DUPONT E I DE NEMOURS & CO
Form DFAN14A
April 20, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ¨ Filed by a Party other than the Registrant x

Check the appropriate box:

¨Preliminary Proxy Statement

¨**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨Definitive Proxy Statement

x Definitive Additional Materials

¨Soliciting Material under §240.14a-12

E. I. du Pont de Nemours and Company

(Name of Registrant as Specified In Its Charter)

Trian Fund Management, L.P.

Trian Fund Management GP, LLC

Trian Partners, L.P.

Trian Partners Strategic Investment Fund, L.P.

Trian Partners Strategic Investment Fund II, L.P.

Trian Partners Master Fund, L.P.

Trian Partners Parallel Fund I, L.P.

Trian Partners Master Fund (ERISA), L.P.

Trian Partners Strategic Investment Fund-A, L.P.

Trian Partners Strategic Investment Fund-D, L.P.

Trian Partners Strategic Investment Fund-N, L.P.

Trian SPV (SUB) VIII, L.P.

Trian Partners Fund (Sub)-G, L.P.

Trian Partners Fund (Sub)-G II, L.P.

Nelson Peltz

Peter W. May

Edward P. Garden

John H. Myers

Arthur B. Winkleblack

Robert J. Zatta

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

PAYMENT OF FILING FEE (Check the appropriate box):

x No fee required

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

From time to time, Trian Fund Management, L.P. ("Trian") may place either of the following advertisements in one or more Internet-based forums:

DuPont Can Be Great

Vote the Gold Proxy Card Today.

Learn About Trian's Initiatives to
Increase Value at DuPont - dupontcanbegreat.com

and

DuPont Can Be Great
dupontcanbegreat.com
Learn About Trian's Initiatives to Increase

Value at DuPont

By clicking on the links, the viewer will be directed to the "www.DuPontCanBeGreat.com" website. Materials from the "www.DuPontCanBeGreat.com" website have been previously filed by Trian with the Securities and Exchange Commission (the "SEC").

Trian may use the account name “dupontvotegold” in connection with the advertisements listed above.

Additional Information

Trian and the investment funds that it manages that hold shares of E.I. du Pont de Nemours and Company (collectively, Trian with such funds, "Trian Partners"), together with other Participants (as defined below), filed a definitive proxy statement and an accompanying proxy card with the SEC on March 25, 2015 to be used to solicit proxies in connection with the 2015 Annual Meeting of Stockholders of the E.I. du Pont de Nemours and Company (the "Company"), including any adjournments or postponements thereof or any special meeting that may be called in lieu thereof (the "2015 Annual Meeting"). Information relating to the participants in such proxy solicitation (the "Participants") has been included in that definitive proxy statement and in any other amendments to that definitive proxy statement. Stockholders are advised to read the definitive proxy statement and any other documents related to the solicitation of stockholders of the Company in connection with the 2015 Annual Meeting because they contain important information, including additional information relating to the Participants. Trian Partners' definitive proxy statement and a form of proxy have been mailed to stockholders of the Company. These materials and other materials filed by Trian Partners in connection with the solicitation of proxies are available at no charge at the SEC's website at www.sec.gov. The definitive proxy statement and other relevant documents filed by Trian Partners with the SEC are also available, without charge, by directing a request to Trian's proxy solicitor, MacKenzie Partners, Inc. 105 Madison Avenue, New York, New York 10016 (call collect: 212-929-5500; call toll free: 800-322-2885) or email: proxy@mackenziepartners.com.

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248

15

771

—

771

Costs of rental operations

—

1,674

—

1,674

—

1,674

Depreciation and amortization

—

5,154

—

5,154

—

5,154

Loan loss allowance, net

(139)

—

—

(139)

—

(139)

Other expense

66

4,286

—

4,352

—

4,352

Total costs and expenses

22,077

47,333

48,055

117,465

221

117,686

Income (loss) before other income, income taxes and non-controlling interests

96,254

48,381

(48,055)

96,580

(43,516)

53,064

Other income:

Change in net assets related to consolidated VIEs

—

—

—

—

47,028

47,028

Change in fair value of servicing rights

—

(12,804)

—

(12,804)

7,281

(5,523)

Change in fair value of investment securities, net

861

16,294

—

17,155

(12,196)

4,959

Change in fair value of mortgage loans held-for-sale, net

—

11,608

—

11,608

—

11,608

Earnings from unconsolidated entities

3,432

5,219

—

8,651

912

9,563

Gain on sale of investments, net

10,078

—

—

10,078

—

10,078

Loss on derivative financial instruments, net

(7,610)

(2,180)

—

(9,790)

—

(9,790)

Foreign currency gain (loss), net

4,082

(305)

—

3,777

—

3,777

OTTI

—

(797)

—

(797)

—

(797)

Other income, net

35

657

—

692

—

692

Total other income

10,878

17,692

—

28,570

43,025

71,595

Income (loss) before income taxes

107,132

66,073

(48,055)

125,150

(491)

124,659

Income tax provision

(443)

(3,834)

—

(4,277)

—

(4,277)

Net income (loss)

106,689

62,239

(48,055)

120,873

(491)

120,382

Net income attributable to non-controlling interests

(3,005)

—

—

(3,005)

491

(2,514)

Net income (loss) attributable to Starwood Property Trust, Inc.

$

103,684

$

62,239

$

(48,055)

$

117,868

$

—

$

117,868

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The table below presents our results of operations for the six months ended June 30, 2015 by business segment (amounts in thousands):

	Lending Segment	Investing and Servicing Segment	Property Segment	Corporate	Subtotal	Investing and Servicing VIEs	Total
Revenues:							
Interest income from loans	$ 227,400	$ 9,321	$ —	$ —	$ 236,721	$ —	$ 236,721
Interest income from investment securities	39,346	71,968	—	—	111,314	(59,760)	51,554
Servicing fees	182	105,297	—	—	105,479	(47,068)	58,411
Rental income	—	4,150	3,536	—	7,686	—	7,686
Other revenues	413	3,231	—	—	3,644	(507)	3,137
Total revenues	267,341	193,967	3,536	—	464,844	(107,335)	357,509
Costs and expenses:							
Management fees	755	36	—	53,897	54,688	101	54,789
Interest expense	41,720	4,870	877	52,866	100,333	—	100,333
General and administrative	10,941	61,815	176	3,372	76,304	364	76,668
Acquisition and investment pursuit costs	997	718	4,262	76	6,053	—	6,053
Costs of rental operations	—	2,576	333	—	2,909	—	2,909
Depreciation and amortization	—	8,298	1,615	—	9,913	—	9,913
Loan loss allowance, net	2,978	—	—	—	2,978	—	2,978
Other expense	—	375	—	—	375	—	375
Total costs and expenses	57,391	78,688	7,263	110,211	253,553	465	254,018
Income (loss) before other income, income taxes and non-controlling interests	209,950	115,279	(3,727)	(110,211)	211,291	(107,800)	103,491
Other income:							
Change in net assets related to	—	—	—	—	—	103,734	103,734

consolidated VIEs							
Change in fair value of servicing rights	—	(13,256)	—	—	(13,256)	9,062	(4,194)
Change in fair value of investment securities, net	171	5,122	—	—	5,293	(4,346)	947
Change in fair value of mortgage loans held-for-sale, net	—	31,962	—	—	31,962	—	31,962
Earnings from unconsolidated entities	2,216	8,052	5,195	—	15,463	(422)	15,041
Gain on sale of investments and other assets, net	307	17,100	—	—	17,407	—	17,407
Gain (loss) on derivative financial instruments, net	8,909	(3,733)	(83)	—	5,093	—	5,093
Foreign currency loss, net	(8,155)	(1,291)	(7)	—	(9,453)	—	(9,453)
Loss on extinguishment of debt	—	—	—	(5,921)	(5,921)	—	(5,921)
Other income, net	—	41	—	14	55	—	55
Total other income (loss)	3,448	43,997	5,105	(5,907)	46,643	108,028	154,671
Income (loss) before income taxes	213,398	159,276	1,378	(116,118)	257,934	228	258,162
Income tax benefit (provision)	30	(19,773)	—	—	(19,743)	—	(19,743)
Net income (loss)	213,428	139,503	1,378	(116,118)	238,191	228	238,419
Net income attributable to non-controlling interests	(680)	—	—	—	(680)	(228)	(908)
Net income (loss) attributable to Starwood Property	$ 212,748	$ 139,503	$ 1,378	$ (116,118)	$ 237,511	$ —	$ 237,511

Trust, Inc.

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The table below presents our results of operations for the six months ended June 30, 2014 by business segment (amounts in thousands):

	Lending Segment	Investing and Servicing Segment	Corporate	Single Family Residential	Subtotal	Investing and Servicing VIEs	Total
Revenues:							
Interest income from loans	$ 204,979	$ 5,386	$ —	$ —	$ 210,365	$ —	$ 210,365
Interest income from investment securities	33,467	53,089	—	—	86,556	(29,482)	57,074
Servicing fees	190	114,019	—	—	114,209	(47,317)	66,892
Rental income	—	3,135	—	—	3,135	—	3,135
Other revenues	188	5,698	—	—	5,886	(623)	5,263
Total revenues	238,824	181,327	—	—	420,151	(77,422)	342,729
Costs and expenses:							
Management fees	1,183	36	51,609	—	52,828	78	52,906
Interest expense	31,445	1,927	42,154	—	75,526	—	75,526
General and administrative	10,612	74,326	3,890	—	88,828	367	89,195
Acquisition and investment pursuit costs	720	430	15	—	1,165	—	1,165
Costs of rental operations	—	2,106	—	—	2,106	—	2,106
Depreciation and amortization	—	9,790	—	—	9,790	—	9,790
Loan loss allowance, net	358	—	—	—	358	—	358
Other expense	52	5,557	—	—	5,609	—	5,609
Total costs and expenses	44,370	94,172	97,668	—	236,210	445	236,655
Income (loss) before other income, income taxes and non-controlling interests	194,454	87,155	(97,668)	—	183,941	(77,867)	106,074
Other income:							
Change in net assets related to consolidated	—	—	—	—	—	103,032	103,032

VIEs							
Change in fair value of servicing rights	—	(24,979)	—	—	(24,979)	14,205	(10,774)
Change in fair value of investment securities, net	705	53,246	—	—	53,951	(40,631)	13,320
Change in fair value of mortgage loans held-for-sale, net	—	32,501	—	—	32,501	—	32,501
Earnings from unconsolidated entities	4,972	3,836	—	—	8,808	819	9,627
Gain on sale of investments, net	11,633	—	—	—	11,633	—	11,633
Loss on derivative financial instruments, net	(10,398)	(7,258)	—	—	(17,656)	—	(17,656)
Foreign currency gain (loss), net	5,643	(389)	—	—	5,254	—	5,254
OTTI	(213)	(797)	—	—	(1,010)	—	(1,010)
Other income, net	53	657	—	—	710	—	710
Total other income	12,395	56,817	—	—	69,212	77,425	146,637
Income (loss) from continuing operations before income taxes	206,849	143,972	(97,668)	—	253,153	(442)	252,711
Income tax provision	(526)	(9,371)	—	—	(9,897)	—	(9,897)
Income (loss) from continuing operations	206,323	134,601	(97,668)	—	243,256	(442)	242,814
Loss from discontinued operations, net of tax	—	—	—	(1,551)	(1,551)	—	(1,551)
Net income (loss)	206,323	134,601	(97,668)	(1,551)	241,705	(442)	241,263
Net income attributable to non-controlling interests	(3,236)	—	—	—	(3,236)	442	(2,794)
	$ 203,087	$ 134,601	$ (97,668)	$ (1,551)	$ 238,469	$ —	$ 238,469

Net income
(loss)
attributable to
Starwood
Property
Trust, Inc.

