

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take or the contents of this document, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (the FSMA) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

A copy of this document, which comprises a prospectus relating to Starwood European Real Estate Finance Limited (the **Company**) in connection with the issue of New Ordinary Shares and C Shares in the Company, prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made pursuant to section 85 of the FSMA, has been delivered to the Financial Conduct Authority and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made to the Financial Conduct Authority and the London Stock Exchange for all of the New Ordinary Shares to be issued in connection with the Initial Placing and the Placing Programme to be admitted to the premium segment of the Official List and to trading on the Main Market for Listed Securities of the London Stock Exchange. Applications will be made to the Financial Conduct Authority and the London Stock Exchange for all of the C Shares to be issued in connection with the Initial Placing and Placing Programme to be admitted to the standard segment of the Official List and to trading on the Main Market for Listed Securities of the London Stock Exchange. It is expected that such admission will become effective, and that dealings in the New Ordinary Shares and the C Shares to be issued pursuant to the Initial Placing will commence on 29 September 2015.

The Existing Ordinary Shares are not and the New Ordinary Shares and the C Shares will not be dealt on any other recognised investment exchanges and no applications for the Existing Ordinary Shares and/or the New Ordinary Shares and /or the C Shares to be traded on such other exchanges have been made or are expected.

The Company and the Directors, whose names appear on page 42 of this document, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this entire document and, in particular the matters set out under the heading "Risk Factors" on pages 19 to 36 of this document.

STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED

(a company incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered no. 55836)

Initial Placing of New Ordinary Shares at an Initial Placing Price of 102.75 pence per New Ordinary Share and C Shares at an Initial Placing Price of 100 pence per C Share targeted to raise, in aggregate, at least £50 million

Placing Programme of New Ordinary Shares and/or C Shares, as the case may be, subject to a maximum of 300 million New Ordinary Shares and/or C Shares in aggregate being issued pursuant to the Initial Placing and the Placing Programme

Admission of the New Ordinary Shares to the premium listing segment of the Official List and trading on the London Stock Exchange's Main Market for listed securities

Admission of the C Shares to the standard listing segment of the Official List and trading on the London Stock Exchange's Main Market for listed securities

Information relating to the prior issue of 23,780,000 Ordinary Shares

Sole Sponsor and Bookrunner

DEXION CAPITAL

The number of New Ordinary Shares and C Shares to be issued pursuant to the Initial Placing is subject to investor demand and the availability of pipeline transactions, and therefore the Gross Issue Proceeds is not known as at the date of this Prospectus but will be notified by the Company via an RIS announcement prior to Admission. The Initial Placing will not proceed unless the Gross Issue Proceeds exceed £10 million and is subject to a maximum of 150 million New Shares being issued under the Initial Placing.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or the Advisers. The offer and sale of New Shares has not been and will not be registered under the applicable securities laws of Australia, New Zealand, South Africa, Canada or Japan. Subject to certain exceptions, the New Shares may not be offered or sold within Australia, New Zealand, South Africa, Canada, or Japan or to any national, resident or citizen of Australia, New Zealand, South Africa, Canada or Japan.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the New Shares in the United States.

The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the **U.S. Investment Company Act**) and investors will not be entitled to the benefits of the U.S. Investment Company Act.

Neither the U.S. Securities and Exchange Commission (the **SEC**) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

The New Shares are being offered and sold (i) outside the United States to non-U.S. Persons in reliance on Regulation S under the U.S. Securities Act and (ii) to persons located inside the United States or U.S. Persons reasonably believed to be qualified institutional buyers (**Qualified Institutional Buyers** or **QIBs**) as defined in Rule 144A under the U.S. Securities Act who are also qualified purchasers (**Qualified Purchasers** or **QPs**) as defined in the U.S. Investment Company Act.

In addition, prospective investors should note that, except with the express written consent of the Company given in respect of an investment in the Company, the New Shares may not be acquired by (i) investors using assets of (A) an “employee benefit plan” as defined in section 3(3) of ERISA that is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**); (B) a “plan” as defined in Section 4975 of the United States Internal Revenue Code of 1986, as amended (the **Code**), including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (C) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code or (ii) a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, unless its purchase, holding, and disposition of the New Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

Dexion Capital plc (**Dexion**), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as sole Sponsor and Bookrunner to the Company in connection with the matters described herein. Dexion is acting for the Company in relation to the matters described herein and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Initial Placing and/or the Placing Programme, the contents of this document or any transaction or arrangement referred to herein.

The Guernsey Financial Services Commission takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

This document is dated 7 September 2015.

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SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and warnings		
A.1	Warning	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the securities should be based on consideration of the full text of this Prospectus by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of a member state of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who are responsible for this summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer		
B.1	Legal and Commercial Name	The issuer’s legal and commercial name is Starwood European Real Estate Finance Limited (the Company).
B.2	Domicile/Legal Form/ Legislation/Country of Incorporation	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, as a registered closed-ended investment company.
B.3	A description of, and key factors relating to, the nature of the issuer’s current operations and its principal activities and identification of the principal markets	The Company invests in a diversified portfolio of real estate debt investments (including debt instruments) in the UK and the wider European Union’s internal market.
B.4a	A description of the most significant recent trends affecting the issuer and the industries in which it operates	<p>Historically, the commercial real estate sector (CRE) had relied primarily on banks for debt financing. However, as a result of changes in the banking regulatory framework, amongst other reasons, it became less attractive for banks to provide CRE loans.</p> <p>Most of Europe has more recently entered a different stage of the CRE lending market where availability of finance has become generally better with</p>

		<p>recent increases in new investment and loan origination. In the UK during 2014, £45.2 billion of loan originations, acquisition finance, and refinancing on commercial terms, was recorded as having been undertaken, compared with £29.9 billion similarly reported at the 2013 year-end. Other countries such as Spain, Italy and the Netherlands have seen similar improvements but from a lower base. There now appears to be a wider diversity of lenders in the market. For example in the UK over 25 per cent. of all loans in 2014 were provided by insurance companies and other non-banks. Cushman & Wakefield track and monitor active lenders across Europe, with non-bank lenders accounting for 47 per cent. by number in 2014.</p> <p>€80.6 billion of closed European commercial real estate and real estate owned transactions were recorded in 2014, over double the volume recorded for 2013. In terms of geography, the UK and Ireland together accounted for almost two thirds of the total closed volume in 2014 (€29.8 billion and €22.4 billion respectively). A notable trend was the emergence of debt sales in a number of European jurisdictions including Spain.</p>																								
B.5	Group structure	<p>The Company is the ultimate holding company of the Group.</p> <p>The Company makes its investments through Starfin Lux S.à.r.l (Luxco), an indirect wholly-controlled subsidiary. The Luxco is constituted as a corporate vehicle under Luxembourg law and it is 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.</p>																								
B.6	Notifiable interests	<p>As at 4 September 2015 (being the latest practicable date prior to the publication of this Prospectus), the only persons known to the Company who, directly or indirectly, are interested in five per cent, or more of the Company's issued share capital are as set out in the following table:</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Number of Ordinary Shares currently held</th> <th>Percentage of the issued Ordinary Share Capital (%)</th> </tr> </thead> <tbody> <tr> <td>Quilter Cheviot Investment Management</td> <td>29,264,606</td> <td>11.17</td> </tr> <tr> <td>Schroder Investment Management</td> <td>21,821,988</td> <td>8.33</td> </tr> <tr> <td>SG Private Banking</td> <td>20,748,185</td> <td>7.92</td> </tr> <tr> <td>Schroder & Co, London (PB)</td> <td>15,896,417</td> <td>6.07</td> </tr> <tr> <td>Thames River Capital</td> <td>13,700,000</td> <td>5.23</td> </tr> </tbody> </table> <p>All Shareholders have the same voting rights in the Ordinary Share capital of the Company.</p> <p>As at 4 September 2015 (being the latest practicable date prior to the publication of this Prospectus), the Company is not aware of any person who, immediately following Admission could, directly or indirectly, jointly or severally, exercise control over the Company.</p> <p>The Company knows of no arrangements, the operation of which may result in a change of control of the Company.</p> <p>As at the date of this Prospectus the Directors and their connected persons hold the following Ordinary Shares in the Company:</p> <table border="1"> <tbody> <tr> <td>Stephen Smith</td> <td>40,000 Ordinary Shares</td> </tr> <tr> <td>Jonathan Bridel</td> <td>7,000 Ordinary Shares</td> </tr> <tr> <td>John Whittle</td> <td>7,000 Ordinary Shares</td> </tr> </tbody> </table> <p>Each of the Directors will receive an additional fee of £5,000 in respect of the additional work involved in respect of the Proposals. Each of the Directors intends to invest the entirety of this fee to subscribe for New Ordinary Shares pursuant to the Initial Placing. The Directors may also subscribe for further New Shares.</p>	Shareholder	Number of Ordinary Shares currently held	Percentage of the issued Ordinary Share Capital (%)	Quilter Cheviot Investment Management	29,264,606	11.17	Schroder Investment Management	21,821,988	8.33	SG Private Banking	20,748,185	7.92	Schroder & Co, London (PB)	15,896,417	6.07	Thames River Capital	13,700,000	5.23	Stephen Smith	40,000 Ordinary Shares	Jonathan Bridel	7,000 Ordinary Shares	John Whittle	7,000 Ordinary Shares
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B.7	Key financial information	<p>The selected historical financial information regarding the Company set out below has been extracted directly from the published interim financial report and unaudited condensed consolidated financial statements of the Company for the six month periods ended 30 June 2013, 2014 and 2015 and from the annual reports and audited consolidated financial statements for the periods ended 31 December 2013 and 31 December 2014.</p> <table border="1" data-bbox="571 376 1436 667"> <thead> <tr> <th></th> <th style="text-align: center;">2013 Annual Accounts</th> <th style="text-align: center;">2014 Annual Accounts</th> <th style="text-align: center;">2013 Interim Accounts</th> <th style="text-align: center;">2014 Interim Accounts</th> <th style="text-align: center;">2015 Interim Accounts</th> </tr> </thead> <tbody> <tr> <td>Total assets (£m)</td> <td style="text-align: right;">236.5</td> <td style="text-align: right;">239.6</td> <td style="text-align: right;">235.1</td> <td style="text-align: right;">236.4</td> <td style="text-align: right;">246.7</td> </tr> <tr> <td>Total liabilities (£m)</td> <td style="text-align: right;">(0.4)</td> <td style="text-align: right;">(1.3)</td> <td style="text-align: right;">(0.2)</td> <td style="text-align: right;">(0.9)</td> <td style="text-align: right;">(8.7)</td> </tr> <tr> <td>Net assets (£m)</td> <td style="text-align: right;">236.0</td> <td style="text-align: right;">238.3</td> <td style="text-align: right;">234.9</td> <td style="text-align: right;">235.5</td> <td style="text-align: right;">238.0</td> </tr> <tr> <td>Net assets per Ordinary Share (p)</td> <td style="text-align: right;">99.13</td> <td style="text-align: right;">100.08</td> <td style="text-align: right;">98.65</td> <td style="text-align: right;">98.61</td> <td style="text-align: right;">99.94</td> </tr> <tr> <td>Earnings per Ordinary Share (p)</td> <td style="text-align: right;">1.73</td> <td style="text-align: right;">6.15</td> <td style="text-align: right;">0.44</td> <td style="text-align: right;">2.13</td> <td style="text-align: right;">3.31</td> </tr> <tr> <td>Dividends declared per Ordinary Share</td> <td style="text-align: right;">0.80</td> <td style="text-align: right;">5.20</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">2.35</td> <td style="text-align: right;">3.45</td> </tr> </tbody> </table> <p>Save for (i) the interim dividend of 1.75 pence per Ordinary Share announced on 24 July 2015 in respect of the 3 month period ending 30 June 2015 and resulting in a cash distribution of £4.6 million paid on 24 August 2015; and (ii) the tap issue, which the Company announced on 20 July 2015 in relation to which subscriptions representing total gross proceeds of £24.49 million were accepted and 23,780,000 Ordinary Shares were issued at a price of 103 pence per Ordinary Share, there has been no significant change in the financial or trading position of the Group since 30 June 2015, being the end of the last financial period for which unaudited financial information has been published.</p>		2013 Annual Accounts	2014 Annual Accounts	2013 Interim Accounts	2014 Interim Accounts	2015 Interim Accounts	Total assets (£m)	236.5	239.6	235.1	236.4	246.7	Total liabilities (£m)	(0.4)	(1.3)	(0.2)	(0.9)	(8.7)	Net assets (£m)	236.0	238.3	234.9	235.5	238.0	Net assets per Ordinary Share (p)	99.13	100.08	98.65	98.61	99.94	Earnings per Ordinary Share (p)	1.73	6.15	0.44	2.13	3.31	Dividends declared per Ordinary Share	0.80	5.20	0.00	2.35	3.45
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B.8	Pro forma financial information	Not applicable – there is no <i>pro forma</i> financial information in this Prospectus.																																										
B.9	Profit forecast	Not applicable – there are no profit forecasts included in this Prospectus.																																										
B.10	Descriptions of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit report on the historical financial information in respect of the Company contained in this Prospectus is not qualified.																																										
B.11	Insufficiency of working capital	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, being for at least the next 12 months from the date of this Prospectus.																																										
B.34	Investment policy	<p><i>Investment objective</i></p> <p>The investment objective of the Company is to provide 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 the wider European Union's internal market.</p> <p><i>Investment policy</i></p> <p>The Company will attempt to limit downside risk by focusing on secured debt with both quality collateral and contractual protection.</p> <p>The Company anticipates that the typical loan term will be between three and seven years. Whilst the Company retains absolute discretion to make investments for either shorter or longer periods, at least 75 per cent. of total loans by value will be for a term of seven years or less.</p> <p>The Company's portfolio is intended to be appropriately diversified by geography, real estate sector type, loan type and counterparty.</p>																																										

The Company will pursue 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. The split between senior, subordinated and mezzanine loans will be determined by the Investment Manager in its absolute discretion having regard to the Company's target return objectives. However, it is anticipated that whole loans will comprise approximately 40-50 per cent. of the portfolio, subordinated and mezzanine loans approximately 40-50 per cent., and other loans (whether whole loans or subordinated loans) between 0 and 20 per cent. (including bridge loans, selected loan-on-loan financings and other debt instruments). Pure development loans will not, in aggregate, exceed 25 per cent. of the Company's Net Asset Value calculated at the time of investment. The Company may originate loans which are either floating or fixed rate.

The Company may seek to enhance the returns of selected loan investments through the economic transfer of the most senior portion of such loan investments which would be by way of syndication, sale, assignment, sub-participation or other financing (including true sale securitisation) to the same maturity as the original loan (i.e. "matched funding") while retaining a significant proportion as a subordinate investment. It is anticipated that where this is undertaken it would generate a positive net interest rate spread and enhance returns for the Company. It is not anticipated that, under current market conditions, these techniques will be deployed with respect to any mezzanine or other already subordinated loan investments. The proceeds released by such strategies will be available to the Company for investment in accordance with the investment policy.

Loan to Value (LTV)

The Company will typically seek to originate debt where the effective loan to real estate value ratio of any investment is between 60 per cent. and 80 per cent. at the time of origination or acquisition. In exceptional circumstances that justify it, the ratio may be increased to an absolute maximum of 85 per cent. In any event, the Company will typically seek to achieve a blended portfolio LTV of no more than 75 per cent. (based on the initial valuations at the time of loan origination or participation acquisition) once fully invested.

Geography

The Company's portfolio will be originated from the larger and more established real estate markets in the European Union's internal market. UK exposure is expected to represent the majority of the Company's portfolio. Outside of the UK, investment in the European Union's internal market will mainly be focussed on Northern and Southern Europe. Northern European markets include Germany, France, Scandinavia, Netherlands, Belgium, Poland, Switzerland, Ireland, Slovakia and the Czech Republic. Southern European markets include Italy and Spain. The Company may however originate investments in other countries in the European Union's internal market to the extent that it identifies attractive investment opportunities on a risk adjusted basis.

The Company will not invest more than 50 per cent. of the Company's NAV (calculated at the time of investment) in any single country save in relation to the UK, where there shall be no such limit.

In the event that a member state ceases to be a member of the European Union's internal market, it will not automatically cease to be eligible for investment.

Real Estate Sector and Property Type

The Company's portfolio will focus on lending into commercial real estate sectors including office, retail, logistics, light industrial, hospitality, student accommodation, residential for sale and multi-family rented residential. Investments in student accommodation and residential for sale are expected to be limited primarily to the UK, while multi-family investments are expected to be limited primarily to the UK, Germany and Scandinavia. Further, not more than 30 per cent., in aggregate, of the Company's NAV, calculated at the time of investment, will be invested in loans relating to residential for sale.

No more than 50 per cent. of the Company's NAV will be allocated to any single real estate sector of the UK, except for the UK office sector which is limited to 75 per cent. of the Company's NAV.

Counterparty and Property Diversification

No more than 20 per cent. of the Company's NAV, calculated at the time of investment, will be exposed to any one borrower legal entity.

No single investment, or aggregate investments secured on a single property or group of properties, will exceed 20 per cent. of the Company's Net Asset Value, calculated at the time of investment.

Hedging

The Company will not enter into derivative transactions for purely speculative purposes. However, the Company's investments will typically be made in the currency of the country where the underlying real estate assets are located. This will largely be in Sterling and Euros. However, investments may be considered in other European currencies, and the Company may implement measures designed to protect the investments against material movements in the exchange rate between Sterling, being the Company's reporting currency, and the currency in which certain investments are made. The analysis as to whether such measures should be implemented will take into account periodic interest, principal distributions or dividends, as well as the expected date of realisation of the investment. The Company may bear a level of currency risk that could otherwise be hedged where it considers that bearing such risk is advisable. The Company will only enter into hedging contracts, such as currency swap agreements, futures contracts, options and forward currency exchange and other derivative contracts when they are available in a timely manner and on terms acceptable to it. The Company reserves the right to terminate any hedging arrangement in its absolute discretion.

The Company may, but shall not be obliged to, engage in a variety of interest rate management techniques, particularly to the extent the underlying investments are floating rate loans which are not fully hedged at the borrower level (by way of floating to fixed rate swap, cap or other instrument). Any instruments chosen may seek on the one hand to mitigate the economic effect of interest rate changes on the values of, and returns on, some of the Company's assets, and on the other hand help the Company achieve its risk management objectives. The Company may seek to hedge its entitlement under any loan investment to receive floating rate interest.

Cash Strategy

Cash held by the Company pending investment or distribution will be held in either cash or cash equivalents, or various real estate related instruments or collateral, including but not limited to money market instruments or funds, bonds, commercial paper or other debt obligations with banks or other counterparties having a A- or higher credit rating (as determined by any reputable rating agency selected by the Company), Agency RMBS (residential mortgage backed securities issued by government-backed agencies) and AAA rated CMBS (commercial mortgage-backed securities).

Transactions with Starwood Capital Group or Other Accounts

The Company may acquire assets from, or sell assets to, or lend to, companies within the Starwood Capital Group or any fund, company, limited partnership or other account managed or advised by any member of the Starwood Capital Group (**Other Accounts**). In order to manage the potential conflicts of interest that may arise as a result of such transactions, any such proposed transaction may only be entered into if the independent Directors of the Company have reviewed and approved the terms of the transaction, complied with the conflict of interest provisions in the Registered Collective Investment Scheme Rules 2015 issued by the Commission under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and, where required by the Listing Rules, Shareholder approval is obtained in accordance with the listing rules issued by the UK Listing Authority.

		<p>Typically, such transactions will only be approved if: (i) an independent valuation has been obtained in relation to the asset in question; and (ii) the terms are at least as favourable to the Company as would be any comparable arrangement effected on normal commercial terms negotiated at arms' length between the relevant person and an independent party, taking into account, amongst other things, the timing of the transaction.</p> <p>Co-investment Arrangements</p> <p>Starwood Capital Group and certain Other Accounts are party to certain pre-existing co-investment commitments and it is anticipated that similar arrangements may be entered into in the future. As a result, the Company may invest alongside Starwood Capital Group and Other Accounts in various investments. Where the Company makes any such co-investments they will be made at the same time, and on substantially the same economic terms, as those offered to Starwood Capital Group and the Other Accounts.</p>
B.35	Borrowing limits	<p>It is not the intention to pursue Company-level recourse leverage for investment purposes. However, Company level recourse borrowings may be used from time-to-time for the purpose of bridging, financing repurchases of shares or managing working capital requirements. In this regard, the Company is limited to borrowing an amount equivalent to a maximum of 20 per cent. of its NAV, at the time of drawdown. In calculating the Company's borrowings for this purpose, any liabilities incurred under the Company's foreign exchange hedging arrangements shall be disregarded.</p>
B.36	Regulatory status	<p>The Company is a closed-ended investment company registered with the Guernsey Financial Services Commission (the Commission) under the Registered Collective Investment Scheme Rules 2015 (the Rules).</p> <p>Registered schemes are supervised by the Commission insofar as they are required to comply with the requirements of the Rules, including requirements to notify the Commission of certain events and the disclosure requirements of the Commission's Prospectus Rules 2015.</p> <p>The Company is not (and is not required to be) regulated or authorised by the FCA but, in common with other investment companies admitted to the Official List, the Company is subject to the Listing Rules and Transparency Rules and is bound to comply with applicable law such as the relevant parts of FSMA.</p> <p>The Company is categorised as an externally managed non-EEA Alternative Investment Fund (AIF) for the purposes of the EU Alternative Investment Fund Managers Directive (No. 2011/61/EU) (the AIFM Directive).</p>
B.37	Typical investor	<p>The Initial Placing and the Placing Programme will primarily be marketed to institutional and sophisticated investors, investment professionals, high net worth bodies corporate, unincorporated associations, partnerships and trustees of high trusts and private clients (all of whom will invest through brokers).</p>
B.38	Investment of 20% or more in single underlying asset or investment company	Not applicable.
B.39	Investment of 40% or more in single underlying asset or investment company	Not applicable.
B.40	Service providers	<p><i>Investment management and advisory arrangements</i></p> <p>The Investment Manager, Starwood European Finance Partners Limited, provides investment management services to the Company under the terms of an investment management agreement.</p>

		<p>The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months' written notice, such notice not to be given before the fourth anniversary of the IPO Admission (17 December 2016).</p> <p>The Investment Manager is entitled to a management fee which is calculated and accrued monthly at a rate equivalent to 0.75 per cent. per annum of the NAV attributable to the Ordinary Shares.</p> <p>The Investment Manager is entitled to a management fee which shall be calculated and accrued monthly at a rate equivalent to 0.75 per cent. per annum of the Net Asset Value attributable to C Shares (excluding any cash balances until such time as 75 per cent. of the Net Issue Proceeds attributable to each tranche of C Shares are invested).</p> <p>In addition, the Investment Manager is entitled to an asset origination fee of 0.75 per cent. of the value of all new loan investments made or acquired by the Company.</p> <p>The Investment Manager has delegated certain of its functions to Starwood Capital Europe Advisers, LLP in its capacity as Investment Adviser pursuant to the Investment Advisory Agreement.</p> <p><i>Secretarial and administration arrangements</i></p> <p>Ipes (Guernsey) Limited provides administrative and company secretarial services to the Company under the terms of an administration agreement. In such capacity, the Administrator is responsible for general secretarial functions required by the Companies Law and for ensuring that the Company complies with its continuing obligations as a registered closed-ended collective investment scheme in Guernsey and as a company listed on the premium segment of the Official List.</p> <p>Under the terms of the Administration Agreement, the Administrator is entitled to a fee of no less than £135,000 per annum with an additional amount chargeable of 0.035 per cent. per annum on the amount by which the Company's Net Asset Value exceeds £140,000,000 and further amounts as may be agreed in relation to any additional services provided by the Administrator. The Administrator will, in addition, be entitled to recover third party expenses and disbursements.</p> <p><i>Other arrangements</i></p> <p>PricewaterhouseCoopers CI LLP provides audit services to the Company. The annual report and accounts are prepared according to accounting standards in line with IFRS. The fees charged by the Auditors depend on the services provided, computed, <i>inter alia</i>, on the time spent by the Auditors on the affairs of the Company. As such, there is no maximum amount payable to the auditors.</p> <p>The Company retains Computershare Investor Services (Guernsey) Limited as registrar in relation to the transfer and settlement of the Shares held in uncertificated form and as transfer agent.</p> <p>The Registrar is entitled to an annual fee from the Company equal to £5.00 per Shareholder per annum or part thereof; with a minimum of £7,500 per annum per class of Shares.</p>
<p>B.41</p>	<p>Regulatory status of investment manager and custodian</p>	<p><i>Investment Manager</i></p> <p>The Investment Manager, Starwood European Finance Partners Limited, is a limited company incorporated in Guernsey under registered number 55819 and is licensed and regulated by the Guernsey Financial Services Commission to undertake the restricted activities of, <i>inter alia</i>, investment management.</p> <p><i>Investment Adviser</i></p> <p>The Investment Adviser, Starwood Capital Europe Advisers, LLP, is a limited liability partnership incorporated in England and Wales under registered number OC371541 and is regulated and authorised by the UK Financial Conduct Authority under registration number 575189.</p>

		<p><i>Safekeeping and Depositary</i></p> <p>The Company has responsibility for the safekeeping of the documents relating to the Company's investment in Luxco, and the Administrator has responsibility for the safekeeping of documents relating to the loans. The Company does not engage a separate depositary.</p>																																																												
B.42	Calculation of Net Asset Value	<p>The Company's investments are valued monthly as at the last day of each month (each a Valuation Date). The Investment Adviser will ascribe a valuation for each asset monthly. Market values will be used where visible markets exist. Loans made directly to borrowers are accounted for at amortised cost. Values are attributed and loans carried at amortised cost using IFRS principles. Market levels and other valuation sources, where present are reviewed and audited as part of the annual audit.</p> <p>The Administrator, based upon the valuations or carrying values of the investments of the Company but taking into account the cash and other assets held by the Company, accrued liabilities and expenses and leverage (if any) of the Company, calculates the Net Asset Value of the Company and of the Ordinary Shares as at each Valuation Date. The Net Asset Value of the Company and of the Ordinary Shares is announced through a Regulatory Information Service and published on the Company's website at www.starwoodeuropeanfinance.com.</p>																																																												
B.43	Cross liability	Not applicable – the Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.																																																												
B.44	Key financial information	The Company has commenced operations and historical financial information is included in this Prospectus.																																																												
B.45	Portfolio	<p>The Group has investments and commitments of £297.3 million as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Sterling equivalent balance</th> <th style="text-align: right;">Sterling equivalent unfunded commitment</th> </tr> </thead> <tbody> <tr> <td>Maybourne Hotel Group, London</td> <td style="text-align: right;">£11.2 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>West End Development, London</td> <td style="text-align: right;">£10.0 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>Lifecare Residences, London</td> <td style="text-align: right;">£13.7 m</td> <td style="text-align: right;">£0.7 m</td> </tr> <tr> <td>Salesforce Tower, London</td> <td style="text-align: right;">£12.5 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>Centre Point, London</td> <td style="text-align: right;">£45.0 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>5 Star Hotel, London</td> <td style="text-align: right;">£13.0 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>Aldgate Tower, London</td> <td style="text-align: right;">£39.7 m</td> <td style="text-align: right;">£5.3 m</td> </tr> <tr> <td>Center Parcs Bonds, UK</td> <td style="text-align: right;">£8.0 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>Industrial Portfolio, UK</td> <td style="text-align: right;">£32.5 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>Total Sterling Loans</td> <td style="text-align: right;">£185.6 m</td> <td style="text-align: right;">£6.0 m</td> </tr> <tr> <td>Retail Portfolio, Finland</td> <td style="text-align: right;">£24.0 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>Industrial Portfolio, Netherlands</td> <td style="text-align: right;">£14.6 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>Office Netherlands</td> <td style="text-align: right;">£10.3 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>W Hotel, Netherlands</td> <td style="text-align: right;">£13.6 m</td> <td style="text-align: right;">£4.6 m</td> </tr> <tr> <td>Retail & Residential Portfolio, Ireland</td> <td style="text-align: right;">£4.5 m</td> <td style="text-align: right;">£0.0 m</td> </tr> <tr> <td>Total Euro Loans</td> <td style="text-align: right;">£67.0 m</td> <td style="text-align: right;">£4.6 m</td> </tr> <tr> <td>Industrial Portfolio, Denmark</td> <td style="text-align: right;">£31.9 m</td> <td style="text-align: right;">£2.2 m</td> </tr> <tr> <td>Total Danish Krona Loan</td> <td style="text-align: right;">£31.9 m</td> <td style="text-align: right;">£2.2 m</td> </tr> <tr> <td>Total Portfolio</td> <td style="text-align: right;">£284.5 m</td> <td style="text-align: right;">£12.8 m</td> </tr> </tbody> </table> <p>Valuation data is at 31 August 2015.</p>		Sterling equivalent balance	Sterling equivalent unfunded commitment	Maybourne Hotel Group, London	£11.2 m	£0.0 m	West End Development, London	£10.0 m	£0.0 m	Lifecare Residences, London	£13.7 m	£0.7 m	Salesforce Tower, London	£12.5 m	£0.0 m	Centre Point, London	£45.0 m	£0.0 m	5 Star Hotel, London	£13.0 m	£0.0 m	Aldgate Tower, London	£39.7 m	£5.3 m	Center Parcs Bonds, UK	£8.0 m	£0.0 m	Industrial Portfolio, UK	£32.5 m	£0.0 m	Total Sterling Loans	£185.6 m	£6.0 m	Retail Portfolio, Finland	£24.0 m	£0.0 m	Industrial Portfolio, Netherlands	£14.6 m	£0.0 m	Office Netherlands	£10.3 m	£0.0 m	W Hotel, Netherlands	£13.6 m	£4.6 m	Retail & Residential Portfolio, Ireland	£4.5 m	£0.0 m	Total Euro Loans	£67.0 m	£4.6 m	Industrial Portfolio, Denmark	£31.9 m	£2.2 m	Total Danish Krona Loan	£31.9 m	£2.2 m	Total Portfolio	£284.5 m	£12.8 m
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B.46	Net Asset Value	The NAV per Ordinary Share as at 31 August 2015 was 99.87 pence.																																																												

