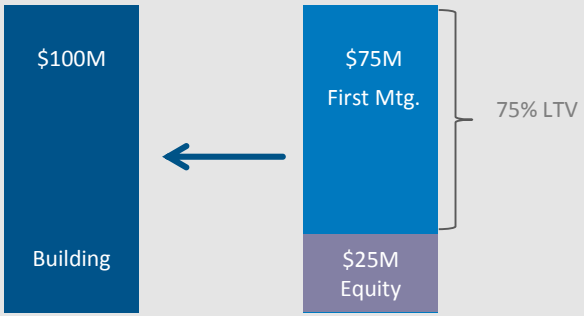
[2] Underlying property values are determined by STWD's management based on its ongoing asset assessments, and loan balances that are the face value of a loan regardless of whether STWD has purchased the loan at a discount or premium to par. For any loans collateralized by ground-up construction projects without significant leasing or units with executed sales contracts, the fully funded loan balance is included in the numerator and the fully budgeted construction cost including costs of acquisition of the property is included in the denominator. For ground up construction loans which have significant leasing or units under contract for sale the fully funded loan balance is included in the numerator with an estimate of the stabilized value upon completion of construction included in the denominator

# Commercial Lending

## Hypothetical Loan Origination and Structuring Process

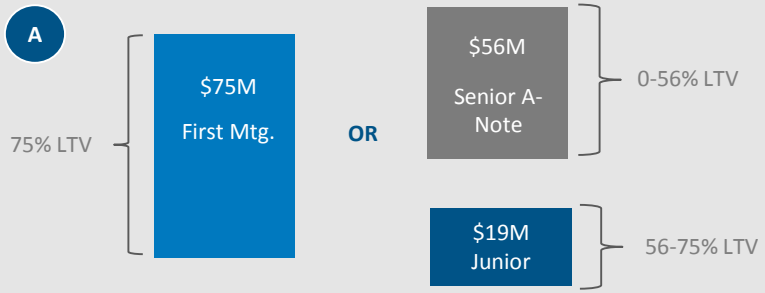
### 1. Originate Whole Loan

Originate a 75% LTV first mortgage at a rate of L + 3.25%



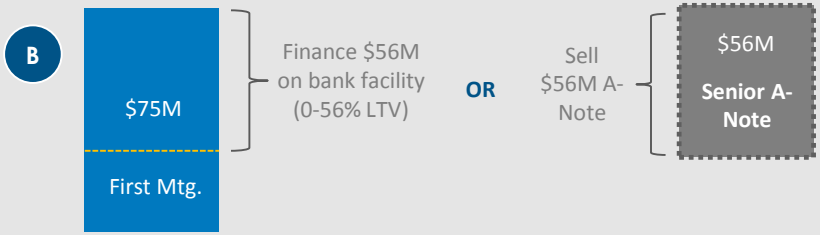

### 2. Either Retain First Mortgage or Split Into Sr/Jr

Senior tranche has a 56% LTV while the junior tranche remains at 75% LTV




### 3. Finance First Mortgage or Sell Senior

Either finance or sell the 0% - 56% LTV portion of the loan




Assume that STWD can finance the first mortgage or sell 100% of the senior loan at a cost of L + 1.75%

### 4. Retain Junior Tranche of Loan

STWD benefits from the lower cost of financing on the senior portion of the mortgage

C STWD's investment represents 56%-75% LTV

$19M Junior

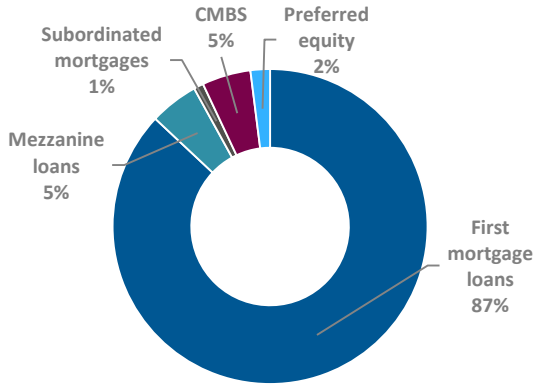
| | |
|---|---|
| A Asset Yield (L+) | 3.25% |
| B Cost of Financing (L+) | (1.75%) |
| Net Interest Margin (L+) | 1.50% |
| Leverage | 3.0x |
| C IRR to Fully Extended Maturity, incl. Fees[1] | 11.0% |