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The table below presents our condensed consolidated balance sheet as of June 30, 2015 by business segment (amounts in thousands):

	Lending Segment	Investing and Servicing Segment	Property Segment	Corporate	Subtotal	Investing and Servicing VIEs	Total
ets:							
h and cash ivalents	$ 158,795	$ 47,694	$ 1,161	$ 238,072	$ 445,722	$ 756	$ 446,478
tricted cash	10,969	15,822	—	—	26,791	—	26,791
ans d-for-investment, net	5,913,197	2,199	—	—	5,915,396	—	5,915,396
ans held-for-sale	88,056	279,352	—	—	367,408	—	367,408
ans transferred as ured borrowings	135,940	—	—	—	135,940	—	135,940
estment securities	663,014	829,687	—	—	1,492,701	(615,463)	877,238
perties, net	—	57,771	339,245	—	397,016	—	397,016
angible assets	—	170,100	42,499	—	212,599	(36,992)	175,607
estment in onsolidated entities	35,283	55,189	120,927	—	211,399	(7,144)	204,255
odwill	—	140,437	—	—	140,437	—	140,437
ivative assets	16,572	4,485	3,969	—	25,026	—	25,026
rued interest eivable	38,078	276	—	—	38,354	—	38,354
er assets	20,084	65,478	19,459	12,918	117,939	(1,741)	116,198
E assets, at fair value	—	—	—	—	—	92,719,092	92,719,09
al Assets	$ 7,079,988	$ 1,668,490	$ 527,260	$ 250,990	$ 9,526,728	$ 92,058,508	$ 101,585,
bilities and Equity							
bilities:							
ounts payable, rued expenses other liabilities	$ 16,293	$ 80,485	$ 15,261	$ 28,493	$ 140,532	$ 555	$ 141,087
ated-party payable	—	3,484	—	21,075	24,559	—	24,559
idends payable	—	—	—	115,575	115,575	—	115,575
ivative liabilities	5,734	556	—	—	6,290	—	6,290
ured financing eements, net	2,379,372	294,771	245,609	659,751	3,579,503	—	3,579,50
nvertible senior notes,	—	—	—	1,315,245	1,315,245	—	1,315,24
ured borrowings on nsferred loans	137,302	—	—	—	137,302	—	137,302
E liabilities, at fair ue	—	—	—	—	—	92,046,550	92,046,5
al Liabilities	2,538,701	379,296	260,870	2,140,139	5,319,006	92,047,105	97,366,1
ity:							

rwood Property st, Inc. ckholders' Equity:							
nmon stock	—	—	—	2,402	2,402	—	2,402
ditional paid-in capital	2,918,478	1,174,898	262,513	(182,020)	4,173,869	—	4,173,869
asury stock	—	—	—	(32,464)	(32,464)	—	(32,464)
cumulated other nprehensive income s)	46,668	(1,090)	323	—	45,901	—	45,901
ained earnings cumulated deficit)	1,564,327	113,309	3,554	(1,677,067)	4,123	—	4,123
al Starwood Property st, Inc. Stockholders' iity	4,529,473	1,287,117	266,390	(1,889,149)	4,193,831	—	4,193,831
n-controlling interests solidated subsidiaries	11,814	2,077	—	—	13,891	11,403	25,294
al Equity	4,541,287	1,289,194	266,390	(1,889,149)	4,207,722	11,403	4,219,12
al Liabilities and iity	$ 7,079,988	$ 1,668,490	$ 527,260	$ 250,990	$ 9,526,728	$ 92,058,508	$ 101,585,

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The table below presents our condensed consolidated balance sheet as of December 31, 2014 by business segment (amounts in thousands):

	Lending Segment	Investing and Servicing Segment	Property Segment	Corporate	Subtotal	Investing and Servicing VIEs	Total
ets:							
n and cash valents	$ 125,132	$ 85,252	$ —	$ 44,017	$ 254,401	$ 786	$ 255,187
tricted cash	34,941	13,763	—	—	48,704	—	48,704
ns -for-investment, net	5,771,307	7,931	—	—	5,779,238	—	5,779,23
ns held-for-sale	—	391,620	—	—	391,620	—	391,620
ns transferred as ured borrowings	129,427	—	—	—	129,427	—	129,427
estment securities	764,517	753,553	—	—	1,518,070	(519,822)	998,248
perties, net	—	39,854	—	—	39,854	—	39,854
ngible assets	—	190,207	—	—	190,207	(46,055)	144,152
estment in onsolidated entities	22,537	48,693	129,475	—	200,705	(6,722)	193,983
dwill	—	140,437	—	—	140,437	—	140,437
vative assets	23,579	3,049	—	—	26,628	—	26,628
rued rest receivable	39,188	914	—	—	40,102	—	40,102
er assets	21,329	61,048	—	14,739	97,116	(1,464)	95,652
assets, at fair value	—	—	—	—	—	107,816,065	107,816,
l Assets	$ 6,931,957	$ 1,736,321	$ 129,475	$ 58,756	$ 8,856,509	$ 107,242,788	$ 116,099,
bilities and Equity							
bilities:							
ounts payable, ued expenses other liabilities	$ 23,015	$ 97,424	$ —	$ 23,620	$ 144,059	$ 457	$ 144,516
ated-party payable	—	4,405	—	36,346	40,751	—	40,751
dends payable	—	—	—	108,189	108,189	—	108,189
vative liabilities	3,662	1,814	—	—	5,476	—	5,476
ured financing ements, net	2,252,493	222,363	—	662,933	3,137,789	—	3,137,78
vertible senior notes,	—	—	—	1,418,022	1,418,022	—	1,418,02
ured borrowings on sferred loans	129,441	—	—	—	129,441	—	129,441
liabilities, at fair e	—	—	—	—	—	107,232,201	107,232,
l Liabilities	2,408,611	326,006	—	2,249,110	4,983,727	107,232,658	112,216,

ity:							
wood Property							
st, Inc.							
ckholders' Equity:							
nmon stock	—	—	—	2,248	2,248	—	2,248
itional paid-in capital	3,126,845	1,413,608	127,299	(832,027)	3,835,725	—	3,835,72
asury stock	—	—	—	(23,635)	(23,635)	—	(23,635)
umulated other							
prehensive income	55,781	115	—	—	55,896	—	55,896
ined earnings							
umulated deficit)	1,328,794	(3,408)	2,176	(1,336,940)	(9,378)	—	(9,378)
l Starwood Property							
st, Inc. Stockholders'							
ity	4,511,420	1,410,315	129,475	(2,190,354)	3,860,856	—	3,860,85
-controlling interests							
solidated subsidiaries	11,926	—	—	—	11,926	10,130	22,056
l Equity	4,523,346	1,410,315	129,475	(2,190,354)	3,872,782	10,130	3,882,91
l Liabilities and							
ity	$ 6,931,957	$ 1,736,321	$ 129,475	$ 58,756	$ 8,856,509	$ 107,242,788	$ 116,099,

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23. Subsequent Events

Our significant events subsequent to June 30, 2015 were as follows:

Ireland Property Acquisition

On July 24, 2015, we acquired a fully occupied office property subject to a net lease arrangement located in Dublin, Ireland. The gross purchase price for this additional property, which comprises approximately 103,000 square feet, was €111.0 million.

Secured Financing Agreements

In July 2015, we exercised a one-year extension option on the Conduit Repo 1 facility extending the maturity from September 2015 to September 2016.

In July 2015, we exercised a one-year extension option on the Lender 6 Repo 1 facility extending the maturity from August 2017 to August 2018.

In July 2015, we amended the Borrowing Base facility to (i) permanently upsize available borrowings from $250.0 million to $450.0 million; (ii) extend the maturity date to July 2019 assuming exercise of a one-year extension option; and (iii) reduce pricing.

In July 2015, we exercised a one-year extension option on the Lender 4 Repo 1 facility extending the maturity from October 2015 to October 2016.

In August 2015, we amended the Lender 1 Repo 1 facility to upsize available borrowings from $1.25 billion to $1.6 billion.

Dividend Declaration

On August 4, 2015, our board of directors declared a dividend of $0.48 per share for the third quarter of 2015, which is payable on October 15, 2015 to common stockholders of record as of September 30, 2015.

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Item 2.Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the information included elsewhere in this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "Form 10-K"). This discussion contains forward-looking statements that involve risks and uncertainties. Actual results could differ significantly from the results discussed in the forward-looking statements. See "Special Note Regarding Forward-Looking Statements" at the beginning of this Quarterly Report on Form 10-Q.

Overview

Starwood Property Trust, Inc. ("STWD" together with its subsidiaries, "we" or the "Company") is a Maryland corporation that commenced operations in August 2009, upon the completion of our initial public offering ("IPO"). We are focused primarily on originating, acquiring, financing and managing commercial mortgage loans and other commercial real estate debt investments, commercial mortgage-backed securities ("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, including preferred equity interests;
- CMBS; and
- other commercial real estate-related debt investments.

Our target assets may also include residential mortgage-backed securities ("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.

During the three months ended June 30, 2015, we established a third business segment, real estate property (the "Property Segment"). We have three reportable business segments as of June 30, 2015:

- Real estate lending (the "Lending Segment")— 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 (the “Investing and Servicing Segment”)—includes (i) servicing businesses in both the U.S. and Europe that manage and work 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 (“VIEs”).

- Property Segment— engages primarily in acquiring and managing equity interests in stabilized commercial real estate properties that are held for investment.

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Refer to Note 1 of our condensed consolidated financial statements included herein for further discussion of our business and organization.

Developments during the Second Quarter of 2015

- Acquired Cedar Real Estate Investments PLC ("Cedar Investments"), an investment fund which owned a portfolio of eight office properties and one multi-family residential property all located in Dublin, Ireland. Subsequent to this acquisition, Cedar Investments purchased three additional office properties also located in Dublin, Ireland. The aggregate purchase price for all twelve properties (the "Ireland Portfolio"), which collectively comprise approximately 520,000 square feet, was $106.7 million. We executed a €294.0 million, five year mortgage facility which carries an annual interest rate of EURIBOR + 2.00% to finance the acquisition, of which €220.5 million was drawn down during the quarter.

- The Lending Segment originated or acquired the following loans during the quarter:

- $257.9 million first mortgage for the development of a 194-acre coastal residential community in Orange County, California, of which the Company funded $76.3 million during the second quarter.

- $175.0 million first mortgage and mezzanine loan for the refinancing of a 1,054-room, five-property hotel portfolio located in California, of which the Company funded $170.0 million during the second quarter.

- $83.5 million first mortgage and mezzanine loan for the refinancing and development of a 77-acre retail center located in Albuquerque, New Mexico, of which the Company funded $33.7 million during the second quarter.

- $82.8 million first mortgage and mezzanine loan for the refinancing of a 270-unit luxury condominium tower located in Philadelphia, Pennsylvania, which the Company fully funded during the second quarter.

- Funded $131.9 million of previously originated loan commitments during the second quarter.

- Received proceeds of $373.5 million and $228.9 million from maturities and principal repayments on loans and held-to-maturity investment securities, respectively, during the second quarter.

- Sold $293.2 million of loans and loan commitments during the second quarter.

· Named special servicer on one new issue CMBS deal with a total unpaid principal balance of $1.1 billion.

· Purchased $37.9 million of CMBS, including $17.5 million in new issue B-pieces.

· Originated new conduit loans of $476.7 million.

· Received proceeds of $551.6 million from sales of conduit loans.

· Sold 13.8 million shares of common stock for gross proceeds of $326.1 million.

· Repurchased 400,000 shares of common stock at a total cost of $8.8 million.

· Repurchased $14.5 million par value of our 2019 Notes for $16.5 million, recognizing a loss on extinguishment of debt of $0.6 million.

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Developments during the First Quarter of 2015

- Entered into agreements to acquire the Ireland Portfolio.
- The Lending Segment originated or acquired the following loans during the quarter:
- $111.6 million first mortgage and mezzanine loan for the acquisition of a 129-acre office park in Boca Raton, Florida, of which the Company funded $85.0 million during the first quarter.
- $105.6 million mezzanine loan secured by a 6,530-room, 24-property U.S. hotel portfolio.
- $73.3 million first mortgage and mezzanine loan for the acquisition of a 367-room full service hotel in New Orleans, Louisiana, of which the Company funded $64.6 million during the first quarter.
- $61.6 million first mortgage and mezzanine loan for the acquisition of a 499-room full service hotel in Indianapolis, Indiana, of which the Company funded $55.0 million during the first quarter.
- $58.9 million first mortgage and mezzanine loan for the acquisition of an 11-building office portfolio in Sonoma County, California, of which the Company funded $55.7 million during the first quarter.
  - Funded $130.4 million of previously originated loan commitments during the first quarter.
  - Sold $85.5 million of loans and loan commitments during the first quarter.
- Sold a commercial real estate asset from our Investing and Servicing Segment for a gain of $17.1 million.
- Named special servicer on three new issue CMBS deals with total unpaid principal balances of $3.0 billion.
- Purchased $60.3 million of CMBS, including $47.5 million in new issue B-pieces.
- Originated new conduit loans of $413.2 million.