Section C – Securities		
C.1	Type and class of securities being offered	The Company intends to issue up to 300 million New Ordinary Shares and/or C Shares of no par value pursuant to the Issues. The New Ordinary Shares to be issued pursuant to the Initial Placing will be issued at an Initial Placing Price of 102.75 pence each and the C Shares to be issued pursuant to the Initial Placing will be issued at an Initial Placing Price of 100 pence each. The New Ordinary Shares and/or C Shares (as the case may be) to be issued pursuant to the Placing Programme will be issued at the applicable Placing Programme price. The ISIN of the Ordinary Shares is GG00B79WC100 and the SEDOL is B79WC10.
C.2	Currency of the securities issue	The currency of denomination of the Issues is Sterling.
C.3	Number of shares issued	The Company has 261,880,000 fully paid Ordinary Shares of no par value in issue. The Company has no partly paid Ordinary Shares in issue.
C.4	Description of the rights attaching to the securities	<p>Ordinary Shares</p> <p>The holders of Ordinary Shares are entitled to receive, and participate in, any dividends or other distributions paid by the Company out of the profits of the Company attributable to the Ordinary Shares. On a winding up, once the Company has satisfied all of its liabilities, holders of Ordinary Shares are entitled to the surplus assets of the Company attributable to the Ordinary Shares.</p> <p>Holders of Ordinary Shares are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.</p> <p>C Shares</p> <p>Holders of C Shares of a tranche will be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the surplus assets of the Company attributable to the C Shares of that tranche. Holders of C Shares of a tranche will be entitled to participate in a winding up of the Company or on a return of capital in relation to the surplus assets of the Company attributable to the C Shares of that tranche.</p> <p>The C Shares shall not carry the right to receive notice of, or to attend or vote at, any general meeting of the Company.</p> <p>The C Shares will convert into Ordinary Shares of such class as the Directors may determine at the time of issue of such C Shares (such class of Ordinary Shares being the Correspondent Shares) on the basis of the Conversion Ratio (as defined in the Articles) calculated as at the Calculation Time (as defined in the Articles). The new Correspondent Shares arising upon Conversion shall rank <i>pari passu</i> with all other Correspondent Shares of the same class for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time.</p>
C.5	Restrictions on the free transferability of the securities	<p>The Directors may, in their absolute discretion and without giving a reason, refuse to transfer, convert or register a transfer of any share in certificated form or (to the extent permitted by the CREST Guernsey Requirements) uncertificated form which is not fully paid or on which the Company has a lien, provided, in the case of a listed or publicly traded share that this would not prevent dealings in the share from taking place on an open and proper basis.</p> <p>In addition, the Directors may refuse to register a transfer of shares if: (a) it is in respect of more than one class of shares; (b) it is in favour of more than four joint transferees; (c) in relation to a share in certificated form, it is delivered for registration to the registered office of the Company or such other place as the Directors may decide, unaccompanied by the certificate(s)</p>

		<p>for the shares to which it relates and such other evidence as the Directors may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; or (d) the transfer is in favour of certain non-qualified holders.</p> <p>The Board may only decline to register a transfer of an uncertificated share which is traded through the CREST UK system and in accordance with the CREST Rules, where, in the case of a transfer, to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.</p> <p>Subject to the provisions of the CREST Guernsey Requirements the registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share.</p>
C.6	Admission	<p>Applications will be made to the Financial Conduct Authority for all of the New Ordinary Shares to be issued pursuant to the Initial Placing to be admitted to the premium segment of the Official List and for the C Shares to be issued pursuant to the Initial Placing to be admitted to the standard segment of the Official List and for all of the Initial Placing Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the Initial Placing Shares, fully paid, will commence at 8.00 a.m. on 29 September 2015.</p> <p>Applications will be made to the Financial Conduct Authority for the New Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and for the C Shares to be issued pursuant to the Placing Programme to be admitted to the standard segment of the Official List and for all of the Placing Programme Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the Placing Programme Shares, fully paid, will commence on dates announced in advance during the period from 29 September 2015 to 6 September 2016.</p>
C.7	Dividend policy	<p>In the short term, and on the basis of the current portfolio, the Company continues to target a dividend at an annualised rate of 7.0 pence per Ordinary Share. Whilst it is difficult to predict the timing of any changes in the returns from new investments, the Company considers that the above targeted dividend rate may not be sustainable in the longer term without increasing the risk profile of the portfolio and, accordingly the Company believes the 2016 onwards dividend target should be set 0.50 pence lower per Ordinary Share at 6.5 pence.</p>

Section D – Risks

D.1	Key information on the key risks that are specific to the issuer or its industry	<p>The Company's returns and operating cash flows will depend on many factors, including the performance of its investments, the availability and liquidity of investment opportunities falling within the Company's investment objective and policy, the level and volatility of interest rates, conditions in the financial markets, real estate market and economy, the financial performance of borrowers, and the Company's ability to successfully operate its business and execute its investment strategy. There can be no assurance that the Company's investment strategy or investment policy can be implemented or will be successful.</p> <p>The Company's targeted returns and dividends 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 dividends</p> <p>The Company's targeted returns and dividends set out in this Prospectus are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, asset mix, value, volatility, holding</p>
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periods, performance of the investments, investment liquidity, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this Prospectus, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted dividends. The Company may not be able to implement its investment policy and strategy in a manner which generates returns or dividends in line with the targets. Furthermore, the targeted dividends are based on the market conditions and the economic environment at the time of assessing the targeted dividends, and are therefore subject to change. There is no guarantee that actual (or any) dividends can be achieved at or near the levels set out in this Prospectus. Accordingly, the actual rate of return achieved or dividends made may be materially lower than the targeted returns or dividends, or may result in a loss of the entire investment, which could have a material adverse effect on the Company's profitability, Net Asset Value and the price of the New Shares.

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

There can be no assurance as to the level and/or payment of any future dividends or any distributions by the Company. The declaration, payment and amount of any future dividends or distributions by the Company are subject to the discretion of the Directors and will depend upon, among other things, the performance of the Company, the ability to implement the investment policy, the Company's financial position and cash requirements and the ability of the Company to comply with the applicable legal requirements for paying dividends, including the statutory solvency test under Guernsey law.

The Company is exposed to the real estate market and if that market enters a downturn it could materially and adversely affect the Company's business and financial condition

As the underlying security for the Company's investments is real estate assets or income streams, the Company is exposed to any downturn in the real estate market. The real estate market is cyclical in nature and relates to the condition of the economy as a whole. Deteriorating economic conditions adversely affect the value of real estate assets. In addition, negative economic conditions have also had, and may continue to have, a material adverse effect on operating revenues and therefore the ability of counterparties to service any payments due to the Company under any loan advanced by, or investment held by, the Company.

The valuation of real estate and therefore the valuation of any underlying security relating to loans made by the Company is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future rental revenues from that particular property and the valuation methodology adopted. In addition, where the Company invests in development loans, initial valuations will assume completion of the development works.

The Company may invest in subordinated or mezzanine debt or other instruments, which would rank behind senior debt for repayment in the event that a borrower defaults.

The Company's investments will primarily consist of loans made to commercial borrowers secured on real estate assets. Such investments are often illiquid and may be difficult for the Company to sell, particularly at times of market stress, and the price achieved on any such realisation is likely to be at a discount to the face value of the relevant loan.

		<p>Prepayment Risk</p> <p>Prepayment risk is the risk that principal will be repaid earlier than anticipated, causing the return on certain investments to be less than expected. As the Company receives prepayments of principal on its assets, any fees paid by borrowers on such prepayments are applied as interest income. In general, an increase in prepayment rates may reduce the overall income earned on the Company's assets over the original life of the loan.</p> <p>The Company may not be able to reinvest the capital arising from prepayments at such favourable rates as the loans being prepaid, resulting in a deterioration in investment returns available to the Company. In addition the Company may not be able to reinvest the capital arising from the prepayments promptly after receipt which may result in the Company holding significant amounts of un-invested cash, resulting in a deterioration in investment returns available to the Company.</p> <p>Enforcement of security</p> <p>If the Company were required to enforce the security that it had obtained in relation to any loan, the process for enforcing that security may take a significant period of time and may expose the Company to additional costs, including legal fees. The value realised following any security enforcement will depend on the value of the underlying assets after and as a result of the security enforcement process and there is no guarantee that these will be realised for sums equivalent to the valuations received by the Company.</p> <p>A major occupier or tenant of a property financed by the Company could default and/or seek to renegotiate terms during the course of a tenancy, which would lower the value of that property and may impact on the income to service the related loans provided by the Company.</p> <p>The entities to which the Company advances loans may be significantly exposed to the factors that affect the corporate and retail environment generally. A decline in overall revenues or the insolvency or financial difficulty of a number of significant individual tenants, or a substantial number of smaller tenants, may materially decrease that entity's revenues and available cash to service such loans, and also materially lower the value of the underlying real estate asset.</p> <p>The Company is dependent on the expertise of the Investment Manager, the Investment Adviser and their key personnel to evaluate investment opportunities and to implement the Company's investment strategy</p> <p>The Company does not have employees and its Directors are appointed as non-executives. All of its investment and asset management decisions are made by the Investment Manager and not by the Company and accordingly, the Company is completely reliant upon, and its success depends exclusively on, the Investment Manager, the Investment Adviser and their personnel, services and resources. The Investment Manager is not required to and generally will not submit individual investment decisions for approval to the Board (except where a conflict of interest requires otherwise).</p> <p>Eurozone Conditions</p> <p>Any re-emergence of a crisis in the Eurozone or in any country within it may have an adverse effect on investments in Europe and the break up of the Eurozone, or the exit of any member state, could create uncertainty and could affect the Company's investments directly.</p> <p>A sovereign debt crisis in Europe and peripheral countries could undermine the stability and overall standing of the European Monetary Union. Despite the measures taken by countries in the Eurozone to alleviate credit risk, concerns may persist regarding the debt burden of certain Eurozone countries, their ability to meet future financial obligations and the overall stability and suitability of the Euro as a single currency as evidenced by the recent crisis in Greece. Any deterioration in the global or Eurozone economy could have a significant adverse effect on the activities of the Company.</p>
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In addition, where the Company holds any assets that are denominated in Euros, a deterioration in certain or all of the economies of Eurozone countries could have a material adverse effect on the value of the Company's investment in such assets and amplify the currency risks faced by the Company.

If any country were to leave the Eurozone, or if the Eurozone were to break up entirely, the treatment of debt obligations previously denominated in Euros is uncertain. A number of issues would be raised, such as whether obligations which are expressed to be payable in Euros be re-denominated into a new currency. The answer to this question is uncertain and would depend on the way in which the break-up occurs and also on the nature of the transaction: the law governing it; which courts have jurisdiction in relation to it; the place of payment; and the place of incorporation of the payor. Where the Company held any investments in Euros at the time of any Eurozone exits or break-up this uncertainty and potential re-denomination could have a material adverse effect on the value of the Company's investments and the income from them.

The AIFM Directive

The AIFM Directive imposes obligations on managers who manage alternative investment funds (**AIFs**) in the EEA or who market shares in such funds to EEA investors. The AIFM Directive and national implementing legislation is untested and market practice is still developing. The Company has appointed the Investment Manager as its alternative investment fund manager (**AIFM**).

The AIFM Directive currently allows the continued marketing of non-EU AIFs, such as the Company, by the AIFM or its agent under national private placement regimes where the EEA States choose to retain private placement regimes. It is possible that a passport will be phased in to allow the marketing of non-EEA AIFs, such as the Company, and during or after 2018 it is possible that private placement regimes will be phased out (although this is currently uncertain). Both the adoption of the passport and the phasing out of national private placement regimes are subject to certain criteria and may increase the regulatory burden on the Company. Consequently, there may be restrictions on the marketing on the Shares in the EEA, which in turn may have a negative effect on marketing and liquidity of the Shares generally. Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit the Company's ability to market future issues of Shares could have a material adverse effect on the Company's financial position, results of operation, business prospects and returns to investors.

The investment activity undertaken by the Company and its subsidiaries may expose the Company to the risk of regulation

Since the European Commission's Communication on lending by non-bank institutions (or **shadow banking**) was released in September 2013 there have been moves by the European Commission to establish an oversight and regulation of the shadow banking sector. So far, the European Commission has made two new legislative proposals. These proposals refer to the money market funds regulation (the **MMF Regulation**) and the regulation on reporting and transparency of securities financing transactions (the **SFT Regulation**).

The MMF Regulation will introduce requirements that seek to enhance the liquidity profile and stability of money market funds. A money market fund is a fund that provides short-term finance (i.e. maturity not exceeding two years) to financial institutions, corporates or governments.

While the final texts of the MMF Regulation and SFT Regulation have not yet been released, it does not appear that these regulations will have a significant impact on the Company's investment policy. This is on the basis that the Company anticipates that its typical loan term will be between three and seven years and it will not undertake securities financing transactions. There is however no guarantee that this will be the case and if such regulation or similar regulations were to have an impact on the Company, this could be significant, in terms of compliance costs and, potentially, the restriction of its activities.

		<p>Any such costs or restrictions would be likely to have an adverse effect on the Company's financial condition, results of operations, the value of the Shares and/or the after-tax return to the Shareholders.</p> <p>It is also possible that other EU and global regulatory changes and developments relating to shadow banking or non-bank lending could restrict the investment activities of the Company or require the Company to seek new authorisations or approvals which may be difficult and/or costly to obtain and which could thus affect the operations or performance of the Company.</p>
D.3	Key information on the key risks that are specific to the securities.	<p>The New 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</p> <p>There can be no guarantee that a liquid market in the New Ordinary Shares and/or the C Shares will exist. Accordingly, Shareholders may be unable to realise their New Ordinary Shares and/or C Shares at the quoted market price (or at the prevailing Net Asset Value per New Ordinary Share and/or C Share), or at all.</p> <p>The New Ordinary Shares and/or the C Shares may trade at a discount to Net Asset Value per Share for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Company's investment strategy and investment policy, an excess of supply over demand in the New Ordinary Shares and/or C Shares, and to the extent investors undervalue the management activities of the Investment Manager or discount its valuation methodology and judgments.</p>

Section E – Offer

E.1	Net proceeds and costs of the Issues	<p>Assuming a targeted fundraise of £50 million (before fees and expenses) under the Initial Placing, it is expected that the Company will receive approximately £49 million from the Initial Placing, net of fees and expenses associated with the Initial Placing and payable by the Company of approximately £1 million.</p> <p>The net proceeds of the Placing Programme are dependent on: (i) the aggregate number of New Ordinary Shares and/or C Shares (as the case may be) issued pursuant to the Placing Programme; (ii) the price at which any New Ordinary Shares and/or C Shares are issued; and (iii) the amount of the fees and expenses associated with the Placing Programme and payable by the Company.</p> <p>For the avoidance of doubt, the Net Asset Value of the existing Ordinary Shares will not be diluted by the expenses associated with the relevant Initial Placing of C Shares or issues under the Placing Programme of C Shares which will be attributed to the net asset value of the C Shares and not the existing Shareholders.</p>
E.2a	Reason for offer and use of proceeds	<p>The Initial Placing and the Placing Programme are being made in order to raise funds for the purpose of making further investments in accordance with the investment policy of the Company.</p> <p>All of the net proceeds of the Issues will be invested in accordance with the Company's investment policy, save to the extent retained for working capital purposes, to repay any sums advanced under the Company's short term revolving credit facility and subject to the availability of sufficient investment opportunities.</p>
E.3	Terms and conditions of the offer	<p>The Issues</p> <p>The Company is proposing to issue up to 300 million New Ordinary Shares and/or C Shares in aggregate pursuant to the Initial Placing and the Placing Programme.</p>

		<p>Of that total number of Shares, 176,220,000 will only be available for issue under the Initial Placing and the Placing Programme unless the necessary replacement allotment and dis-application authority is approved by Shareholders at the annual general meeting of the Company to be held in 2016 or at another meeting of Shareholders convened for that purpose.</p> <p>The Initial Placing</p> <p>The Company is proposing to issue New Ordinary Shares and C Shares under the Initial Placing at the Initial Placing Price of 102.75 pence per New Ordinary Share and 100 pence per C Share, as the case may be.</p> <p>The Company has appointed Dexion to act as the sole Sponsor and Bookrunner to the Initial Placing and the Placing Programme.</p> <p>The Company is targeting at least £50 million (before expenses) under the Initial Placing. However, the Company reserves the right to increase or decrease the size of the Initial Placing provided that the minimum amount to be raised under the Initial Placing (before payment of fees and expenses) shall be £10 million and provided that the maximum number of Shares to be issued under the Initial Placing does not exceed 150 million Shares.</p> <p>The Initial Placing will open on 8 September 2015 and will close at 12.00 noon on 24 September 2015. The Company (with the agreement of, <i>inter alia</i>, Dexion) reserves the right to close the Initial Placing at any time or to extend the closing date of the Initial Placing to no later than 20 October 2015. Notification of any closure or extension will be via an RIS announcement.</p> <p>The Initial Placing is conditional on amongst other things:</p> <ul style="list-style-type: none"> ● the Placing Agreement remaining in full force and effect and not having been terminated in accordance with its terms; and ● Admission of the New Ordinary Shares and the C Shares issued, as the case may be, pursuant to the Initial Placing. <p>The Placing Programme</p> <p>Following the Initial Placing, the Directors intend to implement the Placing Programme to enable the Company to raise additional capital in the period from 29 September 2015 to 6 September 2016.</p> <p>Under the Placing Programme, the Company is proposing to issue up to 300 million New Ordinary Shares and/or C Shares, in aggregate, less the number of Shares issued under the Initial Placing.</p> <p>Each Placing pursuant to the Placing Programme is conditional on amongst other things:</p> <ul style="list-style-type: none"> ● the Placing Agreement remaining in full force and effect and not having been terminated in accordance with its terms before Admission of the relevant Placing Programme Shares becomes effective; and ● Admission of the Placing Programme Shares
E.4	Material interests	Not applicable – no interest is material to the Issues.
E.5	Name of person selling Securities/ lock up agreements	No person or entity is offering to sell the New Ordinary Shares and/or the C Shares other than the Company.
E.6	Dilution	The percentage holdings of the Existing Shareholders may be diluted as a result of the Issues. If 300 million New Shares are issued pursuant to the Issues, Shareholders who do not participate in the Issues will suffer a dilution of approximately 53.4 per cent. to their existing percentage holdings.
E.7	Expenses charged to the investor	Not applicable – there are no expenses charged directly to investors by the Company.

RISK FACTORS

An investment in the New Shares carries a number of risks including (without limitation) the risk that the entire investment may be lost. In addition to all other information set out in this Prospectus, the following specific factors should be considered when deciding whether to make an investment in the New Shares. The risks set out below are those which are considered to be the material risks relating to an investment in the New Shares, but are not the only risks relating to the New Shares or the Company. No assurance can be given that Shareholders will realise profit on, or recover the value of, their investment in the New Shares. It should be remembered that the price of the New Shares and the income from them can go down as well as up.

The New Shares are only suitable for investors who understand the risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the New Shares, for whom an investment in the New Shares would be of a long-term nature and constitute part of a diversified investment portfolio and who understand and are willing to assume the risks involved in investing in the New Shares. Additional risks and uncertainties of which the Company is presently unaware or that the Company currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of the New Shares.

Defined terms used in the risk factors below have the meanings set out under the section headed "Definitions" on pages 121 to 127 of this Prospectus.

Risks relating to the Company

Past performance

The past performance of the Company and of investments which are referred to in this Prospectus are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee of future performance.

The Company's returns and operating cash flows will depend on many factors, including the performance of its investments, the availability and liquidity of investment opportunities falling within the Company's investment objective and policy, the level and volatility of interest rates, conditions in the financial markets, real estate market and economy, the financial performance of borrowers, and the Company's ability to successfully operate its business and execute its investment strategy. There can be no assurance that the Company's investment strategy will be successful.

The Company's targeted returns and dividends are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual dividend rate may be materially lower than the targeted dividends

The Company's targeted returns and dividends set out in this Prospectus are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, asset mix, value, volatility, holding periods, performance of the Company's investments, investment liquidity, borrower default, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this Prospectus, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. The Company may not be able to implement its investment policy and strategy in a manner that generates returns or dividends in line with the targets. Furthermore, the targeted returns and dividends are based on the market conditions and the economic environment at the time of assessing the targeted returns, and are therefore subject to change. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in this Prospectus. Accordingly, the actual rate of return achieved or dividends made may be materially lower than the targeted returns or dividends, or may result in a partial or total loss, which could have a material adverse effect on the Company's profitability, Net Asset Value and the price of the New Shares.

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

There can be no assurance as to the level and/or payment of any future dividends or any distributions by the Company. The declaration, payment and amount of any future dividends or

distributions by the Company are subject to the discretion of the Directors and will depend upon, among other things, the performance of the Company, the Company's financial position and cash requirements and the ability of the Company to comply with the applicable legal requirements for paying dividends, including the statutory solvency test under Guernsey law.

Risks relating specifically to the C Shares

C Shares will be issued as a separate class of Shares in the capital of the Company and will convert into Ordinary Shares at the Conversion Time. Pending conversion of such C Shares into Ordinary Shares, the portfolio of assets attributable to the C Shares (the **C Share Portfolio**) will differ from the portfolio of assets attributable to the Ordinary Shares (the **Ordinary Share Portfolio**) in terms of both performance (the assets in the portfolios will be different) and diversification (pending Conversion the C Share Portfolio will be more concentrated than the Ordinary Share Portfolio). See the risk factor titled "The Company's investments may be concentrated and are subject to risk of default" set out on page 24 of this Prospectus for further details relating to the risk of concentration.

The C Shares do not carry the right to receive notice of, or to attend or vote at, any general meeting of the Company. The limited voting rights of the holders of the C Shares limit their ability to have an impact on Board decisions or Company policy and may adversely affect the value of such C Shares.

C Shares issued pursuant to the Initial Placing and/or Placing Programme will be admitted to the standard segment of the Official List whereas New Ordinary Shares will be admitted to the premium segment of the Official List. A Standard Listing affords Shareholders a lower level of regulatory protection than that afforded to investors of shares admitted with a Premium Listing, which is subject to additional obligations under the Listing Rules in respect of those securities.

Risks relating to the Ordinary Shares and/or C Shares (as the case may be)

The Ordinary Shares and/or C 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

The Ordinary Shares and/or C Shares may trade at a discount to the applicable Net Asset Value per Share for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Company's investment strategy and investment policy, an excess of supply over demand in the Ordinary Shares and/or C Shares, and to the extent investors undervalue the management activities of the Investment Manager or discount its valuation methodology and judgments. Market liquidity in the shares of investment companies is frequently less than that of shares issued by larger companies traded on the London Stock Exchange.

While the Directors may seek to mitigate any discount to NAV per Share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful.

The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Ordinary Shares and/or C Shares is likely to affect the ability of Shareholders to realise their investment.

The Ordinary Shares and/or C Shares carry limited rights of redemption or repurchase

The Company has been established as a registered closed-ended company. Accordingly, other than in relation to Ordinary Shares in the circumstances and subject to the conditions set out in the section headed "Discount control" in Part I of this Prospectus, Shareholders will have no right to have their Ordinary Shares and/or C Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Ordinary Shares and/or C Shares and to return capital in the manner described in this Prospectus, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to do so. Shareholders wishing to realise their investment in the Company will normally therefore be required to dispose of their Ordinary Shares and/or C Shares through the secondary market. Accordingly, Shareholders' ability to realise their investment at NAV per Share or at all is dependent on the existence of a liquid market for the Ordinary Shares and/or C Shares.

The market price of the Ordinary Shares and/or C Shares may rise or fall rapidly

General movement in local and international stock markets and real estate markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions may all affect the market price of the Ordinary Shares and/or C Shares. To optimise returns, Shareholders may need to hold the Ordinary Shares and/or C Shares for the long term and the shares are not suitable for short term investment.

The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules

The Company has not, does not intend to, and may be unable to, become registered in the United States as an investment company under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to U.S. investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, and does not intend to register, none of these protections or restrictions is or will be applicable to the Company.

Issue Price

Whilst the New Ordinary Shares to be issued pursuant to the Initial Placing and/or the Placing Programme will be issued at a premium to the applicable prevailing Net Asset Value per Ordinary Share (the Placing Price), the Placing Price may be less than the quoted market price for the Ordinary Shares.

The basis upon which the C Shares will convert into Ordinary Shares will be calculated by reference *inter alia* to the Net Asset Values attributable to a C Share and an Ordinary Share at the Calculation Time. The applicable Net Asset Value for an Ordinary Share and/or a C Share may be less than the quoted market price for such share.

The issue price of any New Ordinary Shares issued under the Initial Placing and/or the Placing Programme (which will be issued on a non-pre-emptive basis) cannot be lower than the applicable Net Asset Value per Ordinary Share. The issue price of the New Ordinary Shares to be issued pursuant to the Initial Placing has been and the issue price of New Ordinary Shares to be issued pursuant to the Placing Programme (if any) will be calculated by reference to the latest applicable published unaudited Net Asset Value per Ordinary Share (cum income). Such Net Asset Value per Ordinary Share is determined on the basis of the information available to the Company at the time and may be subject to subsequent revisions. Accordingly, there is a risk that, had such issue price been calculated by reference to information that emerged after the calculation date, it could have been greater or lesser than the issue price actually paid by the investors. If such issue price should have been less than the issue price actually paid, investors will have paid more than intended. If the issue price should have been greater than the issue price actually paid, investors will have paid less than intended and, in certain circumstances, the Net Asset Value of the Existing Ordinary Shares may have been diluted.

The New Shares will be subject to significant transfer restrictions for investors in the United States and certain other jurisdictions as well as forced transfer provisions

The New Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or under any other applicable securities laws and are subject to restrictions on transfer contained in such laws (see "Purchase and transfer restrictions" beginning on page 78, Section 5 of Appendix I of this Prospectus and section 5 of Appendix II of this Prospectus (**United States Purchase and Transfer Restrictions**)).

In order to avoid, among other things, being required to register under the U.S. Investment Company Act, the Company has imposed significant restrictions on the transfer of the New Shares which may materially affect the ability of Shareholders to transfer New Shares in the United States or to U.S. Persons. The New Shares may not be resold in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act, the U.S. Investment Company Act and applicable state securities laws. There can be no assurance that Shareholders or U.S. Persons will be able to locate acceptable purchasers in the United States or obtain the certifications required to establish any such exemption. These restrictions may make it more difficult for a U.S. Person to resell the New Shares and may have an adverse effect on the market value of the New Shares. The transferability of the New Shares is subject to certain restrictions as set out in Parts V and IX and Appendix I and II of this Prospectus.

Shareholders in certain jurisdictions may not be eligible to participate in any Realisation Offer and to receive the cash proceeds thereof

The securities laws of certain jurisdictions may restrict the Company's ability to allow Shareholders to participate in any Realisation Offer that the Company may put forward as part of its discount control strategy. There can be no assurance that the Company will be able to conduct any Realisation Offer in a manner that would enable participation therein or receipt of the cash proceeds thereof by Shareholders in such jurisdictions. Shareholders who have a registered address in or who are resident or located in (as applicable) countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in any such Realisation Offer.

There is no guarantee that any Realisation Offer will be implemented and, even if implemented, the time taken to realise the relevant proportion of the Company's assets may be significant

A Realisation Offer will only be implemented in the circumstances set out in Part I of this Prospectus. The specific arrangements for the implementation of a Realisation Offer may require Shareholder approval of any necessary amendments to the Articles at the relevant time. If a Realisation Offer is implemented, the Investment Manager will not be required to sell any of the Company's assets in order to provide cash to fund such an offer. Instead, the Company will be able to hold the relevant proportion of its assets to maturity and may, on the advice of the Investment Manager if it believes that doing so will maximise value for Shareholders, extend or restructure loans within the Portfolio that are attributable to Shareholders participating in the Realisation Offer. A Realisation Offer will not, therefore, provide a timely method for Shareholders to realise part of their investment in the Company.

In addition, whilst the Company currently intends that the Ordinary Shares subject to the Realisation Offer will remain listed during the realisation process (redesignated with appropriate rights as a separate class), it is likely that they will become less liquid than the other Ordinary Shares and they may be difficult to realise at a value close to their Net Asset Value, or at all.

Local laws or regulations may mean that the status of the Company or the Shares is uncertain or subject to change, which could adversely affect investors' ability to hold Shares

For regulatory and tax purposes, the status and treatment of the Company or the Shares may be different in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as units in a collective investment scheme. Furthermore, in certain jurisdictions, the regulatory and tax status of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or as a result of disclosures made by the Company. Changes in the status or treatment of the Company, or the Shares for regulatory and/or tax purposes may have unforeseen effects on the ability of investors to hold Shares or the consequences to investors of doing so.

