

Starwood European Real Estate Finance Limited

**Interim Financial Report and Unaudited Condensed Consolidated Financial Statements for
the six month period from 1 January 2014 to 30 June 2014**



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Corporate Summary

Principal Activities and Investment Objective

The investment objective of Starwood European Real Estate Finance Limited (“the Company”), together with its subsidiaries Starfin Public GP Limited (“the GP”), Starfin Public LP (“the Partnership”) and Starfin Lux S.à.r.l. (“Luxco”) (together “the Group”) is to provide its shareholders with regular dividends and an attractive total return while limiting downside risk, through the origination, execution, acquisition and servicing of a diversified portfolio of real estate debt investments (including debt instruments) in the UK and Continental European markets. Whilst investment opportunities in the secondary market are considered, the Group’s main focus is to originate direct primary real estate debt investments.

The Group attempts to limit downside risk by focusing on secured debt with both quality collateral and contractual protection. The typical loan term is between three and seven years and at least 75 per cent of total loans by value are for a term of seven years or less.

The Group aims to be appropriately diversified by geography, real estate sector, loan type and counterparty. The Group pursues investments across the commercial real estate debt asset class through senior loans, subordinated loans and mezzanine loans, bridge loans, selected loan-on-loan financings and other debt instruments.

Structure

The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 9 November 2012 with registered number 55836, and has been authorised by the Guernsey Financial Services Commission (“GFSC”) as an authorised closed-ended investment company. The Company’s ordinary shares were admitted to the premium segment of the UK Listing Authority’s Official List and to trading on the Main Market of the London Stock Exchange as part of its initial public offering which completed on 17 December 2012. The issued capital during the period comprises the Company’s ordinary shares denominated in Sterling.

The Company makes its investments through Starfin Lux S.à.r.l (“Luxco”), an indirect wholly-controlled subsidiary not subject to regulation in Luxembourg or elsewhere. The Company’s interest in Luxco is held through a Guernsey limited partnership, Starfin Public LP (“the Partnership”) of which Starfin Public GP Limited (“the GP”) is the general partner. The GP is wholly owned and controlled by the Company. Starfin Carry LP (“The Special Limited Partner”) is the only other limited partner of the Partnership and is majority owned by the Starwood Capital Group (“Starwood”) and has no control over the GP (see related party transactions). References to the “Group” refer to the Company, the GP, the Partnership and Luxco.

The Investment Manager during the period was Starwood European Finance Partners Limited (“the Investment Manager”), a company incorporated in Guernsey with registered number 55819 and regulated by the GFSC. The Investment Manager has appointed Starwood Capital Europe Advisers, LLP (“the Investment Adviser”), an English limited liability partnership authorised and regulated by the Financial Conduct Authority, to provide investment advice, pursuant to an Investment Advisory Agreement.

Chairman's Statement

Dear Shareholder,

I am delighted to present the Interim Financial Report and Unaudited Condensed Consolidated Financial Statements of Starwood European Real Estate Finance Limited for the six months from 1 January 2014 to 30 June 2014.

Deployment of net IPO proceeds

I am pleased to report that as anticipated the Group reached substantially full investment during the first half of 2014. As at 30 June 2014, the Group had committed 96 per cent. of the net IPO proceeds and subsequent tap issues ("Net Proceeds") of £233.8 million. Of this committed amount approximately 91 per cent. was actually invested as at 30 June 2014, lower than the committed amount due to some amortisation received since original commitments were made on two loans and some commitments still to be drawn on two of the loans.

Shortly after 30 June 2014 the Group committed a further €25 million to the W Hotel in Amsterdam meaning that all Net Proceeds have now been committed. As at 26 August 2014, €9.7 million of this had been drawn bringing the Company to approximately 94 per cent. of Net Proceeds invested after accounting for amortisation which took place during July. Once the W Hotel loan has been substantially drawn, the Group will be generating a net portfolio yield of 6.9 per cent.

In the factsheets published by the Company during the year, it was noted that some of the new opportunities in the pipeline would require subsequent syndication to achieve target return levels. Of the loans originated to date the Group expects to syndicate approximately £42 million, releasing this for reinvestment in order to increase the net portfolio yield (once the W Hotel is substantially drawn) up from 6.9 per cent. to in excess of 7 per cent. We are in advanced discussions with credit approved acquirers in respect of these loans and expect to complete the syndications during the second half of the year.

Managing the timing and occurrence of these syndications with opportunities to re-invest the proceeds will be important to minimising cash drag and maintaining current returns.

A foundation stone of the formation of the Group was the emphasis on relative risk/return. It is incumbent for the Group to continue to focus on this and not simply absolute return. It follows that for any potential investment in Southern Europe, following the change to the Investment Policy, the Group will adhere rigorously to this principle.

Investment Policy

On 2 May 2014 the Company held its first Annual General Meeting and an Extraordinary General Meeting to approve a change to the investment policy of the Group, to extend the geographic scope of the investment policy to allow investment in Spain and Italy, and to increase the maximum allocation that can be made to the residential for sale sector. The Company confirmed at the time that it did not intend to use these extended investment powers until the Net Proceeds were substantially fully invested. Now that the Company has fully deployed the Net Proceeds within the parameters of the original investment policy we will continue to focus on the relative risk / return of opportunities which fall within this extended investment policy.

Alongside these changes, the Board believed it was necessary to clarify the scope and intent of the restrictions on the Company's corporate borrowings to exclude foreign exchange hedging facilities from the scope of "corporate borrowings".

I am pleased to confirm that these changes to the investment policy were approved by the Company's shareholders.

Chairman's Statement

Dividends

At launch, the Company had targeted a dividend of 7.0 pence per Ordinary Share upon full investment.

On 23 April 2014 the Company declared a dividend for the period from 1 January 2014 to 31 March 2014 of 1.25 pence per Ordinary Share being an annualised 5.00 pence per Ordinary Share.

On 23 July 2014 the Company declared a dividend for the period from 1 April 2014 to 30 June 2014 of 1.35 pence per Ordinary Share, being an increase to 5.40 pence per Ordinary Share on an annualised basis, principally reflecting the reduced impact of historical cash drag.

As noted above, the Group will be delivering a net portfolio yield of 6.9 per cent once the W hotel loan is substantially drawn. Based on the current syndication plans and deals in the pipeline to re-invest those proceeds, the Company remains comfortable that it will be able to pay an annualised 7.0 pence dividend upon completion of the syndication and re-investment, expected to be completed in the second half of 2014.

Going Concern

Under the UK Corporate Governance Code and applicable regulations, the directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern.

The directors have undertaken a rigorous review of the Group's ability to continue as a going concern including reviewing the on-going cash flows and the level of cash balances as of the reporting date as well as taking forecasts of future cash flows into consideration.

