Western Asset Mortgage Capital Corp
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PROSPECTUS SUPPLEMENT
(To Prospectus Dated March 7, 2017)
$100,000,000

6.75% Convertible Senior Notes due 2022

We are offering $100,000,000 aggregate principal amount of our 6.75% Convertible Senior Notes due 2022, or the "notes." The notes will bear interest at a rate of 6.75% per year, payable semiannually in arrears on April 1 and October 1 of each year, beginning on April 1, 2018. The notes will mature on October 1, 2022, unless earlier converted, repurchased or redeemed.

Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding July 1, 2022 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on December 31, 2017 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 110% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price (as defined below) per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. On or after July 1, 2022 until the close of business on the business day immediately preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, as described in this prospectus supplement.

The conversion rate will initially be 83.1947 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $12.02 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances.

We may not redeem the notes prior to July 1, 2022. On or after July 1, 2022, we may redeem the notes for cash, in whole or from time to time in part, at our option at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date. No sinking fund will be provided for the notes.

If we undergo a fundamental change, holders may require us to repurchase for cash all or any portion of their notes at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.
The notes will be our senior unsecured obligations and will rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to any of our unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to any indebtedness and other liabilities (including trade payables) of our subsidiaries.
We do not intend to apply to list the notes on any securities exchange or any automated dealer quotation system. Our common stock is listed on The New York Stock Exchange ("NYSE") under the symbol "WMC." The last reported sale price of our common stock on the NYSE on September 27, 2017 was $10.93 per share.
Investing in the notes involves a high degree of risk. See "Risk Factors" beginning on page S-7 of this prospectus supplement and in the reports we file with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, incorporated by reference in this prospectus supplement and the accompanying prospectus, to read about factors you should consider before making an investment in the notes.

	Per Note	Total
Public offering price(1)	$1,000	$100,000,000
Underwriting discounts and commissions(2)	$30	$3,000,000
Proceeds, before expenses, to us	$970	$97,000,000

(1) Plus accrued interest, if any, from October 2, 2017.
(2) We refer you to the "Underwriting" section of this prospectus supplement for additional information regarding underwriter compensation.

We have granted the underwriter the right to purchase, exercisable within a 30-day period, up to an additional $15,000,000 aggregate principal amount of notes, solely to cover over-allotments.
Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.
We expect that delivery of the notes will be made to investors in book-entry form through the facilities of The Depository Trust Company on or about October 2, 2017.
JMP Securities
Prospectus Supplement dated September 27, 2017.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus, or any free writing prospectus that we may provide you. Neither we nor the underwriter has authorized anyone to provide you with information that is different. None of this prospectus supplement, the accompanying prospectus or any free writing prospectus we may provide you constitutes, or may be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement, the accompanying prospectus or any free writing prospectus we may provide you by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. The information in this prospectus supplement, the accompanying prospectus, any free writing prospectus, and the documents incorporated by reference is accurate only as of their respective dates.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and the securities offered hereby, and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information and disclosure. When we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the accompanying prospectus.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control. This prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference include important information about us, the securities being offered and other information you should know before investing. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading, “Where You Can Find More Information” before investing in our securities offered hereby.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriter is not, making an offer to sell these securities in any jurisdiction where the offer or sale thereof is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus, including the documents we incorporate herein by reference, contain certain forward-looking statements, including without limitation, statements concerning our operations, economic performance and financial condition. For these statements, we claim the protections of the safe harbor for forward-looking statements contained herein and therein. Forward-looking statements are subject to substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions, we intend to identify forward-looking statem
Forward-looking statements do not guarantee future performance, which may be materially different from that expressed in, or implied by, any such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Factors that may cause actual results to vary from our forward-looking statements include, but are not limited to:

- market trends in our industry, interest rates, real estate values, the debt securities markets, the U.S. housing and the U.S. and foreign commercial real estate markets or the general economy or the market for residential and/or commercial mortgage loans;
- our business and investment strategy;
- our projected operating results;
- actions and initiatives of the U.S. Government and changes to U.S. Government policies and the execution and impact of these actions, initiatives and policies;
- the state of the U.S. and to a lesser extent, international economy generally or in specific geographic regions;
- economic trends and economic recoveries;
- our ability to obtain and maintain financing arrangements, including under our repurchase agreements, a form of secured financing, and securitizations;
- the current potential return dynamics available in RMBS and CMBS;
- the level of government involvement in the U.S. mortgage market;
- the anticipated default rates on Non-Agency MBS and Residential and Commercial Whole Loans and Bridge Loans;
- the loss severity on Non-Agency MBS;