Risks relating to the investment strategy and the Portfolio

The Company is exposed to the real estate market and if that market enters a downturn it could materially adversely affect the Company's business and financial condition

As the underlying security for the Company's investments is real estate assets or income streams, the Company is exposed to any downturn in the real estate market. The real estate market is cyclical in nature and is affected by the condition of the economy as a whole. Deteriorating economic conditions adversely affect the value and liquidity of real estate assets. In addition, negative economic conditions have also had, and may continue to have, a material adverse effect on the level, and effective collection, of operating revenues and therefore the ability of counterparties to service any payments due to the Company under any loan advanced by, or investments held by, the Company.

The commercial real estate markets were adversely impacted by the on-going global economic slowdown and the after effects of the banking crisis, with real estate values, including the value of commercial real estate, demonstrating substantial declines. The value of commercial real estate may reduce further, and those reductions could be substantial. Declines in the performance of the UK and other European economies and instability resultant from any deterioration in global stock markets could have a negative impact on consumer spending, levels of employment, rental levels

and revenues, vacancy rates and default risk and could as a result have a material adverse effect on the Company's business and financial condition.

A major occupier or tenant of a property financed by the Company could default and/or seek to renegotiate terms during the course of a tenancy, which would lower the value of that property and may impact on the income to service the related loans provided by the Company

The entities to which the Company advances loans may be significantly exposed to the factors that affect the corporate and retail environment generally. A decline in overall revenues or the insolvency or financial difficulty of a number of significant individual tenants, or a substantial number of smaller tenants, may materially decrease that entity's revenues and available cash to service such loans, and also materially lower the value of the underlying real estate asset.

This could result in the borrower defaulting on the loan advanced by the Company, which would materially adversely affect the Company. Any reduction in the value of the underlying real estate asset will reduce the value available to the Company in any enforcement action.

Real estate valuation is inherently subjective and uncertain

The valuation of real estate and therefore the valuation of any underlying security relating to loans made by the Company is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future revenues from that particular property and the valuation methodology adopted. In addition, where the Company invests in development loans, initial valuations will assume completion of the development works.

As a result, the valuations of the real estate assets against which the Company makes loans and which account for the majority of the Company's assets, are subject to a degree of uncertainty and are made on the basis of assumptions and methodologies which may not prove to be accurate, particularly in periods of volatility, low transaction flow or restricted debt availability in the commercial real estate market.

In addition, any valuations relied on by the Advisers will reflect the position only at their date, and market movements since the date of any such valuations and over the longer term may cause significant fluctuations in the value of the real estate. Assessing real estate valuations is inherently more uncertain in current market conditions as there is a more limited number of comparable transactions against which to assess the value of particular real estate assets.

The value of underlying real estate and the income it produces may fluctuate as a result of factors which are outside the Company's control

Rental levels, operating income and market values of real estate in the UK and the wider European Union's internal market are generally affected by overall conditions in the economy, political factors and one-off events, such as the condition of the financial markets, the availability of finance to businesses and consumers, the effectiveness of fiscal and monetary policies in stabilising economic conditions, changes in government legislation, political developments including changes in regulatory or tax regimes, increases in unemployment and related declines in consumer spending, an oversupply of, or a reduction in demand for, retail space or consumer goods, infrastructure quality, financial performance and the productivity of industries located in these countries, relocations or insolvency of tenant businesses and armed conflicts or terrorist attacks. Certain types of these risks (for example, risk of armed conflicts or terrorist acts, certain natural disasters or weather catastrophes, such as flooding, as well as certain "acts of god") may in the future become uninsurable or not insurable at economically justifiable rates.

The UK and European real estate markets are also affected by a number of other factors which may significantly impact the value of commercial real estate investments. Those factors that are material are: the levels of prevailing inflation; the global and national availability and pricing of financing for businesses, assets and consumers; the returns from alternative investments as compared to real estate and changes in planning, environmental, commercial lease and tax laws, rates and practices. In particular, commercial real estate values are dependent on current rental values and occupancy rates, prospective rental growth, lease lengths, tenant creditworthiness and solvency and investment yields together with the nature, location and physical condition of the real estate concerned.

The ability of a commercial borrower to repay a mortgage loan may be affected by many factors, such as the success of tenant businesses, property management decisions, changes in laws that

increase operating expenses or transfer taxes or limit rents that may be charged, declines in regional or local real estate values or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, increases in unemployment, increases in the then leverage of the loan as a percentage of property values and increases in the percentage of income that borrowers must use to service their mortgages. Any factor that reduces the ability of a borrower to make repayments on a loan provided by the Company may lead to the Company suffering losses on that loan, which would adversely affect the Company's results and financial condition.

The Company invests in various types of subordinated debt, which rank behind other debt tranches for repayment in the event that a borrower defaults

The Company invests in junior or mezzanine debt which rank behind other debt tranches for repayment and where it invests in senior debt or whole loans, may undertake the syndication, sale, assignment, sub-participation or other financing (including securitisation) to the same maturity as the original loan of the senior portion of the relevant loan. In circumstances where the Company's investment is a junior ranking one, it is subordinated in right of payment and ranked junior to other obligations that are secured by the same asset or pool of assets. In the event of default by a borrower in relation to any such investment, the holders of the borrower's more senior obligations will have priority in terms of directing the enforcement of the underlying security and be entitled to payments in priority to the Company and the Company may not be repaid in full or at all, resulting in a capital loss.

Some investments may also have structural features that divert payments of interest and/or principal (temporarily or permanently) to more senior creditors secured by the same asset or pool of assets on the occurrence of certain events. This may lead to interruptions in the income stream that the Company expects to receive from its investment portfolio, which may lead to a reduction in the Company's income and dividend distributions to Shareholders.

The Company's investments are illiquid and may be difficult or impossible to realise for cash at any particular time

The Company's investments primarily consist of loans secured on real estate assets. Such investments are often illiquid (despite, in some cases, having a market quotation) and may be difficult for the Company to sell, particularly at times of market stress, and the price achieved on any such realisation is likely to be at a discount to the face value of the relevant loan. The Company may invest in other debt instruments, and even where such investments have a market quotation, these may also be illiquid.

The Company's investments may be concentrated and are subject to risk of default

The Company's investments may, at times, be concentrated in certain property types, sectors or geographical locations that are subject to higher risk of loan default. To the extent that the Company's portfolio is concentrated in any one region, sector or type of asset, downturns relating generally to such region or type of asset may result in defaults on a number of investments within a short time period. This may reduce the Company's income (and thus the ability to pay dividends to Shareholders) and the value of the Ordinary Shares and/or the C Shares.

While the assets of the Company as a whole, taking the C Share Portfolio and the Ordinary Share Portfolio together (and therefore on the basis of full conversion of the C Shares), will be invested in accordance with the Company's investment policy, the Company will not be required to manage the C Share Portfolio, when taken in isolation, fully in accordance with the investment policy. Due to the typical size of the Company's range (currently an average of £16.5 million), the C Share Portfolio may comprise, when fully invested, a small number of positions.

In the event that an investment held in the C Share Portfolio suffers a loss before the Conversion Time, such loss would be attributable solely to the Net Asset Value of the C Shares and would result in a capital loss for C Shareholders. Recoveries in such assets after the Conversion Time would be attributable to the Net Asset Value of the Ordinary Shares then in existence.

The due diligence process that the Investment Manager undertakes in connection with the Company's investments may not reveal all facts, including material facts, that may be relevant in connection with an investment

Before the Company makes any investment, the Investment Manager will conduct such due diligence that it deems reasonable and appropriate based on the facts and circumstances

applicable to each investment. Whilst the precise scope of due diligence will depend on the proposed investment, such diligence will typically include independent valuations, building and measurement and environmental surveys, legal reviews of property title and key leases, where necessary mechanical and engineering surveys, accounting and tax reviews and know your customer checks. The objective of the due diligence process is to identify material issues in connection with a potential investment and the underlying real estate assets in order to determine how attractive the investment opportunity is, based on the prevailing facts and circumstances. When conducting due diligence and making an assessment regarding an investment, the Investment Manager will necessarily rely on resources available to it, including information provided by the potential borrower or sponsor. Accordingly, there can be no assurance that the due diligence investigation carried out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or desirable in evaluating that investment opportunity. In particular, certain environmental issues may be difficult to uncover and may result in potentially significant liabilities being imposed on the owners of the affected real estate asset. Moreover, there can be no assurance that satisfactory due diligence will result in an investment being successful.

Interest Risk

The Group is subject to the risk that the loan income and income from the cash and cash equivalents will fluctuate due to movements in inter-bank rates.

A deterioration or change in conditions in the Eurozone (or in certain countries within the Eurozone) may have an adverse effect on investments in Europe and the break up of the Eurozone, or the exit of any member state, would create uncertainty and could affect the Company's investments directly

Any sovereign debt crisis in Europe and peripheral countries could undermine the stability and overall standing of the European Monetary Union. Despite the measures taken by countries in the Eurozone to alleviate credit risk, concerns may persist regarding the debt burden of certain Eurozone countries, their ability to meet future financial obligations and the overall stability and suitability of the Euro as a single currency as evidenced by the recent crisis in Greece. Any deterioration in the global or Eurozone economy could have a significant adverse effect on the activities of the Company.

In addition, where the Company holds any assets that are denominated in Euros (including loans secured on such assets) deterioration in certain or all of the economies of Eurozone countries could have a material adverse effect on the value of the Company's investment in such assets and amplify the currency risks faced by the Company.

If any country were to leave the Eurozone, or if the Eurozone were to break up entirely, the treatment of debt obligations previously denominated in Euros is uncertain. A number of issues would be raised, such as whether obligations which are expressed to be payable in Euros be re-denominated into a new currency. The answer to this question is uncertain and would depend on the way in which the break-up occurred and also on the nature of the transaction: the law governing it; which courts have jurisdiction in relation to it; the place of payment; and the place of incorporation of the payor. Where the Company held any investments in Euros at the time of any Eurozone exits or break-up, this uncertainty and potential re-denomination could have a material adverse effect on the value of Company's investments and the income from them.

Currency and/or interest rate hedging arrangements may not be successful or available at an acceptable price

Where the Company makes loans denominated in currencies other than Sterling it may, but is not obliged to, employ hedging techniques designed to reduce the risk of adverse movements in currency exchange rates.

Currency derivatives (if available or deemed to be justifiable) designed to hedge the Portfolio from adverse movements in foreign exchange rates may not perfectly hedge the cashflows of the underlying investments. This may result in differences between the value of any such investments and the hedge that relates to it. In particular, changes to the repayment profile or early termination may cause the hedges to become less efficient and/or result in a loss to the Company.

Where currency derivatives are used and the reference exchange rate moves significantly from the rate prevailing at the time the particular contract was entered into, the Company may be required to deliver a payment, known as a "margin", to the counterparty to collateralise the negative value

of a hedging instrument. Depending on the resources available to the Company, its ability to deliver a margin may be constrained and may impact on the Company's ability to pay dividends to Shareholders. Alternatively, cash held for delivery of margin will, by virtue of being uninvested, reduce investment returns to the Company.

The Company may seek to hedge its entitlement under any loan arrangement to receive floating rate interest. However, such strategies may also result in losses and overall poorer performance than if the Company had not entered into such hedging transactions. Additionally, appropriate hedges might not be available at all, or at a cost which is acceptable to the Company or economically viable.

Hedging arrangements may be costly and may reduce the Company's earnings. Furthermore, they may result in counterparty risk and losses in the event of the default or bankruptcy of a counterparty.

Mismatches in the accounting treatment between currency hedges and the asset being hedged could result and have historically resulted in increased volatility in reported earnings and could result in dividends being uncovered by reported earnings. This could be the case even where the hedge is economically matched with the asset and where dividends are covered by cash earnings.

Repayments of loans could be subject to the availability of refinancing options, including the availability of senior and subordinated debt

Upon maturity of a loan, the borrower may either sell the underlying asset to repay the loan or seek to refinance the loan with the Company or an alternative lender. It is not certain that refinancing options will be available to borrowers on maturity of any loan made by the Company and the sale of the underlying asset may not yield sufficient capital to repay the loan in full or may otherwise result in a delay to the receipt of proceeds.

Repayment of loans is subject to the underlying real estate collateral at the date of maturity

Loans may be made on the basis that the Company may only have recourse to the underlying real estate asset. If the value of an asset upon which a loan made by the Company is secured is lower than the value of the underlying loan at the date of maturity of that loan, the counterparty to the loan might be unwilling to repay such loan resulting in recourse to the lower valued asset.

Development loans involve an increased risk of loss and uncertainty

The Company invests in loans for the development of property. If a borrower fails to complete the development of a project, provide the funding required of it, the development of a project takes longer than originally anticipated and/or the development is more costly to complete, there could be adverse consequences associated with the loan.

These could include a deterioration in the value of the property securing the loan, especially if a development is part constructed and may be compounded if the borrower is unable to raise funds to complete it from other sources within a certain period of time.

The schedule of draw-down of such development loans may be unpredictable and may be slower than anticipated and where this is the case Shareholder returns may be adversely affected.

Changes to the development program or increased costs to the borrower may mean that the borrower is unable to meet its obligations as they fall due; the borrower becoming subject to some form of insolvency process; and abandonment by the borrower of the collateral for the loan.

The Company faces competition in sourcing and making investments

The Company is subject to competition in sourcing and making investments. The market in which the Company invests has become more competitive since the time of the IPO and there is no guarantee that this increased competition will not increase further in the future.

Some of the Company's competitors may have greater financial, technical and marketing resources and the Company may not be able to compete successfully for investments. In addition, potential competitors of the Company may have higher risk tolerances, different risk assessments or access to different sources of funding, which could allow them to consider a wider variety of investments on a different cost basis and establish more relationships than the Company. Furthermore, competition for investments may lead to the price capable of being charged for such loans decreasing which may further limit the Company's ability to generate its desired returns. The

Company may lose investment opportunities in the future if it does not match loan pricing, structures and terms offered by competitors. Alternatively, the Company may experience decreased rates of return and increased risks of loss if it matches investment prices, structures and terms offered by competitors. The Company can offer no assurance that competitive pressures will not have a material adverse effect on its investment returns, the dividends payable to Shareholders, the price of the Shares and/or their Net Asset Value.

The financial markets are uncertain and have been the subject of governmental intervention

Uncertain conditions in the global financial markets, and actions by governments to address them, have created a great deal of uncertainty for the real estate and finance industries, which may adversely affect the Company's investments and overall performance.

Since the onset of the financial crisis in the second half of 2007, the economies and capital markets worldwide have been adversely affected by exceptional market turbulence, a lack of liquidity, rising mortgage default rates and substantial asset value declines and write-downs. These uncertain conditions have led to the failures of several global financial institutions and other businesses and, in turn, to a series of initiatives and market interventions by governments in the U.S., the UK and the wider European Union's internal market seeking to resolve the financial crisis and minimise its repercussions to the wider economy.

The scale and extent of these government interventions and initiatives are unprecedented in recent times, and it remains unclear what impact they will have on global financial markets in the long term, and on European, U.S. and other economies.

These initiatives are subject to change, may be implemented in unanticipated ways and, given the discretion they afford, their effects are difficult to predict. It is not known whether the Company, its underlying investments or its competitors will be able to benefit from these initiatives, directly, indirectly, or at all. There can be no assurance that conditions in the global financial markets, or actions by governments to alleviate these conditions, will not worsen and/or further adversely affect the value of the Company's investments and overall performance.

Prepayment and re-investment risk

Prepayment risk is the risk that principal will be repaid earlier than anticipated, causing the return on certain investments to be less than expected over the original life of the loan. In general, an increase in prepayment rates may reduce the overall income earned on the Company's assets.

The Company may not be able to reinvest the capital arising from prepayments at equivalent rates as the loans being prepaid, resulting in a deterioration in investment returns available to the Company.

The Company may not be able to reinvest the capital arising from prepayments promptly after receipt which may result in the Company holding significant amounts of un-invested cash, resulting in a deterioration in investment returns available to the Company. Pending its investment in accordance with the Company's investment policy, the Company will hold such sums of cash, which it will deposit with banks or other financial institutions or otherwise hold in accordance with the cash management provisions of the investment policy. If any such bank, financial institution or counterparty were to become insolvent, or default on its obligations, the Company would be exposed to the potential loss of the sum deposited. This would have a material adverse effect on the Company's financial position and returns to Shareholders.

The Company sells, syndicates or finances elements of loans within its portfolio, which may increase the Company's exposure to losses on such loans

The Company undertakes the syndication, sale, assignment, sub-participation or other financing (including securitisation) to the same maturity as the original loan of the senior portion of its investments in loans in order to generate cash for funding new investments and/or to leverage existing assets and adjust returns. In some such transactions the Company may retain a subordinated interest in the loans sold. This might magnify the Company's exposure to losses on those investments because the participation retained in the loans would be subordinate to the senior participation sold. The Company would, therefore, be exposed to all of the losses sustained with respect to a loan sold before the owners of the senior participation experience any losses.

The Company cannot, however, be certain that it will be able to access the syndication, sale, assignment, sub-participation or other financing (including securitisation) markets or be able to do

so at favourable rates. The inability to effect syndications, sales, assignments, sub-participations or other financings (including securitisations) of investments to finance new investments on a long-term basis could require the Company to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price, which could adversely affect the Company's performance.

Commercial mortgage loans are subject to the ability of the property owner to generate net income from operating the property/ies and the ability to effect sales to meet repayment obligations as well as the risks of delinquency and financial difficulty of any tenants

Commercial mortgage loans to be targeted by the Company may be secured by multi-family residential for sale or rent or commercial property and are subject to risks of default, the process of enforcement of security, and risks of loss that may be greater than with loans made on the security of single-family residential property. The ability of a borrower to repay a loan secured by income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower or its sponsor. If the net operating income of the property/ies is reduced, the borrower's ability to repay the loan may be impaired. Net operating income and the value of a property can be adversely affected by, among other things:

- tenant mix;
- success of the relevant tenant's or tenants' business(es);
- property management decisions;
- property location, condition and design;
- competition from comparable types of properties;
- changes in laws and/or regulations that increase operating expenses or control rents that may be charged;
- changes in national, regional or local economic conditions and/or specific industry segments, including the credit and securitisation markets;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- increases in interest rates, real estate tax rates and other operating expenses;
- costs of remediation for the purposes of re-letting and liabilities associated with environmental conditions;
- the potential for uninsured or underinsured property losses;
- changes in governmental laws and regulations and the related costs of compliance; and
- acts of God, terrorist attacks, social unrest and civil disturbances.

In the event of any default under a loan held by the Company, the Company will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal, accrued interest and other costs, fees and expenses due under the loan, which could have a material adverse effect on the Company's cash flow from operations and limit amounts available for distribution to Shareholders. In addition, the Company may participate in a debt for equity swap, which would expose the Company to the risks of property ownership and remove the income stream provided by interest payments.

In the event of a default of any loan assets of the Company entitling the Company to enforce security, the process may be expensive and lengthy

The Group's investments are subject to risk of default where a borrower is unable or does not pay interest or principal as it becomes due. In the event of a default the Group is generally entitled to enforce security, but the process may be expensive and lengthy and the outcome is dependent on sufficient capital being available to meet the borrower's obligations. Some of the investments made would rank behind senior debt tranches for repayment in the event that a borrower defaults, with the consequence of greater risk of partial or total loss. This could have a negative and potentially substantial effect on the Company's anticipated return on the relevant loan.

Where floating rate loans made by the Company are hedged by the underlying borrowers, it is expected that these hedging arrangements will be provided by a third party bank or other institution

who would often expect to benefit from the collateral package on an equivalent ranking basis to the loan and interest. To the extent there is an enforcement of collateral and insufficient amounts are available from the realisation of assets to repay all amounts outstanding, the amounts due to the Company under the loan may be reduced by pro-rata sharing of the recovered funds with the hedge counterparty.

The Company may invest in loans in which the collateral and income is controlled by a third party agent or where it only holds a minority of the loan

To the extent the Company invests in loans where it is one of a syndicate of lenders, the responsibility for holding the security for the loan and collecting and distributing loan receivables may rest with a third party. In these circumstances, the Company may be exposed to credit risk on the agent entity and to the extent that entity is insolvent or involved in some form of insolvency process, this may impact on the timing and availability of loan receipts or security enforcement proceeds.

In addition, where the Company holds only a minority position in a loan it will have limited control over the management of the loan, including when to trigger events of default or to enforce security. This lack of control may mean that actions are taken with regard to such loans that are not, in the opinion of the Investment Manager, in the Company's best interests. This may have a material adverse effect on the value of the Company's investment and any income from it.

Risks relating to the Investment Manager and Investment Adviser

The Company is dependent on the expertise of the Investment Manager, the Investment Adviser and their key personnel to evaluate investment opportunities and to implement the Company's investment strategy

In accordance with the Investment Management Agreement, the Investment Manager is responsible for the management of the Company's investments. The Investment Manager will delegate some of its duties and responsibilities to the Investment Adviser. The Company does not have employees and its Directors are appointed as non-executives. All of its investment and asset management decisions are made by the Investment Manager and not by the Company and accordingly, the Company is completely reliant upon, and its success depends exclusively on, the Investment Manager, the Investment Adviser and their personnel, services and resources. The Investment Manager is not required to and generally will not submit individual investment decisions for approval to the Board (except where a conflict of interest requires otherwise).

Consequently, the future ability of the Company to successfully pursue its investment policy may, among other things, depend on the ability of the Investment Manager and Investment Adviser to retain their existing staff and/or to recruit individuals of similar experience and calibre. Whilst the Investment Manager and Investment Adviser have endeavoured to ensure that the principal members of their management teams are suitably incentivised, the retention of key members of the teams cannot be guaranteed. Furthermore, in the event of a departure of a key employee of the Investment Manager or Investment Adviser, there is no guarantee that the Investment Manager or the Investment Adviser would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Company. Events impacting but not entirely within the Company's, Investment Manager's or Investment Adviser's control, such as its financial performance, it being acquired or making acquisitions or changes to its internal policies and structures could in turn affect their ability to retain key personnel.

If the Investment Manager or Investment Adviser are unable to allocate the appropriate time or resources to the Company's investments, the Company may be unable to achieve its investment objectives. In addition, the Investment Management Agreement does not require the Investment Manager or the Investment Adviser to dedicate specific personnel to the Company or to require personnel servicing the Company's business to allocate a specific amount of time to the Company.

The Company is also subject to the risk that the Investment Management Agreement may be terminated and that no suitable replacement will be found to manage the Company. If the Investment Management Agreement is terminated and a suitable replacement is not secured in a timely manner or key personnel of the Investment Manager or Investment Adviser are not available to the Company with an appropriate time commitment, the ability of the Company to execute its investment strategy or achieve its investment objective may be adversely affected.

The obligations of the Investment Manager and Investment Adviser are not guaranteed by any other person.

Past performance is no indication of future results

The Company's performance may be volatile and investors could lose all or part of their investment. Past performance is no indication of future results and there can be no assurance that the Company will achieve results comparable to any past performance achieved by the Advisers or any employee of the Advisers described in this Prospectus.

Conflicts of Interest

The Company may acquire assets from, or sell assets to, or lend to, companies within the Starwood Capital Group or any fund, company, limited partnership or other account managed or advised by any member of the Starwood Capital Group (**Other Accounts**).

The Starwood Capital Group manages Other Accounts in addition to the Company (and may in the future manage further Other Accounts) that may on occasion give rise to conflicts of interest with the Company. As a result, the Investment Manager and the Investment Adviser may have conflicts of interest in allocating investments among the Company and the Other Accounts. The Starwood Capital Group may give advice or take action with respect to Other Accounts that differs from the advice given or actions taken with respect to the Company.

The Directors are or may become directors of and/or investors in other companies, including investment companies.

See the section entitled "Conflicts of interest" in Part V of this Prospectus for further information.

The Investment Management Agreement was not negotiated on an arm's-length basis and may not be as favourable to the Company as if it had been negotiated on such a basis and may be costly or difficult to terminate

The Investment Management Agreement was negotiated as part of the launch of the Company. It was not therefore negotiated by independent arm's-length parties and may contain terms that are more favourable to the Investment Manager than if it had been so negotiated. In particular, in the absence of fault on the part of the Investment Manager, the Company cannot give notice to terminate the Investment Management Agreement until the fourth anniversary of the IPO Admission (being 17 December 2016), following which a 12 month notice period applies. This means that if the Company is dissatisfied with the performance of the Investment Manager it could be costly or difficult for the Investment Management Agreement to be terminated.

The existence of the Carried Interest may incentivise the Investment Manager's and the Investment Adviser's personnel to make or recommend risky investments

Pursuant to the Partnership Agreement, the Partnership pays the Special Limited Partner Carried Interest, the details of which are set out in Part V of this Prospectus. The existence of the Carried Interest may create an incentive for the Investment Manager and the Investment Adviser to recommend or make riskier or more speculative investments than it would otherwise make in the absence of such Carried Interest.

Cyber risk

Similar to all businesses, the Company faces the threat of malicious attack or negligent compromise of its networked and internal information technology and communications systems. The more serious of such compromises could prevent the Company from using those systems, lead to theft, unauthorised disclosure, deletion or corruption of the confidential information of the Company and its business partners or of individuals. This could disrupt the smooth operation of the Company, damage its reputation, incur costs in investigating and rectifying the compromise and could lead to fines from data protection or financial services regulators.

Risks relating to regulation, structure and taxation

Legal and regulatory compliance and change

The Company must comply with the provisions of the Companies Law and, as the Ordinary Shares are, and the New Shares will be, admitted to the Official List, the Listing Rules and the Disclosure and Transparency Rules. A breach of the Companies Law could result in the Company and/or the

Board being fined or the subject of criminal proceedings. Breach of the Listing Rules could result in the Shares being suspended from listing.

Changes in law and regulation applicable to the Company and its activities may adversely affect the Company and its ability to pursue its investment objective.

Changes in the Company's tax status, accounting standards or tax treatment may adversely affect the Company

Any change in the Company's tax status, in taxation legislation, the withholding regime or tax practice in either Guernsey, Luxembourg or the United Kingdom or any jurisdiction in which borrowers are held to be resident, or in the Company's tax treatment may affect the value of the investments held by the Company or the Company's ability to successfully pursue and achieve its investment objectives, or alter the after-tax returns to Shareholders. Statements in this Prospectus concerning the taxation of Shareholders are based upon current United Kingdom and Guernsey tax law and published practice, any aspect of which law and practice is, in principle, subject to change (potentially with retrospective effect) that may adversely affect the ability of the Company to successfully pursue its investment policy or meet its investment objectives, and which may adversely affect the taxation of Shareholders.

The investment objective and expected returns included in this document are based on the Company not being treated as resident outside Guernsey for tax purposes. A non-UK incorporated company will generally be regarded as tax resident in the UK if its central management and control is exercised in the UK. However, section 363A Taxation (International and Other Provisions) Act 2010 provides an override to the general law so that a company that would otherwise be tax resident in the UK will not be so resident if it is an AIF (within the meaning of the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773)) that meets certain conditions. The Company will be considered an AIF that falls within this override. However, if the Company were to be tax resident in another territory, the Company may be subject to additional taxes which could adversely impact the returns available for distribution to the investors in the Company.

Offshore funds rules: if the Company becomes subject to the UK offshore fund rules there may be adverse tax consequences for certain UK resident Shareholders

Part 8 of the Taxation (International and Other Provisions) Act 2010 contains provisions for the UK taxation of investors in offshore funds. Whilst the Company does not expect to be treated as an offshore fund it does not make any commitment to investors that it will not be treated as one. Investors should note the statements made in this Prospectus in respect of discount management and should not expect to realise their investment at a value calculated by reference to Net Asset Value.

Should the Company or any class of shares issued by the Company be regarded as being subject to the offshore fund rules this may have adverse tax consequences for certain UK resident Shareholders.

In particular, the tax treatment of Shareholders on the implementation of any Realisation Offer or any similar return of cash to Shareholders will depend on the taxation legislation and practice in force at the relevant time. Tax law and practice can change frequently and there can be no guarantee that the discount control mechanisms set out in this Prospectus can be implemented in a way that is tax efficient for Shareholders.

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Company.

Transfer pricing

To the extent that (i) interest paid by the Group on inter-company debt exceeds arm's length rates or (ii) the quantum of any such debt exceeds that which would have been available at arm's length, the relevant tax authorities may seek to restrict the allowable deduction for such interest payments to arm's length rates. Similarly, to the extent that the fees paid to the Investment Manager or the Investment Adviser exceed arm's length rates, the relevant tax authorities may seek to restrict the allowable deduction for such fee payments to arm's length rates.

This could result in more tax being paid by the Group and ultimately may reduce the return to investors.

Exchange controls and withholding tax

The Group may from time to time purchase investments that will subject the Group to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Group's investments, the effect will generally be to reduce the income received by the Group from such investments. Any reduction in the income received by the Group may lead to a reduction in the dividends, if any, paid by the Company.

Interest paid by the borrowers to the LuxCo may be exempt from withholding tax on the basis that the parties are able to rely on a relevant double tax treaty to reduce any local withholding taxes to zero (subject to making a claim). In the event that a relevant double tax treaty is amended (whether as a result of the OECD consultations on changes in tax law, see below, or otherwise), or the parties are unable to rely on it, payments of interest to LuxCo may be subject to a withholding tax. This could adversely impact on the returns available for distribution to the investors in the Company.

No withholding tax is currently imposed in respect of distributions or other payments on the Shares. There can be no assurance, however, that the position will not change in the future as a result of a change in any applicable law, treaty or regulation, the official application or interpretation thereof by the relevant tax authorities or other causes. The imposition of any unanticipated withholding tax could materially reduce the value of the Shares and returns to investors.