After making enquiries of the Investment Manager and the Administrator, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing these unaudited condensed consolidated financial statements.

Outlook

The directors place primary importance on maintaining a consistent dividend and ensuring, as much as possible, that cash drag does not materially impact this aim. Any future plans to raise additional equity will be considered against this objective.

It is the intention of the Company to seek to implement permitted liquidity facilities up to an amount of £50 million (and in any event limited to 20 per cent. of Net Asset Value) that may be utilised to assist in the rapid securing of additional investment opportunities, as a bridge to the raising of additional equity or repayment of existing loans and for other short term cash management purposes.

The board is satisfied with the progress made by the Investment Manager and Investment Adviser during the period in reaching substantially full investment. Whilst market conditions have changed since the IPO, the Investment Adviser and Investment Manager, working in close collaboration with the Board, have maintained a disciplined and rigorous approach to investment and continue to operate within the risk parameters set out within the prospectus.

The Company will continue to update you on progress by way of the quarterly fact sheets and investment updates when deals are signed.

On behalf of the board, I would like to close by thanking shareholders for your commitment and I look forward to updating you on the Company's progress later this year.

Stephen Smith
Chairman
27 August 2014

Investment Manager's Report

Investment Deployment

As at 30 June 2014 the Group had committed 96 per cent. of Net Proceeds through the following investments and was approximately 91 per cent. invested as a percentage of Net Asset Value:

	Original Commitment ⁽¹⁾	Principal Outstanding as at 30 June 2014
Maybourne Hotel Group, London	£19.0 m	£19.0 m
West End Development, London	£10.0 m	£10.0 m
Lifecare Residences, London	£14.5 m	£13.0 m
Heron Tower, London	£18.0 m	£16.5 m
Centre Point, London	£40.0 m	£40.0 m
FC200, London	£27.0 m	£21.7 m
Sterling Loans	£128.5 m	£120.2 m
Retail Portfolio – Finland	€45.0 m	€42.1 m
Industrial Portfolio, Netherlands	€55.9 m	€55.9 m
Office, Netherlands	€14.3 m	€14.3 m
Euro Loans	€115.2 m	€112.3 m

(1) Commitments include PIK facilities over the life of two loans for a total of approximately £5m. A subsequent €25m loan commitment was made in early July on the W Hotel, Amsterdam.

Since 31 December 2013, the Group has made the following further commitments (included in the table above):

Office, Amsterdam: The Group provided a €14.3 million financing facility for the acquisition of an office building in Amsterdam fully occupied by UPC Nederlands, BV. The Group expects to earn a solid single digit return in line with its investment criteria. The loan was fully drawn in the middle of April 2014.

FC200, London: The Group provided a £27 million financing facility for an office building in Park Royal, West London. £21.7 million of the available facility was drawn in early June with a further £0.4 million drawn in July. The three year financing is secured against a six-storey, 160,000 square foot building named FC200 located within the First Central mixed-use development site in Park Royal. The financing allowed the sponsors to refinance the all-cash acquisition of the property in late 2011 as well as providing funding for the remaining capex to complete its fit out. The Group expects to earn a solid single digit return in line with its investment criteria.

Industrial Portfolio, Netherlands: On 30 June 2014, the existing €35.3 million whole loan facility was increased by €36.1 million to a total facility of €71.4 million in cooperation with private debt funds associated with Starwood Capital Group. The Group's overall exposure increased to €55.9 million with the Starwood associated private debt funds taking the remaining €15.5m. The additional funds facilitated the acquisition of nine light-industrial and office properties in the Netherlands taking the overall portfolio to 28 assets. This marks the final increase in the facility as MBay, the joint venture between M7 Real Estate and Bayside Capital, completes its current light-industrial Dutch acquisitions strategy.

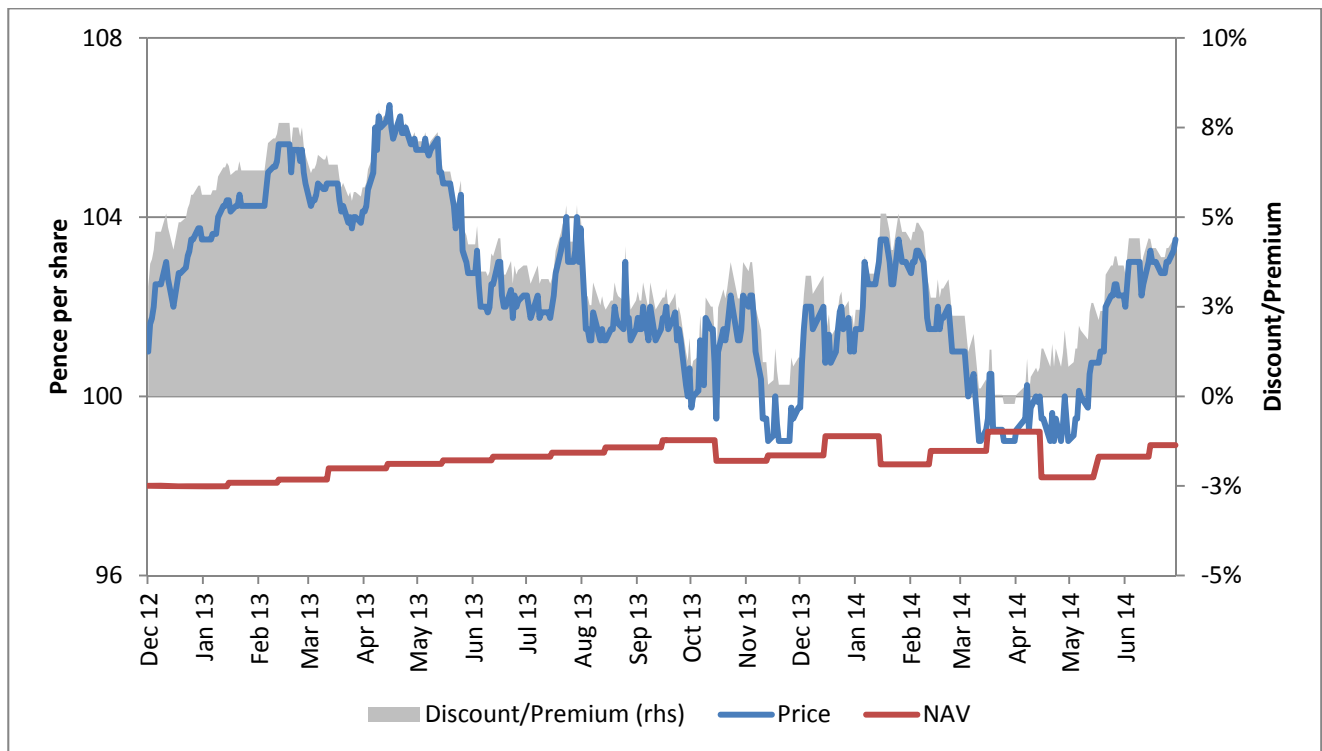
The following loan was committed after 30 June 2014:

W Hotel, Amsterdam: The Group has committed to provide €25 million out of a total of €99 million for the refinancing and refurbishment of a new W branded hotel located in the centre of Amsterdam. The sponsor is Liran Wizman, a highly experienced hotel owner and key shareholder in Grand City Hotels, a highly rated pan-European hotel management company. Expected to be completed in the third quarter of 2015, the refurbished hotel is based on Spuistraat, a prime location within the city and providing easy access to transport links and attractions including the Royal Palace and Dam Square, which the hotel adjoins. The first drawdown by the borrower under this facility of approximately €9.3 million was made on 17 July 2014 with a further drawdown of £0.4 million in August.