[1] Assumes 3 year initial term with two one-year extension options, 1-month LIBOR rate of 1.75%, 1.00% origination fee, and 0.25% extension fee

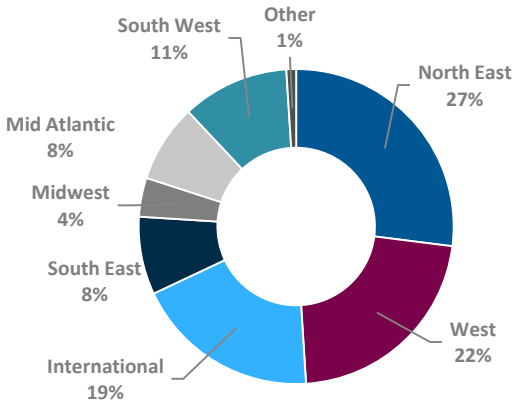
# Commercial Lending

## Diversified Loan Portfolio With Strong Fundamentals

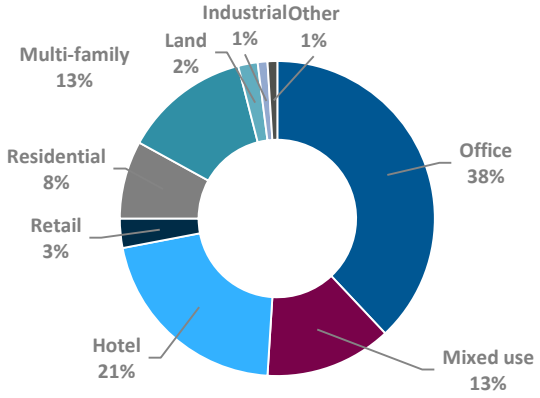
### Carrying Value by Loan Type



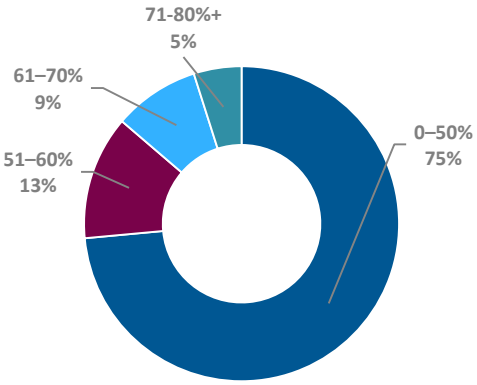

### Carrying Value by Region[1]



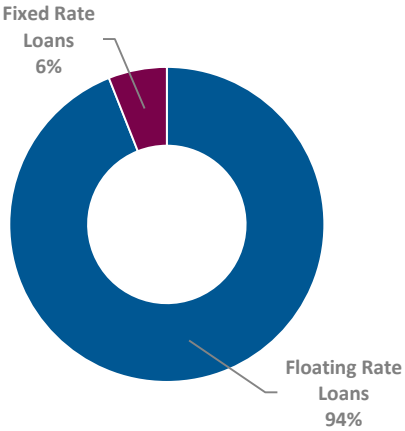

### Carrying Value by Property Type[1]




### Loan Portfolio Balances by LTV or LTC




### Fixed vs. Floating Mix




### Key Portfolio Metrics

| | |
|---|---|
| No. of Loans | 110 |
| Carrying Value | $9.1B |
| Average Loan Size[2] | $121M |
| W.A. LTV (%) | 64.1% |
| Fully-Extended Duration (years) | 3.5 |

Note: As of December 31, 2019, unless otherwise noted.
[1] Based on carrying value, excluding RMBS and loans held for sale
[2] Based on total loan commitment and inclusive of A-notes sold

# Investment Process Overview

## In-Depth Underwriting and Management of Real Estate Credit Risk

### i ORIGINATION

- Sources deals from borrowers, banks and brokerage community
- Compensation linked to loan performance

### ii CREDIT / UNDERWRITING

- Performs independent due diligence on market, property and sponsor and conducts site visits
- Leverages extensive access to commercial real estate data from a multitude of internal and external sources

### iii TRANSACTION MANAGEMENT

- Structures, negotiates and conducts legal due diligence
- Manages all transactions from inception through closing with outside counsel

### iv INVESTMENT COMMITTEE

- Comprised of the most senior ten members from STWD's and Starwood Capital Group's management teams, including Barry Sternlicht

### v ASSET MANAGEMENT

- Over 100 asset management professionals utilize industry leading technology to continually monitor asset performance, market changes and sponsor activity
- Senior management participates in quarterly portfolio reviews evaluating each loan

Note: As of December 31, 2019, unless otherwise noted.