OECD consultations on changes in tax law

Prospective investors should be aware that the OECD published its Action Plan on Base Erosion and Profit Shifting (BEPS) in 2013 and that a public consultation process is currently underway. The BEPS project is ongoing, with further consultation and recommendations (in addition to those which have already been made) expected during 2015. Depending on how BEPS is introduced, any changes to tax laws based on recommendations made by the OECD in relation to BEPS may result in additional reporting and disclosure obligations for investors and/or additional tax being suffered by the Group which may adversely affect the value of the investments held by the Group and market price of the Ordinary Shares and/or the C Shares.

Risks related to diverted profits tax

The UK government has taken action in relation to BEPS by introducing through Part 3 of the Finance Act 2015 a tax on "diverted profits". The diverted profits tax is a new tax, and the legislation and guidance in relation to it could be subject to change. Where the necessary conditions are met, diverted profits tax is charged at 25 per cent. on the amount of the diverted profits. While the Company has been advised that diverted profits tax should not apply, the imposition of any charge to diverted profits tax if the Group structure changed could materially reduce the value of the Ordinary Shares and/or the C Shares and returns to Shareholders.

Guernsey Zero-10 Regime

The Company applies annually to be granted exempt status for Guernsey tax purposes. In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey abolished exempt status for the majority of companies with effect from January 2008 and introduced a zero rate of tax for companies carrying on all but a few specified types of activity. However, because investment funds including closed-ended investment companies, such as the Company, were not one of the regimes in Guernsey that were classified by the European Union Code of Conduct Group as being harmful, investment funds including closed-ended investment companies continue to be able to apply for exempt status for Guernsey tax purposes after 31 December 2007. Therefore, it is expected that exempt status will continue to be available to the Company.

US Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (**FATCA**) provisions of the US Hiring Incentives to Restore Employment Act impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to a non-US financial institution (a **foreign financial institution** or **FFI**) that does not become a "Participating FFI" and is not otherwise exempt or deemed compliant. The Company is an FFI for FATCA purposes. In general, an FFI becomes a Participating FFI by entering into an agreement with the US Internal Revenue Service (**IRS**) to

provide certain information about its investors or account holders. Alternatively, certain FFIs may be deemed compliant with FATCA, including pursuant to an intergovernmental agreement (an **IGA**). On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the US (the **US-Guernsey IGA**) regarding the implementation of FATCA, under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are, or are controlled by one or more, residents or citizens of the US. The US-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which is currently published in draft form.

Financial institutions have been required to report since 30 June 2015 (in respect of 2014 and subsequent periods). No assurance can be provided that the Company will satisfy Guernsey legal requirements under the IGA and be deemed compliant with FATCA. If the Company does not satisfy these legal requirements and is not deemed compliant with FATCA, the Company may be subject to a 30 per cent. withholding tax on all, or a portion of all, payments received, directly or indirectly, from US sources or in respect of US assets including the gross proceeds on the sale or disposition of certain US assets. Any such withholding imposed on the Company would reduce the amounts available to the Company to make payments to its Shareholders.

If the Company does become deemed compliant with FATCA, Shareholders may be required to provide certain information to the Company or otherwise comply with (or be exempt from) FATCA to avoid withholding on certain amounts of US source income received by the Company. The Company will also have reporting obligations to the Guernsey Income Tax Office. As the Shares are publicly traded, they might not be treated as financial accounts for FATCA purposes in which case the information provisions described in this paragraph might not apply to Shareholders.

If an amount in respect of FATCA withholding tax is deducted or withheld, the Company will not pay additional amounts as a result of the deduction or withholding. As a result, Shareholders may, if FATCA is implemented as currently agreed under the IGA, receive a smaller net investment return from the Company than expected.

UK FATCA Agreement

On 22 October 2013, the Chief Minister of Guernsey signed an intergovernmental agreement with the UK (**UK-Guernsey IGA**) under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are, or are controlled by, one or more residents of the UK. The UK-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which is currently published in draft form. It is possible that the UK-Guernsey IGA will be amended to reflect the Common Reporting Standard, see below, which may result in some changes to the Company's reporting obligations under this intergovernmental agreement. Financial institutions will not be required to report until June 2016 at the earliest (in respect of 2014 and subsequent periods).

Reporting under the Foreign Multilateral Competent Authority Agreement For Automatic Exchange Of Taxpayer Information

On 13 February 2014, the OECD released a "Common Reporting Standard" (**CRS**) designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed a multilateral competent authority agreement (**Multilateral Agreement**) that activates this automatic exchange of FATCA-like information in line with the CRS. Pursuant to the Multilateral Agreement, certain disclosure requirements will be imposed in respect of certain investors who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. Both Guernsey and the UK have signed up to the Multilateral Agreement. Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018. Guidance regarding the implementation of the CRS and the Multilateral Agreement in Guernsey is yet to be published in finalised form. Accordingly, the full impact of the CRS and the Multilateral Agreement on the Company and the Company's reporting responsibilities pursuant to the Multilateral Agreement as it will be implemented in Guernsey is currently uncertain.

FATCA and the wider exchange of information regime is particularly complex and its application to the Company is uncertain at this time. In particular the rules as they apply to US and UK FATCA are not yet final and they could still be subject to change. In addition, the rules for the Common Reporting Standard as they apply in Guernsey have not yet been published. Each prospective

investor should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how this legislation might affect the investor in its particular circumstance.

The investment activity undertaken by the Company and its subsidiaries may expose the Company to the risk of regulation in Luxembourg and other jurisdictions

The Company's investment policy is to invest in debt instruments, which may be originated as new loans or acquired in the secondary market. Whilst the Company does not currently consider that its activities require it to be authorised, whether in Luxembourg or elsewhere, since the European Commission's Communication on lending by non-bank institutions (or "shadow banking") was released in September 2013 there have been moves by the European Commission to establish an oversight and regulation of the shadow banking sector. So far, the European Commission has made two new legislative proposals. These proposals refer to the money market funds regulation (the **MMF Regulation**) and the regulation on reporting and transparency of securities financing transactions (the **SFT Regulation**).

The MMF Regulation will introduce requirements that seek to enhance the liquidity profile and stability of money market funds. A money market fund is a fund that provides short-term finance (i.e. maturity not exceeding two years) to financial institutions, corporates or governments. The MMF Regulation is currently in draft and subject to discussions between the European Council, European Parliament and European Commission.

The SFT Regulation aims to increase the transparency and information available to regulators and the public in respect of securities financing transactions (which includes repurchase transactions, securities or commodities lending or borrowing transactions, buy-sell backs or sell-buy backs and collateral swaps). The SFT Regulation is currently in draft and subject to discussions between the European Council, European Parliament and European Commission.

While the final texts of the MMF Regulation and SFT Regulation have not yet been released and the date of implementation of these regulations has not been timetabled, it does not appear that these regulations will have a significant impact on the Company's investment policy. This is on the basis that the Company anticipates that its typical loan term will be between three and seven years and will not undertake securities financing transactions. There is however no guarantee that this will be the case and if such regulation were to have an impact on the Company, this could be significant, in terms of compliance costs and, potentially, the restriction of its activities.

Any such costs or restrictions would be likely to have an adverse effect on the Company's financial condition, results of operations, the value of the Shares and/or the after-tax return to the Shareholders.

It is possible that other EU and global regulatory changes and developments relating to shadow banking or non-bank lending could restrict the investment activities of the Company or require the Company to seek new authorisations or approvals which may be difficult and/or costly to obtain or maintain and which could thus affect the operations and/or performance of the Company.

European Market Infrastructure Regulation (EMIR)

If the Company enters into an over-the-counter (OTC) derivative it will be required to take certain actions in relation to that OTC derivative in order to meet its obligations under EMIR (the EU Regulation on OTC derivatives, central counterparties and trade repositories (No 648/2012)). These actions may include submitting the OTC derivative contract for clearing through an EU authorised or recognised central counterparty or providing collateral to the counterparty to the OTC derivative transaction. In addition, the Company may also have to comply with certain risk mitigation requirements including the requirement to carry out timely confirmations, daily valuations, portfolio reconciliations, portfolio compressions and agree certain dispute resolution procedures in respect of any OTC derivative contract it enters into. The Company will also need to ensure that any derivative contract it enters into (whether on an OTC basis or on an exchange) is reported to an EU authorised or recognised trade repository. It is likely that these requirements will increase the cost and operational complexity of the Company when entering into derivative transactions.

If the Company breaches its obligations under EMIR, it is possible that the relevant competent authority could take action against it, which ultimately could result in public censure and/or a fine.

Alternative Investment Fund Managers Directive

The EU Alternative Investment Fund Managers Directive (No. 2011/61/EU) (the **AIFM Directive**) which was required to be transposed into the national legislation of each EU Member State in mid-2013 seeks to regulate managers of private equity, hedge and other alternative investment funds. It imposes obligations on managers (each an **AIFM**) who manage alternative investment funds (**AIFs**) in the EEA or who market shares in such funds to EEA investors. The AIFM Directive and national implementing legislation is relatively untested and market practice is still developing.

Starwood European Finance Partners Limited acts as the Company's AIFM and the management arrangements are structured on this basis.

The AIFM Directive currently allows the continued marketing of non-EU AIFs, such as the Company, by the AIFM or its agent under national private placement regimes where the EEA States choose to retain private placement regimes. In relation to the Company, such marketing is subject to (i) the requirement that appropriate cooperation agreements are in place between the supervisory authorities of the relevant EEA States in which the New Shares are being marketed and the Commission, (ii) the requirement that Guernsey is not on the Financial Action Task Force money-laundering blacklist, and (iii) compliance with certain aspects of the AIFM Directive. The Company intends to comply with the conditions specified in Article 42(1)(a) of the AIFM Directive in order that the Company may be marketed to professional investors in EEA States, subject to compliance with the other conditions specified in Article 42(1) of the AIFM Directive and the relevant provisions of the national laws of such EEA States.

It is possible that a passport will be phased in to allow the marketing of non-EEA AIFs, such as the Company, and during or after 2018 it is possible that private placement regimes will be phased out (although this is currently uncertain). Both the adoption of the passport and the phasing out of national private placement regimes are subject to certain criteria and may increase the regulatory burden on the Company. Consequently, there may be restrictions on the marketing on the Shares in the EEA, which in turn may have a negative effect on marketing and liquidity of the Shares generally. Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit the Company's ability to market future issues of Shares could have a material adverse effect on the Company's financial position, results of operation, business prospects and returns to investors.

The European Securities and Markets Authority (**ESMA**) issued an announcement on 30 July 2015 that it was advising and opining that Guernsey be extended a third country passport under AIFMD. ESMA confirmed that Guernsey had demonstrated the ability to satisfy the criteria required under AIFMD. ESMA forwarded its advice and opinion to the EU Commission, Parliament and Council for their consideration.

NMPI Regulations

On 1 January 2014 the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the **NMPI Regulations**) came into force in the UK. The NMPI Regulations extend the application of the existing UK regime restricting the promotion of unregulated collective investment schemes by FCA authorised persons (such as independent financial advisers) to other "non-mainstream pooled investments" (or **NMPIs**). With effect from 1 January 2014, FCA authorised independent financial advisers and other financial advisers are restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors.

Although consultations on this subject by the FCA had suggested the Company and entities like it would be excluded from the scope of the NMPI Regulations (and thereby capable of promotion to all retail investors), the final NMPI Regulations and guidance from the FCA means that in order for the Company to be outside of the scope of the NMPI Regulations, the Company will need to rely on the exemption available to non-UK resident companies that are equivalent to investment trusts. This exemption provides that a non-UK resident company that would qualify for approval by HM Revenue & Customs as an investment trust were it resident and listed in the UK will be excluded from the scope of the NMPI Regulations. The principal relevant requirements to qualify as an investment trust are that: (1) the Company's business must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds; (2) the Shares must be admitted to trading on a Regulated Market; (3) the Company must not be a close company (as

defined in Chapter 2 of Part 10 CTA 2010); and (4) the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income.

The Board intends to conduct the Company's affairs such that the Company can satisfy requirements (1), (2) and (4) above. It is not anticipated that the Company would be regarded as a close company if it were resident in the UK, although this cannot be guaranteed. On the assumption that the Company is not a close company, it would qualify for approval as an investment trust if it were resident in the UK. The Company will be outside of the scope of the NMPI Regulations for such time as it satisfies the conditions to qualify as an investment trust. If the Company is unable to meet those conditions in the future, for any reason, consideration would be given to applying to the FCA for a waiver of the application of the NMPI Regulations in respect of the Company's Shares.

If the Company becomes a close company or does not, or ceases to, conduct its affairs so as to satisfy the non-UK investment trust exemption to the NMPI Regulations and the FCA does not otherwise grant a waiver, the ability of the Company to raise further capital from retail investors may be affected. In this regard, it should be noted that, whilst the publication and distribution of a prospectus (including this Prospectus) is exempt from the NMPI Regulations, other communications by "approved persons" could be restricted (subject to any exemptions or waivers).

Limited Regulatory Oversight in the United States of America

Although the Investment Manager relies on the SEC investment adviser registration of Starwood Capital Group Management, L.L.C, which is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the **Advisers Act**), the Company is not registered as an "investment company" under the U.S. Investment Company Act, as amended, which provides certain protections to shareholders and imposes certain restrictions on registered investment companies, none of which will be applicable to the Company. Consequently, the Shareholders will not benefit from certain of the protections afforded by such statutes. Finally, in the event that the Investment Manager and/or the Investment Adviser is not able to rely on the Starwood Capital Group Management, L.L.C registration as an investment adviser, then both the Investment Manager and the Investment Adviser may be required to register as investment advisers with the SEC and such registration would have an impact on the Company, which could be significant, in terms of compliance costs and, potentially, the restriction of its activities. Any such costs or restrictions would be likely to have an adverse effect on the Company's financial condition, results of operations, the value of the Shares and/or the after-tax return to Shareholders.

IMPORTANT INFORMATION

In assessing an investment in the Company, investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Investment Manager, the Investment Adviser, Dexion or any other person. Neither the delivery of this Prospectus nor any subscription or purchase of New Shares made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

Without prejudice to the Company's obligations under the Prospectus Rules, neither the delivery of this document nor any subscription or purchase of New Shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Dexion by FSMA or the regulatory regime established thereunder, Dexion does not accept any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Investment Manager, the Investment Adviser, the New Shares, the Initial Placing or the Placing Programme. Dexion accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of such document or any such statement.

The contents of this document are not to be construed as legal, financial, business, investment or tax advice. Prospective investors should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the New Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the New Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of the New Shares. Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, investment, or any other related matters concerning the Company and an investment therein.

The New Shares are only suitable for investors (i) who understand and are willing to assume the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the New Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme.

In connection with the Initial Placing and the Placing Programme, Dexion and any of its affiliates acting as an investor for its or their own account(s), may subscribe for the New Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Initial Placing and/or the Placing Programme or otherwise. Accordingly, references in this document to the New Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Dexion and any of its affiliates acting as an investor for its or their own account(s). Dexion does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company has given written notification to the FCA pursuant to regulation 59 of the Alternative Investment Fund Managers Regulation (SI 1773/2013) (the **AIFM Regulations**) of its intention to market the Shares in the United Kingdom in accordance with the AIFM Regulations and the rules of the FCA.

Share Issues

This Prospectus relates not only to the issue of the New Shares but also sets out information relating to 23,780,000 Ordinary Shares which were issued on 23 July 2015 at an issue price of 103 pence each.

Regulatory information

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or to buy, shares in any jurisdiction in which such offer or solicitation is unlawful. Issue or circulation of this Prospectus may be prohibited in some countries.

Investment considerations

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of New Shares;
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of New Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of New Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

The Initial Placing and the Placing Programme will primarily be marketed to institutional and sophisticated investors, investment professionals, high net worth bodies corporate, unincorporated associations, partnerships and trustees of high value trusts and private clients (all of whom will invest through brokers).

An investment in the Company should be regarded as a long term investment. There can be no assurance that the Company's investment objectives will be achieved.

This Prospectus should be read in its entirety before making any investment in the New Shares. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of Incorporation of the Company, which investors should review.

Website

The contents of the Company's website www.starwoodeuropeanfinance.com do not form part of this Prospectus. Investors should base their decision whether or not to invest in the New Shares on the contents of this Prospectus alone.

Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this Prospectus entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this Prospectus. Any forward-looking statements in this Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy.

Subject to any obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision.

Nothing in the preceding four paragraphs should be taken as limiting the working capital statement in paragraph 5 of Part VIII of this document.

Presentation of information

Market, economic and industry data

Market, economic and industry data used throughout this Prospectus is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency presentation

Unless otherwise indicated, all references in this Prospectus to “Sterling”, “pounds Sterling”, “£” or “pence” are to the lawful currency of the UK; all references to “dollars” “\$” and “US\$” are to the lawful currency of the United States of America; and all references to “euros” and “€” are to the lawful currency of the participating member states of the Eurozone; all references to DKK and Danish Krona are to the lawful currency of Denmark.

Definitions

A list of defined terms used in this Prospectus is set out at pages 121 to 127.

Governing law

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales, Guernsey or Luxembourg (as appropriate) and are subject to changes therein.

Notice to Overseas Investors

For the attention of investors in the United States

The New Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the New Shares in the United States.

The New Shares are being offered and sold (i) outside the United States to non-US Persons in reliance on Regulation S under the U.S. Securities Act and (ii) to persons located inside the United States or U.S. Persons reasonably believed to be qualified institutional buyers (**Qualified Institutional Buyers** or **QIBs**) as defined in Rule 144A under the U.S. Securities Act who are also qualified purchasers (**Qualified Purchasers** or **QPs**) as defined in the U.S. Investment Company Act.

In addition, except with the express written consent of the Company given in respect of an investment in the Company, the New Ordinary Shares and/or the C Shares may not be acquired by (i) investors using assets of (A) an “employee benefit plan” as defined in section 3(3) of ERISA that is subject to Title I ERISA; (B) a “plan” as defined in Section 4975 of the United States Internal Revenue Code of 1986, as amended (the **Code**), including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (C) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code or (ii) a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, unless its purchase, holding, and disposition of the New Ordinary Shares and/or the C Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

For the attention of investors in Switzerland

This Prospectus and any information in relation to the Company are exclusively made to, and directed at, regulated qualified investors, as defined in Article 10 para. 3 lit. a and b of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended and its implementing ordinance (the **Regulated Qualified Investors**). The Company and the New Shares are not and will not be registered with the Swiss Financial Market Supervisory Authority (**FINMA**). No Swiss representative and no Swiss paying agent have been appointed. This Prospectus and/or any other offering

materials relating to the Company may be made available in Switzerland solely to Regulated Qualified Investors.

Information relating to the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the New Shares or the Company have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus has not been filed with, and the offering of the Shares will not be supervised by FINMA.

EXPECTED TIMETABLE

Latest time and date for receipt of placing commitments under the Initial Placing	12.00 noon on 24 September 2015
Results of the Initial Placing announced	25 September 2015
Admission and commencement of unconditional dealings in the Initial Placing Shares	8.00 a.m. on 29 September 2015
Crediting of CREST accounts in respect of the Initial Placing Shares	8.00 a.m. on 29 September 2015
Placing Programme opens	29 September 2015
Placing Programme closes	6 September 2016

The dates and times specified are subject to change without further notice. References to times are to London times unless otherwise stated.

ISSUE STATISTICS

The number of New Ordinary Shares and C Shares to be issued pursuant to the Initial Placing is subject to investor demand, and therefore the Gross Issue Proceeds is not known as at the date of this Prospectus but will be notified by the Company via an RIS announcement prior to Admission. The Initial Placing will not proceed unless the Gross Issue Proceeds exceed £10 million and is subject to a maximum of 150 million Shares being issued under the Initial Placing.

Initial Placing Price	102.75 pence per New Ordinary Share 100 pence per C Share
Placing Programme Price	a premium to the prevailing Net Asset Value per Ordinary Share at the time of issue (or in the case of C Shares, 100 pence per C Share)
Maximum number of Placing Programme Shares to be issued	300 million New Ordinary Shares and/or C Shares in aggregate, less the number of New Shares issued under the Initial Placing

DEALING CODES

	ISIN	SEDOL	London Stock Exchange mnemonic (TIDM)
Ordinary Shares	GG00B79WC100	B79WC10	SWEF
C Shares to be issued in the Initial Placing	GG00BYTLLG42	BYTLLG4	SWC1

The Company may issue further tranches of C Shares under the Placing Programme and dealing codes for these are listed on page 78 of this document.

DIRECTORS, MANAGEMENT AND ADVISERS

Directors

Stephen Smith (Chairman)
Jonathan Bridel
John Whittle

(all care of the registered office)

Investment Manager

Starwood European Finance Partners Limited
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
Channel Islands
GY1 2HL

Sole Sponsor and Bookrunner

Dexion Capital plc
1 Tudor Street
London
EC4Y 0AH
United Kingdom

Advocates to the Company (as to Guernsey law)

Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey
GY1 4HP

Auditor

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Gategny Esplanade
St Peter Port
Guernsey GY1 4ND

Principal Bankers

Barclays Private Clients International Limited
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Le Marchant House
St Peter Port
Guernsey GY1 3BE

Registrar

Computershare Investor Services (Guernsey) Limited
3rd Floor
Natwest House
Le Truchot
St Peter Port
Guernsey GY1 1WD

Registered Office

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Channel Islands
GY1 2HL

Investment Adviser

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SW1Y 6AF
United Kingdom

Solicitors to the Sponsor and Bookrunner (as to English law)

Wragges Lawrence Graham & Co
4 More London Riverside
London SE1 2AU
United Kingdom

Solicitors to the Company (as to English law and U.S. securities law)

Norton Rose Fulbright LLP
3 More London Riverside
London
SE1 2AQ
United Kingdom

Reporting Accountant

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Gategny Esplanade
Guernsey GY1 4ND

Administrator, Designated Manager and Company Secretary

Ipes (Guernsey) Limited
1 Royal Plaza, Royal Avenue
St Peter Port
Guernsey
Channel Islands, GY1 2HL

PART I

INFORMATION ON THE COMPANY

Introduction

The Company is a closed-ended investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 9 November 2012, with registration number 55836 and whose Ordinary Shares have a premium listing on the Official List and are traded on the Main Market of the London Stock Exchange. The Company currently has 261,880,000 Ordinary Shares in issue. The NAV per Share as at 31 August 2015 was 99.87 pence. As at 4 September 2015, being the latest practicable date prior to the publication of this Prospectus, the Company had a market capitalisation of £273,664,600.

The Company is targeting a fundraising of at least £50 million (before expenses) through the issue of New Ordinary Shares and C Shares at an Initial Placing Price of 102.75 pence each per New Ordinary Share and/or 100 pence each per C Share, respectively, pursuant to the Initial Placing. Following the Initial Placing, the Directors intend to implement the Placing Programme to enable the Company to raise additional capital in the period from 29 September 2015 to 6 September 2016. Under the Placing Programme, the Company is proposing to issue up to 300 million New Ordinary Shares and/or C Shares, less the number of Shares issued under the Initial Placing. Any New Ordinary Shares issued pursuant to the Placing Programme will be issued at a premium to the Net Asset Value per Ordinary Share at the relevant time and any C Shares will be issued at 100 pence each.

The Company's assets are managed by Starwood European Finance Partners Limited, an indirect subsidiary of the Starwood Capital Group. The Investment Manager has delegated certain of its responsibilities and functions to the Investment Adviser, Starwood Capital Europe Advisers LLP, also an indirect subsidiary of the Starwood Capital Group.

Further information in relation to the Investment Manager, the Investment Adviser and the Starwood Capital Group is set out in Part IV of this Prospectus.

The Company makes its investments through Starfin Lux S.à.r.l (**Luxco**), an indirect wholly-controlled subsidiary. Luxco is constituted as a corporate vehicle under Luxembourg law and it is 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. References to the Group refer to the Company, the GP, the Partnership and Luxco.

Applications will be made to each of the UK Listing Authority and the London Stock Exchange, respectively, for all of the New Ordinary Shares to be issued pursuant to the Initial Placing and the Placing Programme to be admitted to listing on the premium segment of the Official List and to trading on the Main Market and for all the C Shares to be issued pursuant to the Initial Placing and the Placing Programme to be admitted to listing on the standard segment of the Official List and to trading on the Main Market. It is expected that Admission will become effective and that dealings in the Initial Placing Shares will commence at 8.00 a.m. on 29 September 2015.

Background to, and reasons for, the Initial Placing and the Placing Programme

The Company was launched in December 2012 when 228,500,000 Ordinary Shares were admitted to trading on the Main Market. A further 9,600,000 Ordinary Shares were issued during March and April of 2013 in order to meet market demand, principally following the Company's inclusion in the FTSE UK Index Series and to manage the higher share price premium over the Net Asset Value per Share at that time.

A further 23,780,000 Ordinary Shares were issued on 23 July 2015 pursuant to a tap issue.

The Company has committed the full amount of capital raised by the Company to date and the implementation of the Initial Placing and the Placing Programme should allow the Company to take advantage of investment opportunities available in the market from time to time, allowing the Company to move quickly and strengthening its competitive position compared to other finance providers. Accordingly the Company intends to use the proceeds from the Initial Placing and the Placing Programme to make further investments in accordance with its investment policy.

Use of proceeds

Initial Placing

The Company is targeting at least £50 million (before expenses) under the Initial Placing through the issue of New Ordinary Shares and/or C Shares.

The number of New Ordinary Shares and C Shares and their respective proportion of the Initial Placing has not been determined at the date of this document.

The proceeds from the issue of New Ordinary Shares are expected to be used primarily to make loans and enter into other transactions that the Advisers believe have a high probability of execution in the short term whilst the proceeds of the issue of C Shares are expected to be held for investment in the Company's near-term pipeline of potential investment opportunities. In all cases, such proceeds will be invested in accordance with the Company's investment policy. Whilst the Advisers have an active pipeline of transactions under review, at the date of this Prospectus none of these transactions has yet reached the stage where the Company has made a binding commitment to provide the requisite funding. Where for liquidity purposes a transaction has been bridged on a short term basis using the Revolving Credit Facility or where sums have been drawn down on such facility for working capital purposes, any such advances may be repaid out of the proceeds of the Initial Placing.

Accordingly and in order to minimise the effect of cash drag on the Existing Ordinary Shares, it is proposed that the number of New Ordinary Shares to be issued under the Initial Placing will be determined prior to the close of the Initial Placing by reference to the available pipeline of loans in execution and other transactions which the Advisers believe have a high probability of execution in the short term as at such date. The remainder of the Initial Placing will be satisfied by the issue of C Shares.

The Company reserves the right to increase or decrease the size of the Initial Placing depending on investor demand and the availability of pipeline transactions, provided that the minimum amount to be raised under the Initial Placing (before payment of expenses) shall be £10 million and provided that the maximum number of New Shares to be issued under the Initial Placing does not exceed 150 million Shares and in any event the amount to be raised through the issue of C Shares shall be limited to such sum as the Advisers believe can reasonably be deployed within three months of Admission of the Initial Placing Shares.

The Company expects that due to the lot size of loans in the near term pipeline of opportunities identified by the Advisers, the C Share Portfolio will be relatively concentrated and less diversified than the Company's portfolio as a whole. The C Shares will convert into Ordinary Shares when there is insufficient un-invested or uncommitted cash in the C Share Portfolio to make any further investments, having regard to the Company's lot sizes (which have to date been typically between £4 million to £45 million). It is anticipated (but not guaranteed) that the C Shares will convert into Ordinary Shares within three months of Admission.

The restrictions set in the Company's investment policy will be applied to the Company's portfolio as a whole, as if the C Shares had been converted into Ordinary Shares. Investors should refer to and ensure they understand the risk factor set out on page 20, "Risks relating specifically to the C Shares".

Placing Programme

The purpose of the Placing Programme is to enable the Company to take advantage of specific investment opportunities as they arise.

Any Placing of New Ordinary Shares under the Placing Programme will be used primarily for the purpose of funding new loan investments and transactions that the Advisers believe have a high probability of execution in the short term following the issue of such Shares and any Placing of C Shares under the Placing Programme will be held for investment in the Company's near-term pipeline. It is anticipated (but not guaranteed) that any C Shares issued under the Placing Programme will convert into Ordinary Shares within three months of Admission.

Benefits of the Initial Placing and the Placing Programme

The Directors believe that the Initial Placing and Placing Programme, if implemented, will have the following benefits for the Company and the Shareholders:

- to enable the Company to take advantage of investment opportunities as they arise in the future, whilst minimising the risk of cash drag;
- to enable the Company to pursue larger investment opportunities and hence broaden the range of lending that can be undertaken;
- to enable the Company to further increase the diversification of the Portfolio;
- increasing the size of the Company should help to make the Company more attractive to a wider investor base;
- having a greater number of Shares in issue is likely to provide Shareholders with increased secondary market liquidity; and
- the Company's fixed running costs would be spread across a larger equity capital base, thereby reducing the Company's on-going expenses per Share.

Initial Placing and Placing Programme

At an Extraordinary General Meeting on 9 March 2015, the Company obtained authority to issue up to 200 million New Ordinary Shares and/or C Shares on a non pre-emptive basis (the **2015 Share Issuance Authority**). The 2015 Share Issuance Authority expires at the 2016 AGM.

The Company issued 23,780,000 Ordinary Shares on 23 July 2015 pursuant to a tap issue and the 2015 Share Issuance Authority was therefore reduced to cover 176,220,000 New Ordinary Shares and/or C Shares in aggregate (the **Current Share Issuance Authority**).

The Company is targeting at least £50 million (before expenses) under the Initial Placing through the issue of New Ordinary Shares and/or C Shares. The number of New Ordinary Shares and C Shares has not been determined at the date of this document. An RIS announcement is expected to be made on 25 September 2015 confirming these numbers.