Since 30 June 2014 (to 26 August 2014) the Group also received a €1.3 million prepayment on the Retail Portfolio, Finland and a scheduled amortisation receipt on the Heron loan of £0.8 million.

Investment Manager's Report

Company Performance as at 30 June 2014



As at 30 June 2014 the Net Asset Value ("NAV") was 98.91 pence per Ordinary Share and the share price was 103 pence.

Investment Manager's Report

Portfolio Statistics

As at 30 June 2014, the portfolio was invested in line with the Group's investment policy and is summarised below.

The board considers that the Group is engaged in a single segment of business, being the provision of a diversified portfolio of real estate backed loans. The analysis presented in this report is presented to demonstrate the level of diversification achieved within that single segment. The board does not believe that its investments constitute separate operating segments.

	30 June 2014
Number of borrowers	9
Number of investments	9
Percentage of currently invested portfolio in floating rate loans ⁽¹⁾	47.9%
Invested Loan Portfolio annualised total return ⁽²⁾	8.6%
Weighted average portfolio LTV – to Group first £ ⁽³⁾	9.8%
Weighted average portfolio LTV – to Group last £ ⁽³⁾	60.1%
Average loan term	4.1 years
Percentage of Net Proceeds uncommitted ⁽⁴⁾	4.0%
Percentage of Net Proceeds committed to senior and whole loans ⁽⁴⁾	75.8%
Percentage of Net Proceeds committed to second lien and mezzanine loans ⁽⁴⁾	12.5%
Percentage of Net Proceeds committed to other debt instruments ⁽⁴⁾	7.7%
Percentage currently invested in GBP ⁽¹⁾	56.2%
Percentage currently invested in Euro ⁽¹⁾	43.8%

(1) Calculated on the current value of loans and are shown after taking into account prepayments received to 30 June 2014 and exclude amounts committed but undrawn and cash currently un-invested (but which may be committed).

(2) Calculated on amounts currently outstanding and assuming all loans are outstanding for the full term. Five of the loans are floating rate (some with floors) and returns are based on an assumed profile for future LIBOR or EURIBOR but the actual rate received may be higher or lower. Calculated only on loans closed to date and excluding cash uninvested.

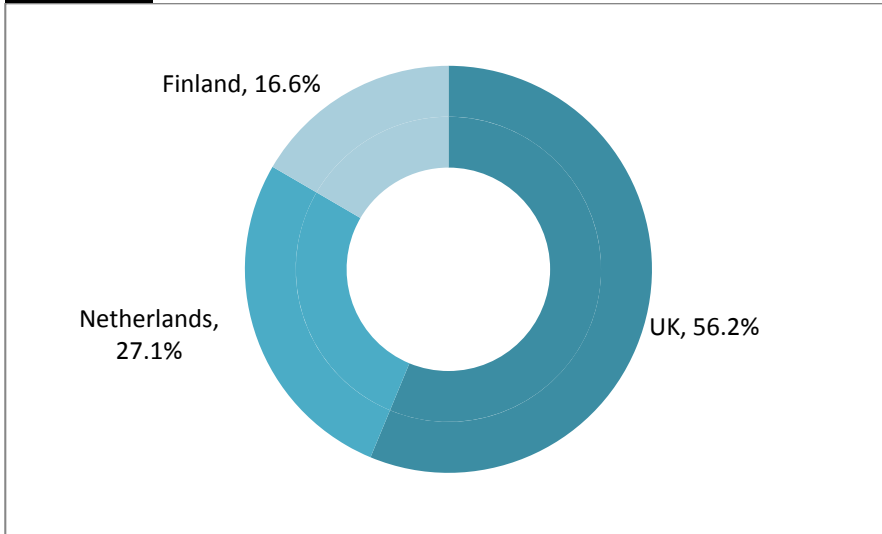
(3) LTV to Group last £ means the percentage which the total loan currently outstanding (when aggregated with any other indebtedness ranking alongside and/or senior to it) bears to the market value determined by the last valuation. LTV to first Group £ means the starting point of the loan to value range of the loan currently outstanding (when aggregated with any other indebtedness ranking senior to it). For ground up development (Lifecare) the calculation includes the total facility available and the market value on completion of the project. Where the loan relates to a redevelopment project with facilities currently undrawn (Centre Point) the calculation includes current debt drawn against the lower of current use market value and vacant possession value. Upon commencement of development, the loan to value will be tested by reference to loans drawn plus available loans against a value assuming completion of the development. This calculation will therefore change as the other facilities are drawn. LTVs are calculated for each loan and weighted by the Group's investment in each loan.

(4) Calculated based on the original loan amount including amounts which may have since been repaid as amortisation and including amounts which are committed but currently undrawn. This is expressed as a percentage of net IPO proceeds plus net amounts raised in the subsequent tap issues (£233.8m).

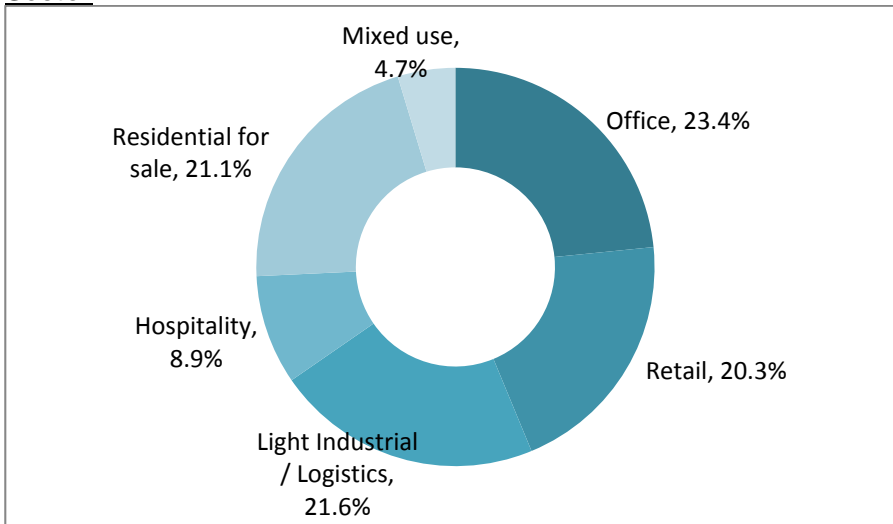
The Group has achieved good diversification in the loan portfolio as shown in the graphs below. The graphs are based on the current value of loans and are shown after taking into account prepayments received to 30 June 2014 and exclude amounts committed but undrawn and cash currently un-invested (but which may be committed).