- Received proceeds of $482.0 million from sales of conduit loans.

- Executed a $150.0 million repurchase facility with an existing lender to fund the origination of commercial mortgage loans for future securitization through the Investing and Servicing Segment's conduit platform. The facility carries a three year initial term with a one year extension option and an annual interest rate of LIBOR +2.10%.

- Executed a repurchase facility with a new lender to finance certain CMBS holdings. There is no maximum facility size specified under the facility as the lender will evaluate all eligible collateral on an individual basis. The facility carries a rolling twelve month term which may reset monthly with the lender's consent and an annual interest rate of LIBOR +1.40% to LIBOR +1.85% depending on the CMBS collateral.

- Repurchased $104.1 million par value of our 2019 Notes for $119.9 million, recognizing a loss on extinguishment of debt of $5.3 million.

Subsequent Events

Refer to Note 23 of our condensed consolidated financial statements included herein for disclosure regarding significant transactions that occurred subsequent to June 30, 2015.

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Results of Operations

The discussion below is based on accounting principles generally accepted in the United States of America ("GAAP") and therefore reflects the elimination of certain key financial statement line items related to the consolidation of variable interest entities ("VIEs"), particularly within revenues and other income, as discussed in Note 2 to the condensed consolidated financial statements included herein. For a discussion of our results of operations excluding the impact of Accounting Standards Codification ("ASC") Topic 810 as it relates to the consolidation of VIEs, refer to the Non-GAAP Financial Measures section herein.

The following table compares our summarized results of operations for the three and six months ended June 30, 2015 and 2014 by business segment (amounts in thousands):

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2014	$ Change	2015	2014	$ Change
Revenues:						
Lending Segment	$ 131,410	$ 118,331	$ 13,079	$ 267,341	$ 238,824	$ 28,517
Investing and Servicing Segment	108,764	95,714	13,050	193,967	181,327	12,640
Property Segment	3,536	—	3,536	3,536	—	3,536
Investing and Servicing VIEs	(65,050)	(43,295)	(21,755)	(107,335)	(77,422)	(29,913)
	178,660	170,750	7,910	357,509	342,729	14,780
Costs and expenses (1):						
Lending Segment	29,532	22,077	7,455	57,391	44,370	13,021
Investing and Servicing Segment	40,991	47,333	(6,342)	78,688	94,172	(15,484)
Property Segment	7,261	—	7,261	7,263	—	7,263
Corporate	54,578	48,055	6,523	110,211	97,668	12,543
Investing and Servicing VIEs	229	221	8	465	445	20
	132,591	117,686	14,905	254,018	236,655	17,363
Other income (expense):						
Lending Segment	(693)	10,878	(11,571)	3,448	12,395	(8,947)
Investing and Servicing Segment	8,751	17,692	(8,941)	43,997	56,817	(12,820)
Property Segment	2,497	—	2,497	5,105	—	5,105
Corporate	(629)	—	(629)	(5,907)	—	(5,907)
Investing and Servicing VIEs	65,437	43,025	22,412	108,028	77,425	30,603
	75,363	71,595	3,768	154,671	146,637	8,034
Income (loss) from continuing operations before income taxes:						

Lending Segment	101,185	107,132	(5,947)	213,398	206,849	6,549
Investing and Servicing Segment	76,524	66,073	10,451	159,276	143,972	15,304
Property Segment	(1,228)	—	(1,228)	1,378	—	1,378
Corporate	(55,207)	(48,055)	(7,152)	(116,118)	(97,668)	(18,450)
Investing and Servicing VIEs	158	(491)	649	228	(442)	670
	121,432	124,659	(3,227)	258,162	252,711	5,451
Income tax provision	(3,792)	(4,277)	485	(19,743)	(9,897)	(9,846)
Loss from discontinued operations, net of tax	—	—	—	—	(1,551)	1,551
Net income attributable to non-controlling interests	(492)	(2,514)	2,022	(908)	(2,794)	1,886
Net income attributable to Starwood Property Trust, Inc.	$ 117,148	$ 117,868	$ (720)	$ 237,511	$ 238,469	$ (958)

(1) Allocations of certain prior period costs and expenses among segments have been reclassified to a newly-established separate presentation for corporate overhead to conform to our current period presentation of both GAAP and non-

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GAAP financial measures. Refer to Note 22 of our condensed consolidated financial statements included herein for further information.

Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

Lending Segment

Revenues

For the three months ended June 30, 2015, revenues of our Lending Segment increased $13.1 million to $131.4 million, compared to $118.3 million for the three months ended June 30, 2014. This increase was primarily due to (i) an $11.0 million increase in interest income from loans, which reflects a $1.1 billion net increase in loan investments of our Lending Segment between June 30, 2014 and 2015, mainly resulting from new loan originations exceeding maturities, and (ii) a $1.9 million increase in interest income from investment securities principally due to an increase in CMBS investments.

Costs and Expenses

For the three months ended June 30, 2015, costs and expenses of our Lending Segment increased $7.4 million to $29.5 million, compared to $22.1 million for the three months ended June 30, 2014. The increase was primarily due to a $4.6 million increase in interest expense associated with the various secured financing facilities used to fund the growth of our investment portfolio and a $2.8 million increase in our general loan loss allowance compared to a small reversal in the 2014 second quarter. The outstanding balance under the secured financing facilities increased $574.3 million between June 30, 2014 and 2015.

Net Interest Income (amounts in thousands)

	For the Three Months Ended June 30,		
	2015	2014	Change
Interest income from loans	$ 113,928	$ 102,892	$ 11,036
Interest income from investment securities	17,050	15,178	1,872

Interest expense	(20,197)	(15,619)	(4,578)
Net interest income	$ 110,781	$ 102,451	$ 8,330

For the three months ended June 30, 2015, net interest income of our Lending Segment increased $8.3 million to $110.8 million from $102.5 million for the three months ended June 30, 2014. The increase primarily reflects a $1.0 billion net increase in investments of our Lending Segment between June 30, 2014 and 2015 which was financed in part by unallocated corporate-level debt.

The weighted average unlevered yield on the Lending Segment's loans and investment securities was 7.9% as of June 30, 2015 compared to 8.3% as of June 30, 2014. The slight decrease is primarily due to a gradual tightening of interest rate spreads due to increased lender competition in the credit markets over the last twelve months.

During the three months ended June 30, 2015 and 2014, the Lending Segment's weighted average secured borrowing rates, inclusive of interest rate hedging costs and the amortization of deferred financing fees, were 3.1% and 3.6%, respectively. This decrease in borrowing rates primarily reflects lower interest rate spreads on both our new and amended debt facilities over the last twelve months.

Other Income

For the three months ended June 30, 2015, other income (expense) of our Lending Segment decreased $11.6 million to $(0.7) million, from $10.9 million for the three months ended June 30, 2014. The decrease was primarily due to a $9.9 million decrease in gain on sale of investments due to higher sales activity, particularly of RMBS, in the second quarter of 2014 and a $2.1 million decrease in equity in earnings of unconsolidated entities. A $17.1 million increase in

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foreign currency gain due to a weakening of the U.S. dollar against the pound sterling was mostly offset by a $16.3 million increased loss on derivatives. The increased loss on derivatives reflects a $20.7 million increase in loss on foreign currency hedges partially offset by a $4.4 million favorable change in gain (loss) on interest rate derivatives. The foreign currency hedges are used to fix the U.S. dollar amounts of cash flows (both interest and principal payments) we expect to receive from our foreign currency denominated loans and CMBS investments.

Investing and Servicing Segment and VIEs

Revenues

For the three months ended June 30, 2015, revenues of our Investing and Servicing Segment decreased $8.7 million to $43.7 million after consolidated VIE eliminations of $65.0 million, compared to $52.4 million after consolidated VIE eliminations of $43.3 million for the three months ended June 30, 2014. The VIE eliminations are merely a function of the number of CMBS trusts consolidated in any given period, and as such, are not a meaningful indicator of the operating results for this segment. The decrease in revenues in the second quarter of 2015 was due to decreases of $5.7 million in interest income from CMBS investments, $2.5 million in servicing fees and $2.3 million in rental and other revenues, all partially offset by an increase of $1.8 million in interest income from loans. The $5.7 million decrease in CMBS interest income was due to a $22.9 million increase in VIE eliminations related to the CMBS trusts we consolidate. Excluding the effect of these eliminations, CMBS interest income increased by $17.2 million.

Costs and Expenses

For the three months ended June 30, 2015, costs and expenses of our Investing and Servicing Segment decreased $6.3 million to $41.2 million, compared to $47.6 million for the three months ended June 30, 2014. The VIE eliminations were nominal for both periods. The decrease in costs and expenses was primarily due to accruals for contingencies and legal fees incurred in the second quarter of 2014 which did not recur in the second quarter of 2015 and a $1.7 million decrease in depreciation and costs of rental operations related to a commercial real estate asset we sold for a gain in the first quarter of 2015, all partially offset by a $1.8 million increase in interest expense related to higher balances under our conduit loan and CMBS financing facilities.

Other Income

For the three months ended June 30, 2015, other income of our Investing and Servicing Segment increased $13.5 million to $74.2 million including additive net VIE eliminations of $65.4 million, from $60.7 million including additive net VIE eliminations of $43.0 million for the three months ended June 30, 2014. The increase in other income in the second quarter of 2015 compared to the second quarter of 2014 was primarily due to an $8.8 million increase in net assets related to consolidated VIEs and a $6.5 million favorable swing in gain (loss) on derivatives which are used to hedge interest rate risk and credit risk principally on the Investing and Servicing Segment's conduit loans held-for-sale, both partially offset by a decrease of $3.2 million in the change in fair value of investment securities. The change in fair value of our CMBS reflects a $0.9 million increase in the three months ended June 30, 2015 compared to a $4.1 million increase in the three months ended June 30, 2014. Before VIE eliminations, there were (decreases) increases in fair value of these securities of $(3.2) million and $16.3 million in the three months ended June 30, 2015 and 2014, respectively. Change in net assets related to consolidated VIEs reflects amounts associated with the Investing and Servicing Segment's variable interests in CMBS trusts it consolidates, including special servicing fees, interest income, and changes in fair value of CMBS and servicing rights. As noted above, this number is merely a function of the number of CMBS trusts consolidated in any given period, and as such, is not a meaningful indicator of the operating results for this segment.

Income Tax Provision

Most of our consolidated income tax provision relates to the taxable nature of the Investing and Servicing Segment's loan servicing and loan conduit businesses which are housed in TRSs. Our tax provision for the three months ended June 30, 2015, as well as the overall effective tax rate, is slightly lower than for the three months ended June 30, 2014 primarily due to a decrease in our income from an investment in an unconsolidated entity held within a TRS.

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Property Segment

During the three months ended June 30, 2014, there was no activity in the Property Segment. Therefore a comparison of results of this segment for the three months ended June 30, 2014 to the three months ended June 30, 2015 is not meaningful.

Revenues

For the three months ended June 30, 2015, revenues of our Property Segment consisted of $3.5 million of rental income for the partial period subsequent to our May 2015 acquisition of the Ireland Portfolio.

Costs and Expenses

For the three months ended June 30, 2015, costs and expenses of our Property Segment of $7.3 million consisted of $4.3 million of acquisition and investment pursuit costs, of which $3.2 million related to the acquisition of the Ireland Portfolio, and $3.0 million of other rental related costs, including $1.6 million of depreciation and amortization and $0.9 million of interest expense on the secured financing for the Ireland Portfolio.

Other Income

For the three months ended June 30, 2015, other income of our Property Segment of $2.5 million consisted primarily of equity in earnings from our investment in four regional shopping malls (the "Retail Fund") which we acquired in the fourth quarter of 2014.