# Infrastructure Lending Segment

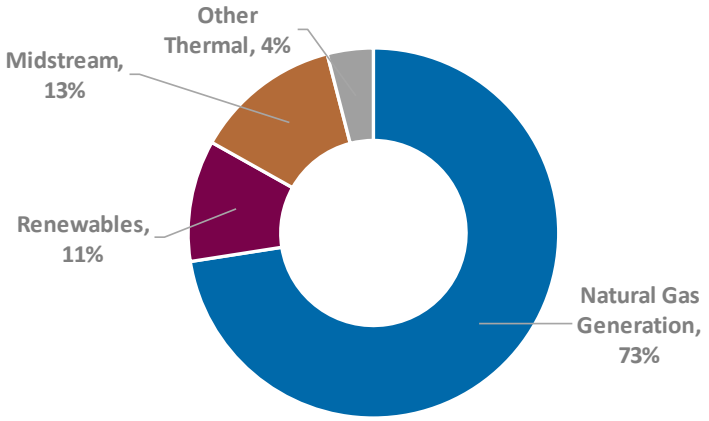
## Platform and Portfolio Overview

- Full-service platform, including 18 employees across loan origination, underwriting, capital markets and asset management
- 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
- Target long lived infrastructure assets
- Experienced management team with an average of 21+ years of industry experience and 11+ years of working together
- Leverages extensive experience of Starwood Energy Group and Starwood Oil & Gas

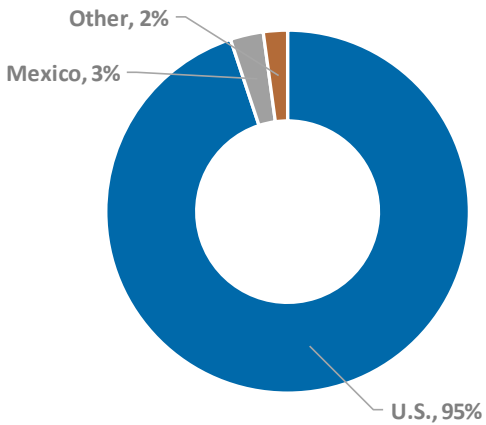
| Key Portfolio Metrics | |
|---|---|
| No. of Loans | 36 |
| Total Commitments/Funded Balance | $2.0/$1.6B |
| Average Loan Size[1] | $44M |
| Unlevered Yield | 6.2% |
| Floating Rate | 97% |
| Weighted Average Life (years) | 4.9 |
| Security | 100% Senior Secured |

## Portfolio (Q4 2019)

### Project Type




### Geographic Location




Note: Stratifications based on carrying values in USD as of December 31, 2019

[1] Based on total loan commitment

# Property Segment Overview

## High Quality Stabilized Assets with Attractive Current Return Profile

- Focused on investing in high quality real estate with:
  - Stable current cash-on-cash returns
  - Potential for capital appreciation
  - Longer duration of cash flows
  - Natural inflation hedge
- Acquired five major investments totaling approximately $3.0B
- Continue to leverage Starwood Capital Group and its acquisition and asset management professionals with expertise across all of the major real estate asset classes globally

| Select Operating Statistics | |
|---|---|
| W.A. Occupancy Rate | 97% |
| Number of Properties | 109 |
| Number of Residential Units | 15,057 |
| Total Commercial Square Footage | 3.8M |

Multifamily Portfolio


Windchase – Orlando, FL (352 Units)


Worthington – West Palm Beach, FL (300 Units)


Homestead Colony – Miami, FL (312 Units)

Medical Office Portfolio


Rockwall MOB – Dallas MSA (85,474 sf)



Physicians Plaza of Hendersonville – Nashville MSA (34,906 sf)