The Company reserves the right to increase or decrease the size of the Initial Placing depending on investor demand and the availability of pipeline transactions, provided that the minimum amount to be raised under the Initial Placing (before payment of expenses) shall be £10 million and provided that the maximum number of Shares to be issued under the Initial Placing does not exceed 150 million Shares and in any event the amount to be raised through the issue of C Shares shall be limited to such sum as the Advisers believe can reasonably be deployed within three months of Admission of the Initial Placing Shares.

The Company is also proposing to issue up to 300 million New Ordinary Shares and/or C Shares in aggregate, pursuant to the Placing Programme less the number of New Shares issued under the Initial Placing.

The aggregate number of New Ordinary Shares and/or C Shares available pursuant to the Initial Placing and the Placing Programme and to which this Prospectus relates is therefore 300 million New Ordinary Shares and/or C Shares in aggregate, which exceeds the Current Share Issuance Authority by an amount equal to 123,780,000 Shares (the **Additional Shares**). The Placing Programme will commence on 29 September 2015 and expire 12 months after the publication of this Prospectus (**End Date**) (being 6 September 2016) and it is therefore the Company's intention to seek Shareholder authority to issue the Additional Shares on a non-pre-emptive basis at the 2016 AGM.

The Company's ability to issue New Ordinary Shares and/or C Shares in excess of the Current Share Issuance Authority is therefore conditional upon the requisite Shareholder authority being obtained at the 2016 AGM (or at another meeting of Shareholders convened for this purpose). Further, the ability of the Company to issue any New Shares at all under the Placing Programme after the date of the 2016 AGM but before the End Date will be subject to the renewal of the allotment and dis-application authority for the issue of New Shares at such meeting (or at any other general meeting convened for that purpose).

Investment objective

The investment objective of the Company is to provide 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 the wider European Union's internal market.

Target dividend payments

On 27 April 2015 the Directors declared a dividend of 1.75 pence per Ordinary Share (annualised 7.0 pence per Ordinary Share) in relation to the first quarter of 2015. On 24 July 2015 the Directors declared a dividend of 1.75 pence per Ordinary Share (annualised 7.0 pence per Ordinary Share) in relation to the second quarter of 2015. Whilst market activity and opportunities have recently grown, improved conditions have stimulated increased competition amongst lenders. In the short term, and on the basis of the current portfolio, the Company continues to target a dividend at an annualised rate of 7.0 pence per Ordinary Share. Whilst it is difficult to predict the timing of any changes in the returns from new investments, the Company considers that the previous targeted dividend rate may not be sustainable in the longer term without increasing the risk profile of the Portfolio and, accordingly the Company believes the 2016 onwards dividend target should be set 0.50 pence lower per Ordinary Share at 6.5 pence per Ordinary Share.

The Directors will declare and pay dividends in compliance with the solvency test prescribed by Guernsey law.

The dividend payments should not be taken as a forecast of the Company's future performance, profits or results. The target dividend payments are targets only and there is no guarantee whatsoever that they can or will be achieved and they should not be seen as an indication of the Company's actual return. Accordingly, investors should not place any reliance on the target dividend payments in deciding whether to invest in the New Ordinary Shares and/or the C Shares. Cash receipts may be applied to the payment of dividends before they are fully recognised in the Company's income statement.

The actual yield and return generated by the Company in pursuing its investment objective will, however, depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads and hedging solutions, requirements as to retaining cash reserves, or the use of credit facilities, for working capital purposes, the terms of the investments made by the Company and the risks highlighted in the section headed "Risk Factors" in this Prospectus.

The C Shares will not be entitled to any dividends payable in respect of the Ordinary Shares but on their conversion into Ordinary Shares they will rank *pari passu* with the Ordinary Shares then in issue (save that such Ordinary Shares will not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to conversion of the C Shares). More information on the terms of the C Shares is set out in Part IX.

Where the Company invests in assets denominated in currencies other than Sterling, the Sterling value of the income received by the Company will be impacted by changing exchange rates and the extent to which the Investment Manager is able to, and is successful in, hedging currency exchange risk between Sterling and the currencies in which any such assets are denominated and the costs, profits and losses resulting from any such currency hedging activity.

The Articles permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to Shareholders when a cash dividend is declared from time to time. In the event a scrip dividend is offered in the future, an electing Shareholder would be issued new, fully paid up Ordinary Shares (or Ordinary Shares reissued from treasury) pursuant to the scrip dividend alternative. The scrip dividend alternative would be available only to those Shareholders to whom Ordinary Shares might lawfully be marketed by the Company. The Directors' intention is not to offer a scrip dividend at any time that the Ordinary Shares trade at a material discount to the Net Asset Value per Share.

Investment Policy

The Company invests in a diversified portfolio of real estate debt investments (including debt instruments) in the UK and the wider European Union's internal market. Whilst investment opportunities in the secondary markets will be considered from time to time, the Company's predominant focus is to be a direct primary originator of real estate debt investments on the basis that this approach is expected to deliver better pricing, structure and execution control and a client facing relationship that may lead to further investment opportunities.

The Company will attempt to limit downside risk by focusing on secured debt with both quality collateral and contractual protection.

The Company anticipates that the typical loan term will be between three and seven years. Whilst the Company retains absolute discretion to make investments for either shorter or longer periods, at least 75 per cent. of total loans by value will be for a term of seven years or less.

The Company's portfolio is intended to be appropriately diversified by geography, real estate sector type, loan type and counterparty.

The Company will pursue 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. The split between senior, subordinated and mezzanine loans will be determined by the Investment Manager in its absolute discretion having regard to the Company's target return objectives. However, it is anticipated that whole loans will comprise approximately 40-50 per cent. of the portfolio, subordinated and mezzanine loans approximately 40-50 per cent., and other loans (whether whole loans or subordinated loans) between 0 and 20 per cent. (including bridge loans, selected loan-on-loan financings and other debt instruments). Pure development loans will not, in aggregate, exceed 25 per cent. of the Company's Net Asset Value calculated at the time of investment. The Company may originate loans which are either floating or fixed rate.

The Company may seek to enhance the returns of selected loan investments through the economic transfer of the most senior portion of such loan investments which would be by way of syndication, sale, assignment, sub-participation or other financing (including true sale securitisation) to the same maturity as the original loan (i.e. "matched funding") while retaining a significant proportion as a subordinate investment. It is anticipated that where this is undertaken it would generate a positive net interest rate spread and enhance returns for the Company. It is not anticipated that, under current market conditions, these techniques will be deployed with respect to any mezzanine or other already subordinated loan investments. The proceeds released by such strategies will be available to the Company for investment in accordance with the investment policy.

Loan to Value (LTV)

The Company will typically seek to originate debt where the effective loan to real estate value ratio of any investment is between 60 per cent. and 80 per cent. at the time of origination or acquisition. In exceptional circumstances that justify it, the ratio may be increased to an absolute maximum of 85 per cent. In any event, the Company will typically seek to achieve a blended portfolio LTV of no more than 75 per cent. (based on the initial valuations at the time of loan origination or participation acquisition) once fully invested.

Geography

The Company's portfolio will be originated from the larger and more established real estate markets in the European Union's internal market. UK exposure is expected to represent the majority of the Company's portfolio. Outside of the UK, investment in the European Union's internal market will mainly be focussed on Northern and Southern Europe. Northern European markets include Germany, France, Scandinavia, Netherlands, Belgium, Poland, Switzerland, Ireland, Slovakia and the Czech Republic. Southern European markets include Italy and Spain. The Company may however originate investments in other countries in the European Union's internal market to the extent that it identifies attractive investment opportunities on a risk adjusted basis.

The Company will not invest more than 50 per cent. of the Company's NAV (calculated at the time of investment) in any single country save in relation to the UK, where there shall be no such limit.

In the event that a member state ceases to be a member of the European Union's internal market, it will not automatically cease to be eligible for investment.

Real Estate Sector and Property Type

The Company's portfolio will focus on lending into commercial real estate sectors including office, retail, logistics, light industrial, hospitality, student accommodation, residential for sale and multi-family rented residential. Investments in student accommodation and residential for sale are expected to be limited primarily to the UK, while multi-family investments are expected to be limited primarily to the UK, Germany and Scandinavia. Further, not more than 30 per cent, in aggregate, of the Company's NAV, calculated at the time of investment, will be invested in loans relating to residential for sale. No more than 50 per cent. of the Company's NAV will be allocated to any

single real estate sector of the UK, except for the UK office sector which is limited to 75 per cent. of the Company's NAV.

Counterparty and Property Diversification

No more than 20 per cent. of the Company's NAV, calculated at the time of investment, will be exposed to any one borrower legal entity.

No single investment, or aggregate investments secured on a single property or group of properties, will exceed 20 per cent. of the Company's Net Asset Value, calculated at the time of investment.

Corporate Borrowings

It is not the intention to pursue Company-level recourse leverage for investment purposes. However, Company level recourse borrowings may be used from time-to-time for the purpose of bridging, financing repurchases of shares or managing working capital requirements. In this regard, the Company is limited to borrowing an amount equivalent to a maximum of 20 per cent. of its NAV, at the time of drawdown. In calculating the Company's borrowings for this purpose, any liabilities incurred under the Company's foreign exchange hedging arrangements shall be disregarded.

Hedging

The Company will not enter into derivative transactions for purely speculative purposes. However, the Company's investments will typically be made in the currency of the country where the underlying real estate assets are located. This will largely be in Sterling and Euros. However, investments may be considered in other European currencies, and the Company may implement measures designed to protect the investments against material movements in the exchange rate between Sterling, being the Company's reporting currency, and the currency in which certain investments are made. The analysis as to whether such measures should be implemented will take into account periodic interest, principal distributions or dividends, as well as the expected date of realisation of the investment. The Company may bear a level of currency risk that could otherwise be hedged where it considers that bearing such risk is advisable. The Company will only enter into hedging contracts, such as currency swap agreements, futures contracts, options and forward currency exchange and other derivative contracts when they are available in a timely manner and on terms acceptable to it. The Company reserves the right to terminate any hedging arrangement in its absolute discretion.

The Company may, but shall not be obliged to, engage in a variety of interest rate management techniques, particularly to the extent the underlying investments are floating rate loans which are not fully hedged at the borrower level (by way of floating to fixed rate swap, cap or other instrument). Any instruments chosen may seek on the one hand to mitigate the economic effect of interest rate changes on the values of, and returns on, some of the Company's assets, and on the other hand help the Company achieve its risk management objectives. The Company may seek to hedge its entitlement under any loan investment to receive floating rate interest.

Cash Strategy

Cash held by the Company pending investment or distribution will be held in either cash or cash equivalents, or various real estate related instruments or collateral, including but not limited to money market instruments or funds, bonds, commercial paper or other debt obligations with banks or other counterparties having a A- or higher credit rating (as determined by any reputable rating agency selected by the Company), Agency RMBS (residential mortgage backed securities issued by government-backed agencies) and AAA rated CMBS (commercial mortgage-backed securities).

Transactions with Starwood Capital Group or Other Accounts

Without prejudice to the pre-existing co-investment arrangements described below, the Company may acquire assets from, or sell assets to, or lend to, companies within the Starwood Capital Group or any fund, company, limited partnership or other account managed or advised by any member of the Starwood Capital Group (**Other Accounts**). In order to manage the potential conflicts of interest that may arise as a result of such transactions, any such proposed transaction may only be entered into if the independent Directors of the Company have reviewed and approved the terms of the transaction, complied with the conflict of interest provisions in the Registered Collective Investment Scheme Rules 2015 issued by the Commission under The

Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and, where required by the Listing Rules, Shareholder approval is obtained in accordance with the listing rules issued by the UK Listing Authority.

Typically, such transactions will only be approved if: (i) an independent valuation has been obtained in relation to the asset in question; and (ii) the terms are at least as favourable to the Company as would be any comparable arrangement effected on normal commercial terms negotiated at arms' length between the relevant person and an independent party, taking into account, amongst other things, the timing of the transaction.

Co-investment Arrangements

Starwood Capital Group and certain Other Accounts are party to certain pre-existing co-investment commitments and it is anticipated that similar arrangements may be entered into in the future. As a result, the Company may invest alongside Starwood Capital Group and Other Accounts in various investments. Where the Company makes any such co-investments they will be made at the same time, and on substantially the same economic terms, as those offered to Starwood Capital Group and the Other Accounts.

UK Listing Authority investment restrictions

The Company currently complies with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the UK Listing Authority:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of its group as a whole;
- the Company will avoid cross-financing between businesses forming part of its investment portfolio;
- the Company will avoid the operation of common treasury functions as between the Company and investee companies;
- not more than 10 per cent., in aggregate, of the value of the total assets of the Company will be invested in other listed closed-ended investment funds; and
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy.

The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of Shareholders.

Discount control

The Company's discount management strategy has three elements, summarised as follows and explained in greater detail below:

- a discount-triggered realisation mechanism that would apply if the Ordinary Shares trade at an average discount of five per cent. or more during the last six months of the financial year ending 31 December 2017 and would provide for the realisation of up to 75 per cent. of the outstanding Ordinary Share capital by means of the orderly realisation over time of the relevant proportion of the Company's assets and related phased distributions of capital to Shareholders who make the relevant election;
- save where the discount-triggered realisation mechanism has been activated, a realisation vote by no later than 28 February 2018 to implement a realisation of up to 75 per cent. of the outstanding capital on substantially the same basis as described above; and
- Share repurchase powers that allow the Company to repurchase Ordinary Shares in the market up to 14.99 per cent. of the share capital, subject to annual renewal of the Shareholder authority.

Discount-triggered realisation

If the Ordinary Shares trade at an average discount to Net Asset Value per Share (calculated daily in accordance with the methodology set out below) of five per cent. or more during the six month period ending 31 December 2017, the Directors at their absolute discretion may put a realisation

offer to Shareholders, subject to applicable law including the requirements of the Companies Law (a **Realisation Offer**).

The terms of such a Realisation Offer will provide that Shareholders may request for up to 75 per cent. of their Ordinary Shares to be realised and that Shareholders requesting in excess of 75 per cent. of their Ordinary Shares to be realised will have their excess realisation requests accepted, *pro rata* to the size of their shareholding, if, and then only to the extent that, total realisation requests are made for less than 75 per cent. of the prevailing issued share capital of the Company (excluding any Ordinary Shares that may be held in treasury).

The Company will cease investment (except in limited circumstances) in respect of Ordinary Shares the subject of valid realisation requests and will return capital to holders of such Ordinary Shares over time, net of costs, as investments mature or are otherwise realised. It is anticipated that a complete return of redeeming investors' *pro rata* share of available capital, if any, in this manner may take several years, depending on the remaining maturities of the investments held at the time and whether, in the opinion of the Investment Manager, any such investments require restructuring or the extension of maturities in order to maximise value for Shareholders.

The average discount shall be calculated by dividing the sum of the discount on each business day (of the London Stock Exchange) during the six calendar month period ending 31 December 2017 by the number of such business days. The discount on any given day is to be calculated by reference to the closing Share price and the most recently announced Net Asset Value on that day.

In the event that realisation requests are validly submitted in respect of more than 75 per cent. of the Company's share capital, the Directors will, in their absolute discretion, consider whether it is appropriate to put forward alternative proposals at that time which are no less favourable to electing shareholders and which may include the reorganisation or winding up of the Company.

Realisation vote

In the event that the discount-triggered realisation mechanism is not activated, the Directors shall exercise their discretion under the Articles to put forward a realisation vote (as an ordinary resolution) to Shareholders by no later than 28 February 2018. If Shareholders vote in favour of this resolution then the Company will procure that a Realisation Offer on substantially the same terms as that described above is offered to Shareholders. Under the Realisation Offer all Shareholders will be able to elect to redeem up to 75 per cent. of their Ordinary Shares. Following the receipt of all elections, if either: (i) more than 75 per cent. of the Ordinary Shares then in issue were elected for realisation; or (ii) the NAV of the Company following the realisation would be less than £100 million, the Directors may exercise their discretion not to proceed with the Realisation Offer and instead put forward alternative proposals which are no less favourable to electing Shareholders and which may include the reorganisation or winding up of the Company. Any realisation of the Company's portfolio required as a result of the implementation of a Realisation Offer will be conducted in the orderly manner described above in relation to the discount-triggered realisation mechanism.

If Shareholders vote against the realisation vote then the Company will continue in existence as it is then constituted without any liquidity event for Shareholders.

Share buybacks

The Directors have the authority to purchase in the market up to 14.99 per cent. of the Ordinary Shares in issue on 8 May 2015 at a price not exceeding: (i) five per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the last independent trade or the highest current independent bid for the Ordinary Shares.

The Directors will give consideration to repurchasing Shares under this authority, but are not bound to do so, where the market price of an Ordinary Share trades at more than 7.5 per cent. below the Net Asset Value per Share for more than 3 months, subject to available cash not otherwise required for working capital purposes or the payment of dividends in accordance with the Company's dividend policy.

If not previously used, this authority shall expire at the conclusion of the Company's annual general meeting in 2016. The Directors intend to seek annual renewal of this buyback authority from Shareholders each year at the Company's annual general meeting.

The Company has not repurchased any Shares since the IPO.

Purchases of Ordinary Shares will only be made through the market for cash at prices below the last published Net Asset Value of the relevant class of Ordinary Shares. Ordinary Shares which are purchased may be cancelled or held in treasury.

Investors should note that the purchase of Ordinary Shares by the Company is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. Investors should also note that any repurchase or redemption of Ordinary Shares will be subject to the ability of the Company to fund the purchase price or redemption amount. The Companies Law also provides, among other things, that any purchase is subject to the Company satisfying the solvency test contained in the Companies Law at the relevant time.

General

The amount and timing of any return of capital that the Company may undertake will be solely within the discretion of the Directors to determine. However, the Directors intend to return capital to Shareholders in such manner so that Shareholders who are ordinarily resident in the United Kingdom, or who carry on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected, may, to the extent reasonably achievable, be liable to United Kingdom tax on chargeable gains on such capital distributions.

Group structure

The Company makes its investments through Starfin Lux S.à.r.l (**Luxco**), an indirect wholly-controlled subsidiary. Luxco is constituted as a corporate vehicle under Luxembourg law and it is 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. The only other limited partner in the Partnership is Starfin Carry LP (the **Special Limited Partner**) and is majority owned by the Starwood Capital Group (**Starwood**) and whose only rights in relation to the Partnership are solely to receive any Carried Interest earned as a result of the performance of the Group's investments. The Carried Interest is described in detail in Part V of this Prospectus. The limited partners of the Special Limited Partner are (i) an investment vehicle owned by Starwood Capital Group and individual employees of the Advisers involved in the management of the Company's assets.

The Company, through the Partnership invests in Luxco through both equity and profit participation instruments or other funding instruments. Luxco then grants or acquire loans (or other debt instruments) to borrowers in accordance with the Company's investment policy. Some investments may be made via special purpose vehicles wholly owned by the Luxco or the Company.

Pre-emption Rights

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of shares of any class. The Articles, however, in accordance with the requirements of the Listing Rules in relation to companies with a premium listing, contain pre-emption rights in relation to allotments of equity shares (including C Shares) for cash. The pre-emption rights may be dis-applied pursuant to a special resolution of Shareholders. The Company obtained Shareholder authority to issue up to 200 million New Ordinary Shares and/or C Shares on a non pre-emptive basis at an extraordinary general meeting held on 9 March 2015.

Further issues of Shares

Subject to the limitations on authority set out below, the Directors have authority to allot further shares in the share capital of the Company including shares denominated in currencies other than Sterling. Further issues of shares will only be made if the Directors determine such issues to be in the best interests of Shareholders and the Company as a whole. Relevant factors in making such determination include net asset performance, share price rating and perceived investor demand. In the case of further issues of Ordinary Shares (or sales of shares from treasury), such Ordinary Shares will only be issued at prices which are not less than the then prevailing Net Asset Value per Ordinary Share (as estimated by the Directors).

The Articles of Incorporation contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Ordinary Shares only when a specified proportion of the net proceeds of issuing such C Shares have been invested in accordance with the Company's investment policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Ordinary Shares). An issue of C Shares would therefore permit the Board to raise further capital for the Company whilst avoiding any dilution of investment returns for existing Shareholders which may otherwise result.

The Company obtained Shareholder authority to issue up to 200 million New Ordinary Shares and/or C Shares on a non pre-emptive basis at an extraordinary general meeting held on 9 March 2015. The Directors were therefore authorised to issue up to 200 million New Ordinary Shares and/or C Shares without having to first offer such shares to Existing Shareholders. The authority lapses at the 2016 Annual General Meeting.

Net Asset Value

Publication of Net Asset Value

The Company publishes its estimate of the Net Asset Value per Share monthly, as calculated by the valuation process described below. The Net Asset Value per Share is published in Sterling by an RIS announcement and on the website of the Company at www.starwoodeuropeanfinance.com.

Valuation of investments

The Company's investments, including originated debt investments will be valued monthly as at the last day of each month (each a **Valuation Date**). The Investment Adviser ascribes a valuation for each asset monthly which will depend on the nature of the asset and whether or not a reliable market exists in which to trade that asset. Market values will be used where visible markets exist to value that investment. Loans originated and made directly to borrowers will be valued at amortised cost. Values and carrying amounts will be ascribed using IFRS principles. The Investment Adviser conducts a quarterly impairment review of each originated loan asset carried at amortised cost and a third party valuation of the underlying property and other assets held as security is conducted regularly as deemed appropriate. Third party valuations, market levels and other valuation sources will be reviewed as part of the annual audit of the Company.

The Administrator will, based upon the valuations of the investments of the Company but taking into account the cash and other assets held by the Company, accrued liabilities and expenses and leverage (if any) of the Company, calculate the Net Asset Value of the Company and of the Ordinary Shares as at each Valuation Date.

Suspension of the calculation of Net Asset Value

The Directors may at any time, but cannot be obliged to, temporarily suspend the calculation of the Net Asset Value and Net Asset Value per Share during:

- any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the investments of the Company is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if in the opinion of the Directors the Net Asset Value and/or Net Asset Value per Share cannot be fairly calculated; or
- any breakdown in the means of communication normally employed in determining the value of the Company's investments or when for any reason the current prices of a substantial part of the Company's investments cannot be promptly and accurately ascertained.

PART II

THE PORTFOLIO

As at the date of this document, the Group had investments and commitments of £297.3 million as follows:

	Sterling equivalent balance	Sterling equivalent unfunded commitment
Maybourne Hotel Group, London	£11.2 m	£0.0 m
West End Development, London	£10.0 m	£0.0 m
Lifecare Residences, London	£13.7 m	£0.7 m
Salesforce Tower, London	£12.5 m	£0.0 m
Centre Point, London	£45.0 m	£0.0 m
5 Star Hotel, London	£13.0 m	£0.0 m
Aldgate Tower, London	£39.7 m	£5.3 m
Center Parcs Bonds, UK	£8.0 m	£0.0 m
Industrial Portfolio, UK	£32.5 m	£0.0 m
Total Sterling Loans	£185.6 m	£6.0 m
Retail Portfolio, Finland	£24.0 m	£0.0 m
Industrial Portfolio, Netherlands	£14.6 m	£0.0 m
Office Netherlands	£10.3 m	£0.0 m
W Hotel, Netherlands	£13.6 m	£4.6 m
Retail & Residential Portfolio, Ireland	£4.5 m	£0.0 m
Total Euro Loans	£67.0 m	£4.6 m
Industrial Portfolio, Denmark	£31.9 m	£2.2 m
Total Danish Krona Loan	£31.9 m	£2.2 m
Total Portfolio	£284.5 m	£12.8 m

The investments shown in the table above are described below. Valuation data is at 31 August 2015 and calculated in accordance with the Group's valuation policy.

Maybourne Hotel Group, London: the Group together with Starwood Property Trust, Inc. (STWD) acted as one of the three partners for the £147 million mezzanine finance component of the £547 million refinancing of the Maybourne Hotel Group (Maybourne) in December 2012. The five year refinancing was secured on three five-star luxury London hotels being Claridge's, the Connaught and the Berkeley and consisted of a £400 million senior loan and £147 million of mezzanine debt of which the Group committed £19 million. The Group's investment was undertaken on an attractive loan to value in the low fifties per cent. On 23 January 2015, the Maybourne facilities were amended and restated with the effect of increasing the senior financing by £40 million and the mezzanine facilities being reduced by a corresponding amount. This restructure was an alternative to a complete refinancing of the debt and enabled the Group to retain an investment (albeit lower) notwithstanding the improvement in the debt markets since the time of the original transaction. Following the amendments, the Group's participation has been reduced to £11.2 million and a lower interest rate is now being received.

West End Development, London: The Group provided £10 million out of a £55.75 million three year term loan to a property investor secured by a well located transitional asset in the Tottenham Court Road area of the West End. The borrower intended to obtain a mixed use planning consent which would then facilitate a refurbishment process at which time the loan would be repaid. The Group remains interested in participating in the next stage of the project but has no obligation to do so. Planning has now been achieved and the Group is currently considered to be conservatively geared.

Lifecare Residences, London: The Group provided a three year facility to the LifeCare Residences group to fund £10.2 million of a mezzanine loan and £4.3 million of a senior loan, together with a number of other lenders including STWD to finance the development of a prime London retirement village. LifeCare Residences is a leading developer and operator of retirement care villages in both the United Kingdom and New Zealand.

Salesforce Tower, London: the Group provided a £17.95 million participation in a £288 million five year refinancing facility for the Salesforce Tower (formally known as the Heron Tower), a 41 storey office property located in the EC2 district of the City of London. The remainder of the facility was provided by STWD. The loan is amortising and the loan balance is currently £12.5 million.

Centre Point, London: the Group, together with STWD originally participated in a £220 million facility secured on Centre Point, one of London's most iconic towers. The facility refinanced the existing loan at Centre Point and will finance the comprehensive refurbishment of the property. The Group initially participated in £40 million of the four year facility. On 4 December 2014, the Group, along with other Starwood affiliated vehicles, reached an agreement to supplement its existing loan based on the achievement of planning permission and strong underlying debt metrics. The overall facility increased by £45 million to £265 million, with the Group funding £5 million of the increase.

5 Star Hotel, London: The Group provided £6.9 million of a £14 million five year junior loan to refinance a 5 star hotel in central London. The Group committed to increase its existing loan by £6.2 million in July 2015.

Aldgate Tower, London: The Group provided a £45 million participation in a £200 million two year facility for the refinancing of Aldgate Tower, a new Grade A office building located in the City of London. The facility will support the acquisition and stabilisation through the lease-up phase of the property.

Center Parcs Bonds, UK: The Group purchased £8 million of the £560 million issuance of five year Class B2 Notes by Center Parcs, the leading holiday village operator in the UK which was acquired by funds managed by Brookfield Property Group.

Industrial Portfolio, UK: The Group provided £32.5 million for a four year whole loan on a portfolio of industrial assets located around the UK.

Retail Portfolio, Finland: The Group, together with STWD, provided a €95 million medium term facility to an entity sponsored by Tristan Capital Partners and AEW Europe. The facility refinanced 225 retail hypermarket and convenience stores located in Finland. The Group invested €45 million in the three year facility. The portfolio has been divested in part since origination and the Group's share of the loan has reduced to €32.8 million.

Industrial Portfolio, Netherlands: the Group provided a €71.4 million five year whole loan to finance the acquisition of an industrial and office portfolio in the Netherlands in cooperation with private debt funds associated with Starwood Capital Group. The Group's initial exposure was €55.9 million, with the Starwood associated private debt funds taking the remaining €15.5 million. On 5 December 2014, the Group completed the syndication of a €35.9 million senior note leaving a €20 million subordinated position.

Office, Netherlands: The Group provided a €14.3 million five year financing facility for the acquisition of an office building in Amsterdam fully occupied by UPC Netherlands, BV, one of the largest telecom operators in the Netherlands and a member of the Liberty Global Inc. group of companies.

W Hotel, Netherlands: The Group has committed to provide €25 million of a total €99 million two year facility for the refinancing and refurbishment of a new W branded hotel located in the centre of Amsterdam. The sponsor is Liran Wizman, an experienced hotel owner and shareholder in Grand City Hotels, a 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.

Industrial Portfolio, Denmark: The Group committed to provide two three year facilities for a total of DKK 350.3 million (c. £34.1 million) for a portfolio of light industrial assets throughout Denmark. The first facility is a mezzanine facility to refinance a portfolio already owned by the sponsor. The second facility is a whole loan to support the acquisition of a new portfolio. The facilities were

partially drawn on 26 June 2015, with a further drawdown made on 15 July 2015 and the loan is expected to be fully drawn during September 2015.

Retail & Residential Portfolio, Ireland: The Group provided a €6.1 million three year loan on a portfolio of retail and residential rental properties in the Republic of Ireland.

All loan maturities in the loan descriptions above are rounded to the nearest whole year.

The Portfolio is invested in line with the investment policy of the Company. The geographical, sector and loan type spread are summarised below:

Country	% of invested assets
UK	63.5
Netherlands	14.6
Finland	9.8
Denmark	10.7
Republic of Ireland	1.4

Sector	% of invested assets
Office	21.8
Retail	13.1
Light industrial / logistics	27.5
Hospitality	15.9
Residential for sale	17.0
Residential for rent	1.3
Mixed use	3.4

Loan type	% of invested assets
Whole loans	70.6
Mezzanine	25.1
Other	4.3

Loan currency	% of invested assets
Sterling	63.5
Euro	25.8
Danish Krona	10.7

Further portfolio information is summarised below:

Number of investments	15
Percentage of currently invested portfolio in floating rate loans*	56.5%
Invested loan portfolio annualised total return**	8.8%
Weighted average portfolio LTV – to Group last £***	11.6%
Weighted average portfolio LTV – to Group first £***	62.7%
Average loan term (stated maturity at inception)	3.6 years
Net Asset Value	£261.5 m
Amount drawn under Revolving Credit Facility (excluding accrued interest)	£35.25 m
Portfolio value (including accrued income)	£287.7 m
Cash	£0.8 m
Other net assets (including hedges)	£8.3 m

* Calculated on loans currently drawn using the exchange rates applicable when the loans were funded

** Calculated on amounts currently outstanding, excluding undrawn commitments, and assuming all currently drawn loans are outstanding for the full contractual term. Ten of the loans are floating rate (partially or in whole and some with floors) and returns are based on an assumed profile for future interbank rates but the actual rate received may be higher or lower. Calculated only on amounts funded to date and excluding committed amounts and cash uninvested. The calculation excludes the origination fee payable to the Investment Manager and commitment fees on undrawn funds.