Corporate

For the three months ended June 30, 2015, corporate expenses increased $6.5 million to $54.6 million, compared to $48.1 million for the three months ended June 30, 2014. The increase was primarily due to a $4.9 million increase in interest expense related to our October 2014 issuance of Convertible Notes due 2017 and a $1.9 million increase in management fees. The increase in management fees reflects the impacts of (i) higher levels of invested capital which resulted in an increased base management fee and (ii) higher manager stock compensation expense resulting from awards granted during the second quarter of 2015. Corporate other expense of $0.6 million for the three months ended June 30, 2015 represents a loss on the repurchase of $14.5 million principal amount of our Convertible Notes due 2019.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

Lending Segment

Revenues

For the six months ended June 30, 2015, revenues of our Lending Segment increased $28.5 million to $267.3 million, compared to $238.8 million for the six months ended June 30, 2014. This increase was primarily due to (i) a $22.4 million increase in interest income from loans, which reflects a $1.1 billion net increase in loan investments of our Lending Segment between June 30, 2014 and 2015, mainly resulting from new loan originations exceeding maturities, and (ii) a $5.9 million increase in interest income from investment securities, reflecting higher accretion of discount on RMBS as well as increased income from CMBS and preferred equity interests in real estate ventures.

Costs and Expenses

For the six months ended June 30, 2015, costs and expenses of our Lending Segment increased $13.0 million to $57.4 million, compared to $44.4 million for the six months ended June 30, 2014. The increase was primarily due to a $10.3 million increase in interest expense associated with the various secured financing facilities used to fund the growth

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of our investment portfolio and a $2.6 million increase in our general loan loss allowance. The outstanding balance under the secured financing facilities increased $574.3 million between June 30, 2014 and 2015.

Net Interest Income (amounts in thousands)

	For the Six Months Ended June 30,		
	2015	2014	Change
Interest income from loans	$ 227,400	$ 204,979	$ 22,421
Interest income from investment securities	39,346	33,467	5,879
Interest expense	(41,720)	(31,445)	(10,275)
Net interest income	$ 225,026	$ 207,001	$ 18,025

For the six months ended June 30, 2015, net interest income of our lending segment increased $18.0 million to $225.0 million from $207.0 million for the six months ended June 30, 2014. The increase primarily reflects a $1.0 billion net increase in investments of our Lending Segment between June 30, 2014 and 2015 which was financed in part by unallocated corporate-level debt.

Refer to the discussion of the Lending Segment's results of operations for the three months ended June 30, 2015 for a discussion of our weighted average unlevered yields on the Lending Segment's loans and investment securities and the Lending Segment's weighted average secured borrowing rates.

Other Income

For the six months ended June 30, 2015, other income of our Lending Segment decreased $8.9 million to $3.4 million, from $12.4 million for the six months ended June 30, 2014. The decrease was primarily due to a $13.8 million unfavorable swing in foreign currency gain (loss), an $11.3 million decrease in gain on sale of investments due to higher sales activity, particularly of RMBS, in the second half of 2014 and a $2.8 million decrease in equity in earnings of unconsolidated entities. These decreases were partially offset by a $19.3 million favorable swing in gain (loss) on derivatives, mostly related to foreign currency hedges. The foreign currency hedges are used to fix the U.S. dollar amounts of cash flows (both interest and principal payments) we expect to receive from our foreign currency denominated loans and CMBS investments.

Investing and Servicing Segment and VIEs

Revenues

For the six months ended June 30, 2015, revenues of our Investing and Servicing Segment decreased $17.3 million to $86.6 million after consolidated VIE eliminations of $107.3 million, compared to $103.9 million after consolidated VIE eliminations of $77.4 million for the six months ended June 30, 2014. The VIE eliminations are merely a function of the number of CMBS trusts consolidated in any given period, and as such, are not a meaningful indicator of the operating results for this segment. The decrease in revenues in the second half of 2015 was due to decreases of $11.4 million in interest income from CMBS investments, $8.5 million in servicing fees and $1.3 million in rental and other revenues, all partially offset by an increase of $3.9 million in interest income from loans. The $11.4 million decrease in CMBS interest income was due to a $30.3 million increase in VIE eliminations related to the CMBS trusts we consolidate. Excluding the effect of these eliminations, CMBS interest income increased by $18.9 million.

Costs and Expenses

For the six months ended June 30, 2015, costs and expenses of our Investing and Servicing Segment decreased $15.4 million to $79.2 million, compared to $94.6 million for the six months ended June 30, 2014. The VIE eliminations were nominal for both periods. The decrease in costs and expenses was primarily due to (i) lower incentive and other compensation, (ii) accruals for contingencies and legal fees incurred in the first half of 2014 which did not recur in the first half of 2015 and (iii) a $1.0 million net decrease in depreciation and costs of rental operations related to a

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commercial real estate asset we sold for a gain in the first quarter of 2015, all partially offset by a $2.9 million increase in interest expense related to higher balances under our conduit loan and CMBS financing facilities.

Other Income

For the six months ended June 30, 2015, other income of our Investing and Servicing Segment increased $17.8 million to $152.0 million including additive net VIE eliminations of $108.0 million, from $134.2 million including additive net VIE eliminations of $77.4 million for the six months ended June 30, 2014. The increase in other income in the first half of 2015 compared to the first half of 2014 was primarily due to (i) a $17.1 million gain on sale of a commercial real estate asset, (ii) a $6.6 million lesser reduction in the fair value of our domestic servicing rights intangible which reflects the expected amortization of this deteriorating asset net of increases in fair value due to the attainment of new servicing contracts, (iii) a $3.5 million lower loss from derivatives which are used to hedge interest rate risk and credit risk principally on the Investing and Servicing Segment's conduit loans held-for-sale and (iv) a $3.0 million increase in earnings from unconsolidated entities, all partially offset by a decrease of $11.8 million in the change in fair value of investment securities. The change in fair value of our CMBS reflects a $0.8 million increase in the six months ended June 30, 2015 compared to a $12.6 million increase in the six months ended June 30, 2014. Before VIE eliminations, there were increases in fair value of these securities of $5.1 million and $53.2 million in the six months ended June 30, 2015 and 2014, respectively.

Income Tax Provision

Most of our consolidated income tax provision relates to the taxable nature of the Investing and Servicing Segment's loan servicing and loan conduit businesses which are housed in TRSs. Our tax provision for the six months ended June 30, 2015, as well as the overall effective tax rate, is higher than for the six months ended June 30, 2014 primarily due to the taxable gain on sale of a commercial real estate asset and other increases in our TRS income.

Property Segment

Refer to the discussion of the Property Segment's results of operations for the three months ended June 30, 2015, as the Ireland Portfolio acquisition occurred during that period. The results of operations for the Property Segment prior to the Ireland Portfolio acquisition relate solely to our equity method investment in the Retail Fund, which was acquired during the fourth quarter of 2014.

Corporate

For the six months ended June 30, 2015, corporate expenses increased $12.5 million to $110.2 million, compared to $97.7 million for the six months ended June 30, 2014. The increase was primarily due to a $10.7 million increase in interest expense related to our October 2014 issuance of Convertible Notes due 2017 and a $2.3 million increase in management fees. The increase in management fees reflects the impacts of (1) higher levels of invested capital which resulted in an increased base management fee and (2) higher manager stock compensation expense resulting from awards granted during the 2015 second quarter. Corporate other expense of $5.9 million for the six months ended June 30, 2015 represents a loss on the repurchase of $118.6 million principal amount of our Convertible Notes due 2019.

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Non-GAAP Financial Measures

Core Earnings is a non-GAAP financial measure. We calculate Core Earnings as GAAP net income (loss) excluding non-cash equity compensation expense, the incentive fee due under our management agreement, depreciation and amortization of real estate, any unrealized gains, losses or other non-cash items recorded in net income for the period, regardless of whether such items are included in other comprehensive income or loss, or in net income. The amount is adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash adjustments as determined by our Manager and approved by a majority of our independent directors.

We believe that Core Earnings provides an additional measure of our core operating performance by eliminating the impact of certain non-cash expenses and facilitating a comparison of our financial results to those of other comparable REITs with fewer or no non-cash adjustments and comparison of our own operating results from period to period. Our management uses Core Earnings in this way, and also uses Core Earnings to compute the incentive fee due under our management agreement. The Company believes that its investors also use Core Earnings or a comparable supplemental performance measure to evaluate and compare the performance of the Company and its peers, and as such, the Company believes that the disclosure of Core Earnings is useful to (and expected by) its investors.

However, the Company cautions that Core Earnings does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP), or an indication of our cash flows from operating activities (determined in accordance with GAAP), a measure of our liquidity, or an indication of funds available to fund our cash needs, including our ability to make cash distributions. In addition, our methodology for calculating Core Earnings may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and accordingly, our reported Core Earnings may not be comparable to the Core Earnings reported by other REITs.

In assessing the appropriate weighted average diluted share count to apply to Core Earnings for purposes of determining Core earnings per share (“EPS”), management considered the following attributes of our current GAAP diluted share methodology: (i) our participating securities were determined to be anti-dilutive and were thus excluded from the denominator of the EPS calculation; and (ii) the portion of the convertible notes that are “in-the-money” (referred to as the “conversion spread value”), representing the value that would be delivered to investors in shares upon an assumed conversion, is included in the denominator. Because compensation expense related to participating securities is added back for Core Earnings purposes pursuant to the definition above, there is no dilution to Core Earnings resulting from the associated expense recognition. As a result, our GAAP EPS methodology was adjusted to include (instead of exclude) participating securities. Further, conversion of the convertible notes is an event that is contingent upon numerous factors, none of which are in our control, and is an event that may or may not occur. Consistent with the treatment of other unrealized adjustments to Core Earnings, our GAAP EPS methodology was adjusted to exclude (instead of include) the conversion spread value in determining Core EPS until a conversion actually occurs. We have adjusted prior periods to conform to the above definition. The following table presents our diluted weighted average shares used in our GAAP EPS calculation reconciled to our diluted weighted average shares used in our Core EPS calculation (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Diluted weighted average shares - GAAP	235,831	222,892	230,085	211,194
Add: Participating securities	2,295	2,875	2,155	2,876
Less: Conversion spread value	(649)	(4,056)	(644)	(3,906)
Diluted weighted average shares - Core	237,477	221,711	231,596	210,164

The definition of Core Earnings allows management to make adjustments, subject to the approval of a majority of the independent directors, in situations where such adjustments are considered appropriate in order for Core Earnings to be calculated in a manner consistent with its definition and objective. We encountered this type of situation during the first quarter of 2015 when we incurred a loss on extinguishment of debt associated with our convertible notes. The definition of Core Earnings did not contemplate the treatment of a loss on extinguishment of debt, so we modified the definition during the first quarter of 2015 to incorporate this type of transaction.

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For the three and six months ended June 30, 2015, we repurchased $14.5 million and $118.6 million, respectively, of our 2019 Notes for total consideration of $16.5 million and $136.3 million, respectively. The resulting GAAP loss for the three and six months ended June 30, 2015 of $0.6 million and $5.9 million, respectively, reflects the difference between the book value of the liability component and the related allocable liability component of the repurchase price. The portion of the repurchase price attributable to the equity component during the three and six months ended June 30, 2015 totaled $2.1 million, of which $0.5 million reflects a write-off of the unamortized conversion discount, and $17.7 million, of which $3.8 million reflects a write-off of the unamortized conversion discount, respectively. For the three and six months ended June 30, 2015, the $0.5 million and $3.8 million write-offs, respectively, are already included in the GAAP loss of $0.6 million and $5.9 million, respectively, and as such, are already reflected in Core Earnings.

For the remaining $1.6 million and $13.9 million reduction to equity for the three and six months ended June 30, 2015, respectively, we believe this amount is effectively a reduction of the $20.4 million equity balance that was recognized upon issuance of the 2019 Notes. This portion will not be considered realized until the earlier of (i) the entire issuance of the 2019 Notes has been extinguished; or (2) the $20.4 million has been fully amortized. As a result, for the three and six months ended June 30, 2015, we reflected the $1.6 million and $13.9 million, respectively, as accelerated amortization of our original $20.4 million. If and when the original equity balance is fully amortized, the incremental equity component differential, if any, will be reflected as an adjustment to Core Earnings.