Note: As of December 31, 2019, unless otherwise noted

# Property Segment Portfolio

($ M)

| Investment | Net Carrying Value [1] | Asset Specific Financing | Net Investment | Occupancy Rate | Weighted Average Lease Term |
|---|---|---|---|---|---|
| ***Wholly-Owned:*** | | | | | |
| Various, U.S. - Medical Office Portfolio | $ 760 | $ 591 | $ 169 | 91.6% | 6.4 years |
| Southeast, U.S. -Woodstar I | 629 | 478 | 151 | 98.3% | 0.5 years |
| Various, U.S. - Master Lease Portfolio | 344 | 192 | 152 | 100.0% | 22.3 years |
| Southeast, U.S. - Woodstar II | 607 | 437 | 170 | 99.2% | 0.5 years |
| **Subtotal - Undepreciated Carrying Value** | **$ 2,340** | **$ 1,698** | **$ 642** | | |
| Accumulated Depreciation and Amortization | (265) | - | (265) | | |
| **Total - Net Carrying Value** | **$ 2,075** | **$ 1,698** | **$ 377** | | |

Note: As of December 31, 2019, unless otherwise noted

[1] Includes properties and intangibles

# Investing & Servicing Segment Overview

## Leading CMBS Investor, Special Servicer and Conduit Originator

**SPECIAL SERVICING OF CMBS LOANS**

- One of the largest CMBS special servicers in the U.S.
- Named special servicer on 185 trusts with a collateral balance of $93B
- $5.1B of loans and real estate owned currently in special servicing

**CMBS INVESTING**

- 20-year track record of real estate debt investing spanning several cycles
- Purchase new issue CMBS B-pieces and legacy bonds for yield and servicing control
- $1B portfolio carrying value

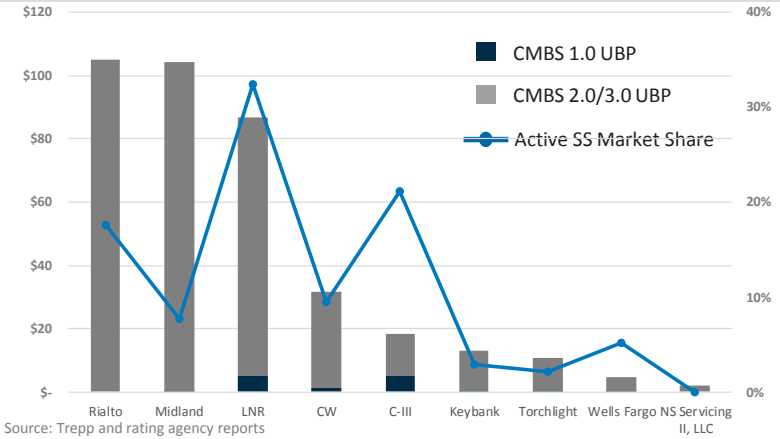
**CONDUIT LOAN ORIGINATION**

- Originate conduit loans for securitization into CMBS transactions
- Average loan size of $10-$15M

**PROPERTY PORTFOLIO**

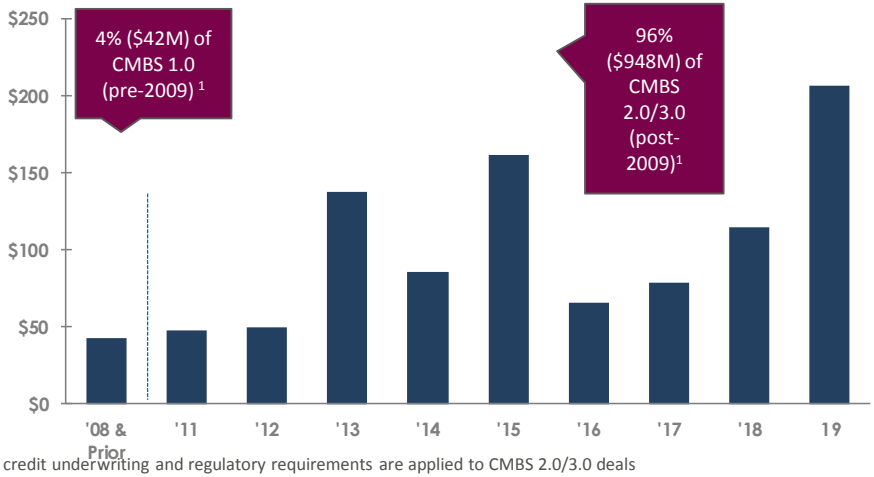
- Proprietary ability to purchase properties from CMBS trusts
- $304M gross investment balance