Investment Manager's Report

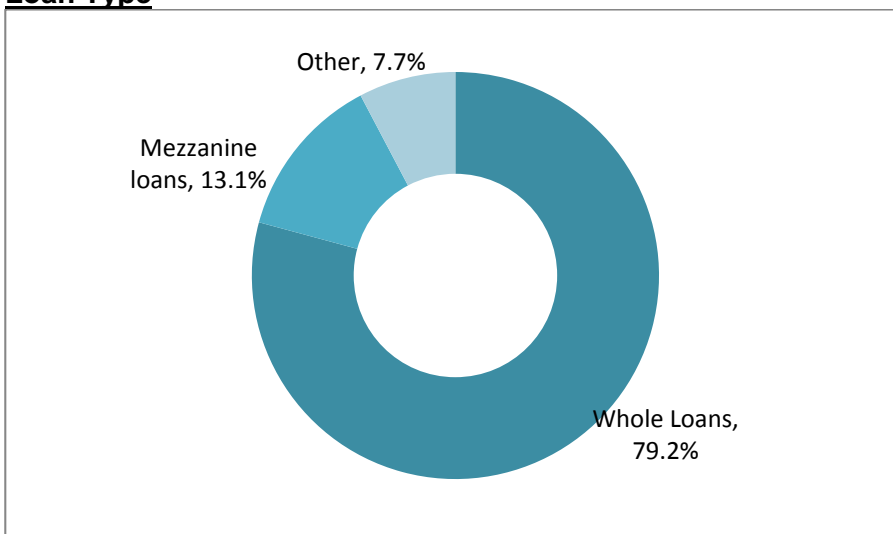
Geography



Sector



Loan Type



Investment Manager's Report

Future Strategy and Investment Outlook

In the March factsheet published by the Company in order to keep shareholders updated, the Company noted that some of the new opportunities in the pipeline would require subsequent syndication to achieve target return levels. Of the loans originated to date, the Group expects to syndicate approximately £42 million, releasing this for reinvestment in order to increase the net portfolio yield up from 6.9 per cent. to in excess of 7 per cent. We are in advanced discussions with credit approved acquirers in respect of these loans and expect to complete the syndications during the second half of the year.

As noted in the Chairman's Statement, managing the timing and occurrence of these syndications with opportunities to re-invest the proceeds will be important to minimising cash drag and maintaining current returns.

The Group is focused on relative risk/return rather than absolute return and will continue to focus on this rigorously as it continues to invest in line with its expanded investment policy.

Any pipeline for the Group has to flex and adapt to the changing market dynamics. In the market commentary section below it is clear that certain markets have now fully recovered, indeed some may be showing very early signs of overheating. Central London, for example, is one such market. It is not that the Group would not invest further in such markets, merely that it is now applying a higher degree of caution. Starwood Property Trust recently announced the provision of a £101.8 million loan for the development of London residential property. Whilst the specifics of the loan itself were attractive, the Investment Adviser, Investment Manager and directors felt the Group now had sufficient London residential exposure to warrant declining any participation.

However, the scale of the UK market means that attractive risk/return is still sourceable especially in regional markets. As is evident in recent transactions, Holland remains a key focus for new business. Whilst an Irish investment has not yet been effected the Group remains positive on this market for deployment of capital. Central Europe has become more interesting as the asset quality review appears to be unlocking a number of potential situations. Following approval to adjust the investment policy guidelines, Italy and Spain are being considered on a cautious risk adjusted basis.

Overall a pipeline of opportunities continues to exist reflecting the geographical comments above. At this stage it is felt the UK will still account for over 50 per cent. of capital in the medium term. The Group continues to seek strong sector diversity. Whilst the proportion of whole loans is high at 79 per cent. of the current loan book it is expected to fall. The Group's key access to deal flow is through the provision of whole loans but it is now more active in the subsequent syndication of senior positions to enhance returns through the retention of mezzanine, especially in the UK.

The Company will concentrate on generating attractive risk adjusted returns through underwriting whole loans and in selective cases selling senior strips to generate mezzanine positions. This will rebalance the overall book back towards the loan mix set out at IPO whilst maintaining attractive single digit gross returns.

Investment Manager's Report

Market Summary

Previous commentary, including that included within our quarterly factsheets has highlighted the continued dichotomy of the European Capital Markets. On one side macroeconomic policy, including the European Central Bank's announcements, continue to ensure the market has strong liquidity and a penchant for hunting yield. On the other side the on-going need for deleveraging as well as addressing problem situations by banks has been turbo charged by the asset quality review. Events in Portugal are perhaps an example of other situations likely to occur over the coming months which encourage macro risk whilst also creating deal level opportunities.

This dichotomy is therefore still an overriding theme of the real estate capital markets. Certain markets have arguably fully recovered – Central London office and residential as cases in point. Other markets such as Spain seem to see patches of perhaps optimistic exuberance. Hand in hand lenders, notably US investment banks, have re-found an interest in the provision of loan capital. Any investment deal of low to reasonable leverage in core sectors and with good sponsors now attracts excess liquidity which has resulted in substantial pricing decline. However the other side of the dichotomy is throwing off ever greater opportunities including the continued need for the structured finance solutions that the Group specialises in.

In summary, the market recovery inevitably requires us to strike a balance between the continuing opportunity and taking an increasingly prudent approach to new business and portfolio management.

Principal Risks for the Remaining Six Months of the year to 31 December 2014

The principal risks assessed by the board relating to the Group were disclosed in the Annual Report and Audited Consolidated Financial Statements for the period from 9 November 2012 to 31 December 2013. The board and Investment Manager do not consider these risks to have changed. However, the following are the principal risks assessed by the board and the Investment Manager as relating to the Group for the remaining six months of the year to 31 December 2014.

- The Group plans to syndicate a number of loans in the second half of 2014 in order to reach return levels in excess of 7 per cent. Any delay in re-deployment of the funds following syndications could lead to a reduction in the dividends as a result of cash drag;
- The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns;
- The level of dividends and other distributions to be paid by the Company may fluctuate and there is no guarantee that any such distributions will be paid;
- The Company hedges 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. Additionally we may be required under certain circumstances to collateralise our currency hedges for the benefit of the hedge counterparty, which could adversely affect our liquidity;
- The shares may trade at a discount to NAV per share and shareholders may be unable to realise their investments through the secondary market at NAV per share; and
- Principal may be repaid earlier than anticipated, causing the return on certain investments to be less than expected.