- the return of the Non-Agency RMBS, Non-Agency CMBS and ABS securitization markets;
- the general volatility of the securities markets in which we participate;
- changes in the value of our assets;
- our expected portfolio of assets;
- our expected investment and underwriting process;
- interest rate mismatches between our target assets and any borrowings used to fund such assets;
- changes in interest rates and the market value of our target assets;
- changes in prepayment rates on our target assets;
- effects of hedging instruments on our target assets;
- rates of default or decreased recovery rates on our target assets;
- the degree to which our hedging strategies may or may not protect us from interest rate;
- the impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters;
- our ability to maintain our qualification as a real estate investment trust for U.S. federal income tax purposes;
- our ability to maintain our exemption from registration under the 1940 Act;
- the availability of opportunities to acquire Agency CMBS and RMBS, Non-Agency RMBS and CMBS, Residential and Commercial Whole-Loans, Residential Bridge Loans and other mortgage assets;
- the availability of qualified personnel;
- estimates relating to our ability to make distributions to our stockholders in the future; and
- our understanding of our competition.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in “Risk Factors” and

“Management's Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in any other report incorporated by reference in this prospectus supplement and the accompanying prospectus. These and other risks, uncertainties and factors, including those described in the annual, quarterly and current reports that we file with the Securities and Exchange Commission, or SEC, could cause our actual results to differ materially from those included in any forward-looking statements we make. All forward-looking statements speak only as of the date they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights key aspects of this offering. This summary is not complete and does not contain all of the information that you should consider before investing in the notes. You should read carefully the other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus, including the Risk Factors, before investing in the notes. Except where the context suggests otherwise, in this prospectus, “the Company,” “we,” “us” and “our” refer to Western Asset Mortgage Capital Corporation.

Our Company

We are organized as a Delaware corporation focused on investing in, financing and managing a diversified portfolio of real estate related securities, whole loans and other financial assets. We are externally managed and advised by Western Asset Management Company, or our Manager, an SEC-registered investment advisor and a wholly owned subsidiary of Legg Mason, Inc. Our Manager is responsible for administering our business activities and our day-to-day operations, subject to the supervision of our board of directors.

Our portfolio is mainly comprised of Agency commercial mortgage backed securities, or CMBS, Agency residential mortgage-backed securities, or RMBS, including “to-be-announced” forward contracts, or TBAs, Non-Agency RMBS, Non-Agency CMBS and Residential Whole-Loans and Bridge Loans. To a significantly lesser extent, we have invested in other securities including certain GSE Risk Sharing Securities, as well as certain Non-U.S. CMBS and asset-backed securities, or ABS, investments secured by a portfolio of private student loans. In addition, our holdings include a securitized commercial loan from a consolidated variable interest entity or VIE, although we only own a portion of the VIE. To comply with real estate investment trust, or REIT, requirements, some of our investments are held in a taxable REIT subsidiary, or TRS. Acquiring investments and engaging in activities through the TRS enables us to avoid jeopardizing our REIT status.

We operate and have elected to be taxed as a REIT, commencing with our taxable year ended December 31, 2012. We will generally not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute, in accordance with the REIT requirements, all of our net taxable income to stockholders and otherwise maintain our intended qualification as a REIT. We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act of 1940, or the 1940 Act.

Recent Developments

On September 21, 2017, our board of directors declared a cash dividend of $0.31 per share of common stock for the third quarter of 2017. This dividend will be payable on October 26, 2017 to shareholders of record as of October 2, 2017.

On September 21, 2017, we also announced our estimated book value per share of common stock, as of August 31, 2017, of $10.97. The August 31, 2017 estimated book value is unaudited, has not been verified or reviewed by any third party and is subject to normal quarterly reconciliation and other procedures. Further, the estimated book value is as of August 31, 2017 and does not include the dividend announced on September 21, 2017. Book value will fluctuate with market conditions, the results of our operations and other factors. Our book value as of the date of this prospectus supplement may be materially different from our August 31, 2017 estimated book value.