*** LTV to Group last £ means the percentage which the total loan commitment less any amortisation received to date (when aggregated with any other indebtedness ranking alongside and/or senior to it) bears to the market value determined by the last formal lender valuation received by the date of publication of this Prospectus. LTV to first Group £ means the starting point of the loan to value range of the loan commitments (when aggregated with any other indebtedness ranking senior to it).

Portfolio construction

The Company's portfolio is compiled in accordance with the investment policy and with a focus on providing debt for: (a) completed institutional quality 'fit-for-purpose' assets in, among others, the office, retail, hospitality, residential (including residential for sale, multi-family for sale or rented), light industrial, student accommodation and logistics sectors with potential for long term cash flow generation; and (b) the construction of those assets detailed in (a) above.

Collateral assets will typically benefit from strengths in the following areas:

- Competitive position – ability to consistently attract tenants;
- Location;
- Supply-constrained markets;
- Build quality, age and condition; and
- Marketability throughout investment cycles.

The Portfolio comprises exposures to whole loans, subordinated loans and other debt instruments and a proportion consists of more structured debt products, such as development loans. It is considered that such a hybrid strategy encompassing both whole and subordinated loans delivers a better risk and return dynamic than a pure subordinated loan strategy.

As set out on page 46 of this Prospectus, the Company considers that the previous targeted dividend rate may not be sustainable in the longer term without increasing the risk profile of the Portfolio and, accordingly the Company believes the 2016 onwards dividend target should be set 0.50 pence lower per Ordinary Share at 6.5 pence per Ordinary Share.

The Investment Adviser has an active pipeline of potential transactions in a diverse range of countries and sectors and at a variety of LTV ratios. The Company intends that the Net Issue Proceeds be invested as soon as is practicable following the relevant Admission as described on page 44 of this Prospectus.

Interest rate hedging

The loans invested in by the Company will either be on a fixed rate basis (including margin) or floating rate interest basis (being the relevant interbank offered rate for the applicable period) plus margin. To the extent loans are advanced on a floating rate, the underlying borrower will be expected to enter into hedging arrangements to swap the floating rate for a fixed rate or some other hedging arrangement to fix or limit the borrower's exposure to fluctuations in the floating interest rate. Not all of the underlying loan principal will be subject to hedging and there may be an option for the borrower to be overhedged.

Under a floating rate loan, the Company would receive a floating and thus potentially fluctuating interest amount depending on the relevant interbank offered rate for the applicable interest period.

PART III

AN OVERVIEW OF THE EUROPEAN COMMERCIAL REAL ESTATE DEBT MARKET

The effect of the 2007-8 financial crisis

In the years following the 2007-8 financial crisis, regulators launched a series of initiatives to reform the banking regulatory framework to address the impact of significantly weakened financial institutions. This led to proposals such as Basel III and the European Banking Association's recommendation to re-capitalise banks and decrease their levels of leverage. Certain of these proposals have started to come into force and there has also been market pressure to address some of the underlying structural weaknesses. The initial result of these initiatives and proposals was to lead banks to fundamentally reduce the amount of loans they provided. The repair of balance sheets and the general increased availability of liquidity for most banks has somewhat encouraged the return of lending potential.

One of the sectors most affected by the above circumstances was the European commercial real estate (**CRE**) sector. Historically, this sector had relied almost entirely on banks for debt financing (up to 95 per cent. of debt is provided by banks, when covered bonds are included, according to some estimates), and CRE has therefore been particularly vulnerable to a contraction in supply of bank debt. In contrast, the US CRE sector sources only approximately half of its debt financing from banks, with the balance provided by non-banking institutions. As a result of changes in the banking regulatory framework, it became less attractive for banks to provide CRE loans. These loans weigh more heavily on banks' capital adequacy ratios, require longer-dated funding that is more expensive, and typically offer the banks little by way of ancillary business opportunities. This erodes banks' profitability margins, lowering returns and incentivising banks to re-allocate capital from CRE to elsewhere.

In addition, the primary European commercial mortgage-backed securities (**CMBS**) market – an alternative source of debt financing for CRE – has seen its volume levels reduce significantly since the peak years of 2006-07. CMBS deals are undergoing a slight recovery, with around £10.5 billion issued since 2013 and approximately £5 billion issued into the UK. These deals remain muted compared to the pre-crisis volumes where over £18 billion of UK CMBS issuance occurred in 2006 alone.

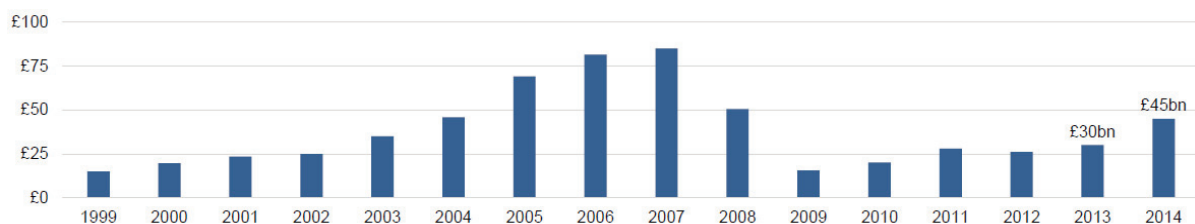
The current market

United Kingdom

In the UK at year-end 2014, there was an estimated approximate total of £206.8 billion of outstanding debt secured by commercial property, including CMBS and excluding the value of relevant loans held by Ireland's National Asset Management Agency. This compares with £232.5 billion recorded at year-end 2013, and the reduction reflected the overall deleveraging in the market.

Notwithstanding the overall deleveraging referred to above, £45.2 billion of loan originations, acquisition finance and refinancing on commercial terms, were recorded by De Montfort University as having been undertaken in the UK in 2014. This represents a 51 per cent. increase to the £29.9 billion similarly reported at year-end 2013.

Value of UK loan originations



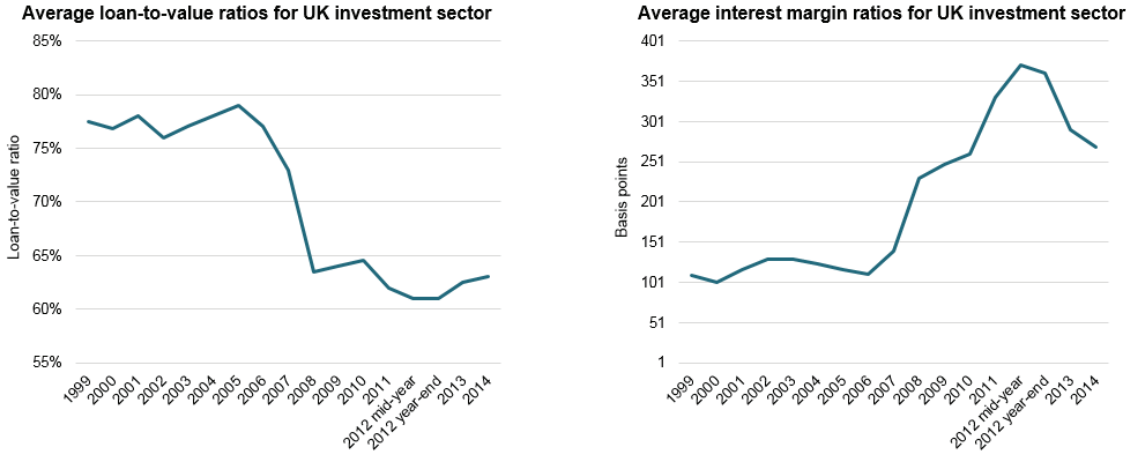
Source: De Montfort University UK Commercial Property Lending Report 2014

Despite the increasing lending activity in the UK, De Montfort University reported that average senior debt loan-to-value ratios for loans secured by UK commercial property increased slightly

during 2014 but remained near the middle of the 60-65 per cent. range that has prevailed since the crisis and well below the levels seen in the late 1990s. This indicates that loan activity remains focussed on the prime markets, sectors and projects. Lending activity outside this area is still subdued, with low LTVs, and provides an opportunity for lenders to earn an attractive premium for the additional risk taken.

Average interest margins for the UK investment sector, as reported by De Montfort University, have declined each year since mid-2012 and this has been reflected in the Company’s updated dividend target described on page 46 of this Prospectus. The average margin for prime office financing offered by UK lenders according to the De Montfort Lending Survey stood at 219 basis points over LIBOR at the end of 2014, having peaked at 335 basis points over LIBOR in mid-2012.

The charts below illustrate the movements referred to above in average LTVs and interest margins in the UK investment sector.



Source: De Montfort university UK Commercial Property Lending Report 2014, Average of all sub-sectors

In light of LTVs remaining lower than the historical averages, and margins still significantly higher, the Company considers that this is a healthy market that is not becoming overheated.

The Company has observed areas where the market is very competitive. Prime office financing for large lot sizes continues to see tightening spreads across Europe, with London now in the low 100s basis point margins for 65 per cent LTV on interest-only senior debt. In addition, widely marketed mezzanine loans of large lot sizes are also subject to a high level of competition on pricing.

Europe ex-United Kingdom

The Advisers consider that the rest of Europe is also entering a different stage of the CRE lending market where availability of finance has become generally better. This increased interest in lending across Europe is highlighted in a recent Cushman & Wakefield report (**Cushman**) that indicates a 123 per cent. year on year increase in tracked new investment and development lending in 2014, and a 55 per cent. increase in overall loan origination, when refinance lending is included.

Markets such as Spain, Italy and the Netherlands have emerged from the post-crisis conservatism of 50 per cent. LTV levels with increased LTVs of up to 60 per cent. for certain sponsors and assets.

The emergence of non-bank lenders

In the UK and in Europe as a whole, non-bank lenders are becoming a more important source of debt capital for CRE. In the UK, over 25 per cent. by value of all loan originations in 2014 (23 per cent. in 2013) were provided by insurance companies and other non-banks. In Europe, where Cushman tracked and monitored 186 active lenders in 2014, non-bank lenders accounted for 47 per cent. by number (45 per cent. in 2013).

As discussed above, the Company believes that banks will continue to focus their CRE lending on core assets. Any lending opportunity that involves moderately higher leverage, assets in “transition” that require more active management, certain sectors or geographical locations may find debt harder to obtain. This may be relatively little influenced by how attractive the underlying risk/return

metrics might be and provides an opportunity for non-bank lenders in particular to earn an attractive premium for the risk taken. The Company has always sought to exploit these niches to earn attractive returns for the risks taken.

Loan sales

A total of €80.6 billion of closed European commercial real estate loan sales and “real estate owned” sale transactions were tracked by Cushman in 2014,* more than twice the figure for 2013. Of this amount, the UK and Ireland accounted for €29.8 billion and €22.4 billion respectively, with sales also taking place in Spain, Denmark, Austria and Romania.

The area of non-performing loans presents opportunities when the individual loan positions are resolved and the underlying real estate requires refinancing on sustainable terms. These transactions are often complex and this complexity can reduce competition between lenders, providing an opportunity for the lender of the new loan to earn an additional premium return. The Company has already lent on such opportunities and believes this is a growth area for its business.

CRE loan terms

The senior debt in the capital structure of a real estate investment usually constitutes the largest part of the capital structure. It also provides the greatest level of security as its mortgage ranks first against the underlying properties. It is furthermore protected by the equity and junior debt tranches in the capital structure which would be first to absorb any losses.

The junior debt tranche, also called mezzanine debt, sits between senior debt and equity. Because its recovery entitlements rank behind the senior tranche, mezzanine debt carries a higher rate of interest than the senior debt to compensate for the higher risk. Mezzanine debt is usually subject to detailed arrangements to govern the relationship between the debt classes and benefits from protective features which often include a second-ranking mortgage on properties and the capital buffer provided by the equity tranche in the capital structure.

The Company is typically seeking to earn “high yield returns” (considered to be returns of approximately 6.5 per cent. to 10 per cent.) either from the direct provision of mezzanine or providing “whole loans” (i.e. senior/mezzanine combined) on harder-to-finance projects that can deliver similar style returns. In the Investment Adviser’s experience, the typical average return in the EMEA region is now at 7.5-10 per cent. for average LTVs at 75 per cent.

Investment characteristics

The maturity of European CRE senior and mezzanine loans is typically five years. Senior or whole loans generally require amortization over their term. Typically however, loans are refinanced one to two years prior to maturity, either because of prudent financing management by the borrower or because the asset is sold. The repayment is at par, and, provided that the borrower is solvent, is therefore independent of the asset’s capital appreciation or depreciation.

Interest payments are typically paid quarterly in cash, except for mezzanine loans where some interest may be accrued for a bullet payment at loan maturity. Interest payments on senior and mezzanine loans typically have priority over some other property expenditures and therefore offer a higher level of payment certainty.

CRE loans almost always benefit from a mortgage claim on the underlying property assets, first or second ranking for senior or junior loans respectively. In addition, this form of lending usually benefits from a comprehensive approach to security which will include shares in the borrowing entity being provided as collateral along with a charge over the rental income, insurance proceeds (to the extent available to the borrower), bank accounts, hedging and other receivables. This means that if the borrower is in default, lenders have the ability to accelerate their debt claim and seek recovery through the enforcement of the security held over the assets of the borrower (and the shares in the borrower itself). The claim of the subordinated lenders for satisfaction of their debt ranks after those of the senior lenders. Asset characteristics, advance rate, lending terms and structure and borrower type, therefore, are important factors for assessing the quality of the loan.

Relative to real estate equity investment, debt provides substantial downside protection in a flat or falling market. For example (based on certain assumptions, including that interest is paid on schedule) on a simple five year 75 per cent. LTV structure, an amortising whole loan could sustain

* “Real estate owned” refers to real estate that has been repossessed by a lender and has not yet been sold.

more than a 50 per cent. decline in the underlying property value and the junior debt could sustain a 35 per cent. value decline before total returns are at break-even level. This is in contrast to equity where the decline required to break even would be *de minimis* on a similarly leveraged investment. Such terms are indicative only.

PART IV

THE ADVISERS, INVESTMENT PROCESS AND STRATEGY

The Investment Manager and the Investment Adviser

The investment manager of the Company is Starwood European Finance Partners Limited, a company incorporated in Guernsey with registered number 55819. The Investment Manager has been appointed pursuant to the Investment Management Agreement, which is summarised in paragraph 6(b) of Part X of this Prospectus. The Investment Manager has appointed Starwood Capital Europe Advisers, LLP, an English limited liability partnership authorised and regulated by the Financial Conduct Authority, to provide investment advice pursuant to the Investment Advisory Agreement.

The Advisers are both part of the Starwood Capital Group, a leading global real estate investment group.

The Starwood Capital Group

The Starwood Capital Group was founded by Barry Sternlicht in 1991 and is owned by its partners. The group is managed by a seasoned executive team that has worked together for over 15 years. The group has more than 1,400 employees, located across 11 offices in five countries, and as at 31 March 2015 had approximately US\$44 billion of assets under management.

Senior management and Investment Committee of the Investment Adviser

The Investment Committee comprises the following individuals:

Barry S. Sternlicht, Chairman and Chief Executive Officer of Starwood Capital Group

Barry Sternlicht is Chairman & Chief Executive Officer of Starwood Capital Group, the private investment firm he formed in 1991 that is focused on global real estate, hotel management, oil and gas, energy infrastructure and securities trading. Mr. Sternlicht also serves as Chairman of Starwood Property Trust, the largest commercial mortgage REIT in the U.S. (NYSE: STWD); Starwood Waypoint Residential Trust (NYSE: SWAY), one of the largest publicly traded investors, owners and operators of single-family homes in the U.S.; TRI Pointe Homes (NYSE: TPH), one of the U.S.'s largest homebuilders; and French crystal maker Baccarat S.A.

For the past 24 years, Mr. Sternlicht has structured investments with an asset value of approximately \$68 billion. Starwood Capital's funds have invested in approximately 87,000 multi-family/condo units, 2,600 hotels, 62 million square feet of office properties, 50 million square feet of retail and 49,000 lots of land in residential subdivisions. The firm currently manages more than \$44 billion of assets on behalf of its high net worth and institutional partners. The firm maintains offices in Greenwich (headquarters), Atlanta, San Francisco, Washington, D.C., Los Angeles, Chicago and Miami, and affiliated offices in London, Luxembourg, Hong Kong, and Frankfurt.

From 1995 through early 2005, Mr. Sternlicht was Chairman and CEO of Starwood Hotels & Resorts Worldwide (NYSE: HOT), a company he founded in 1995. During his tenure, he built Starwood Hotels into one of the leading hotel and leisure companies in the world, employing more than 120,000 people with 895 properties in 100 countries. Starwood Hotels is a fully integrated owner, operator and franchiser of hotels. Mr. Sternlicht created W Hotels, perhaps the world's most successful "boutique" brand, and built the St. Regis Hotels brand from a single hotel to a global brand.

In 2008, Mr. Sternlicht founded SH Group, his new hotel management company. SH Group is the owner and manager of the new hotel brands, Baccarat Hotels & Resorts and 1 Hotels.

In 2015, Mr. Sternlicht received the Cornell Icon of the Industry award and the Lifetime Achievement Award from the International Hotel Investment Forum. In 2013, Mr. Sternlicht was named the Most Important Person in Commercial Real Estate Finance by The Mortgage Observer. In 2010, Mr. Sternlicht was named Executive of the Year and Investor of the Year by Commercial Property Executive. Mr. Sternlicht was also named America's Best Lodging CEO by Institutional Investor magazine. He is a member of the Interior Design Magazine Hall of Fame. He has received the Preston Robert Tisch Distinguished Industry Leadership Award from New York University, the CEO Diversity Award from Diversity Best Practices/Business Women's Network, the Lifetime Achievement Award from the Association of Travel Marketing Executives, the Hospitality

Heritage Award from the American Hotel and Lodging Association, and the Marketer of the Year Award from Brandweek. Mr. Sternlicht's humanitarian efforts have garnered prestigious national honors such as JDRF's Man of the Year, JDRF's Living and Giving Award and JDRF's Chairman's Award.

Mr. Sternlicht is a trustee of his alma mater, Brown University. He is also on the Board of Directors of The Estée Lauder Companies, and the Real Estate Roundtable. Additionally, he serves on the Boards of The Robin Hood Foundation, the Dreamland Film & Performing Arts Center, and the Executive Advisory Board of Americans for the Arts. He is a member of the U.S. Olympic and Paralympic Foundation Trustee Council, the World Presidents Organization and the Urban Land Institute.

Barry Sternlicht received his BA, magna cum laude, with honors from Brown University. He later earned an MBA with distinction from Harvard Business School.

Christian Dalzell, Managing Director and Chief Originations Officer Starwood Property Trust

Christian Dalzell is a Managing Director and Chief Originations Officer of SPT Management, the external entity that manages Starwood Property Trust (NYSE: STWD), an affiliate of Starwood Capital Group that is the largest commercial mortgage REIT in the U.S. In this position, Mr. Dalzell is responsible for Starwood Property Trust's national originations, including senior debt, mezzanine and preferred equity investments.

Prior to assuming this role in 2014, Mr. Dalzell served as the Global Head of Capital Markets for Starwood Capital Group. In this role, Mr. Dalzell was responsible for all debt capital market activities globally for the firm's funds and Starwood Property Trust. He has served on the Investment Committees of both Starwood Capital and Starwood Property Trust since joining the firm in 2010.

Mr. Dalzell previously worked at Eastdil Secured, where he had served as Head of Debt Placement for the structured transactions group since 2006. Before that, Mr. Dalzell spent more than 11 years at Banc of America Securities LLC where, most recently, he was the Regional Manager of the West Region for the firm's CMBS capital markets group.

Mr. Dalzell received a B.A. degree in finance from Southern Methodist University, in Dallas.

Jeffery DiModica, President and Managing Director Starwood Property Trust

Jeffrey DiModica is President and Managing Director of Starwood Property Trust (NYSE: STWD), an affiliate of Starwood Capital Group that is the largest commercial mortgage REIT in the U.S. In this role, Mr. DiModica manages day-to-day operations and explores new business opportunities for the company, and serves on its Investment Committee. He previously served for five years on Starwood Property Trust's Board of Directors.

Prior to joining Starwood Property Trust in 2014, Mr. DiModica served as a Managing Director and Head of MBS/ABS/CMBS Sales and Strategy for the Americas at the Royal Bank of Scotland. In this role, he was responsible for the distribution and analysis of mortgage and asset-backed securities to institutional clients. Mr. DiModica previously headed the Boston sales office for RBS/Greenwich Capital. Before that, he sold derivative and MBS products for Merrill Lynch. He began his career in Chemical Bank's commercial real estate department's merchant and investment banking division.

Mr. DiModica received a B.S./B.A. degree, with a concentration in finance, from Boston University, and an MBA from Dartmouth College's Amos Tuck School. He has held the Chartered Financial Analyst designation since 1995.

Jeffrey G Dishner, Senior Managing Director and Global Head of Real Estate Acquisitions Starwood Capital Group

Jeffrey G. Dishner is a Senior Managing Director at Starwood Capital Group, where he is responsible for overseeing the firm's acquisition efforts on a worldwide basis. In this role, Mr. Dishner assists the team in originating, structuring, underwriting and closing investments in all property types. He has also helped drive Starwood Capital's ongoing expansion of operations in Europe, as compelling investment opportunities in the region continue to increase. Reflecting the success of this effort, Starwood Capital in 2013 was named European Firm of the Year by leading industry publication PERE. Mr. Dishner is a member of the Firm's Executive and Investment Committees, and also serves on the Investment Committee and board of trustees of Starwood

Property Trust (NYSE: STWD), an affiliate of Starwood Capital that is the largest commercial mortgage REIT in the U.S.

Prior to joining Starwood Capital in 1994, Mr. Dishner worked in the commercial mortgage finance group at J.P. Morgan & Co., where he focused on whole-loan dispositions and securitizations for various thrift institutions. Before that, Mr. Dishner was a member of the acquisitions group at JMB Realty.

Mr. Dishner received a B.S. degree in economics from the Wharton School of Finance at the University of Pennsylvania and an MBA from Dartmouth College's Amos Tuck School, where he serves on the Advisory Board.

Duncan MacPherson, Senior Vice President and Head of Capital Markets for Europe, Starwood Capital Group

Duncan MacPherson is a Senior Vice President and Head of Capital Markets for Europe for Starwood Capital Group. In this role, Mr. MacPherson is responsible for all debt capital market activities for the firm's European investments, including asset-level and fund/corporate-level activity, foreign exchange and interest rate derivatives. Prior to assuming this role in 2014, Mr. MacPherson was responsible for securing asset-level debt and covering interest rate hedging for Starwood Capital's European investments. Since joining the firm in 2012, he has helped close 22 transactions valued at more than \$3 billion.

Prior to joining Starwood Capital, Mr. MacPherson spent six years at Citigroup, where he served as a Director on the commercial real estate finance team in London. Before that, Mr. MacPherson held a number of roles at Barclays Capital, including trading bond options on the exotic interest rate derivatives desk, and developing real-timing pricing and risk systems for the firm's electronic trading platform.

Mr. MacPherson received a B.S. degree in physics from the University of Edinburgh and an M.S. in information technology systems from the University of Strathclyde.

Peter Denton, Senior Vice President and Head of Debt for Europe, Starwood Capital Group

Peter Denton is a Senior Vice President and Head of Debt for Europe, at Starwood Capital Group. In this role, Mr. Denton's responsibilities include the origination of all European performing debt investments, including mezzanine opportunities, and introducing non-performing loan and equity investments.

Prior to joining Starwood Capital in 2012, Mr. Denton was Head of Real Estate Banking, U.K., at BNP Paribas. Before that, Mr. Denton spent three years at Westlmmo, where he served as the Head of the London Branch, EMEA. He previously served as a Managing Director of EMEA Real Estate at Barclays Capital and spent nine years on the European real estate debt capital markets team at Deutsche Bank/Eurohypo.

Mr. Denton received a first class degree and class prize in honors economics from the University of St Andrews in Scotland.

He qualified as a Chartered Accountant with Arthur Andersen in 1997, and previously served as Chairman of the Commercial European Finance Council in Europe.

Andrew J. Sossen, Chief Operating Officer and General Counsel Starwood Property Trust

Andrew Sossen is Chief Operating Officer and General Counsel of Starwood Property Trust (NYSE: STWD), an affiliate of Starwood Capital Group that is the largest commercial mortgage REIT in the U.S. In this role, Mr. Sossen is responsible for the day-to-day operations of the business, as well as its capital markets and strategic initiatives. He is also a member of Starwood Property Trust's Investment Committee. In addition, Mr. Sossen serves as a Director of Starwood Waypoint Residential Trust (NYSE: SWAY), an affiliate of Starwood Capital Group that is one of the largest publicly traded investors, owners and operators of single-family homes in the U.S.

Prior to joining Starwood Property Trust in 2010, Mr. Sossen served as the General Counsel of KKR Financial Holdings LLC, a publicly traded specialty finance company, and KKR Asset Management, where he was a member of senior management and was involved in both policy and strategic decision-making, as well as in the business' day-to-day operations. Mr. Sossen's career began at Simpson Thacher & Bartlett LLP, where he specialised in capital markets and mergers and acquisitions.

Directors of the Investment Manager

The board of directors of the Investment Manager consists of three individuals: Sandra Platts, Andrew Whittaker and Sarah Broughton.

Sandra Platts

Mrs. Sandra Platts serves as a Non-Executive Director of the Investment Manager and Investec Bank (C.I.) Limited. She served as Group Chief Operating Officer of Kleinwort Benson (C.I.) Ltd. and Managing Director of the Guernsey Branch of Kleinwort Benson. She joined Kleinwort Benson (C.I.) Ltd in August 1986. She served as Chief Operating Officer for the Channel Islands business and in 2002 for the Kleinwort Benson Private Bank Group – UK and Channel Islands. She served as a director of Kleinwort Benson (C.I.) Ltd since 1992 and held directorships on the strategic holding board of the KB Group, as well as sitting on the bank, trust company and operational boards until 2010. She is also a Member of the Securities Institute and the Institute of Directors. Mrs. Platts holds a Masters in Business Administration and The Certificate in Company Direction from the Institute of Directors.

Sarah Broughton

Ms. Sarah Broughton is a Senior Vice President who coordinates Starwood Capital Group's internal financial functions in Europe, including tax, reporting and accounting, and oversees the firm's U.K. human resources. She also spearheads the operations and investor reporting for the Company.

Since joining Starwood Capital Group in 2007, Ms. Broughton has played a key role in the asset management of a diverse portfolio of assets throughout Europe, including spending two years in Paris as a member of Groupe du Louvre's management team. She previously spent five years as a Financial Reporting Manager for Whitbread Plc. Ms. Broughton began her career at Andersen and qualified as a Chartered Accountant in 2001.

Ms. Broughton earned a first-class honors degree in economics from Brunel University. She is a member of the Institute of Chartered Accountants of England and Wales, as well as the Securities Institute.

Andrew Whittaker

Mr. Andrew Whittaker joined the Administrator in 2011 as Managing Director for the Guernsey office.

As Managing Director, Mr. Whittaker is responsible for the overall management and development of the Guernsey operation. He sits on several investment manager boards specialising in Debt, Renewables and Buyout.

Prior to joining the Administrator, Mr. Whittaker was Managing Director at Capita (formally Sinclair Henderson) where he led teams specialising in Private Equity, Real Estate, Investment Companies, Offshore Hedge Funds, Taxation and DTP.

Mr. Whittaker is a Chartered Management Accountant and a Member of the Chartered Institute for Securities & Investment and the Association of Investment Companies' (AIC) Technical Committee. He is Chair of the Guernsey Investment Fund Association (GIFA) and of the British Venture Capital Association (BVCA) Channel Islands Working Group.

Investment process

The Advisers utilise a thorough and rigorous investment process when advising the Company on its investments. Investment decisions are made by the Investment Manager, which has been authorised to do so by the Board. The Investment Manager receives advice from the Investment Adviser. The process will typically include five key stages, each of which is summarised below. Depending on the nature of the investment being considered, these stages may be varied, may be undertaken in a different order or may take place in parallel.

Stage one – Deal sourcing and preliminary review

The Company will be given the opportunity to invest in all new business originated by the Starwood Capital Group that falls within the Company's investment policy, subject to the co-investment rights held by Other Accounts and Starwood Capital Group's investment allocation policy, which are summarised on pages 48 and 49.

Key personnel within the Investment Adviser and, where relevant, other members of Starwood Capital Group, participate in weekly 'deal pipeline' discussions in order to monitor and assess investment opportunities. Where necessary, informal calls are arranged to discuss urgent investment opportunities requiring immediate authority to proceed. The Investment Adviser will then decide whether any particular investment opportunity is worth investigating further.