Investment Manager's Report

Related Party Transactions

Related party disclosures are given in note 13 to the financial statements.

Starwood European Finance Partners Limited

Investment Manager

27 August 2014

Board of Directors

Stephen Smith (non-executive chairman – chairman of the board)

Stephen is currently a director of Gatehouse Bank Plc (appointed in June 2013) and a director of Tritax Big Box REIT Plc, which floated on the London Stock Exchange in December 2013. Previously, he was the Chief Investment Officer of British Land Company PLC, the FTSE 100 real estate investment trust from January 2010 to March 2013 with responsibility for the group's property and investment strategy, leaving at the end of June 2013. He was formerly Global Head of Asset Management and Transactions at AXA Real Estate Investment Managers, where he was responsible for the asset management of a portfolio of more than €40 billion on behalf of life funds, listed property vehicles, unit linked and closed end funds. Prior to joining AXA in 1999 he was Managing Director at Sun Life Properties for five years. Stephen is a UK resident.

Jonathan Bridel (non-executive director – management engagement committee chairman)

Jonathan is currently a non-executive chairman or director of listed and unlisted companies comprised mainly of investment funds and investment managers, including Alcentra European Floating Rate Income Fund Limited, Aurora Russia Limited, DP Aircraft I Limited, The Renewables Infrastructure Group Limited and Fair Oaks Income Fund Limited. He was previously Managing Director of Royal Bank of Canada's investment business in the Channel Islands. Prior to this, after working at Price Waterhouse Corporate Finance in London, Jonathan served in senior management positions in the British Isles and Australia in banking, specialising in credit and in private businesses as Chief Financial Officer. Graduating from the University of Durham with a degree of Master of Business Administration in 1988, Jonathan also holds qualifications from the Institute of Chartered Accountants in England and Wales where he is a Fellow, the Chartered Institute of Marketing and the Australian Institute of Company Directors. Jonathan is a Chartered Marketer and a member of the Chartered Institute of Marketing, the Institute of Directors and Chartered Fellow of the Chartered Institute for Securities and Investment. Jonathan is a resident of Guernsey.

John Whittle (non-executive director – audit committee chairman)

John is a chartered accountant and holds the Institute of Directors Diploma in Company Direction. He is a non-executive director of International Public Partnerships Limited (FTSE 250), India Capital Growth Fund Limited, Globalworth Real Estate Investments Limited and Advance Frontier Markets Fund Limited (all listed on AIM) and also acts as non-executive director to several other Guernsey investment funds. He was previously Finance Director of Close Fund Services, a large independent fund administrator, where he successfully initiated a restructuring of client financial reporting services and was a key member of the business transition team. Prior to moving to Guernsey he was at Price Waterhouse in London before embarking on a career in business services, predominantly telecoms. He co-led the business turnaround of Talkland International (now Vodafone Retail) and was directly responsible for the strategic shift into retail distribution and its subsequent implementation; he subsequently worked on the £20million private equity acquisition of Ora Telecom. John is also a resident of Guernsey.

Statement of Directors' Responsibilities

To the best of their knowledge, the directors of Starwood European Real Estate Finance Limited confirm that:

- (a) The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union; and
- (b) The Interim Financial Report, comprising of the Chairman's Statement and the Investment Manager's Report, meets the requirements of an interim management report and includes a fair review of information required by:
 - (i) DTR 4.2.7R of the UK Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months and their impact on the Unaudited Condensed Consolidated Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (ii) DTR 4.2.8R of the UK Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months and that have materially affected the financial position or performance of the Company during that period, and any material changes in the related party transactions disclosed in the last Annual Report.

By order of the Board

For Starwood European Real Estate Finance Limited

Stephen Smith
Chairman
27 August 2014

John Whittle
Director
27 August 2014

Independent Review Report to Starwood European Real Estate Finance Limited

Introduction

We have been engaged by Starwood European Real Estate Finance Limited ("the Company") to review the Unaudited Condensed Consolidated Financial Statements in the interim financial report for the half year ended 30 June 2014, which comprises the Unaudited Condensed Consolidated Statement of Comprehensive Income, the Unaudited Condensed Consolidated Statement of Financial Position, the Unaudited Condensed Consolidated Statement of Changes in Equity, the Unaudited Condensed Consolidated Statement of Cash Flows and related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Unaudited Condensed Consolidated Financial Statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Unaudited Condensed Consolidated Financial Statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the Unaudited Condensed Consolidated Financial Statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report to Starwood European Real Estate Finance Limited

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Condensed Consolidated Financial Statements in the interim financial report for the half year ended 30 June 2014 are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers CI LLP Chartered Accountants

Guernsey, Channel Islands

27 August 2014

Publication of Interim Financial Report

The maintenance and integrity of the Starwood European Real Estate Finance Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial report and unaudited condensed consolidated financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Unaudited Condensed Consolidated Statement of Comprehensive Income

for the period ended 30 June 2014

	Notes	1 January 2014 to 30 June 2014 £ (unaudited)	9 November 2012 to 30 June 2013 £ (unaudited)	9 November 2012 to 31 December 2013 £ (audited)
Income				
Income from loans advanced	7	7,011,394	1,183,053	5,336,230
Income from cash and cash equivalents		102,377	382,128	635,797
Total income from investments		7,113,771	1,565,181	5,972,027
Expenses				
Investment management fees		636,764	77,051	417,951
Directors' fees and travel expenses		57,929	74,042	132,267
Administration fees		112,554	93,685	225,071
Auditors' fees		103,123	54,089	88,150
Broker's fees		49,786	53,699	104,110
Legal and professional fees		66,806	72,901	130,341
Insurance		27,583	33,165	61,205
Net foreign exchange losses		938,645	8,189	639,461
Other expenses		46,457	60,937	86,656
Total operating expenses		2,039,647	527,758	1,885,212
Operating profit for the period before tax		5,074,124	1,037,423	4,086,815
Taxation	12	3,967	1,990	2,718
Operating profit for the period and total comprehensive income after tax		5,070,157	1,035,433	4,084,097
Weighted average number of shares in issue		238,100,000	233,348,205	235,655,145
Basic and diluted earnings per ordinary share (pence)		2.13	0.44	1.73