### Special Servicer Market Share ($B)




Source: Trepp and rating agency reports

### STWD Owned CMBS By Vintage ($M)




Note: As of December 31, 2019 unless otherwise noted

[1] CMBS 1.0 deals were originated in prior to 2008. CMBS 2.0/3.0 deals were originated from 2009 forward. Different credit underwriting and regulatory requirements are applied to CMBS 2.0/3.0 deals

# Investment & Servicing Segment Advantages

## The Power of Experience

- The longest serving investor in subordinate CMBS; persevered through every real estate cycle since 1991
- Senior management in the Investing & Servicing segment averages **15+** years with the company and **26+** years of industry experience
- Over **160** employees support STWD's investing and servicing activities
- The servicer has resolved over **6,703** non-performing assets with a total principal balance of nearly **$78B** since inception

## Underwriting Process

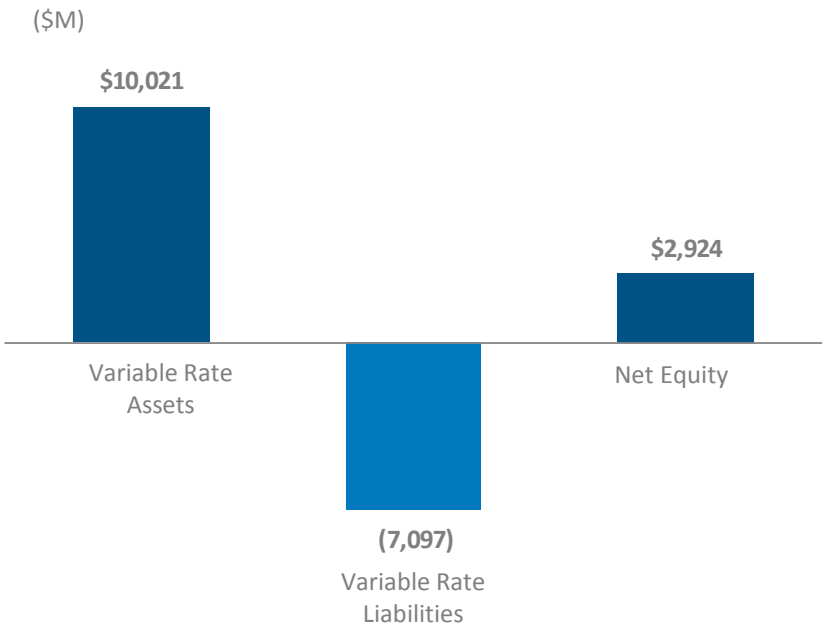
- Since 2013 the segment has deployed over **$12B** of capital
- In evaluating a new CMBS investment, STWD utilizes the depth of experience of its employee base and its proprietary database on over **100,000** loans
- STWD's due diligence process is supported by an unmatched capacity – its ability to underwrite **300 – 600** commercial loans within a six-week timeframe, utilizing more than **200** professionals around the country and deep relationships with the CRE brokerage and sponsor community

Note: As of December 31, 2019, unless otherwise noted.