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Debt Securities" section of the accompanying prospectus, as supplemented by the "Description of Notes" section of this prospectus supplement, contains a more detailed description of the terms and conditions of the notes. As used in this section, "we," "our," and "us" refer to Western Asset Mortgage Capital Corporation and not to its consolidated subsidiaries.

Issuer	Western Asset Mortgage Capital Corporation, a Delaware corporation.
Securities	$100,000,000 aggregate principal amount of 6.75% Convertible Senior Notes due 2022 (plus up to an additional $15,000,000 aggregate principal amount to cover over-allotments).
Maturity	October 1, 2022, unless earlier converted, repurchased or redeemed.
Interest	6.75% per year. Interest will accrue from October 2, 2017 and will be payable semiannually in arrears on April 1 and October 1 of each year, beginning on April 1, 2018. We will pay additional interest, if any, at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under "Description of Notes—Events of Default."
Conversion Rights	Holders may convert all or any portion of their notes, in multiples of $1,000 principal amount, at their option at any time prior to the close of business on the business day immediately preceding July 1, 2022 only under the following circumstances: • during any calendar quarter commencing after the calendar quarter ending on December 31, 2017 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 110% of the conversion price on each applicable trading day;

• during the five business day period after any five consecutive trading day period (the "measurement period") in which the "trading price" (as defined under "Description of Notes—Conversion Rights—Conversion upon Satisfaction of Trading Price Condition") per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or

• upon the occurrence of specified corporate events described under "Description of Notes—Conversion Rights—Conversion upon Specified Corporate Events."

On or after July 1, 2022 until the close of business on the business day immediately preceding the maturity date, holders may convert all or any portion of their notes, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The conversion rate for the notes is initially 83.1947 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $12.02 per share of common stock), subject to adjustment as described in this prospectus supplement.

Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. If we satisfy our conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and shares of our common stock, the amount of cash and shares of common stock, if any, due upon conversion will be based on a daily conversion value (as described herein) calculated on a proportionate basis for each trading day in a 40 trading day observation period (as described herein). See "Description of Notes—Conversion Rights—Settlement upon Conversion."

In addition, following certain corporate events that occur prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances as described under "Description of Notes—Conversion Rights—Increase in Conversion Rate upon Conversion upon a Make-Whole Fundamental Change."

	You will not receive any additional cash payment or additional shares of our common stock representing accrued and unpaid interest, if any, upon conversion of a note, except in limited circumstances. Instead, interest will be deemed to be paid by the cash, shares of our common stock or a combination of cash and shares of our common stock paid or delivered, as the case may be, to you upon conversion of a note.
Redemption during Final Three Month Term of the Notes	We may not redeem the notes prior to July 1, 2022. On or after July 1, 2022, we may redeem the notes for cash, in whole or from time to time in part, at our option at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date. No sinking fund will be provided for the notes, which means that we are not required to redeem or retire the notes periodically.
Fundamental Change	If we undergo a "fundamental change" (as defined in this prospectus supplement under "Description of Notes—Repurchase at the Option of the Holders—Fundamental Change Permits Holders to Require Us to Repurchase Notes"), subject to certain conditions, holders may require us to repurchase for cash all or part of their notes in principal amounts of $1,000 or an integral multiple in excess thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. See "Description of Notes—Fundamental Change Permits Holders to Require Us to Repurchase Notes."

Ranking	The notes will be our senior unsecured obligations and will rank: • senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes; • equal in right of payment to any of our unsecured indebtedness that is not so subordinated; • effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and • structurally junior to any indebtedness and other liabilities (including trade payables) of our subsidiaries. As of June 30, 2017, we had approximately $2.8 billion of borrowings outstanding under our repurchase agreements and approximately $11 million in outstanding securitized debt, all of which will rank effectively senior in right of payment to the notes. The indenture governing the notes does not limit the amount of debt that we or our subsidiaries may incur.
Use of Proceeds	We estimate that the net proceeds from this offering will be approximately $96.6 million (or $111.2 million if the underwriter’s over-allotment option is exercised in full), after deducting fees and estimated expenses. We intend to use the net proceeds from this offering to opportunistically invest in our target assets in accordance with our investment guidelines. Our Manager currently intends to acquire Agency CMBS, Residential Whole and Bridge Loans, mezzanine commercial loans and Non-Agency RMBS representing interests in pools of reperforming loans. The exact investment of the proceeds will depend on prevailing market and investment conditions at the time of issuance of the Notes, and our Manager, as with the portfolio in general, expects to adjust the portfolio make up and characteristics over time with changes in economic conditions and markets. See “Use of Proceeds.”