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Condensed Consolidated Statement of Financial Position

as at 30 June 2014

	Notes	As at 30 June 2014 £ (unaudited)	As at 30 June 2013 £ (unaudited)	As at 31 December 2013 £ (audited)
Assets				
Cash and cash equivalents	6	22,300,171	215,545,841	79,706,084
Other receivables and prepayments		244,445	81,650	287,470
Loans advanced	7	211,798,229	19,491,134	156,381,277
Financial assets at fair value through profit and loss	8	2,026,618	-	87,180
Total assets		236,369,463	235,118,625	236,462,011
Liabilities				
Trade and other payables		872,197	240,030	439,552
Total liabilities		872,197	240,030	439,552
Net assets		235,497,266	234,878,595	236,022,459
Capital and reserves				
Share capital		233,843,162	233,843,162	233,843,162
Retained earnings		1,654,104	1,035,433	2,179,297
Total equity		235,497,266	234,878,595	236,022,459
Number of ordinary shares in issue		238,100,000	238,100,000	238,100,000
Net asset value per ordinary share (pence)		98.91	98.65	99.13

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity for the period ended 30 June 2014

Six months ended 30 June 2014	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	233,843,162	2,179,297	236,022,459
Issue of share capital	-	-	-
Cost of issues	-	-	-
Dividends paid	-	(5,595,350)	(5,595,350)
Operating profit and total comprehensive income	-	5,070,157	5,070,157
Balance at 30 June 2014	233,843,162	1,654,104	235,497,266

Period ended 30 June 2013	Share capital £	Retained earnings £	Total equity £
Balance at 9 November 2012	-	-	-
Issue of share capital	238,509,000	-	238,509,000
Cost of issues	(4,665,838)	-	(4,665,838)
Dividends paid	-	-	-
Operating profit and total comprehensive income	-	1,035,433	1,035,433
Balance at 30 June 2013	233,843,162	1,035,433	234,878,595

Period ended 31 December 2013	Share capital £	Retained earnings £	Total equity £
Balance at 9 November 2012	-	-	-
Issue of share capital	238,509,000	-	238,509,000
Cost of issues	(4,665,838)	-	(4,665,838)
Dividends paid	-	(1,904,800)	(1,904,800)
Operating profit and total comprehensive income	-	4,084,097	4,084,097
Balance at 31 December 2013	233,843,162	2,179,297	236,022,459

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows

for the period ended 30 June 2014

	1 January 2014 to 30 June 2014 £	9 November 2012 to 30 June 2013 £	9 November 2012 to 31 December 2013 £
Operating activities:			
Operating profit for the period and total comprehensive income	5,070,157	1,035,433	4,084,097
Adjustments for non-cash items			
Net interest income	(7,113,771)	(1,565,181)	(5,972,027)
(Increase) / decrease in prepayments and receivables	43,025	(60,163)	(287,470)
Increase in other payables and accrued	432,645	240,030	439,552
Net gain on financial instruments held at fair value through profit and loss	(1,939,438)	-	(87,180)
Net foreign exchange losses	2,878,083	8,189	726,641
Other non-cash items	3,338	-	205,237
	(625,961)	(341,692)	(891,150)
Loans advanced ¹	(61,351,264)	(18,857,500)	(152,864,924)
Loans repaid	3,956,189	-	-
Origination fees paid	(497,605)	(142,500)	(1,171,890)
Origination expenses	(5,454)	(60,999)	(75,413)
Interest, commitment and exit fees income from loans advanced	6,583,632	752,918	2,140,736
Other cash items	36,480	-	-
Net cash outflow from operating activities	(51,903,983)	(18,649,773)	(152,862,641)
Cash flows from investing activities			
Interest income from cash and cash equivalents	110,180	360,641	627,065
Net cash outflow from investing activities	110,180	360,641	627,065
Cash flows from financing activities			
Net share issue proceeds received ²	-	234,878,549	234,878,549
Cost of share issues	-	(1,035,387)	(1,035,387)
Dividends paid	(5,595,350)	-	(1,904,800)
Net cash outflow from financing activities	(5,595,350)	233,843,162	231,938,362
Net increase in cash and cash equivalents	(57,389,153)	215,554,030	79,702,786
Cash and cash equivalents at the start of the period	79,706,084	-	-
Net foreign exchange gain on cash and cash equivalents	(16,760)	(8,189)	3,298
Cash and cash equivalents at the end of the period	22,300,171	215,545,841	79,706,084

¹ Net of arrangement fees of £ 1,152,830 (2013: £ 1,674,212) withheld.

² Gross share proceeds net of fees and expenses of £ nil (2013: £ 3,630,451) withheld by brokers.

The accompanying notes form an integral part of these consolidated financial statements.

Unaudited Condensed Notes to the Consolidated Financial Statements

for the period ended 30 June 2014

1. General Information

Starwood European Real Estate Finance Limited (“the Company”) is a closed-ended investment company incorporated in Guernsey. The unaudited condensed consolidated financial statements comprise the financial statements of the Company, Starfin Public GP Limited (the “GP”), Starfin Public LP (the “Partnership”) and Starfin Lux S.à r.l. (“Luxco”) (together “the Group”) as at 30 June 2014.

2. Going Concern

Under the UK Corporate Governance Code and applicable regulations, the directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern.

The directors have undertaken a rigorous review of the Group’s ability to continue as a going concern including reviewing the on-going cash flows and the level of cash balances as of the reporting date as well as taking forecasts of future cash flows into consideration.

After making enquiries of the Investment Manager and the Administrator, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing these unaudited condensed consolidated financial statements.

3. Basis of Preparation and Principal Accounting Policies

The Company has prepared these unaudited condensed consolidated financial statements on a going concern basis in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority and IAS 34 Interim Financial Reporting as adopted by the European Union. This interim financial information does not comprise statutory financial statements within the meaning of the Companies (Guernsey) Law, 2008, and should be read in conjunction with the consolidated financial statements of the Group as at and for the period ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The statutory financial statements for the period ended 31 December 2013 were approved by the board of directors on 20 March 2014. The opinion of the auditors on those financial statements was unqualified. This interim financial information for the period ended 30 June 2014 has been reviewed by the auditors but not audited.

4. Accounting policies

The accounting policies are consistent with those of the consolidated financial statements for the period ended 31 December 2013. Standards and Interpretations in issue and not yet effective:

New Standards		Effective date
IFRS 9	Financial Instruments – Classifications and Measurement	1 January 2018
Revised and amended standards		
IFRS 8	Aggregation of Segments and Reconciliation of Segment Assets	1 July 2014
IFRS 13	Scope of Portfolio Exception (amended)	1 July 2014
IAS 24	Management Entities (amended)	1 July 2014
IFRS 7/9	Mandatory Effective Date and Transition Disclosure (amended)	1 July 2014

Unless stated otherwise the directors do not consider the changes to have a material impact.