The following table summarizes our quarterly Core Earnings per weighted average diluted share for the six months ended June 30, 2015 and 2014:

	Core Earnings For the Three-Month Periods Ended	
	March 31	June 30
2015	$ 0.55	$ 0.53
2014	0.61	0.52

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Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

The following table presents our summarized results of operations and reconciliation to Core Earnings for the three months ended June 30, 2015, by business segment (amounts in thousands):

	Lending Segment	Investing and Servicing Segment	Property Segment	Corporate	Total
Revenues	$ 131,410	$ 108,764	$ 3,536	$ —	$ 243,710
Costs and expenses	(29,532)	(40,991)	(7,261)	(54,578)	(132,362)
Other (loss) income	(693)	8,751	2,497	(629)	9,926
Income (loss) before income taxes	101,185	76,524	(1,228)	(55,207)	121,274
Income tax provision	—	(3,792)	—	—	(3,792)
Income attributable to non-controlling interests	(334)	—	—	—	(334)
Net income (loss) attributable to Starwood Property Trust, Inc.	100,851	72,732	(1,228)	(55,207)	117,148
Add / (Deduct):					
Non-cash equity compensation expense	1,135	2,291	—	7,484	10,910
Management incentive fee	—	—	—	4,088	4,088
Depreciation and amortization	—	414	1,537	—	1,951
Loan loss allowance, net	2,661	—	—	—	2,661
Interest income adjustment for securities	(301)	(7,232)	—	—	(7,533)
Other non-cash items	—	—	—	—	—
Reversal of unrealized (gains) / losses on:					
Loans held-for-sale	—	(10,831)	—	—	(10,831)
Securities	(510)	3,191	—	—	2,681
Derivatives	23,160	(5,067)	(150)	—	17,943
Foreign currency	(21,182)	120	207	—	(20,855)
Earnings from unconsolidated entities	—	(5,328)	—	—	(5,328)
Recognition of realized gains / (losses) on:					
Loans held-for-sale	—	18,188	—	—	18,188
Securities	—	(11,492)	—	—	(11,492)
Derivatives	8,578	(62)	—	—	8,516
Foreign currency	(6,282)	(120)	(7)	—	(6,409)
Earnings from unconsolidated entities	—	4,274	—	—	4,274
Core Earnings (Loss)	$ 108,110	$ 61,078	$ 359	$ (43,635)	$ 125,912
Core Earnings (Loss) per Weighted Average Diluted Share	$ 0.46	$ 0.25	$ —	$ (0.18)	$ 0.53

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The following table presents our summarized results of operations and reconciliation to Core Earnings for the three months ended June 30, 2014, by business segment (amounts in thousands):

	Lending Segment	Investing and Servicing Segment	Corporate	Total
Revenues	$ 118,331	$ 95,714	$ —	$ 214,045
Costs and expenses (1)	(22,077)	(47,333)	(48,055)	(117,465)
Other income	10,878	17,692	—	28,570
Income (loss) before income taxes	107,132	66,073	(48,055)	125,150
Income tax provision	(443)	(3,834)	—	(4,277)
Income attributable to non-controlling interests	(3,005)	—	—	(3,005)
Net income (loss) attributable to Starwood Property Trust, Inc.	103,684	62,239	(48,055)	117,868
Add / (Deduct):				
Non-cash equity compensation expense	416	233	6,875	7,524
Management incentive fee	—	—	4,047	4,047
Depreciation and amortization	—	788	—	788
Loan loss allowance, net	(139)	—	—	(139)
Interest income adjustment for securities	(948)	396	—	(552)
Other non-cash items	—	250	—	250
Reversal of unrealized (gains) / losses on:				
Loans held-for-sale	—	(11,608)	—	(11,608)
Securities	(10,991)	(16,293)	—	(27,284)
Derivatives	7,622	1,762	—	9,384
Foreign currency	(4,083)	—	—	(4,083)
Earnings from unconsolidated entities	—	(522)	—	(522)
Recognition of realized gains / (losses) on:				
Loans held for sale	—	11,096	—	11,096
Securities	10,301	(284)	—	10,017
Derivatives	(10,244)	(400)	—	(10,644)
Foreign currency	9,100	—	—	9,100
Earnings from unconsolidated entities	—	—	—	—
Core Earnings (Loss)	$ 104,718	$ 47,657	$ (37,133)	$ 115,242
Core Earnings (Loss) per Weighted Average Diluted Share (2)	$ 0.47	$ 0.22	$ (0.17)	$ 0.52

(1) Allocations of certain prior period costs and expenses among segments have been reclassified to a newly-established separate presentation for corporate overhead to conform to our current period presentation of both GAAP and non-GAAP financial measures. Refer to Note 22 of our condensed consolidated financial statements included herein for further information.

(2)

We have conformed our calculation of weighted average diluted shares to our current methodology of excluding the conversion spread value of our convertible notes.

Lending Segment

The Lending Segment's Core Earnings increased by $3.4 million, from $104.7 million during the second quarter of 2014 to $108.1 million in the second quarter of 2015. After making adjustments for the calculation of Core Earnings, revenues were $131.1 million, costs and expenses were $25.7 million and other income was $3.0 million.

Core revenues, consisting principally of interest income on loans, increased by $13.7 million in the second quarter of 2015 due to growth of $1.1 billion in our loan portfolio since June 30, 2014 and, to a lesser extent, increased interest income on investment securities.

Core costs and expenses increased by $3.9 million in the second quarter of 2015 due to an increase in interest expense associated with the various facilities utilized to fund the growth of our investment portfolio. The outstanding balance of the Lending Segment's secured financing agreements increased by $574.3 million since June 30, 2014.

Core other income decreased by $9.5 million, principally due to a decrease in gain on sale of investments due to higher sales activity, particularly of RMBS, in the second quarter of 2014.

Investing and Servicing Segment

The Investing and Servicing Segment's Core Earnings increased by $13.4 million, from $47.7 million during the second quarter of 2014 to $61.1 million in the second quarter of 2015. After making adjustments for the calculation of Core Earnings, revenues were $101.5 million, costs and expenses were $38.2 million, other income was $1.6 million and income taxes were $3.8 million.

Core revenues increased by $5.4 million in the second quarter of 2015 due to increases of $9.6 million in interest income from our CMBS portfolio and $1.8 million in interest income on our conduit loans partially offset by a decrease of $3.5 million in servicing fees and $2.5 million in rental and other revenues.

Core costs and expenses decreased by $7.8 million in the second quarter of 2015, primarily due to accruals for contingencies and legal fees incurred in the second quarter of 2014, which did not recur in the second quarter of 2015, and lower incentive compensation, all partially offset by an increase of $1.8 million in interest expense on our conduit loan and CMBS financing facilities.

Core other income increased by $0.2 million in the second quarter of 2015, reflecting higher gains on sales of conduit loans into securitizations partially offset by lower gains on CMBS sales.

Income taxes, which principally relate to the operating results of our servicing and conduit businesses which are held in TRSs, decreased nominally.

Property Segment

During the three months ended June 30, 2014, there was no activity in the Property Segment. Therefore a comparison of results of this segment for the three months ended June 30, 2015 to the three months ended June 30, 2014 is not meaningful.

The Property Segment contributed Core Earnings of $0.4 million during the second quarter of 2015. After making adjustments for the calculation of Core Earnings, revenues were $3.5 million, costs and expenses were $5.6 million and other income was $2.5 million.

Core revenues consisted of $3.5 million of rental income from the Ireland Portfolio following its acquisition in May 2015.

Core costs and expenses of $5.6 million consisted of (i) acquisition and investment pursuit costs of $4.3 million, of which $3.2 million related to the Ireland Portfolio, (ii) $0.9 million of interest expense on secured financing for the Ireland Portfolio and (iii) $0.4 million of other rental related costs.

Core other income of $2.5 million consisted primarily of equity in earnings of the Retail Fund.

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Corporate

Core corporate costs and expenses increased by $6.5 million, from $37.1 million in the second quarter of 2014 to $43.6 million in the second quarter of 2015. This increase was primarily due to a $4.9 million increase in interest expense primarily related to our October 2014 issuance of Convertible Notes due 2017 and a $1.3 million increase in base management fees.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

The following table presents our summarized results of operations and reconciliation to Core Earnings for the six months ended June 30, 2015, by business segment (amounts in thousands):

	Lending Segment	Investing and Servicing Segment	Property Segment	Corporate	Total
Revenues	$ 267,341	$ 193,967	$ 3,536	$ —	$ 464,844
Costs and expenses	(57,391)	(78,688)	(7,263)	(110,211)	(253,553)
Other income (loss)	3,448	43,997	5,105	(5,907)	46,643
Income (loss) before income taxes	213,398	159,276	1,378	(116,118)	257,934
Income tax benefit (provision)	30	(19,773)	—	—	(19,743)
Income attributable to non-controlling interests	(680)	—	—	—	(680)
Net income (loss) attributable to Starwood Property Trust, Inc.	212,748	139,503	1,378	(116,118)	237,511
Add / (Deduct):					
Non-cash equity compensation expense	1,312	2,554	—	14,535	18,401
Management incentive fee	—	—	—	10,767	10,767
Depreciation and amortization	—	856	1,537	—	2,393
Loan loss allowance, net	2,978	—	—	—	2,978
Interest income adjustment for securities	(364)	(3,445)	—	—	(3,809)
Other non-cash items	—	(775)	—	—	(775)
Reversal of unrealized (gains) / losses on:					
Loans held-for-sale	—	(31,962)	—	—	(31,962)
Securities	(171)	(5,122)	—	—	(5,293)
Derivatives	(10,507)	1,642	83	—	(8,782)
Foreign currency	8,154	1,291	7	—	9,452
Earnings from unconsolidated entities	—	(8,052)	—	—	(8,052)
Recognition of realized gains / (losses) on:					
Loans held-for-sale	—	35,623	—	—	35,623

Securities	—	(10,121)	—	—	(10,121)
Derivatives	11,506	(4,495)	—	—	7,011
Foreign currency	(10,239)	(1,565)	(7)	—	(11,811)
Earnings from unconsolidated entities	—	6,063	—	—	6,063
Core Earnings (Loss)	$ 215,417	$ 121,995	$ 2,998	$ (90,816)	$ 249,594
Core Earnings (Loss) per Weighted Average Diluted Share	$ 0.94	$ 0.52	$ 0.01	$ (0.39)	$ 1.08

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The following table presents our summarized results of operations and reconciliation to Core Earnings for the six months ended June 30, 2014, by business segment (amounts in thousands):

	Lending Segment	Investing and Servicing Segment	Corporate	Single Family Residential	Total
Revenues	$ 238,824	$ 181,327	$ —	$ —	$ 420,151
Costs and expenses (1)	(44,370)	(94,172)	(97,668)	—	(236,210)
Other income	12,395	56,817	—	—	69,212
Income (loss) from continuing operations before income taxes	206,849	143,972	(97,668)	—	253,153
Income tax provision	(526)	(9,371)	—	—	(9,897)
Loss from discontinued operations, net of tax	—	—	—	(1,551)	(1,551)
Income attributable to non-controlling interests	(3,236)	—	—	—	(3,236)
Net income (loss) attributable to Starwood Property Trust, Inc.	203,087	134,601	(97,668)	(1,551)	238,469
Add / (Deduct):					
Non-cash equity compensation expense	593	442	13,696	—	14,731
Management incentive fee	—	—	11,223	—	11,223
Change in Control Plan	—	1,279	—	—	1,279
Depreciation and amortization	—	1,070	—	1,540	2,610
Loan loss allowance, net	358	—	—	—	358
Interest income adjustment for securities	(1,350)	5,854	—	—	4,504
Other non-cash items	—	250	—	—	250
Reversal of unrealized (gains) / losses on:					
Loans held for sale	—	(32,501)	—	—	(32,501)
Securities	(10,835)	(53,245)	—	—	(64,080)
Derivatives	10,410	6,082	—	—	16,492
Foreign currency	(5,644)	—	—	—	(5,644)
Earnings from unconsolidated entities	—	(593)	—	—	(593)
Recognition of realized gains / (losses) on:					
Loans held for sale	—	29,385	—	—	29,385
Securities	9,782	14,131	—	—	23,913
Derivatives	(10,590)	(2,757)	—	—	(13,347)
Foreign currency	9,716	—	—	—	9,716
Earnings from unconsolidated entities	—	—	—	—	—
Core Earnings (Loss)	$ 205,527	$ 103,998	$ (72,749)	$ (11)	$ 236,765
Core Earnings (Loss) per Weighted Average Diluted Share (2)	$ 0.98	$ 0.50	$ (0.35)	$ —	$ 1.13

(1)

Allocations of certain prior period costs and expenses among segments have been reclassified to a newly-established separate presentation for corporate overhead to conform to our current period presentation of both GAAP and non-GAAP financial measures. Refer to Note 22 of our condensed consolidated financial statements included herein for further information.