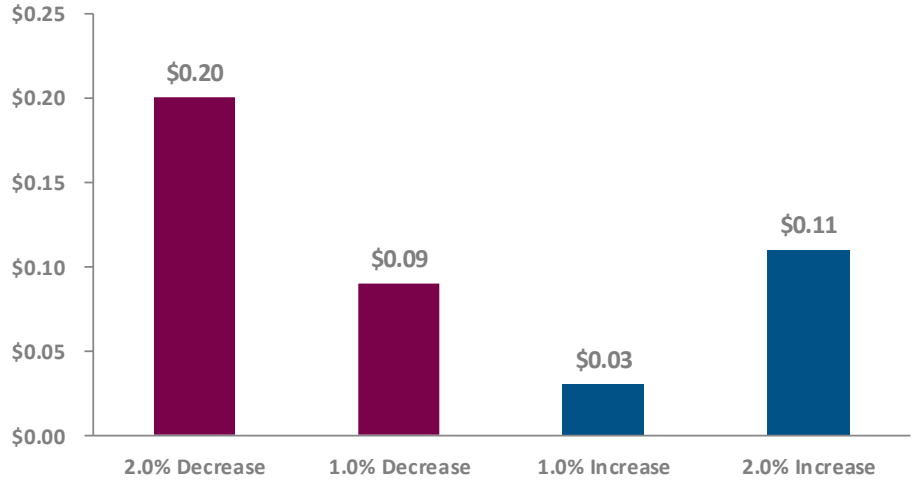
# Interest Rate Exposure

## Well Positioned for Both Higher and Lower Interest Rate Environments

### Variable Rate Assets & Liabilities[1]




### Annual Net Interest Income Per Share Sensitivity to LIBOR[1]



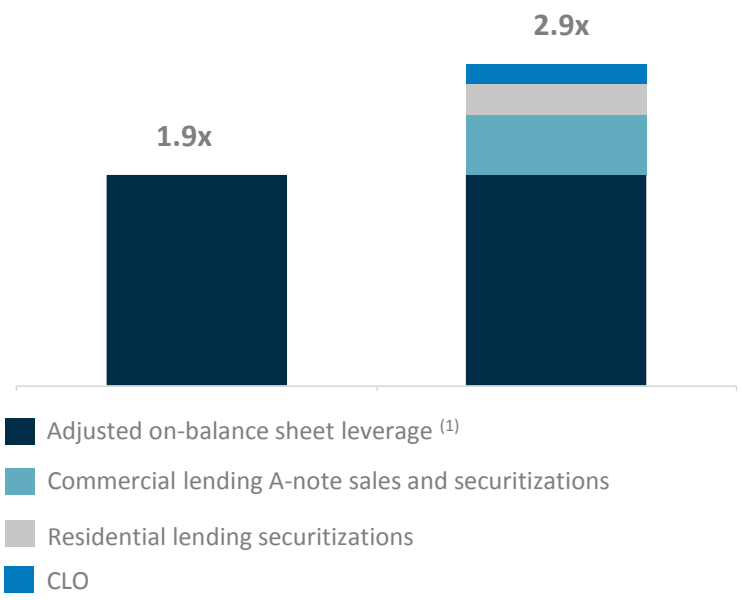

Note: As of December 31, 2019, unless otherwise noted

[1] Annualized impact; Includes all variable rate loans, held-to-maturity CMBS, variable rate debt and interest rate hedging instruments across all business segments. Excludes fixed rate loans, real estate properties, intangible assets, fixed rate debt, and other instruments which are not variable rate

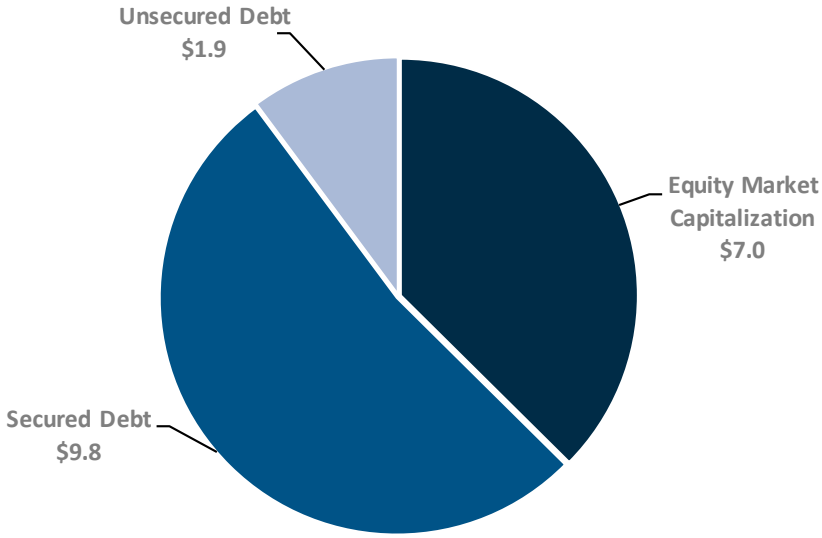
# Conservative Balance Sheet

## Utilize a Combination of Secured Asset-Level, Unsecured and Off Balance Sheet Debt

### Debt-To-Equity Ratios




### Capitalization




Note: As of December 31, 2019, unless otherwise noted.