Stage two – Initial screening

If an investment opportunity moves past stage one, a screening discussion will be held before any term sheet is issued. The screening discussion will involve the relevant investment opportunity being presented to either Jeffrey Dishner, Peter Denton or Duncan MacPherson by the Starwood Capital Group team members assigned to the potential transaction. Typically, this discussion will cover:

- an overview of the property and the sub-market in which it sits;
- the financial model relating to the transaction;
- the proposed structure of the debt to be invested in by the Company;
- the investment and return rationale; and
- other merits and considerations relating to the investment.

If the transaction is approved by the team following the screening review, it will recommend to the Investment Manager that detailed due diligence should be performed. The Investment Manager will at this stage, at its sole discretion, decide whether to proceed to stage three.

Stage three – Detailed due diligence

Following completion of stage two and approval from the Investment Manager, the Investment Adviser, in accordance with the authorisation delegated by the Investment Manager, will be permitted to sign non-binding term sheets on behalf of the Company but will not be permitted to make any kind of legally binding commitment to provide financing.

This is the stage at which formal due diligence will commence. Whilst the precise scope of due diligence will depend on the proposed investment, such diligence will typically include:

- an independent valuation of the relevant properties;
- building and measurement and environmental surveys;
- legal reviews of property title and key leases;
- where necessary, mechanical and engineering surveys;
- accounting and tax reviews; and
- "know your customer" and anti-money laundering checks (although these may be carried out at stage one or two depending on the identity of the borrower).

Typically the cost of these third party reports will be paid for by the proposed borrower (and may be run alongside the stage four process).

In addition to the review and analysis of the information provided by the third party reviews highlighted above, the Investment Adviser will also perform its own due diligence on the borrower and the assets under consideration.

Stage four – investment memorandum

The investment memorandum consists of an in-depth analysis of the proposed investment that will typically include:

- the proposed loan structure;
- information on the sponsor/borrower's track record and profile;
- details about the property in question, including investment metrics and tenant quality;
- deal cash flow analysis, including the effect of stressed scenarios and exit options when the loan expires;
- an analysis of the real estate sector within the relevant sub-market; and
- details about the legal structure and the proposed security for the loan.

Once the investment memorandum has been completed it is submitted to the Investment Committee for approval.

Stage five – Investment Committee

Subject to compliance with the Company's investment policy, investment restrictions and any other parameters agreed with the Board, the Investment Adviser's Investment Committee will make the decision to present each transaction to the board of the Investment Manager for consideration for approval and to enter into any binding commitment on behalf of the Company.

All votes of the Investment Committee are decided by majority consent. Once an investment is approved by the Investment Committee and the board of the Investment Manager, at the latter's sole discretion, it will be implemented by the Advisers.

PART V

DIRECTORS, MANAGEMENT AND ADMINISTRATION

Directors

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and have overall responsibility for the Company's activities including the review of investment activity and performance and the overall control and supervision of the Investment Manager and the Investment Adviser. The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator and the Registrar. In particular, the Directors have delegated responsibility for managing the assets comprised in the Portfolio to the Investment Manager who is not required to, and generally will not, submit individual investment decisions for the approval of the Board.

The Board comprises three directors, each of whom is independent of the Investment Manager and the Investment Adviser. Details of each of the Directors are set out below.

The address of the Directors, all of whom are non-executive, is the registered office of the Company. The Directors of the Company are as follows:

Stephen Smith (Chairman)

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

Jonathan is currently a non-executive chairman or director of listed and unlisted companies comprised mainly of investment funds and investment managers. These include Alcentra European Floating Rate Income Fund Limited, The Renewables Infrastructure Group Limited and Sequoia Economic Infrastructure Income Fund Limited, which are listed on the main market of the London Stock Exchange and Aurora Russia Limited, DP Aircraft I 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

John is a Fellow of the Institute of Chartered Accountants in England and Wales 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, Toro 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 £20 million private equity acquisition of Ora Telecom. John is also a resident of Guernsey.

The Investment Manager and the Investment Adviser

The Investment Manager has been appointed by the Company to manage the Company's assets in accordance with the Investment Policy. The Investment Manager has appointed the Investment Adviser to provide it with investment advice. Further details about the Advisers are set out in Part IV of this Prospectus.

Conflicts of interest

Directors

The Directors are or may become directors of and/or investors in other companies, including investment companies.

At the date of this Prospectus, there are not considered to be any conflicts of interest with the Company arising from any other activities of the Directors or any of their private interests.

In relation to transactions in which a Director is interested, the Articles provide that a Director must immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction, disclose such interest to the Board. Save as provided in the Articles, a Director may not vote in respect of any such contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise through the Company. A director may be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. For further details see paragraph 5(n) of Part X of this Prospectus.

The Advisers

Without prejudice to the pre-existing co-investment arrangements described on page 49 of this Prospectus the Company may acquire assets from, or sell assets to, or lend to, companies within the Starwood Capital Group or any fund, company, limited partnership or other account managed or advised by any member of the Starwood Capital Group (**Other Accounts**). In order to manage the potential conflicts of interest that may arise as a result of such transactions, any such proposed transaction may only be entered into if the independent Directors of the Company have reviewed and approved the terms of the transaction, complied with the conflict of interest provisions in the Registered Collective Investment Scheme Rules 2015 issued by the Commission under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and, where required by the Listing Rules, Shareholder approval is obtained in accordance with the Listing Rules issued by the UK Listing Authority.

Typically, such transactions will only be approved if: (i) an independent valuation has been obtained in relation to the asset in question; and (ii) the terms are at least as favourable to the Company as would be any comparable arrangement effected on normal commercial terms negotiated at arms' length between the relevant person and an independent party, taking into account, amongst other things, the timing of the transaction.

The Starwood Capital Group manages Other Accounts in addition to the Company (and may in the future manage further Other Accounts) whose investment objectives and/or approaches are the same as, overlap with, or are complementary to, the investment strategies and approaches pursued by the Company. In particular, Starwood Capital Group could in the future create or sponsor additional Other Accounts that have comparable investment policies and geographical focus as the Company and may co-invest alongside the Company. As a result, both the Company and such Other Accounts may be eligible to participate in the same investment opportunities, many of which are expected to be limited in size.

It is the policy of the Investment Manager and the wider Starwood Capital Group to exercise due care to ensure that investment opportunities are allocated fairly and equitably among its clients. The Investment Manager is, however, bound by two allocation agreements made between the Starwood Capital Group and certain Other Accounts. Under the first relevant arrangement, the Starwood Capital Group has agreed with one of its private funds that, where it has an investment opportunity that it considers at the time of investment to have an expected IRR of more than 14 per cent., it will offer the option to co-invest no less than 25 per cent. of the equity capital in respect of such investment opportunity to that private fund. Taking into account the Company's targeted

returns, investment policy and the likely risk profile of such investments, these type of opportunities are expected to be appropriate for the Company only infrequently.

Under the second relevant arrangement, to the extent that the investment opportunity falls within Starwood Property Trust's investment strategy, which is focussed on higher yielding debt, Starwood Capital Group has agreed with Starwood Property Trust that it will offer it the option to co-invest up to 33 per cent. of that investment opportunity (calculated after giving effect to the first agreement, where applicable). Where there is capacity following the satisfaction of the Company's allocation (bearing in mind its investment policy and restrictions), Starwood Property Trust may be allocated additional amounts in excess of 33 per cent. of the relevant investment opportunity.

Certain investment opportunities sourced by Starwood Capital Group may be appropriate for more than one client fund or Other Account. Following the application of the allocation agreements described above, where the aggregate level of interest and capacity from the Starwood Capital Group's clients in a particular investment opportunity exceeds the level of investment that is available in that opportunity, the investment opportunity will be allocated by Starwood Capital Group across such clients in what it deems to be a fair and equitable manner. In considering this allocation, a number of factors will be taken into account, including the fact that each of the Other Accounts and the Company vary substantially in size, investment objective, acceptable risk levels, target return, permissible and preferred asset classes and liquidity requirements. In addition, the Starwood Capital Group may take into consideration other factors, including tax consequences, legal or regulatory restrictions, the historical participation of a client fund in the investment, the difficulty of liquidating an investment for more than one client fund and such other factors as may be considered relevant by the Starwood Capital Group.

Such considerations may result in allocations among the Company and one or more Other Accounts other than *pro rata* according to relative size or capacity (which may result in different investment performance among them).

Administrator and secretary

Ipes (Guernsey) Limited has been appointed as Administrator, Secretary and Designated Manager of the Company pursuant to the Administration Agreement (further details of which are set out in paragraph 6(e) of Part X of this Prospectus). In such capacity, the Administrator will be responsible for the day to day administration of the Company (including but not limited to the calculation and publication of the estimated monthly Net Asset Value) and general secretarial functions required by the Companies Law (including but not limited to the maintenance of the Company's accounting and statutory records).

Fees and expenses

Initial Placing Costs

The Initial Placing Costs are those necessary for the Initial Placing and include fees payable under the Placing Agreement, listing fees, legal, advisory, registration, printing, advertising and distribution costs and any other applicable expenses. The Initial Placing Costs will be met by the Company from the Gross Placing Proceeds. If Gross Placing Proceeds of £50 million are raised, the Initial Placing Costs are expected to be approximately £1 million.

The Initial Placing Costs will be paid on or around Admission and will be immediately written off (against share capital).

Placing Programme Costs

The costs and expenses of any Placing pursuant to the Placing Programme will be deducted from the gross proceeds of such Placing.

For the avoidance of doubt, the Net Asset Value of the existing Ordinary Shares will not be diluted by the expenses associated with the relevant Initial Placing of C Shares or the Placing Programme of C Shares which will be attributed to the Net Asset Value of the C Shares and not the Existing Ordinary Shares.

Ongoing expenses

Management fee

The Investment Manager is entitled to a management fee which is calculated and accrues daily at a rate equivalent to 0.75 per cent. per annum of the Net Asset Value attributable to the Ordinary Shares.

The Investment Manager will be entitled to a management fee which shall be calculated and accrue daily at a rate equivalent to 0.75 per cent. per annum of the Net Asset Value attributable to C Shares (excluding any cash balances until such time as 75 per cent. of the Net Issue Proceeds attributable to each tranche of C Shares issued under the Initial Placing or the Placing Programme are invested).

The management fee is payable quarterly in arrears.

Asset origination fee

The Investment Manager is also entitled to an asset origination fee of 0.75 per cent. of the value of all new loan investments made or acquired by the Company.

Where applicable, the asset origination fee to be paid by the Company is expected to be funded through the receipt by the Company of all loan arrangement fees received on the deployment of the Company's funds and is payable to the Investment Manager once such loan arrangement fees have been received by the Company.

Carried interest

The Special Limited Partner is entitled to receive carried interest from the Partnership, calculated by reference to the annualised total return to Shareholders over the period to the fifth financial year of the Company following the IPO Admission (the **Fifth Year End**) and each five year period thereafter.

In relation to the period to the Fifth Year End, the amount of the carried interest shall be 20 per cent. of the excess (if any) of the returns generated by the Company over the Hurdle Total Return. The Hurdle Total Return will be achieved when the NAV of the Company, plus the total of all dividends declared and paid to holders of Ordinary Shares, is equal to the NAV of the Company as at the IPO Admission as increased by 8 per cent. per annum, on a simple interest basis (but excluding actual carried interest accrued and deemed as a creditor on the balance sheet). To the extent that the Company makes further issues of Ordinary Shares, the Hurdle Total Return will be adjusted accordingly, by reference to the issue prices of such further issues and dividends declared subsequent to such issues.

If there is a Realisation Offer or other redemption of part of the Company's issued share capital that leads to the redesignation of any class of Shares, the calculation above will be applied to each class of Shares separately and the final determination of the calculation will take place upon the final distribution to Shareholders.

In relation to any five year period after the Fifth Year End, the calculation shall be the same except that the Hurdle Total Return shall be calculated as at the end of such period by reference to (i) the NAV of the Company at the start of the subsequent period (instead of the NAV of the Company as at the IPO Admission) and (ii) to the dividends paid and payable in respect of such period.

Save where any shares are redeemed, no Carried Interest shall be paid to the Special Limited Partner until the publication of the audited accounts of the Group in respect of the period ending on the Fifth Year End (or the relevant subsequent five year period). Further details in relation to the Carried Interest are set out in paragraph 6(c) of Part X of this Prospectus.

Administration

Under the terms of the Administration Agreement, the Administrator is entitled to a fee of no less than £135,000 per annum with an additional amount chargeable of 0.035 per cent. per annum on the amount by which the Company's Net Asset Value exceeds £140,000,000 and further amounts as may be agreed in relation to any additional services provided by the Administrator. The Administrator will, in addition, be entitled to recover third party expenses and disbursements.

Registrar

The Registrar is entitled to an annual fee from the Company equal to £5.00 per Shareholder per annum or part thereof; with a minimum of £7,500 per annum per class of Shares. Other registrar

activity will be charged for in accordance with the Registrar's normal tariff as published from time to time.

Directors

The Directors are remunerated for their services at a fee of £35,000 each per annum (£47,500 for the Chairman). The chairman of the Audit Committee receives an additional £5,000 per annum for his services in this role. Each of the Directors will receive an additional fee of £5,000 in respect of the additional work involved in respect of the Proposals. Each of the Directors intends to invest this entire amount to subscribe for New Ordinary Shares pursuant to the Initial Placing. Further information in relation to the remuneration of the Directors is set out in Part X of this Prospectus.

Other operational expenses

All other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company will be borne by the Company including, without limitation, the costs of making or pursuing its investments or potential investments and the implementation of its investment objective and policy; travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual Main Market fees. All out of pocket expenses that are reasonably and properly incurred, of the Investment Manager, the Administrator, the Registrar and the Directors relating to the Company will be borne by the Company.

Operational expenses (other than the commitment fee and interest payable pursuant to the Revolving Credit Facility, the management fee, asset origination fee and carried interest detailed above) are expected to amount to between 0.28 and 0.30 per cent. per annum of Net Asset Value, depending on the size of the Company.

AIC Code

The Company is a member of the Association of Investment Companies (**AIC**) and is classified as a Specialist Debt Company by the AIC.

Corporate Governance

The GFSC issued a Corporate Governance Code (the **GFSC Code**) which came into effect on 1 January 2012 and which applies to Guernsey regulatory licensees and collective investment schemes.

As a regulated Guernsey incorporated company with a Premium Listing on the Official List and admission to trading on the Main Market for Listed Securities of the London Stock Exchange, the Company is required to comply with the principles of the UK Corporate Governance Code dated September 2012, revised September 2014 for financial periods ending 31 December 2015 (together, the **UK Code**).

As an AIC member, the Board has also considered the principles and recommendations of the AIC Code of Corporate Governance dated February 2013 (the **AIC Code**) by reference to the AIC Corporate Governance Guide for Investment Companies (the **AIC Guide**). The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues of specific relevance to the Company. The AIC Code was updated in 2014 to include the new provisions of the UK Code announced in 2014, and has been endorsed by the Financial Reporting Council as ensuring investment company Boards fully meet their obligations to the UK Code and LR 9.8.6 of the Listing Rules. Having adopted the AIC Code with effect from the IPO Admission, the Board has therefore assessed itself, the Committees and performance of the Directors against the parameters and principles outlined within the AIC Code on a regular basis to date.

The Board is of the view that throughout the year ending 31 December 2015, the Company will be fully compliant with the AIC Code's provisions.

Companies which report against the UK Code or the AIC Code are deemed to meet the requirements of the GFSC Code.

The Listing Rules require that the Company must "comply or explain" against the UK Code. In addition, the DTRs require the Company to (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements. The Directors

recognise the value of the UK Code and have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company's size and nature of business, with the UK Code. The areas of non-compliance by the Company with the UK Code are as follows:

There is no chief executive position within the Company, which is not in accordance with provision A.2.1 of the UK Code. As an investment company the Company has no employees and therefore no requirement for a chief executive.

The Company has not established a nomination committee or a remuneration committee, which is not in accordance with provisions B.2.1 and D.2.1 respectively of the UK Code. As all of the Directors are independent and non-executive, the Company considers that the Board as a whole can fulfil the role otherwise undertaken by such committees.

Directors' Share dealings

The Directors have adopted a code of directors' dealings in Ordinary Shares, which is based on the Model Code for directors' dealings contained in the Listing Rules (the **Model Code**). The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

Audit Committee

The Company's Audit Committee comprises all the Directors and meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts, interim reports and interim management statements. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. John Whittle acts as chairman of the Audit Committee. The principal duties of the Audit Committee are to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers. The Audit Committee is also required to make a broader statement about its reasonable expectation as to the Company's viability based on a robust assessment of the Company's principal risks and the Company's current position.

Management Engagement Committee

The Company has established a Management Engagement Committee which comprises all the Directors, with Jonathan Bridel as the chairman of the committee. The Management Engagement Committee meets not less than once a year. The Management Engagement Committee's main function is to review and make recommendations on any proposed amendment to the Investment Management Agreement and keep under review the performance of the Advisers in their roles as investment manager and investment adviser to the Company.

Meetings and reports

All general meetings of the Company shall be held in Guernsey. The Company's audited annual report and accounts are prepared to 31 December each year and copies are sent to Shareholders in April each year, or earlier if possible. Shareholders also receive an unaudited interim report each year which is despatched in August each year, or earlier if possible. The Company's audited annual report and accounts are available on the Company's website, www.starwoodeuropeanfinance.com.

The Company's accounts are drawn up in Sterling and in accordance with IFRS.

Takeover Code

The Takeover Code applies to the Company.

PART VI

THE INITIAL PLACING AND THE PLACING PROGRAMME

Background

At an Extraordinary General Meeting held on 9 March 2015, the Company obtained authority to issue up to 200 million New Ordinary Shares and/or C Shares in aggregate on a non pre-emptive basis (the **2015 Share Issuance Authority**). The 2015 Share Issuance Authority expires at the 2016 AGM.

The Company issued 23,780,000 Ordinary Shares on 23 July 2015 pursuant to a tap issue and the available 2015 Share Issuance Authority was therefore reduced to cover 176,220,000 New Ordinary Shares and/or C Shares (the **Current Share Issuance Authority**).

The Company is targeting at least £50 million (before expenses) under the Initial Placing through the issue of New Ordinary Shares and/or C Shares. The number of New Ordinary Shares and C Shares and their respective proportion of the Initial Placing has not been determined at the date of this document.

The Company reserves the right to increase or decrease the size of the Initial Placing depending on investor demand and the availability of pipeline transactions, provided that the minimum amount to be raised under the Initial Placing (before payment of expenses) shall be £10 million and provided that the maximum number of Shares to be issued under the Initial Placing does not exceed 150 million Shares and in any event the amount to be raised through the issue of C Shares shall be limited to such sum as the Advisers believe can reasonably be deployed within three months of Admission of the Initial Placing Shares.

The number of New Ordinary Shares and C Shares proposed to be issued under the Initial Placing will be announced by an RIS. Such announcement is expected to be made on 25 September 2015.

The Company is also proposing to issue up to 300 million New Ordinary Shares and/or C Shares in aggregate pursuant to the Placing Programme less such number of New Shares issued under the Initial Placing.

The aggregate number of New Ordinary Shares and/or C Shares available pursuant to the Initial Placing and the Placing Programme and to which this Prospectus relates is therefore 300 million New Ordinary Shares and/or C Shares in aggregate, which exceeds the Current Share Issuance Authority by an amount equal to 123,780,000 Shares (the **Additional Shares**). The Placing Programme will commence on 29 September 2015 and expires on the End Date and it is therefore the Company's intention to seek Shareholder authority to issue the Additional Shares on a non-pre-emptive basis at the 2016 AGM (or at another meeting of Shareholders convened for this purpose).

The Company's ability to issue New Ordinary Shares and/or C Shares in excess of the Current Share Issuance Authority is therefore conditional upon the requisite Shareholder authority being obtained at the 2016 AGM or otherwise. Further, the ability of the Company to issue any New Shares at all under the Placing Programme after the date of the 2016 AGM but before the End Date will be subject to the renewal of the allotment and dis-application authority for the issue of New Shares at such meeting (or at any other general meeting convened for that purpose).

The Initial Placing

The Company is targeting at least £50 million (before expenses) under the Initial Placing through the issue of New Ordinary Shares and/or C Shares. The number of New Ordinary Shares and C Shares and their respective proportion of the Initial Placing has not been determined at the date of this document.

The Company reserves the right to increase or decrease the size of the Initial Placing depending on investor demand and the availability of pipeline transactions, provided that the minimum amount to be raised under the Initial Placing (before payment of expenses) shall be £10 million and provided that the maximum number of Shares to be issued under the Initial Placing does not exceed 150 million Shares and in any event the amount to be raised through the issue of C Shares shall be limited to such sum as the Advisers believe can reasonably be deployed within three months of Admission of the Initial Placing Shares.

The number of New Ordinary Shares and C Shares proposed to be issued under the Initial Placing will be announced by an RIS. Such announcement is expected to be made on 25 September 2015.

Once the overall proportion of the total Initial Placing Shares representing New Ordinary Shares and C Shares respectively is determined by the Company (**Relevant Proportion**), subscribers in the Initial Placing will be allocated, under their individual subscription, New Ordinary Shares and C Shares reflective of such Relevant Proportion unless otherwise agreed by the Company and the relevant investor.

The Initial Placing Price for New Ordinary Shares of 102.75 pence per Share is equal to the Net Asset Value per Ordinary Share as at 31 August 2015 of 99.87 pence plus a premium of 2.9 per cent. The Initial Placing Price for C Shares is 100 pence per C Share.

Under the Initial Placing (on the basis that £50 million is raised), the net assets of the Company will increase by approximately £49 million after Admission, net of fees and expenses associated with the Initial Placing of approximately £1 million.

The New Ordinary Shares, to be issued pursuant to the Initial Placing will rank *pari passu* in all respects with the Existing Ordinary Shares, save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Initial Placing Shares.

The C Shares will not be entitled to any dividends payable in respect of the Ordinary Shares but on their conversion into Ordinary Shares they will rank *pari passu* with the Ordinary Shares then in issue (save that such Ordinary Shares will not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to conversion of the C Shares). More information on the C Shares is set out in Part IX.

Allocations of New Ordinary Shares and/or the C Shares, as the case may be, pursuant to the Initial Placing will be determined at the discretion of Dexion (in consultation with the Directors and the Investment Manager) subject to such allocations being made in accordance with the Relevant Proportion described above.

If the Initial Placing does not proceed, subscription monies received will be returned without interest at the risk of the applicant.

The Initial Placing, which is not underwritten, is conditional, *inter alia*, on:

- Admission of the Initial Placing Shares occurring by no later than 8.00 a.m. on 29 September 2015 (or such later time and/or date as the Company, the Advisers and Dexion may agree being not later than 20 October 2015 and the Company may notify to Shareholders); and
- the Placing Agreement having become unconditional in all respects (save as to each subsequent Admission under the Placing Programme) and not having been terminated in accordance with its terms before Admission.

The Company intends to invest the net proceeds of the Initial Placing in implementing its investment policy and as further described under “Use of Proceeds” on page 44 of this Prospectus.

The Company, the Advisers and Dexion have entered into the Placing Agreement pursuant to which Dexion has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the New Shares under the Initial Placing at the Initial Placing Price in return for the payment by the Company of placing commissions.

The Initial Placing is being conducted (i) outside the United States to non-US Persons in reliance on Regulation S under the U.S. Securities Act and (ii) to persons located inside the United States or U.S. Persons reasonably believed to be QIBs that are also QPs in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act in a transaction not involving any public offering in the United States.

A summary of the terms of the Placing Agreement is set out in paragraph 6(a) of Part X of this Prospectus.

Application will be made to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares issued pursuant to the Initial Placing to be admitted to listing on the premium segment of the Official List and to trading on the Main Market and for the C Shares issued

pursuant to the Initial Placing to be admitted to listing on the standard segment of the Official List and to trading on the Main Market respectively.

It is expected that Admission will become effective and that unconditional dealing in the New Shares will commence at 8.00 a.m. on 29 September 2015. Dealings in New Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The terms and conditions which shall apply to any subscriber for New Shares procured by Dexion pursuant to the Initial Placing are contained in Appendix I of this Prospectus.

The Placing Programme

Following the Initial Placing, the Directors intend to implement the Placing Programme to enable the Company to raise additional capital in the period from 29 September 2015 to 6 September 2016.

Under the Placing Programme, the Company is proposing to issue up to 300 million New Ordinary Shares and/or C Shares in aggregate less such number of New Shares issued under the Initial Placing.

New Ordinary Shares and/or C Shares will be available for issue under the Placing Programme from 29 September 2015 until 6 September 2016 (but after the 2016 AGM, subject to the renewal of the allotment and dis-application authority for the issue of New Shares as described above). The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue New Ordinary Shares and/or C Shares over a period of time and the issue of the Placing Programme Shares will be at the discretion of the Directors.

New Ordinary Shares issued pursuant to the Placing Programme will be issued at a premium to the prevailing Net Asset Value per Ordinary Share at least sufficient to cover the costs and expenses of the relevant Placing. Any C Shares issued pursuant to the Placing Programme will be issued at 100 pence per C Share. The issue price of any Placing Programme Shares will be announced through a Regulatory Information Service as soon as is practicable following the allotment of such Placing Programme Shares.

The Company intends to invest the net proceeds of each Placing under the Placing Programme in implementing its investment policy.

The New Ordinary Shares issued under the Placing Programme will rank *pari passu* in all respects with the Existing Ordinary Shares, save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the Placing Programme Shares.

The C Shares issued under the Placing Programme will not be entitled to any dividends, but on their conversion into Ordinary Shares they will rank *pari passu* with the Ordinary Shares then in issue (save that such Ordinary Shares will not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to conversion of the C Shares). More information on the C Shares is set out in Part IX.

The Placing Programme, which is not underwritten is conditional, *inter alia*, on:

- Admission of the Placing Programme Shares occurring at such time and on such date as the Company, the Investment Manager, the Investment Adviser and Dexion may agree prior to the closing of that Placing; and
- the Placing Agreement becoming otherwise unconditional and not having been terminated in accordance with its terms before Admission of the relevant Placing Programme Shares becomes effective.

If these conditions are not satisfied in respect of any Placing under the Placing Programme, the relevant issue of Placing Programme Shares will not proceed.

Applications will be made as required to the FCA for admission of the Placing Programme Shares to the premium segment (for the New Ordinary Shares) and/or the standard segment (for the C Shares) of the Official List and to the London Stock Exchange for such Placing Programme Shares to be admitted to trading on the Main Market of the London Stock Exchange. It is expected that Admission of the Placing Programme Shares will become effective, and that unconditional dealings in the Placing Programme Shares issued will commence within five Business Days of each Placing.

The terms and conditions which shall apply to any subscriber for New Ordinary Shares and/or C Shares procured by Dexion pursuant to the Placing Programme are contained in Appendix II of this Prospectus

General

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, the Company and its agents (and their agents) or the Investment Manager or the Investment Adviser may require evidence in connection with any application for New Shares, including further identification of the applicant(s), before any New Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of this Prospectus and prior to Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

The Directors (in consultation with Dexion) may in their absolute discretion waive the minimum application amounts in respect of any particular application for New Shares under the Issues.

Should the Initial Placing and/or any Placing pursuant to the Placing Programme be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant.

Clearing and settlement

Payment for the New Shares should be made in accordance with settlement instructions to be provided to placees by (or on behalf of) the Company or Dexion. To the extent that any application for New Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

New Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of New Shares to be issued in uncertificated form pursuant to the Issues, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the New Shares following Admission may take place within the CREST system if any shareholder so wishes.

CREST is a paperless book-entry settlement system operated by Euroclear UK and Ireland which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so, though Shares in the Initial Placing or Placing Programme will only be issued through CREST.

It is expected that the Company will arrange for Euroclear UK and Ireland to be instructed to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to New Shares pursuant to the Initial Placing on 29 September 2015. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Shares out of the CREST system following the Issues should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Shares to be issued in certificated form and is holding such Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Shares. Shareholders holding definitive certificates may elect at a later date to hold such Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Dealings

The ISIN number of the Ordinary Shares is GG00B79WC100 and the SEDOL code is B79WC10. The London Stock Exchange mnemonic (TIDM) is SWEF.

The ISIN number of the C Shares to be issued in the Initial Placing is GG00BYTLLG42 and the SEDOL code is BYTLLG4. The London Stock Exchange mnemonic (TIDM) is SWC1.

The Company may issue further tranches of C Shares pursuant to the Placing Programme. There is no guarantee that any or all of the subsequent tranches will actually be issued. Such further tranches have the following dealing codes:

Tranche of C Shares	ISIN	SEDOL	London Stock Exchange mnemonic (TIDM)
C Share, second tranche	GG00BYTLLH58	BYTLLH5	SWC2
C Share, third tranche	GG00BYTLLJ72	BYTLLJ7	SWC3
C Share, fourth tranche	GG00BYTLLK87	BYTLLK8	SWC4
C Share, fifth tranche	GG00BYTLLL94	BYTLLL9	SWC5
C Share, sixth tranche	GG00BYTLLM02	BYTLLM0	SWC6

All tranches of C Share will have the same rights as set out in Part IX of this Prospectus.

The Company does not guarantee that, at any particular time any market makers will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the Net Asset Value per Share. Furthermore, the level of the liquidity in the various classes of Shares can vary significantly.

Purchase and transfer restrictions

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or the Investment Manager or the Investment Adviser.

The Company has elected to impose the restrictions described below and in paragraph 5(h) of Part X and section 5 of Appendix I of this Prospectus on the New Shares to be issued pursuant to the Initial Placing and the Placing Programme and on the future trading of the Shares so that the Company will not be required to register the offer and sale of the Shares under the U.S. Securities Act, so that the Company will not have an obligation to register as an investment company under the U.S. Investment Company Act and related rules, and to address certain ERISA, U.S. Tax Code and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Shares to trade such securities. Due to the restrictions described below, potential investors in the United States and U.S. Persons are advised to consult legal counsel prior to making any offer, resale, exercise, pledge or other transfer of the Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described below.