(2) We have conformed our calculation of weighted average diluted shares to our current methodology of excluding the conversion spread value of our convertible notes.

Lending Segment

The Lending Segment's Core Earnings increased by $9.9 million, from $205.5 million during the six months ended June 30, 2014 to $215.4 million during the six months ended June 30, 2015. After making adjustments for the calculation of Core Earnings, revenues were $267.0 million, costs and expenses were $53.1 million and other income was $2.2 million.

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Core revenues, consisting principally of interest income on loans, increased by $29.5 million in the first half of 2015 due to growth of $1.1 billion in our loan portfolio since June 30, 2014 and, to a lesser extent, increased interest income on investment securities.

Core costs and expenses increased by $9.7 million due to an increase in interest expense associated with the various facilities utilized to fund the growth of our investment portfolio. The outstanding balance of the Lending Segment's secured financing agreements increased by $574.3 million since June 30, 2014.

Core other income decreased by $13.0 million, principally due to a decrease in gain on sale of investments due to higher sales activity, particularly of RMBS, in the second half of 2014.

Investing and Servicing Segment

The Investing and Servicing Segment's Core Earnings increased by $18.0 million, from $104.0 million during the six months ended June 30, 2014 to $122.0 million during the six months ended June 30, 2015. After making adjustments for the calculation of Core Earnings, revenues were $190.5 million, costs and expenses were $75.5 million, other income was $26.8 million and income taxes were $19.8 million.

Core revenues increased by $3.3 million primarily due to increases of $9.6 million in interest income from our CMBS portfolio and $3.9 million in interest income on our conduit loans partially offset by a decrease of $8.7 million in servicing fees and $1.5 million in rental and other revenues.

Core costs and expenses decreased by $15.7 million, primarily due to accruals for contingencies and legal fees incurred in the second quarter of 2014, which did not recur in the second quarter of 2015, and lower incentive compensation, all partially offset by an increase of $2.9 million in interest expense on our conduit loan and CMBS financing facilities.

Core other income increased by $9.4 million, primarily due to a gain on the sale of a commercial real estate asset and increased gains on sales of conduit loans into securitizations, both partially offset by lower gains on CMBS sales.

Income taxes, which principally relate to the operating results of our servicing and conduit businesses which are held in TRSs, increased $10.4 million due to a taxable gain on the sale of a commercial real estate asset as well as other increases in our TRS income.

Property Segment

The Property Segment contributed Core Earnings of $3.0 million for the six months ended June 30, 2015. Refer to the discussion of the Property Segment's core results for the three months ended June 30, 2015, as the Ireland Portfolio acquisition occurred during that period. The results of operations for the Property Segment prior to the Ireland Portfolio acquisition relate solely to our equity method investment in the Retail Fund, which contributed $5.2 million to Core Earnings for the six months ended June 30, 2015.

Corporate

Core corporate costs and expenses increased by $18.1 million, from $72.7 million during the six months ended June 30, 2014 to $90.8 million during the six months ended June 30, 2015. This increase was primarily due to a $10.7 million increase in interest expense primarily related to our October 2014 issuance of Convertible Notes due 2017, a $5.9 million loss on extinguishment of a portion of our Convertible Notes due 2019 and a $2.0 million increase in base management fees.

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Single Family Residential Segment

As discussed in Note 3 to our condensed consolidated financial statements included herein, our former single family residential ("SFR") segment was spun off to our stockholders on January 31, 2014.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet our cash requirements, including ongoing commitments to repay borrowings, fund and maintain our assets and operations, make new investments where appropriate, pay dividends to our stockholders, and other general business needs. We closely monitor our liquidity position and believe that we have sufficient current liquidity and access to additional liquidity to meet our financial obligations for at least the next 12 months. Our strategy for managing liquidity and capital resources has not changed since December 31, 2014, other than as set forth below. Refer to our Form 10-K for a description of these strategies.

Cash and Cash Equivalents

As of June 30, 2015, we had cash and cash equivalents of $446.5 million.

Cash Flows for the Six Months Ended June 30, 2015 (amounts in thousands)

	GAAP	VIE Adjustments	Excluding Investing and Servicing VIEs
Net cash provided by operating activities	$ 294,952	$ 30	$ 294,982
Cash Flows from Investing Activities:			
Origination and purchase of loans held-for-investment	(1,256,784)	—	(1,256,784)
Proceeds from principal collections and sale of loans	1,077,477	—	1,077,477
Purchase of investment securities	(147,423)	(89,220)	(236,643)
Proceeds from sales and collections of investment securities	252,872	22,097	274,969
Real estate business combinations, net of cash acquired	(95,891)	(31,309)	(127,200)
Proceeds from sale of properties	33,056	—	33,056

Net cash flows from other investments and assets	1,127	—	1,127
Decrease in restricted cash, net	16,090	—	16,090
Net cash used in investing activities	(119,476)	(98,432)	(217,908)
Cash Flows from Financing Activities:			
Borrowings under financing agreements	2,464,018	—	2,464,018
Principal repayments on and repurchases of borrowings	(2,445,916)	—	(2,445,916)
Payment of deferred financing costs	(7,054)	—	(7,054)
Proceeds from common stock issuances, net of offering costs	325,404	—	325,404
Payment of dividends	(216,623)	—	(216,623)
Distributions to non-controlling interests	(792)	—	(792)
Purchase of treasury stock	(2,268)	—	(2,268)
Issuance of debt of consolidated VIEs	7,513	(7,513)	—
Repayment of debt of consolidated VIEs	(120,529)	120,529	—
Distributions of cash from consolidated VIEs	14,584	(14,584)	—
Net cash provided by financing activities	18,337	98,432	116,769
Net increase in cash and cash equivalents	193,813	30	193,843
Cash and cash equivalents, beginning of period	255,187	(786)	254,401
Effect of exchange rate changes on cash	(2,522)	—	(2,522)
Cash and cash equivalents, end of period	$ 446,478	$ (756)	$ 445,722

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The discussion below is on a non-GAAP basis, after removing adjustments principally resulting from the consolidation of Investing and Servicing Segment's VIEs under ASC 810. These adjustments principally relate to (i) purchase of CMBS related to consolidated VIEs, which are reflected as repayments of VIE debt on a GAAP basis and (ii) sales of CMBS related to consolidated VIEs, which are reflected as VIE distributions on a GAAP basis. There is no significant net impact to cash flows from operations or to overall cash resulting from these consolidations. Refer to Note 2 to our condensed consolidated financial statements included herein for further discussion.

Cash and cash equivalents increased by $193.8 million during the six months ended June 30, 2015, reflecting net cash provided by operating activities of $295.0 million and net cash provided by financing activities of $116.7 million partially offset by net cash used in investing activities of $217.9 million.

Net cash provided by operating activities of $295.0 million for the six months ended June 30, 2015 related primarily to cash interest income of $329.6 million from our loan origination and conduit programs, plus cash interest income on investment securities of $96.0 million. Servicing fees provided cash of $105.5 million, rental income provided cash of $4.8 million and other revenues provided $15.0 million. Offsetting these revenues were cash interest expense of $81.2 million, general and administrative expenses of $58.1 million, a net change in operating assets and liabilities of $49.0 million, management fees of $43.8 million, income tax payments of $17.7 million and acquisition and investment pursuit costs of $6.1 million.

Net cash used in investing activities of $217.9 million for the six months ended June 30, 2015 related primarily to the origination and acquisition of new loans held-for-investment of $1.3 billion, the purchase of investment securities of $236.6 million and the purchase of real estate property of $127.2 million, partially offset by proceeds received from principal repayments and sales of loans of $1.1 billion and investment securities of $275.0 million.

Net cash provided by financing activities of $116.7 million for the six months ended June 30, 2015 related primarily to proceeds from the issuance of common stock of $325.4 million, net borrowings after repayments and repurchases of our secured debt and convertible notes of $18.1 million, partially offset by dividend distributions of $216.6 million, payment of deferred financing costs of $7.1 million and share repurchases of $2.3 million.

Our Investment Portfolio

Lending Segment

The following table sets forth the amount of each category of investments we owned across various property types within our Lending Segment as of June 30, 2015 and December 31, 2014 (amounts in thousands):

	Face Amount	Carrying Value	Asset Specific Financing	Net Investment	Vintage	Unlevered Return on Asset	
June 30, 2015							
First mortgages (1)	$ 4,784,004	$ 4,721,561	$ 2,171,744	$ 2,549,817	1989-2015	7.0	%
Subordinated mortgages	318,460	291,300	2,000	289,300	1998-2013	11.3	%
Mezzanine loans (1)	897,184	909,345	—	909,345	2006-2015	10.9	%
Loans held-for-sale	92,984	88,056	41,917	46,139	2004-2015		
Loans transferred as secured borrowings	137,302	135,940	137,302	(1,362)	N/A		
Loan loss allowance	—	(9,009)	—	(9,009)	N/A		
RMBS—AFS (2)	251,203	193,150	65,948	127,202	2003-2007	11.5	%
CMBS—AFS (2)	94,272	99,928	—	99,928	2012	12.3	%
HTM securities (3)	354,365	354,534	97,763	256,771	2013-2015	7.1	%
Equity security	14,361	15,402	—	15,402	N/A		
Investments in unconsolidated entities	N/A	35,283	—	35,283	N/A		
	$ 6,944,135	$ 6,835,490	$ 2,516,674	$ 4,318,816			
December 31, 2014							
First mortgages (1)	$ 4,599,841	$ 4,531,030	$ 1,861,633	$ 2,669,397	1989-2014	6.9	%
Subordinated mortgages	374,859	345,091	2,000	343,091	1998-2014	11.0	%

Mezzanine loans (1)	889,948	901,217	—	901,217	2006-2014	11.4	%
Loans transferred as secured borrowings	129,570	129,427	129,441	(14)	N/A		
Loan loss allowance	—	(6,031)	—	(6,031)	N/A		
RMBS—AFS (2)	270,783	207,053	101,886	105,167	2003-2007	12.3	%
CMBS—AFS (2)	93,686	100,349	—	100,349	2012-2013	12.1	%
HTM securities (3)	440,253	441,995	97,103	344,892	2013-2014	8.6	%
Equity security	14,237	15,120	—	15,120	N/A		
Investments in unconsolidated entities (4)	N/A	22,537	—	22,537	N/A		
	$ 6,813,177	$ 6,687,788	$ 2,192,063	$ 4,495,725			

(1) During the three months ended June 30, 2015, we reclassified certain loans previously included in the mezzanine loan category to the first mortgage category. Previously, first mortgage loans which contained a related contiguous mezzanine loan component were classified by their respective components as first mortgages and mezzanine loans. These loans are now classified as first mortgage loans in their entirety because as a whole, the expected credit quality of these loans is more similar to that of a first mortgage loan. As of June 30, 2015 and December 31, 2015, the application of this methodology resulted in mezzanine loans with carrying values of $793.0 million and $704.2 million, respectively, being classified as first mortgages. Prior periods were reclassified to conform to this presentation.

(2) RMBS and CMBS available-for-sale (“AFS”) securities.

(3) Mandatorily redeemable preferred equity interests in commercial real estate entities and CMBS held-to-maturity (“HTM”).

(4) Retrospectively reclassified our $129,475 investment in the Retail Fund to our newly established Property Segment.