Unaudited Condensed Notes to the Consolidated Financial Statements

for the period ended 30 June 2014

5. Earnings Per Share and Net Asset Value Per Share

The calculation of basic earnings per ordinary share is based on the operating profit of £5,070,157 and on the weighted average number of ordinary shares in issue during the period of 238,100,000 ordinary shares.

The calculation of net asset value per ordinary share is based on a net asset value of £235,497,266 and the actual number of ordinary shares in issue at 30 June 2014 of 238,100,000.

6. Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Fixed deposits of one month	16,200,000	107,600,000	50,853,621
Cash at bank	6,100,171	107,945,841	28,852,463
	22,300,171	215,545,841	79,706,084

Cash and cash equivalents comprises cash held by the Group and short term deposits held with various banking institutions with original maturities of three months or less. The carrying amount of these assets approximates their fair value.

7. Loans Advanced

	30 June 2014 £	30 June 2013 £	31 December 2013 £
UK			
Maybourne Hotel Group, London	19,449,353	19,491,134	19,594,651
West End Development, London	10,141,129	-	10,140,091
Lifecare Residences, London	12,934,260	-	11,215,462
Heron Tower, London	16,796,796	-	18,420,006
Centre Point, London	40,360,893	-	40,211,361
FC200, London	21,581,647	-	-
Netherlands			
Office	11,416,703	-	-
Industrial	44,625,393	-	18,245,998
Finland			
Retail Portfolio	34,492,055	-	38,553,708
	211,798,229	19,491,134	156,381,277

No element of loans advanced are past due or impaired. For further information and the associated risks see the Investment Manager's Report.

Unaudited Condensed Notes to the Consolidated Financial Statements

for the period ended 30 June 2014

7. Loans Advanced (CONTINUED)

The table below reconciles the movement of the carrying value of loans advanced in the period.

	30 June 2014 £	30 June 2013 £	31 December 2013 £
Loans advanced at start of the period	156,381,277	-	-
Loans advanced	62,504,094	19,000,000	154,539,136
Loans repaid	(3,956,189)	-	-
Arrangement fees earned	(1,152,830)	(142,500)	(1,674,212)
Commitment fees earned	(17,495)	(16,085)	(16,085)
Exit fees earned	(49,277)	-	-
Origination fees paid	497,605	142,500	1,171,890
Origination expenses paid	-	60,999	75,413
Effective interest earned	7,011,394	1,183,053	5,336,230
Interest payments received / accrued	(6,512,173)	(736,833)	(2,345,973)
Foreign exchange losses	(2,908,177)	-	(705,122)
Loans advanced at end of the period	211,798,229	19,491,134	156,381,277
Loans advanced at fair value	216,606,020	19,491,134	165,736,511

For further information on the fair value of loans advanced, refer to note 11.

8. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss comprise currency forward contracts which represent contractual obligations to purchase domestic currency and sell foreign currency on a future date at a specified price. The underlying instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations of foreign exchange relative to their terms. The aggregate contractual or notional amount of derivative financial instruments, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The fair value of derivative instruments held are set out below:

30 June 2014	Notional contract amount ¹ £	Fair values	
		Assets £	Liabilities £
Foreign exchange derivatives			
Currency forwards	96,321,987	2,028,252	(1,634)
Total	96,321,987	2,028,252	(1,634)

30 June 2013	Notional contract amount ¹ £	Fair values	
		Assets £	Liabilities £
Foreign exchange derivatives			
Currency forwards	-	-	-
Total	-	-	-

Unaudited Condensed Notes to the Consolidated Financial Statements

for the period ended 30 June 2014

8. Financial assets at fair value through profit and loss (CONTINUED)

31 December 2013	Notional contract amount ¹	Fair values	
		Assets	Liabilities
	£	£	£
Foreign exchange derivatives			
Currency forwards	62,758,485	225,453	(138,273)
Total	62,758,485	225,453	(138,273)

¹ Euro amounts translated at the period end exchange rate

9. Dividends

Dividends will be declared by the directors and paid in compliance with the solvency test prescribed by Guernsey law.

Subject to market conditions, the financial position of the Company and the investment outlook, it is the directors' intention to pay quarterly dividends to shareholders (for more information see Chairman's Statement).

The Company paid the following dividends in the period to 30 June 2014:

Period to:	Dividend rate per Share (pence)	Net dividend payable (£)
31 December 2013	1.10	2,619,100
30 March 2014	1.25	2,976,250

10. Risk Management Policies and Procedures

The Group through its investment in whole loans, subordinated loans and mezzanine loans, bridge loans, loan-on-loan financings and other debt instruments is exposed to a variety of financial risks, including market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The directors monitor and measure the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Even though the risks detailed in the annual report and financial statements for the period ended 31 December 2013 still remain appropriate, further information regarding these risk policies are outlined below:

Market risk

Market risk includes market price risk, currency risk and interest rate risk. If a borrower defaults on a loan and the real estate market enters a downturn it could materially and adversely affect the value of the collateral over which loans are secured. However this risk is considered by the board to constitute credit risk as it relates to the borrower defaulting on the loan and not directly to any movements in the real estate market. As such the directors do not consider that the Group is subject to market price risk. The Investment Manager moderates market risk through a careful selection of loans within specified limits. The Group's overall market position is monitored by the Investment Manager and is reviewed by the board of directors on an on-going basis.

Unaudited Condensed Notes to the Consolidated Financial Statements

for the period ended 30 June 2014

10. Risk Management Policies and Procedures (CONTINUED)

Currency risk

The Group, via the subsidiaries, operates across Europe and invests in loans that are denominated in currencies other than the functional or presentational currency of the Company. Consequently the Group is exposed to risks arising from foreign exchange rate fluctuations related to currency flows from revenues and expenses and from the translation of statement of comprehensive income and statement of financial position items which are denominated in foreign currencies. Exposure to foreign currency risk is monitored by the Investment Manager on an on-going basis and is reported to the board accordingly.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments and related income from loans advanced and cash and cash equivalents will fluctuate due to changes in market interest rates.

The majority of the Group's financial assets are loans advanced, receivables and cash and cash equivalents. The Group's investments have some exposure to interest rate risk but this is limited to interest earned on cash deposits and floating LIBOR/EURIBOR-based exposure for investments designated as loans advanced. Loans advanced have been structured to include a combination of fixed and floating interest rates to reduce the overall impact of interest rate movements. Further protection is provided by including EURIBOR floors, preventing interest rates from falling below certain levels.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's main credit risk exposure is in the loan portfolio, shown as loans advanced, where the Group invests in whole loans and also subordinated and mezzanine debt which rank behind senior debt for repayment in the event that a borrower defaults. There is a reduced concentration risk as at 30 June 2014 compared to as at 31 December 2013 due to several additional loans being in existence. There is also credit risk in respect of other financial assets as a portion of the Group's assets are cash and cash equivalents or accrued interest. The banks used to hold cash and cash equivalents have been diversified to spread the credit risk to which the Group is exposed. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date. As at 30 June 2014, the maximum credit risk exposure was £236,369,463.