Events of Default	Except as described under "Description of Notes—Events of Default," if an event of default with respect to the notes occurs, holders may, upon satisfaction of certain conditions, accelerate the principal amount of the notes plus accrued and unpaid interest. In addition, the principal amount of the notes plus accrued and unpaid interest will automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving us or any of our significant subsidiaries.
Ownership Limitation	To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), among other purposes, our amended and restated certificate of incorporation provides that, with certain exceptions, no person (which includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) may beneficially or constructively own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than 9.8% in value or number of shares, whichever is more restrictive, of our outstanding common stock, or of our outstanding capital stock, as the case may be, unless they receive an exemption from our board of directors. Accordingly, notwithstanding any other provision of the notes or the indenture, no holder of notes will be entitled to receive shares of our common stock following conversion of such notes to the extent that receipt of such shares of common stock would cause such holder (after application of certain constructive ownership rules) to exceed the ownership limitations contained in our amended and restated certificate of incorporation. If any delivery of shares of our common stock owed to a holder upon conversion of notes is not made, in whole or in part, as a result of the limitations described above, our obligation to make such delivery shall not be extinguished and we shall deliver such shares as promptly as practicable after any such converting holder gives notice to us that such delivery would not result in it exceeding the ownership limitations in our amended and restated certificate of incorporation.

	See "Risk Factors—Risks Related to the Notes and this Offering—Ownership limitations in our amended and restated certificate of incorporation may impair the ability of holders to convert notes into our common stock."
Book-Entry Form	The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Absence of a Public Market for the Notes	The notes are new securities and there is currently no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriter has advised us that it currently intends to make a market in the notes. However, the underwriter is not obligated to do so, and the underwriter may discontinue any market making with respect to the notes without notice. We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.
U.S. Federal Income Tax Considerations	For the U.S. Federal Income Tax Considerations of the holding, disposition and conversion of the notes, see "Supplemental U.S. Federal Income Tax Considerations"
NYSE Symbol for our Common Stock	WMC
Risk Factors	An investment in the notes involves risks, and prospective investors should carefully consider the matters discussed under "Risk Factors" beginning on page S-7 of this prospectus supplement and the reports we file with the SEC pursuant to the Exchange Act that are incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in the notes.

Unless otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriter of its right to purchase up to an additional $15,000,000 aggregate principal amount of notes from us in this offering.

RISK FACTORS

Investing in the notes involves a high degree of risk. You should carefully consider the risks described in the Section entitled "Risk Factors" in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q and any amendments thereto (which reports are incorporated by reference herein), our future periodic reports as well as the other information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, any other prospectus supplement hereto and any related free writing prospectus before making a decision to invest in the notes. These risks and uncertainties are not the only ones facing us. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. Please see the sections entitled "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference."

Risks Related to the Notes and this Offering

The notes are effectively subordinated to our secured debt and any liabilities of our subsidiaries.

The notes will rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to any of our liabilities that are not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to any indebtedness and other liabilities (including trade payables) of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure debt ranking senior or equal in right of payment to the notes will be available to pay obligations on the notes only after the secured debt has been repaid in full from these assets. There may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding. The indenture governing the notes does not prohibit us from incurring additional senior debt or secured debt, nor does it prohibit any of our subsidiaries from incurring additional liabilities. As of June 30, 2017, we had approximately $2.8 billion of borrowings outstanding under our repurchase agreements and approximately $11 million in outstanding securitized debt, all of which will rank effectively senior in right of payment to the notes.

Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, or to make cash payments in connection with any conversion of the notes, depends on our future performance, which is subject to economic, industry, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Our management will have broad discretion in the use of the net proceeds from this offering and may allocate the net proceeds from this offering in ways that you and other stockholders may not approve, and our management may not be able to use the net proceeds from this offering to purchase our target assets as planned.

Our management will have broad discretion in the use of the net proceeds, including for any of the purposes described in the section entitled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure of our management to use these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our stockholders, which could materially impact the trading price of the notes.

Additionally, our management may not be able to use the net proceeds from this offering to purchase our target assets on terms that are agreeable to us or at all, as any such purchases will ultimately depend on market conditions and availability. If we are unable to deploy the net proceeds as planned, our resul