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As of June 30, 2015 and December 31, 2014, our Lending Segment's investment portfolio, excluding RMBS and other investments, had the following characteristics based on carrying values:

Collateral Property Type	June 30, 2015		December 31, 2014	
Office	40.3	%	42.1	%
Hospitality	27.1	%	24.7	%
Multi-family	12.8	%	13.1	%
Mixed Use	9.0	%	8.8	%
Retail	6.4	%	8.3	%
Residential	2.4	%	1.1	%
Industrial	2.0	%	1.9	%
	100.0	%	100.0	%

Geographic Location	June 30, 2015		December 31, 2014	
West	28.6	%	25.6	%
North East	26.7	%	26.8	%
International	14.2	%	14.2	%
South East	12.9	%	12.4	%
Midwest	6.2	%	8.5	%
Mid Atlantic	5.8	%	6.4	%
South West	5.6	%	6.1	%
	100.0	%	100.0	%

Investing and Servicing Segment

The following table sets forth the amount of each category of investments we owned within our Investing and Servicing Segment as of June 30, 2015 and December 31, 2014 (amounts in thousands):

	Face Amount	Carrying Value		Asset Specific Financing	Net Investment
June 30, 2015					
CMBS, fair value option	$ 4,410,018	$ 829,687	(1)	$ 137,256	$ 692,431
Intangible assets - servicing rights	N/A	170,100	(2)	—	170,100

Loans held-for-sale, fair value option	281,734	279,352	125,680	153,672
Loans held-for-investment	3,260	2,199	—	2,199
Investment in unconsolidated entities	N/A	55,189	—	55,189
Properties, net	N/A	57,771	31,835	25,936
	$ 4,695,012	$ 1,394,298	$ 294,771	$ 1,099,527
December 31, 2014				
CMBS, fair value option	$ 4,281,364	$ 753,553 (1)	$ —	$ 753,553
Intangible assets - servicing rights	N/A	190,207 (2)	—	190,207
Loans held-for-sale, fair value option	390,342	391,620	208,363	183,257
Loans held-for-investment	9,685	7,931	—	7,931
Investment in unconsolidated entities	N/A	48,693	—	48,693
Properties, net	N/A	39,854	14,000	25,854
	$ 4,681,391	$ 1,431,858	$ 222,363	$ 1,209,495

(1) Includes $615.5 million and $519.8 million of CMBS reflected in “VIE liabilities” in accordance with ASC 810 as of June 30, 2015 and December 31, 2014, respectively.

(2) Includes $37.0 million and $46.1 million of servicing rights intangibles reflected in “VIE assets” in accordance with ASC 810 as of June 30, 2015 and December 31, 2014, respectively.

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Property Segment

The following table sets forth the amount of each category of investments, which are comprised of properties, the Retail Fund and intangible lease assets, held within our Property Segment as of June 30, 2015 and December 31, 2014 (amounts in thousands):

	June 30, 2015	December 31, 2014
Properties, net	$ 339,245	$ —
Intangible assets - lease intangibles	42,499	—
Investment in unconsolidated entities	120,927	129,475
	$ 502,671	$ 129,475

The following table sets forth our net investment and other information regarding the Property Segment's properties and intangible lease assets as of June 30, 2015 (dollar amounts in thousands):

	Net Carrying Value	Asset Specific Financing	Net Investment	Occupancy Rate	Weighted Average Lease Term
Office	$ 364,234	$ 236,073	$ 128,161	99.8 %	6.8 years
Multi-family residential	17,510	9,536	7,974	100.0 %	0.4 years
	$ 381,744	$ 245,609	$ 136,135		

New Credit Facilities and Amendments

Refer to Note 9 of our condensed consolidated financial statements herein for a detailed discussion of new credit facilities and amendments to existing credit facilities executed since December 31, 2014.

Borrowings under Various Secured Financing Arrangements

The following table is a summary of our secured financing facilities as of June 30, 2015 (dollar amounts in thousands):

	Current Maturity	Extended Maturity(a)	Pricing	Pledged Asset Carrying Value	Maximum Facility Size	Outstanding Balance	Approved but Undrawn Capacity(b)	Unallocated Financing Amount(c)
Lender 1 Repo 1	(d)	(d)	LIBOR + 1.85% to 5.25%	$ 1,571,235	$ 1,250,000	$ 1,085,871	$ 83,086	$ 81,043
Lender 1 Repo 2	(e)	N/A	LIBOR + 1.90%	193,150	125,000	65,948	45,725	13,327
Lender 2 Repo 1	Oct 2015	Oct 2018	LIBOR + 1.75% to 2.75%	398,363	325,000	294,869	—	30,131
Lender 3 Repo 1	May 2017	May 2019	LIBOR + 2.85%	176,866	122,470	122,470	—	—
Conduit Repo 1	Sep 2015	Sep 2016	LIBOR + 1.90%	32,283	150,000	24,712	—	125,288
Conduit Repo 2	Nov 2015	Nov 2016	LIBOR + 2.10%	102,288	150,000	77,868	—	72,132
Conduit Repo 3	Feb 2018	Feb 2019	LIBOR + 2.10%	30,289	150,000	23,100	—	126,900
Lender 4 Repo 1	Oct 2015	Oct 2017	LIBOR + 2.00%	420,581	329,952	329,952	—	—
Lender 6 Repo 1	Aug 2017	Aug 2018	LIBOR + 2.75% to 3.00%	557,574	500,000	376,500	—	123,500
Lender 6 Mortgage	May 2020	N/A	EURIBOR + 2.00%	381,744	327,722	245,609	—	82,113
Lender 7 Repo 1	Dec 2016	N/A	LIBOR + 2.60% to 2.70%	50,365	39,024	39,024	—	—
Investing and Servicing Segment Property Mortgages	June 2018 to Nov 2024	June 2020 to Nov 2024	Various	43,748	38,975	31,835	—	7,140
Lender 9 Repo 1	(f)	(f)	LIBOR + 1.40% to 1.85%	283,347	195,994	195,994	—	—
Borrowing Base	Sep 2015	Sep 2017	LIBOR + 3.25%(g)	783,508	250,000	6,000	—	244,000

Term Loan	Apr 2020	N/A	LIBOR + 2.75%(g)	2,695,747	661,655	659,751	(h)	—	—
				$ 7,721,088	$ 4,615,792	$ 3,579,503		$ 128,811	$ 905,574

(a) Subject to certain conditions as defined in the respective facility agreement.

(b) Approved but undrawn capacity represents the total draw amount that has been approved by the lender related to those assets that have been pledged as collateral, less the drawn amount.

(c) Unallocated financing amount represents the maximum facility size less the total draw capacity that has been approved by the lender.

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(d) Maturity date for borrowings collateralized by loans of January 2017 before extension options and January 2019 assuming initial extension options.

(e) The date that is 180 days after the buyer delivers notice to seller, subject to a maximum date of March 2017.

(f) Facility carries a rolling twelve month term which may reset monthly with the lender's consent. Current maturity is June 2016.

(g) Subject to borrower's option to choose alternative benchmark based rates pursuant to the terms of the credit agreement. The Term Loan is also subject to a 75 basis point floor.

(h) Term loan outstanding balance is net of $1.9 million of unamortized discount.

As of June 30, 2015, Wells Fargo Bank, N.A. ("Lender 1") is our largest creditor through two repurchase facilities.

Refer to Note 9 of our condensed consolidated financial statements included herein for further disclosure regarding the terms of our financing arrangements.

Borrowings under Convertible Senior Notes

The following table is a summary of our unsecured convertible senior notes outstanding as of June 30, 2015 (amounts in thousands, except rates):

	Principal Amount	Coupon Rate		Effective Rate		Conversion Rate	Maturity Date	Remaining Period of Amortization	
2017 Notes	$ 431,250	3.75	%	5.87	%	41.7397	10/15/2017	2.3	years
2018 Notes	$ 599,981	4.55	%	6.10	%	45.6167	3/1/2018	2.7	years
2019 Notes	$ 341,363	4.00	%	5.37	%	48.4451	1/15/2019	3.5	years

During both the three and six months ended June 30, 2015, the weighted average effective borrowing rate on our convertible notes was 5.7%. During both the three and six months ended June 30, 2014, the weighted average effective borrowing rate on our convertible notes was 5.6%. These effective borrowing rates include the effects of underwriter purchase discount and the adjustment for the conversion option, the initial value of which reduced the balance of the notes.

Refer to Note 10 of our condensed consolidated financial statements included herein for further disclosure regarding the terms of our convertible senior notes.

Variance between Average and Quarter-End Credit Facility Borrowings Outstanding

The following table compares the average amount outstanding of our secured financing agreements during each quarter and the amount outstanding as of the end of each quarter, together with an explanation of significant variances (dollar amounts in thousands):

Quarter Ended	Quarter-End Balance	Weighted-Average Balance During Quarter	Variance	Explanations for Significant Variances
December 31, 2014	$ 3,137,789	$ 2,745,631	$ 392,158	(a)
March 31, 2015	3,711,834	3,455,082	256,752	(b)
June 30, 2015	3,579,503	3,509,209	70,294	(c)

(a) Variance primarily due to the following: (i) $125.8 million drawn on the Lender 1 Repo 1 facility in December 2014; (ii) $153.7 drawn on the Borrowing Base facility in December 2014; (iii) $87.0 million drawn on the Conduit Repo 2 facility in December 2014; and (iv) $71.0 million drawn on the Lender 6 Repo 1 facility in December 2014; offset by (v) $119.4 million repayment of the Lender 1 Repo 3 facility in December 2014; and (vi) $89.1 million repayment of the Borrowing Base facility in November 2014.

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(b) Variance primarily due to the following: (i) $131.7 million drawn on the Lender 9 Repo 1 facility in March 2015; (ii) $67.7 million drawn on the Lender 1 Repo 1 facility in March 2015; and (iii) $63.1 million drawn on Lender 2 Repo 1 facility in March 2015.

(c) Variance primarily due to the following: (i) $245.6 million drawn on the Lender 6 Mortgage in May 2015; partially offset by (ii) $82.0 million repaid on the Borrowing Base facility in May 2015.

Scheduled Principal Repayments on Investments and Overhang on Financing Facilities

The following scheduled and/or projected principal repayments on our investments were based upon the amounts outstanding and contractual terms of the financing facilities in effect as of June 30, 2015 (amounts in thousands):

	Scheduled Principal Repayments on Loans and Preferred Interests	Scheduled/Projected Principal Repayments on RMBS and CMBS	Projected/Required Repayments of Financing	Scheduled Principal Inflows Net of Financing Outflows
Third Quarter 2015	$ 386,398	$ 111,203	$ (153,737)	$ 343,864
Fourth Quarter 2015	27,745	30,227	(16,910)	41,062
First Quarter 2016	117,618	24,833	(5,738)	136,713
Second Quarter 2016	14,845	30,539	(5,737)	39,647
Total	$ 546,606	$ 196,802	$ (182,122)	$ 561,286

In the normal course of business, the Company is in discussions with its lenders to extend or amend any financing facilities which contain near term expirations.

Issuances of Equity Securities

We may raise funds through capital market transactions by issuing capital stock. There can be no assurance, however, that we will be able to access the capital markets at any particular time or on any particular terms. We have authorized 100,000,000 shares of preferred stock and 500,000,000 shares of common stock. At June 30, 2015, we had 100,000,000 shares of preferred stock available for issuance and 261,419,576 shares of common stock available for issuance.

Refer to Note 16 of our condensed consolidated financial statements included herein for a discussion of our issuances of equity securities during the six months ended June 30, 2015.

Other Potential Sources of Financing

In the future, we may use other sources of financing to fund the acquisition of our target assets, including other secured as well as unsecured forms of borrowing and sale of certain investment securities which no longer meet our return requirements.

Repurchases of Equity Securities and Convertible Notes

In September 2014, our board of directors authorized and announced the repurchase of up to $250 million of our outstanding common stock over a period of one year. In December 2014, our board of directors amended the repurchase program to allow for the repurchase of our outstanding convertible senior notes. In June 2015, our board of directors amended the repurchase program to increase the authorized purchase amount to $450 million and provide for a one year extension through June 2016. Purchases made pursuant to the program will be made in either the open market or in privately negotiated transactions from time to time as permitted by federal securities laws and other legal requirements. The timing, manner, price and amount of any repurchases are discretionary and will be subject to economic and market conditions, stock price, applicable legal requirements and other factors. The program may be suspended or discontinued at any time. During the three and six months ended June 30, 2015, we repurchased $14.5 million and $118.6 million aggregate principal of our 2019 Notes, respectively, for $16.5 million and $136.3 million plus related transaction expenses of $0.1 million, respectively. During the three months ended June 30, 2015, we also

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repurchased $8.8 million in common stock under the repurchase program. No common stock was repurchased during the three months ended March 31, 2015. As of June 30, 2015, we have $291.7 million of remaining capacity to repurchase common stock or convertible notes under the repurchase program.