[1] Represents (i) total outstanding secured and unsecured financing arrangements, less cash and restricted cash; divided by (ii) undepreciated equity (ie: GAAP equity plus accumulated depreciation and amortization of $311.5M as of December 31, 2019)

# Total Debt Capacity

## Nearly $20 Billion of On-Balance Sheet Debt Capacity Across 38 Different Facilities

US$ (M)

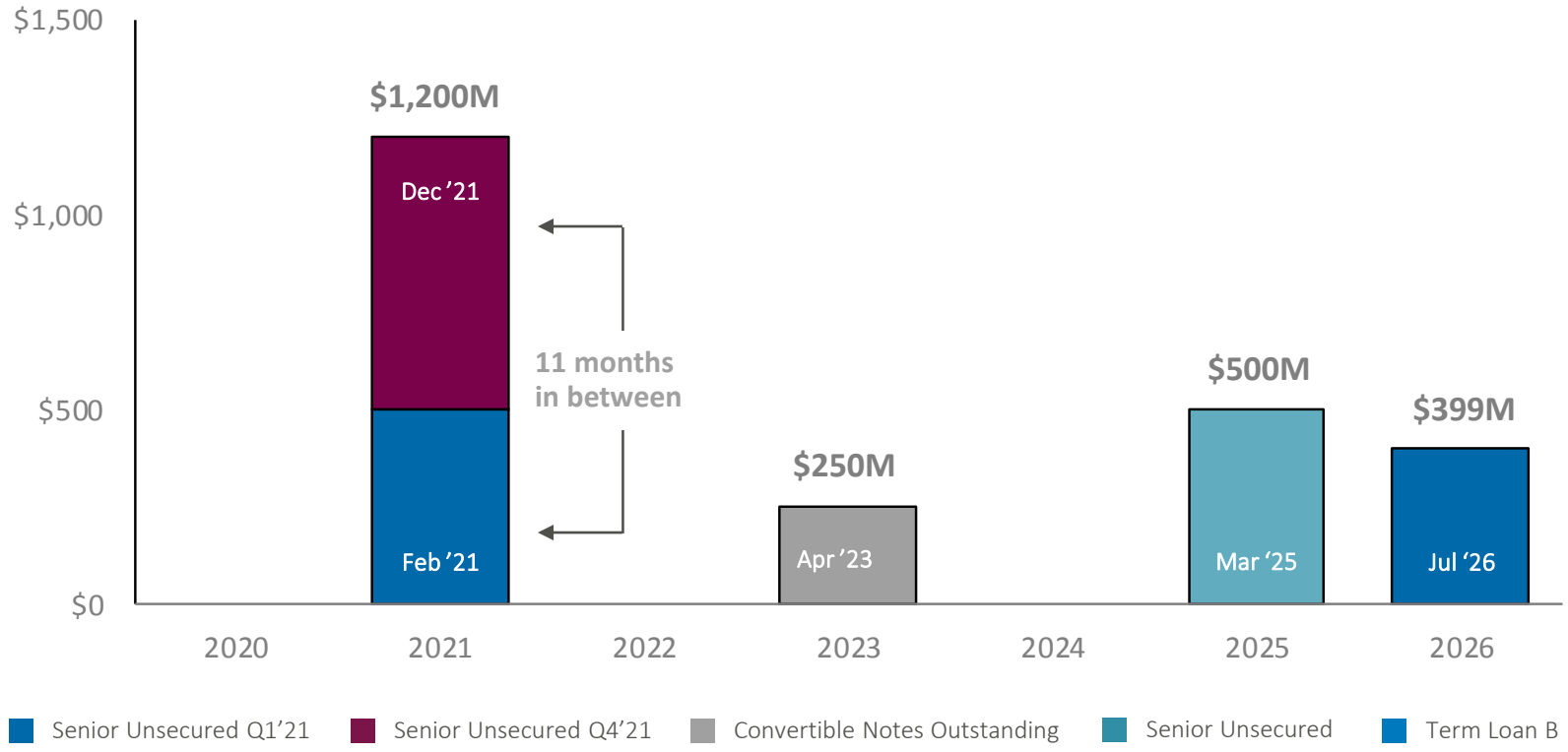
| Type | Maximum Facility Size | Debt Obligations: Drawn [1] | Debt Obligations: Available Capacity |
|---|---|---|---|
| **Asset Specific Financing:** | | | |
| Large Loans, Commercial | $ 9,717 | $ 3,840 | $ 5,877 |
| Infrastructure Lending Segment | 2,272 | 1,220 | 1,052 |
| Property Segment | 1,718 | 1,718 | - |
| Residential Loans | 2,400 | 880 | 1,520 |
| Conduit Loans, Commercial | 350 | 87 | 263 |
| MBS | 838 | 682 | 156 |
| REO Portfolio | 194 | 175 | 19 |
| **Subtotal - Asset Specific Financing** | **$ 17,489** | **$ 8,602** | **$ 8,887** |
| **Corporate Debt:** | | | |
| Convertible Senior Notes | $ 250 | $ 250 | $ - |
| Senior Unsecured Notes | 1,700 | 1,700 | - |
| Term Loan | 399 | 399 | - |
| Revolving Secured Financing | 120 | - | 120 |
| **Subtotal - Corporate Debt** | **$ 2,469** | **$ 2,349** | **$ 120** |
| **TOTAL DEBT:** | **$ 19,958** | **$ 10,951** | **$ 9,007** |