The Investment Manager has adopted procedures to reduce credit risk exposure by conducting credit analysis of the counterparties, their business and reputation which is monitored on an on-going basis. After the advancing of a loan a dedicated debt asset manager employed by the Investment Adviser monitors on-going credit risk and reports to the Investment Manager, with quarterly updates also provided to the board. The debt asset manager routinely stresses and analyses the profile of the Group's underlying risk in terms of exposure to significant tenants, performance of asset management teams and property managers against specific milestones that are typically agreed at the time of the original loan underwriting, forecasting headroom against covenants, reviewing market data and forecast economic trends to benchmark borrower performance and to assist in identifying potential future stress points. Periodic physical inspections to assets that form part of the Group's security are also completed in addition to monitoring the identified capital expenditure requirements against actual borrower investment.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its liabilities as they fall due. The Group's loans advanced are illiquid and may be difficult or impossible to realise for cash at short notice.

Liquidity risks arising in respect of other financial liabilities of the Group are those due to counterparties. The Group manages its liquidity risk through long term cash flow forecasts to ensure it is able to meet its obligations. In addition, the Company is permitted to borrow up to 20 per cent. of NAV and is in the process of setting up a borrowing facility.

Unaudited Condensed Notes to the Consolidated Financial Statements

for the period ended 30 June 2014

10. Risk Management Policies and Procedures (CONTINUED)

As at 30 June 2014, the Group had £22,300,171 available in cash and £872,197 trade payables. The Directors considered this to be sufficient cash available to meet the Group's liabilities, including undrawn loan commitments.

11. Fair Value Measurement

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates) or other market corroborated inputs (level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities (by class) measured at fair value for the period ended 30 June 2014:

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Derivative assets	-	2,026,618	-	2,026,618
Total	-	2,026,618	-	2,026,618

There have been no transfers between levels for the period ended 30 June 2014.

The following table summarises within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at 30 June 2014 but for which fair value is disclosed:

	Level 1 £	Level 2 £	Level 3 £	Total fair values £	Total carrying amount £
Assets					
Cash and cash equivalents	-	22,300,171	-	22,300,171	22,300,171
Other receivables and prepayments	-	244,445	-	244,445	244,445
Loans advanced	-	-	216,606,020	216,606,020	211,798,229
Total	-	22,544,616	216,606,020	239,150,636	234,342,845
Liabilities					
Trade and other payables	-	872,197	-	872,197	872,197
Total	-	872,197	-	872,197	872,197

Unaudited Condensed Notes to the Consolidated Financial Statements

for the period ended 30 June 2014

11. Fair Value Measurement (CONTINUED)

The carrying values of the assets and liabilities included in the above table are considered to approximate their fair values, except for loans advanced. The fair value of loans advanced has been determined by discounting the expected cash flows using a discounted cash flow model.

Cash and cash equivalents include cash in hand and fixed deposits held with banks. Other receivables and prepayments include the contractual amounts and obligations due to the Group and consideration for advance payments made by the Group. Trade and other payables represent the contractual amounts and obligations due by the Group for contractual payments.

12. Taxation

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it pays an annual fee of £600.

The Luxembourg indirect subsidiary of the Company is subject to the applicable tax regulations in Luxembourg, as it is incorporated under the securitization Law of 22 March 2004.

13. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Fees, expenses and other payments

	Outstanding at 30 June 2014	For the period ended 30 June 2014
	£	£
Directors' fees and expenses paid		
Stephen Smith	-	22,500
John Whittle	-	17,500
Jonathan Bridel	-	16,250
Expenses paid	-	1,679
Investment Manager		
Investment management fees earned	355,021	636,764
Origination fees earned	-	497,605
Expenses	6,000	6,000
StarConsult S.à.r.l 1		
Administrative services	2,449	5,412

¹ StarConsult S.à.r.l is a company managed by Thierry Drinka, who is also a director of Luxco.

Shareholdings and dividends paid

	Dividends paid As at 30 June 2014	
	£	Number of shares
Starwood Property Trust Inc	214,790	9,140,000
SCG Starfin Investor LP	53,698	2,285,000
Stephen Smith	940	40,000
John Whittle	165	7,000
Jonathan Bridel	165	7,000

Unaudited Condensed Notes to the Consolidated Financial Statements

for the period ended 30 June 2014

13. Related Party Transactions (CONTINUED)

Other

The Group participated in a number of loans in the period in which Starwood Property Trust, Inc. acted as a co-lender. The details of these loans are shown on page 5.

The Group participated in one loan (Industrial Portfolio, Netherlands) in the period in which Starfin European Debt TC, L.P. acted as a co-lender. The details of this loan is shown on page 5.

Starwood Capital Europe Advisers LLP also act as Investment Adviser to Starfin GP Limited, the General Partner of Starfin European Debt TC L.P. For the period ended 30 June 2014 there were no transactions between the Group and Starfin European Debt TC L.P.

14. Commitments

The Company and the GP (acting in its capacity as General Partner of the Partnership) entered into a loan agreement ("the loan") dated 17 December 2012 committing the principal amount of £223,930,000 to the Partnership. The arrangement is based on the understanding that the commitment will be used primarily to fund the advancing of loans, and as such the commitment will only be drawn down once loans have been approved for issue by the Investment Manager.

As at 30 June 2014 £198,976,017 had been drawn by the GP (acting in its capacity as General Partner of the Partnership under the loan agreement).

As at 30 June 2014 the Company had outstanding commitments in respect of loans not fully drawn of £6,792,510.

As at 30 June 2014 the Company had outstanding commitments in respect of the forward contracts entered into under the Hedging Master Agreement of €120,282,201 (£96,321,987 translated at the period end exchange rate).

15. Events after the reporting period

The Group announced on 15 July 2014 that it has provided €25 million out of a total of €99 million for the refinancing and refurbishment of a new W branded hotel located in the centre of Amsterdam. To date the Group has funded advances of €9,650,924. Starwood Property Trust, Inc and Starfin European Debt TC, LP acted as co-lenders on this loan.

On 21 July 2014 and 24 July 2014, the Group received amortisation of £ 770,360 and € 1,297,907 from its Heron and Tradeka loans respectively.

On 22 July 2014, the Group made a follow on investment of £ 403,550 in FC200.

On 23 July 2014, the Group declared a dividend of 1.35 pence per share which was paid on 23 August 2014.

Corporate Information

Directors

Stephen Smith (*Non-executive chairman*)
Jonathan Bridel (*Non-executive director*)
John Whittle (*Non-executive director*)

(all care of the registered office)

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