Off-Balance Sheet Arrangements

We have relationships with unconsolidated entities and financial partnerships, such as entities often referred to as VIEs. We are not obligated to provide, nor have we provided, any financial support for any VIEs. As such, the risk associated with our involvement is limited to the carrying value of our investment in the entity. Refer to Note 14 of our condensed consolidated financial statements included herein for further discussion.

Dividends

We intend to continue to make regular quarterly distributions to holders of our common stock. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income. We intend to continue to pay regular quarterly dividends to our stockholders in an amount approximating our net taxable income, if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating and debt service requirements. If our cash available for distribution is less than our net taxable income, we could be required to sell assets or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities. Refer to our Form 10-K for a detailed dividend history.

The Company’s board of directors declared the following dividend during the six months ended June 30, 2015:

Declare Date	Record Date	Payment Date	Amount	Frequency
5/5/15	6/30/15	7/15/15	$ 0.48	Quarterly
2/25/15	3/31/15	4/15/15	$ 0.48	Quarterly

On August 4, 2015, our board of directors declared a dividend of $0.48 per share for the third quarter of 2015, which is payable on October 15, 2015 to common stockholders of record as of September 30, 2015.

Leverage Policies

Our strategies with regards to use of leverage have not changed significantly since December 31, 2014. Refer to our Form 10-K for a description of our strategies regarding use of leverage.

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Contractual Obligations and Commitments

Contractual obligations as of June 30, 2015 are as follows (amounts in thousands):

	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Secured financings(a)	$ 3,581,407	$ 182,122	$ 1,237,150	$ 2,162,135	$ —
Convertible senior notes	1,372,594	—	1,031,231	341,363	—
Secured borrowings on transferred loans(b)	195,000	—	95,000	100,000	—
Loan funding commitments(c)	1,690,428	968,261	722,167	—	—
Future lease commitments	34,004	6,365	11,847	10,823	4,969
Total	$ 6,873,433	$ 1,156,748	$ 3,097,395	$ 2,614,321	$ 4,969

(a) Includes available extension options.
(b) These amounts relate to financial asset sales that were required to be accounted for as secured borrowings. As a result, the assets we sold remain on our consolidated balance sheet for financial reporting purposes. Such assets are expected to provide match funding for these liabilities.
(c) Excludes $303.9 million of loan funding commitments which management projects the Company will not be obligated to fund in the future due to repayments made by the borrower either earlier than, or in excess of, expectations. In addition, this amount excludes any funding commitments which may be required pursuant to Company guarantees. In certain instances, particularly with loans involving multiple construction lenders, the Company has guaranteed the future funding obligations of third party lenders in the event that such third parties fail to fund their proportionate share of the obligation in a timely manner. We are currently unaware of any circumstances which would require us to make payments under any of these guarantees and, as a result, have not included any such amounts in the above table.

The table above does not include interest payable, amounts due under our management agreement or derivative agreements as those contracts do not have fixed and determinable payments.

Critical Accounting Estimates

Refer to the section of our Form 10-K entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” for a full discussion of our critical accounting estimates. Our critical accounting estimates have not materially changed since December 31, 2014 with the exception of the following:

Acquisition of Properties

When we acquire properties, we allocate the purchase price to its tangible and intangible components. Our process for determining the allocation to these components requires various estimates and assumptions, including: (1) market rental rates; (2) period of time to fully lease the property; (3) rental incentives; (4) property operating expenses; (5) other leasing costs and (6) if-vacant land value. A change in any of the above key assumptions could materially change not only the presentation of acquired properties in our consolidated financial statements but also our reported results of operations.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

We seek to manage our risks related to the credit quality of our assets, interest rates, liquidity, prepayment speeds and market value while, at the same time, seeking to provide an opportunity to stockholders to realize attractive risk-adjusted returns through ownership of our capital stock. While we do not seek to avoid risk completely, we believe the risk can be quantified from historical experience and seek to actively manage that risk, to earn sufficient compensation to justify taking those risks and to maintain capital levels consistent with the risks we undertake. Our strategies for managing risk and our exposure to such risks have not changed materially since December 31, 2014. Refer to our Form 10-K Item 7A for further discussion.

Credit Risk

Our loans and investments are subject to credit risk. The performance and value of our loans and investments depend upon the owners' ability to operate the properties that serve as our collateral so that they produce cash flows adequate to pay interest and principal due to us. To monitor this risk, our Manager's asset management team reviews our investment portfolios and is in regular contact with our borrowers, monitoring performance of the collateral and enforcing our rights as necessary.

We seek to further manage credit risk associated with our Investing and Servicing Segment loans held-for-sale through the purchase of credit index instruments. The following table presents our credit index instruments as of June 30, 2015 and December 31, 2014 (dollar amounts in thousands):

	Face Value of Loans Held-for-Sale	Aggregate Notional Value of Credit Index Instruments	Number of Credit Index Instruments
June 30, 2015	$ 281,734	$ 40,000	11
December 31, 2014	$ 390,342	$ 45,000	12

Refer to Note 5 of our condensed consolidated financial statements for a discussion of weighted average ratings of our investment securities.

Capital Market Risk

We are exposed to risks related to the equity capital markets, and our related ability to raise capital through the issuance of our common stock or other equity instruments. We are also exposed to risks related to the debt capital markets, and our related ability to finance our business through borrowings under repurchase obligations or other debt instruments. As a REIT, we are required to distribute a significant portion of our taxable income annually, which constrains our ability to accumulate operating cash flow and therefore requires us to utilize debt or equity capital to finance our business. We seek to mitigate these risks by monitoring the debt and equity capital markets to inform our decisions on the amount, timing, and terms of capital we raise.

Interest Rate Risk

Interest rates are highly sensitive to many factors, including fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control. We are subject to interest rate risk in connection with our investments and the related financing obligations. In general, we seek to match the interest rate characteristics of our investments with the interest rate characteristics of any related financing obligations such as repurchase agreements, bank credit facilities, term loans, revolving facilities and securitizations. In instances where the interest rate characteristics of an investment and the related financing obligation are not matched, we mitigate such interest rate risk through the utilization of interest rate swaps of the same duration. The following table

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presents financial instruments where we have utilized interest rate derivatives to hedge interest rate risk and the related interest rate derivatives as of June 30, 2015 and December 31, 2014 (dollar amounts in thousands):

	Face Value of Hedged Instruments	Aggregate Notional Value of Interest Rate Derivatives	Number of Interest Rate Derivatives
Instrument hedged as of June 30, 2015			
Loans held-for-investment	$ 9,000	$ 9,000	2
Loans held-for-sale	281,734	233,300	55
RMBS, available-for-sale	251,203	74,000	3
Secured financing agreements	435,520	425,259	10
	$ 977,457	$ 741,559	70
Instrument hedged as of December 31, 2014			
Loans held-for-investment	$ 9,000	$ 9,000	2
Loans held-for-sale	390,342	338,500	54
RMBS, available-for-sale	270,783	74,000	3
Secured financing agreements	220,729	218,165	8
	$ 890,854	$ 639,665	67

The following table summarizes the estimated annual change in net investment income for our LIBOR-based investments and our LIBOR-based debt assuming increases or a decrease in LIBOR and adjusted for the effects of our interest rate hedging activities (in thousands, except per share amounts):

Income (Expense) Subject to Interest Rate Sensitivity	Variable-rate investments and indebtedness	3.0% Increase	2.0% Increase	1.0% Increase	1.0% Decrease (1
Investment income from variable-rate investments	$ 5,209,407	$ 169,887	$ 110,919	$ 52,067	$ (8,654)
Interest expense from variable-rate debt	(3,567,407)	(103,934)	(68,260)	(32,585)	6,485
Net investment income from variable rate instruments	$ 1,642,000	$ 65,953	$ 42,659	$ 19,482	$ (2,169)
Impact per diluted average shares outstanding		$ 0.28	$ 0.18	$ 0.08	$ (0.01)

(1) Assumes LIBOR does not go below 0%.

Foreign Currency Risk

We intend to hedge our currency exposures in a prudent manner. However, our currency hedging strategies may not eliminate all of our currency risk due to, among other things, uncertainties in the timing and/or amount of payments received on the related investments, and/or unequal, inaccurate, or unavailability of hedges to perfectly offset changes in future exchange rates. Additionally, we may be required under certain circumstances to collateralize our currency hedges for the benefit of the hedge counterparty, which could adversely affect our liquidity.

Consistent with our strategy of hedging foreign currency exposure on certain investments, we typically enter into a series of forwards to fix the U.S. dollar amount of foreign currency denominated cash flows (interest income, rental income and principal payments) we expect to receive from our foreign currency denominated investments. Accordingly, the notional values and expiration dates of our foreign currency hedges approximate the amounts and timing of future payments we expect to receive on the related investments.

During the three months ended June 30, 2015, we entered into 40 foreign exchange contracts to hedge our Euro currency exposure created by our acquisition of the Ireland Portfolio. As of June 30, 2015, these contracts have an aggregate notional of $216.4 million and varying maturities through June 2020.

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The following table represents our currency hedge exposure as it relates to our investments denominated in foreign currencies, along with the aggregate notional amount of the hedges in place (amounts in thousands except for number of contracts, using the June 30, 2015 pound sterling ("GBP") closing rate of 1.5712, Euro ("EUR") closing rate of 1.1147, Swedish Krona ("SEK") closing rate of 0.1206, Norwegian Krone ("NOK") closing rate of 0.1273, Danish Krone ("DKK") closing rate of 0.1493):

Carrying Value of Investment	Local Currency	Number of Foreign Exchange Contracts	Aggregate Notional Value of Hedges Applied	Expiration Range of Contracts
$ 115,849	GBP	6	$ 135,176	July 2016
23,486	GBP	7	29,478	January 2017
10,748	GBP	12	11,041	July 2015 – March 2016
99,928	GBP	2	105,231	September 2015 – March 2016
24,163	GBP	7	28,170	July 2015 – January 2018
6,635	EUR, DKK, NOK, SEK	6	11,564	December 2015
93,460	GBP	8	110,352	July 2015 – April 2017
27,402	GBP	7	32,553	August 2015 – February 2017
3,563	GBP	3	4,602	June 2016 – March 2018
140,796	EUR	40	216,415	September 2015 – June 2020
15,402	GBP	12	17,125	July 2015 – January 2018
46,112	EUR	14	46,163	July 2015 – October 2016
44,264	EUR	13	49,902	February 2016 – October 2016
$ 651,808		137	$ 797,772	

Item 4. Controls and Procedures.

Disclosure Controls and Procedures. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including the Chief Executive Officer, as appropriate, to allow timely decisions regarding required disclosures.

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting. No change in internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the quarter ended June 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Currently, no material legal proceedings are pending or, to our knowledge, threatened or contemplated against us, that could have a material adverse effect on our business, financial position or results of operations.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

The following table provides information regarding our purchases of common stock during the three months ended June 30, 2015:

Period	Total number of shares purchased	Average repurchase price per share	Number of shares purchased as part of publicly announced program (1)	Value of shares available for purchase under the program (in thousands)
June 2015	400,000	$ 22.07	400,000	$ 291,734

(1)In September 2014, our board of directors authorized and announced the repurchase of up to $250 million of our outstanding common stock over a period of one year. In December 2014, our board of directors amended the repurchase program to include the repurchase of our outstanding convertible senior notes. In June 2015, our board of directors amended the repurchase program to increase the authorized purchase amount to $450 million and provide for a one-year extension through June 2016.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		STARWOOD PROPERTY TRUST, INC.
Date: August 4, 2015	By:	/s/ BARRY S. STERNLICHT Barry S. Sternlicht Chief Executive Officer Principal Executive Officer
Date: August 4, 2015	By:	/s/ RINA PANIRY Rina Paniry Chief Financial Officer, Treasurer, Chief Accounting Officer and Principal Financial Officer

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Item 6. Exhibits.

(a)Index to Exhibits

INDEX TO EXHIBITS

Exhibit No.	Description
10.1	Amendment No. 1, dated as of June 19, 2015, to the Co-Investment and Allocation Agreement, dated as of August 17, 2009, by and among Starwood Property Trust, Inc., SPT Management, LLC and Starwood Capital Group Global, L.P. (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed June 25, 2015)
31.1	Certification pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document