Note: As of December 31, 2019, unless otherwise noted.

[1] Drawn amounts exclude discounts / premiums and unamortized deferred financing costs

# Corporate Debt Maturity Schedule

*$ millions*




Note: As of December 31, 2019, unless otherwise noted.

# Corporate Responsibility Overview

## Our company strives to make a big difference by focusing on the main ways we can improve both people's lives and our planet.

### Environmental

- Environmental risk assessment for new investments
  - Overseen by the senior underwriter on each transaction
- $600M renewable energy assets financed
  - Generated 4,700 GWh YTD 2019
  - Avoiding ~3.3M tons of $CO_2$
- Sustainability practices in owned real estate
  - Savings from energy efficiency improvements
    - 45% less water usage
    - 57% water bill savings

### Social

- Social impact investments in the U.S. residential housing sector
  - Top 10 owner of affordable housing with over 15,000 apartment units
  - Over $3.1B of capital deployed in residential lending to high quality borrowers who would otherwise struggle to secure access to housing credit
- Investment in human capital
  - Focus on talent and human development and training
  - Ranked #5 in real estate in Forbes World's Best Employers 2018
- Commitment to diversity in our workforce
  - 44% women
  - 51% minorities

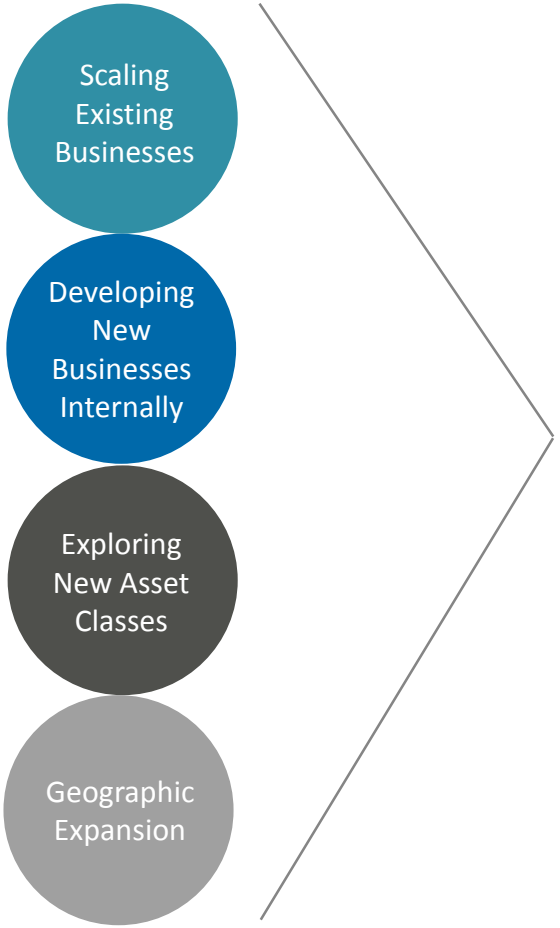
### Governance

- Award winning disclosure and shareholder engagement
  - Winner of NAREIT Investor Care Award 2014 – 2019 for Communications and Reporting Excellence
- Majority board independence
- Leading risk management practices overseen by the Board of Directors, as a whole and through its committees
- Alignment with shareholders

Read more at https://www.starwoodpropertytrust.com/corporate-responsibility/

Note: As of September 30, 2019, unless otherwise noted.

# STWD: A Premier Multi-Cylinder Platform




Building the Premier Multi-Cylinder Finance Company Primarily Focused on the Real Estate and Infrastructure Industries

Future growth opportunities will come from a combination of leveraging STWD's existing platform and pursuing new investments with meaningful synergies with Starwood Capital Group's core competencies