Restrictions due to lack of registration under the U.S. Securities Act and U.S. Investment Company Act restrictions

The New Ordinary Shares and C Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Ordinary Shares and C Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the New Ordinary Shares and C Shares in the United States. The New Ordinary Shares and C Shares are being offered and sold (i) outside the United States to non-US Persons in reliance on Regulation S under the U.S. Securities Act and (ii) to persons located inside the United States or U.S. Persons reasonably believed to be QIBs that are also QPs, in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act in a transaction not involving any public offering in the United States.

Moreover, the Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The New Ordinary Shares and/or C Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

Investments by U.S. Tax-Exempt Entities – ERISA Considerations

Shareholders that are U.S. tax-exempt entities, including, but not limited to, charities, foundations, pension trusts, “Keogh” plans and Individual Retirement Accounts (**IRAs**), are subject to UBTI (as defined under the heading “U.S. Taxation of U.S. Tax Exempt Shareholders” in Part VII of this Prospectus). Under current U.S. tax law, in general, and absent other circumstances such as the investment in the Company’s Shares itself being considered a debt-financed investment, dividends to U.S. tax-exempt Shareholders of the Company and capital gains on disposition of the Ordinary Shares of the Company should not be considered UBTI; however, prospective U.S. tax-exempt Shareholders should consult with and rely solely upon their own tax advisors on this issue.

An investment of employee benefit plan assets in the Company’s Shares may raise additional issues under ERISA and the Code. Certain of these issues are described below.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan (as defined below) and prohibit certain transactions involving the assets of a Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of a Plan or the management or disposition of the assets of a Plan, or who renders investment advice for a fee or other compensation to a Plan, is generally considered to be a fiduciary of the Plan.

In considering an investment in the Company of a portion of the assets of any employee benefit plan (including a “Keogh” plan) subject to the fiduciary and prohibited transaction provisions of ERISA or the Code or similar provisions under applicable state law (collectively, a **Plan**), a fiduciary should determine, in light of the high risks and lack of liquidity inherent in an investment in the Ordinary Shares, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA or similar law relating to a fiduciary’s duties to the Plan. Furthermore, absent an exemption, the fiduciaries of a Plan should not purchase Shares with the assets of any Plan, if the Investment Manager or any affiliate thereof is a fiduciary or other “party in interest” or “disqualified person” (collectively, a **party in interest**) with respect to the Plan.

Plan Assets

Regulations promulgated under ERISA by the U.S. Department of Labor, as modified by Section 3(42) of ERISA (**Plan Asset Regulations**), generally provide that when a Plan subject to Title I of ERISA or Section 4975 of the Code acquires an equity interest in an entity that is neither a “publicly-offered security” nor a security issued by an investment company registered under the Investment Company Act, the Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by “benefit plan investors” is not “significant” or that the entity is an “operating company” (in each case, as defined in the Plan Asset Regulations). For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be “significant” so long as they own, in the aggregate, less than 25 per cent., directly or indirectly, of the value of each class of such entity’s equity. For the purposes of such calculation, equity interests held by persons (other than a benefit plan investor) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof, are disregarded. For purposes of this 25 per cent. test (**Benefit Plan Investor Test**), “benefit plan investors” include employee benefit plans subject to the provisions of Part 4 of subtitle B of Title I of ERISA, plans subject to Section 4975 of the Code, including “Keogh” plans and IRAs, and entities which are deemed to hold the assets of any of the foregoing types of plans. The following are not included in the definition of a benefit plan investor: employee benefit plans maintained by foreign companies that cover non-US persons,

governmental plans, and certain church plans. Thus, absent satisfaction of another exception under the Plan Asset Regulations, if 25 per cent. or more of the value of any class of Shares of the Company were owned by benefit plan investors, an undivided interest in each of the underlying assets of the Company would be deemed to be “plan assets” of any Plan subject to Title I of ERISA or Section 4975 of the Code that invested in the Company.

The New Ordinary Shares and C Shares will not constitute “publicly offered” securities or securities issued by an investment company registered under the Investment Company Act and it is not expected that the Company will qualify as an “operating company” under the Plan Asset Regulations. Consequently, the Investment Manager intends to use reasonable efforts to limit the ownership of New Ordinary Shares and/or C Shares by plans subject to Title I of ERISA or Section 4975 of the Code to ensure that investment by “benefit plan investors” in the Company will not be “significant” for the purposes of the Plan Asset Regulations by limiting equity participation by benefit plan investors in the Company to less than 25 per cent. of the value of each class of Shares in the Company as described above. However, each Plan fiduciary should be aware that even if the Benefit Plan Investor Test were met at the time a Plan acquires New Ordinary Shares and/or C Shares in the Company, the exemption could become unavailable at a later date as a result, for example, of subsequent transfers or redemptions of New Ordinary Shares and/or C Shares, and that New Ordinary Shares and/or C Shares held by benefit plan investors may be subject to mandatory redemption in such event in order for the Company to continue to avoid plan asset status under the Benefit Plan Investor Test.

Furthermore, there can be no assurance that, notwithstanding the reasonable efforts of the Company, the Company will be able to satisfy the requirements of the Benefit Plan Investor Test at all times, that the structure of particular investments of the Company will otherwise satisfy other exemptions in the Plan Asset Regulations or that the underlying assets of the Company will not otherwise be deemed to include ERISA plan assets.

Plan Asset Consequences

If the assets of the Company were deemed to be “plan assets” under ERISA, (i) the prudence and other fiduciary responsibility standards of ERISA would extend to investments made by the Company and (ii) certain transactions in which the Company might seek to engage could constitute “prohibited transactions” under ERISA and the Code, among other consequences. If a prohibited transaction occurs for which no exemption is available, the Investment Manager and any other fiduciary that has engaged in the prohibited transaction could be required (x) to restore to the Plan any profit realized on the transaction and (y) to reimburse the Plan for any losses suffered by the Plan as a result of the investment. In addition, each party in interest involved could be subject to an excise tax equal to 15 per cent. of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100 per cent. Plan fiduciaries that decide to invest in the New Ordinary Shares and/or C Shares could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Company or as co-fiduciaries for actions taken by or on behalf of the Company or the Investment Manager. With respect to an IRA that invests in the New Ordinary Shares and/or C Shares, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiaries, could cause the IRA to lose its tax-exempt status.

The Board of Directors will have the power to take certain actions to avoid having the assets of the Company characterized as plan assets including, without limitation, the right to refuse a subscription and the right to require a Shareholder to make a partial redemption of its New Ordinary Shares and/or C Shares in the Company or to redeem its equity interest in the Company entirely.

Deemed Representations

By participating in the Placing, each Placee acknowledges and agrees that it will be deemed to represent and warrant that, unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary Shares and/or C Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (iii) an entity which is

deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, its purchase, holding, and disposition of the New Ordinary Shares and/or C Shares must not constitute or result in a non-exempt violation of any such substantially similar law.

Each Plan fiduciary should consult its own legal advisors concerning the considerations discussed above before making an investment in the New Ordinary Shares and/or the C Shares.

Subscribers' warranties

Each subscriber of New Shares in the Initial Placing and the Placing Programme and each subsequent investor in the Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties acknowledgements and agreements set out in paragraphs 4 and 5 of Appendices I and II of this Prospectus.

The Company, the Investment Manager, the Investment Adviser, Dexion, and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of those representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

PART VII

TAXATION

General

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise in relation to the Company and Shareholders. This is not a comprehensive summary of all technical aspects of the structure and is not intended to constitute legal or tax advice to investors. Prospective investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company. The statements relate to investors acquiring New Shares for investment purposes only, and not for the purposes of any trade. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each investor of investing in the Company may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

Guernsey taxation

The Company

In response to the European Code of Conduct Group review Guernsey introduced its "zero 10" corporate tax regime on 1 January 2008 and abolished exempt tax status for the majority of companies.

Under the "zero 10" regime, companies incorporated in Guernsey are resident in Guernsey for tax purposes with the standard rate of income tax being 0 per cent. There are exceptions to the standard rate, with banks paying tax at 10 per cent. on certain elements of income, and all companies are taxable at 20 per cent. on income from rental property in Guernsey and on income from activities regulated by the Office of the Director General of Utility Regulation.

However, collective investment schemes are eligible for and therefore can apply for exempt status for Guernsey tax purposes under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended (the **Exempt Ordinance**), as these were not identified as being harmful by the European Union Code of Conduct Group. Under the provisions of the Exempt Ordinance, exemption is granted annually by the Director of Income Tax, provided it continues to comply with the requirements of the Exempt Ordinance and upon payment of an annual fee which is currently fixed at £1,200.

Once exempt status has been granted, the Company is treated as not being resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice therefore, the company should only be liable for tax in Guernsey in respect of income arising in Guernsey, other than bank deposit interest, and at zero per cent. It is not anticipated that there will be any such income.

The Company is eligible and intends to apply for exempt status. It is the intention of the Directors to conduct the affairs of the Company to ensure that it continues to qualify.

Interest and dividends can be paid by the Company with no withholding tax, other than on actual distributions to a shareholder resident in Guernsey. Exempt companies may pay actual distributions to a Guernsey resident individual on a gross basis.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of goods and services tax, depending on the state of Guernsey's public finances at the time.

Guernsey does not impose stamp duty or capital duty on the issue or transfer of shares.

Shareholders

Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any Shares in the Company owned by them.

Any Shareholders who are resident in Guernsey will be subject to Guernsey income tax on any dividends paid to such persons but will not suffer any deduction of tax by the Company from any such dividends payable where the Company is granted tax exempt status. Exempt companies may pay actual distributions to a Guernsey resident individual on a gross basis. The Company will be

required to make a return to the Director of Income Tax providing details of distributions to Shareholders resident in Guernsey.

Guernsey does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties, save for a small *ad valorem* fee for the grant of probate or letters of administration.

EU Savings Tax Directive

Guernsey has introduced equivalent measures to the EU Savings Tax Directive (the **Directive**). Under the Directive, income derived from Undertakings for Collective Investment in Transferable Securities or “UCITS” funds and undertakings for Collective Investment Schemes established outside the EU are potentially caught within the Directive. The Guernsey government has issued guidance which states that only Class A funds established in Guernsey should be within the scope of the Directive. All other funds are regarded as out of scope. Accordingly, paying agents are not required to operate the measures on distributions made to shareholders by companies established in Guernsey that are not Class A funds. On the basis that the Company is not a Class A fund, it should therefore not be subject to the Directive.

The operation of the Directive is currently under review by the European Commission and a number of changes have been outlined which, if agreed, will significantly widen its scope. These changes could lead to the Company having to comply with the provisions of the Directive in the future.

FATCA – US-Guernsey Intergovernmental agreement

On 13 December 2013, the Chief Minister of Guernsey signed an intergovernmental agreement with the US (**US-Guernsey IGA**) regarding the implementation of FATCA, under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are, or being entities are controlled by one or more, residents or citizens of the US. The US-Guernsey IGA will be implemented through Guernsey’s domestic legislation in accordance with guidance which is currently in draft form. Accordingly, the full impact of the US-Guernsey IGA on the Company and the Company’s reporting responsibilities pursuant to the US-Guernsey IGA as implemented in Guernsey is currently uncertain.

The US Treasury and the IRS issued Notice 2013-43 (**Notice**) on 12 July 2013 which, *inter alia*, refers to the treatment of financial institutions operating in jurisdictions that have signed an intergovernmental agreement to implement FATCA. According to the Notice, a jurisdiction will be treated as having in effect an intergovernmental agreement if the jurisdiction is listed on the US Treasury website as a jurisdiction that is treated as having an intergovernmental agreement in effect. In general, the US Treasury and the IRS intend to include on this list jurisdictions that have signed but have not yet brought into force an intergovernmental agreement. A financial institution resident in a jurisdiction that is treated as having an intergovernmental agreement in effect will be permitted to register on the FATCA registration website. The US-Guernsey IGA is listed on the US Treasury website.

UK-Guernsey Intergovernmental Agreement

On 22 October 2013, the Chief Minister of Guernsey signed an intergovernmental agreement with the UK (**UK-Guernsey IGA**) under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are resident in the UK or which are entities that are controlled by one or more residents in the UK. The UK-Guernsey IGA will be implemented through Guernsey’s domestic legislation in accordance with guidance which is currently in draft form. Accordingly, the full impact of the UK-Guernsey IGA on the Company and its reporting responsibilities pursuant to the UK-Guernsey IGA is currently uncertain.

United Kingdom taxation

The following paragraphs are intended only as a general guide and are based on current legislation and HM Revenue & Customs (HMRC) published practice, which is subject to change at any time (possibly with retrospective effect). They are of a general nature and do not constitute tax advice and apply only to Shareholders who are resident in the UK, who are the absolute beneficial owners of their New Shares and who hold their New Shares as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities, insurance companies or collective investment schemes.

If you are in any doubt as to your tax position or if you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate professional adviser without delay.

The Company

The Directors intend that the affairs of the Company should be managed and conducted so that it does not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment, the Company will not be subject to UK income tax or corporation tax on its profits other than on any UK source income.

Certain interest and other income received by the Company which has UK source may be subject to withholding taxes in the UK.

Shareholders

Income

Shareholders who are resident in the UK for taxation purposes may, depending on their circumstances, be liable to UK income tax or corporation tax in respect of dividends paid by the Company.

UK resident individual Shareholders who are additional rate taxpayers are currently liable to income tax at 37.5 per cent., higher rate taxpayers are currently liable to income tax at 32.5 per cent. and other individual taxpayers are currently liable to income tax at 10 per cent. A tax credit equal to 10 per cent. of the gross dividend (also equal to one-ninth of the cash dividend received) should currently be available to set off against a Shareholder's total income tax liability. The effect of the tax credit is that a basic rate taxpayer will have no further tax to pay, a higher rate taxpayer will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which also equals 25 per cent. of the net dividend received) and an additional rate taxpayer will have to account for additional tax equal to 27.5 per cent. of the gross dividend (or 30.56 per cent. of the cash dividend received). The tax credit will not be available to any individual who owns (together with connected persons) 10 per cent. or more of the class of issued share capital of the Company in respect of which the dividend is made.

The UK Government has announced in its Summer Budget 2015 a reform to simplify the taxation of dividends received by UK resident individuals. The UK Government intends to replace the dividend tax credit with a new annual tax-free allowance of £5,000 of dividend income for all UK resident individual Shareholders with effect from April 2016. To the extent that dividend income exceeds £5,000, tax will be imposed at the rates of 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

A UK resident corporate Shareholder will be liable to UK corporation tax (currently 20 per cent.) unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is likely that dividends will fall within one of such exempt classes but Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

Chargeable gains

Any gains on disposals by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on their circumstances, give rise to a liability to UK tax on capital gains.

UK resident Shareholders who are individuals (or otherwise not within the charge to UK corporation tax) and who are basic rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 18 per cent. Individuals who are higher or additional rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 28 per cent. No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains (this is £11,100 for the year 2015/2016).

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains in respect of any gain arising on disposals. Indexation allowance may apply to reduce any chargeable gain arising on disposals but will not create or increase an allowable loss.

The Directors have been advised that the Company should not be an offshore fund for the purposes of UK taxation and the provisions of Part 8 of the Taxation (International and Other Provisions) Act 2010 should not apply.

C Shares

The C Shares will convert into Ordinary Shares on the basis of the Conversion Ratio as set at the Conversion Time, unless the Company exercises its discretion to redeem the C Shares prior to the Conversion Time. The conversion will be treated as a reorganisation of share capital for UK tax purposes. Accordingly, the new Ordinary Shares will be treated as the same asset as the Shareholder's holding of C Shares and as having been acquired at the same time as the Shareholder's holding of C Shares was acquired. The amount of subscription money paid (if any) for such new Ordinary Shares will be added to the base cost of the existing holding of C Shares. In the case of individuals, trustees and personal representatives, indexation allowance is not available. In the case of an existing Shareholder within the charge to corporation tax, in calculating the chargeable gain or allowable loss arising on a subsequent disposal of new Ordinary Shares, indexation allowance will apply to the amount paid for the new Ordinary Shares only from, generally, the date the subscription monies for the new Ordinary Shares were payable.

Other UK tax considerations

The attention of UK resident Shareholders is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 25 per cent. of the Ordinary Shares. This applies if the Company is a close company for the purposes of UK taxation. It is not anticipated that the Company would be regarded as a close company if it were resident in the UK although this cannot be guaranteed.

The attention of individuals ordinarily resident in the UK for taxation purposes is drawn to the provisions of sections 714 to 751 of the Income Tax Act 2007. These sections contain anti-avoidance legislation dealing with the transfer of assets to overseas persons in circumstances which may render such individuals liable to taxation in respect of undistributed profits of the Company.

The attention of companies resident in the UK is drawn to the controlled foreign companies legislation contained in Part 9A of the Taxation (International and Other Provisions) Act 2010. Broadly, a charge may arise to UK tax resident companies if the Company is controlled directly or indirectly by persons who are resident in the UK, it has profits which are attributable to its significant people functions and one of the exemptions does not apply.

Stamp duty and stamp duty reserve tax (SDRT)

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of the New Ordinary Shares or C Shares. UK stamp duty (at the rate of 0.5 per cent, rounded up where necessary to the next £5, of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of New Ordinary Shares and/or C Shares executed within, or in certain cases brought into, the UK. Provided that New Ordinary Shares and/or C Shares are not registered in any register of the Company kept in the UK and are not paired with shares issued by a UK company, any agreement to transfer New Ordinary Shares and/or C Shares should not be subject to SDRT.

ISAs and SIPPs

New Shares allotted under the Initial Placing or Placing Programme are not eligible for inclusion in an ISA. However, Ordinary Shares and C Shares acquired by an account manager by purchase in the secondary market, subject to applicable subscription limits, as set out below, will be eligible for inclusion in an ISA. The subscription limit for an ISA account is £15,240 (for the tax year 2015/2016).

The New Ordinary Shares and C Shares should also qualify as a permissible asset for inclusion in a SIPP.

Scrip dividends

A scrip dividend is a scrip issue of new shares made in lieu of a cash dividend. Shareholders can choose whether to receive a cash dividend or the equivalent dividend in shares. The shares issued under a scrip dividend arrangement have an equivalent cash value to the cash dividend.

A UK resident corporate Shareholder will not be liable to UK corporation tax where they elect to receive new shares instead of a cash dividend. For the purposes of computing any future liability to UK corporation tax on chargeable gains, no consideration will be treated as having been paid for the new shares. The new shares will be added to the corporate shareholder's existing holding of shares in the Company and treated as though they had been acquired when the corporate shareholder's existing holding was acquired.

Where a UK resident individual shareholder accepts new shares from the Company in place of a cash dividend, the individual should not be liable to UK income tax in this respect. For capital gains tax purposes, where the election to receive new shares instead of a cash dividend is made then no consideration will be treated as having been paid for the new shares, as is the case for a UK resident corporate shareholder. UK-resident individual shareholders may be subject to UK capital gains tax in respect of chargeable gains arising on a subsequent disposal depending on their individual circumstances. The new shares will be treated as a new asset acquired on the date the shares are issued and the "cash equivalent" of the new shares will be treated as being the base cost of the new shares.

No stamp duty or stamp duty reserve tax is payable on the issue of new shares in these circumstances.

United States

POTENTIAL INVESTORS ARE HEREBY NOTIFIED THAT ANY DISCUSSION OF TAX MATTERS SET FORTH IN THIS DOCUMENT WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN AND WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PROSPECTIVE INVESTOR, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER U.S. FEDERAL, STATE OR LOCAL TAX LAW. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain U.S. federal tax considerations relating to the purchase, ownership and disposition of New Shares by U.S. Holders (as defined below) that purchase New Shares pursuant to the Initial Placing and Placing Programme and hold such New Shares as capital assets. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effects, or to different interpretation. This summary is for general information only and does not address all of the tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, financial institutions, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, dealers in securities, commodities or currencies, real estate investment trusts, persons that received their New Shares as compensation for the performance of services, certain former citizens or residents of the United States, persons who hold New Shares as part of a straddle, hedge, conversion transaction or other integrated investment, U.S. persons that have a "functional currency" other than the U.S. dollar, persons that own (or are deemed to own) 10 per cent. or more of the Company's Shares, partnerships (including entities classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or holders that will hold their New Shares through such an entity, S corporations, persons that generally mark their securities to market for U.S. federal income tax purposes, controlled foreign corporations or passive foreign investment companies). This summary does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations. The Company is classified as a corporation for U.S. federal tax purposes and the discussion below is based on the assumption that New Shares are at all times treated as stock in a foreign corporation.

As used in this summary, the term "U.S. Holder" means a beneficial owner of New Shares that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United

States; (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or an electing trust that was in existence on 19 August 1996 and was treated as a domestic trust on that date.

If an entity treated as a partnership for U.S. federal income tax purposes holds New Shares, the tax treatment of such partnership and each partner thereof will generally depend upon the status and activities of the partnership and such partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of New Shares.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF NEW SHARES, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS AND NON-U.S. TAX LAWS. IN PARTICULAR, THE COMPANY EXPECTS THAT IT WILL BE TREATED AS A PFIC (AS DEFINED BELOW) FOR U.S. FEDERAL INCOME TAX PURPOSES AND, CONSEQUENTLY, PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSIDERATIONS RELATING TO AN INVESTMENT IN A PFIC.

U.S. Taxation of U.S. Tax-Exempt Shareholders

An investment in New Shares will not generate unrelated trade or business income or income from debt-financed property for U.S. federal income tax purposes (collectively, **UBTI**) for a U.S. Shareholder that is a U.S. tax-exempt entity, provided that such U.S. tax-exempt entity does not incur “acquisition indebtedness” (as defined for U.S. federal income tax purposes) with respect to its investment in New Shares.

The Company will be a passive foreign investment company (**PFIC**) for U.S. federal income tax purposes. U.S. tax-exempt entities, however, generally are not subject to the potentially adverse effects of the PFIC rules. A U.S. tax-exempt entity may not make a “qualified electing fund” election with respect to the Company unless the U.S. tax-exempt entity is taxable under the UBTI rules with respect to distributions made by the Company (which would occur only if the U.S. tax-exempt entity financed its investment in the New Shares with borrowings).

U.S. Taxation of U.S. Taxable Shareholders

Passive Foreign Investment Company – General Considerations

In general a corporation organized outside the United States will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either: (i) at least 75 per cent. of its gross income is “passive income”; or (ii) on average at least 50 per cent. of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. Based on the Company’s projected income, assets and activities, the Company expects that it will be treated as a PFIC for the current taxable year and taxable years thereafter. The remainder of this summary assumes that the Company is and will continue to be a PFIC. The Company may also hold, directly or indirectly, interests in other entities that are PFICs (**Subsidiary PFICs**).

If a U.S. Holder does not validly make either: (i) a “qualified electing fund” (**QEF**) election (as described below) in respect of the Company and each Subsidiary PFIC for which it has QEF election filing responsibility; or (ii) a “mark to market election” in respect of New Shares (as described below under “Mark-to-Market Election”), effective in either case as of the beginning of the U.S. Holder’s holding period, the U.S. Holder generally will be subject to the adverse tax consequences described below under “No Qualified Electing Fund Election and No Mark-to-Market Election”. However, U.S. Holders may make a QEF election with respect to their New Shares only if the Company agrees to furnish them annually with certain tax information, and the Company currently does not intend to prepare or provide such information. Therefore, if the Company is deemed to be a PFIC, the QEF election will not be available to US Holders to mitigate against the adverse U.S. federal income tax consequences described below under “No Qualified Electing Fund Election and No Mark-to-Market Election”.

PFIC Information Reporting

If a U.S. Holder owns New Shares during any year in which the Company is a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 with respect to the Company, generally with the U.S. Holder's federal income tax return for that year. In addition, for any year in which the Company is a PFIC, a U.S. Holder would also be required to file a copy of Form 8621 with respect to any Subsidiary PFIC in which the Company owns an equity interest.

Mark-To-Market Election

If the New Shares are considered "marketable stock", a U.S. Holder generally may elect to make a "mark-to-market election" in respect of its New Shares in lieu of making a QEF election. Generally, the New Shares will be considered marketable stock if they are "regularly traded" on a "qualified exchange" within the meaning of applicable U.S. Treasury regulations. A class of shares is regularly traded during any calendar year during which more than *de minimis* quantities of such class of shares is traded on at least 15 days during each calendar quarter. A non-U.S. securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in U.S. Treasury regulations. It is not clear at this time whether the New Shares will constitute marketable stock for this purpose. If the New Shares are regularly traded on a qualified exchange for this purpose, U.S. Holders that own such New Shares would generally be eligible to make a mark-to-market election in respect of their investment. However, there can be no assurance that trading volumes will be sufficient to permit a mark-to-market election. Thus, prospective investors are urged to consult their tax advisors regarding their eligibility to make a mark-to-market election with respect to their New Shares.

If a "mark-to-market" election is available and a U.S. Holder validly makes such an election as of the beginning of the U.S. Holder's holding period, the U.S. Holder generally will not be subject to the adverse tax consequences described below under "No Qualified Electing Fund Election and No Mark-to-Market Election". Instead, the U.S. Holder generally will be required to take into account the difference, if any, between the fair market value of, and its adjusted tax basis in, its New Shares at the end of each taxable year as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis of its New Shares. In addition, any gain from a sale, exchange or other disposition of New Shares will be treated as ordinary income, and any loss will be treated as ordinary loss to the extent of any net mark-to-market gains previously included in income. It is not entirely clear how the tax consequences of a mark-to-market election with respect to New Shares would apply with respect to the Company's interest in a Subsidiary PFIC.

Each U.S. Holder should consult its own tax advisor with respect to the availability and tax consequences of a market-to-market election with respect to the New Shares.

No Qualified Electing Fund Election and No Mark-to-Market Election

If a U.S. Holder does not validly make a QEF election or mark-to-market election, effective as of the beginning of its holding period, with respect to the Company, the U.S. Holder will be subject to special rules with respect to any "excess distribution" made by the Company. An "excess distribution" is generally the excess of: (i) all distributions to the U.S. Holder on its New Shares during such taxable year over (ii) 125 per cent. of the average annual distributions to the U.S. Holder on such Shares during the preceding three taxable years (or shorter period during which the U.S. Holder held such New Shares). The tax payable by a U.S. Holder on an excess distribution with respect to the New Shares will be determined by allocating such excess distribution ratably to each day of the U.S. Holder's holding period for such New Shares. The amount of an excess distribution allocated to the taxable year of such distribution will be included as ordinary income for the taxable year of such distribution. The amount of an excess distribution allocated to any other period included in the U.S. Holder's holding period cannot be offset by any net operating losses of the U.S. Holder and will be taxed at the highest marginal rates applicable to ordinary income for each such period and, in addition, an interest charge will be imposed on the amount of tax for each such period. Furthermore, the amount of an excess distribution not includable in income in the taxable year of such distribution will not be included in determining the amount of the excess distribution for any subsequent taxable year.

If a U.S. Holder does not validly make a QEF election or a mark-to-market election effective as of the beginning of its holding period in respect of the Shares, any gain in respect of the Shares (including, without limitation, gain with respect to certain transfers upon death, gifts and pledges)

generally will be treated as an excess distribution subject to the tax consequences relating to an excess distribution described above.

If no QEF election is made for a Subsidiary PFIC, the rules described above with respect to excess distributions generally will apply to direct and indirect dispositions of the Company's interest in the Subsidiary PFIC (including a disposition by a U.S. Holder of New Shares) and excess distributions by the Subsidiary PFIC.

Dividends paid to a U.S. Holder in Sterling will be included in income by the U.S. Holder in a U.S. dollar amount calculated by reference to the prevailing spot market exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the Sterling pounds are converted into U.S. dollars at that time. Any foreign currency gain or loss a U.S. Holder realizes on a subsequent conversion of Sterling pounds into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in Sterling pounds are converted into U.S. dollars on the day they are received, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Controlled Foreign Corporation Status

The Company would be classified as a controlled foreign corporation (**CFC**) for US federal income tax purposes if more than 50 per cent. of the equity interests in the Company (measured by voting power or value) are owned, directly, indirectly or constructively by U.S. persons who each possess directly, indirectly or constructively 10 per cent. or more of the combined voting power of all classes of voting equity on any day during a taxable year of the Company. The Company will limit the portion of the New Shares which will be offered to U.S. persons in the Initial Placing and Placing Programme in order to avoid CFC status. However, U.S. persons are advised to consult with their U.S. tax advisor before acquiring a large percentage interest in the New Shares or any other class of shares of the Company. The tax treatment of US persons that are 10 per cent. (or greater) shareholders of a CFC are significantly more adverse than the PFIC tax rules discussed above.

Backup Withholding Tax and Information Reporting Requirements

Under certain circumstances, U.S. backup withholding tax and/or information reporting may apply to U.S. Holders with respect to payments made on, or proceeds from the sale or other disposition of, New Shares, unless an applicable exemption is satisfied. U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the U.S. Internal Revenue Service (the **IRS**).

In addition, a U.S. Holder that purchases New Shares in the Initial Placing and Placing Programme will generally be required to report the purchase on Internal Revenue Service (IRS) Form 926 if the amount of cash transferred to the Company by such U.S. Holder during the 12-month period ending on the date of the transfer exceeds US\$100,000. Additional filings of such form may be required in subsequent years. A U.S. Holder that fails to comply with these reporting obligations may be subject to substantial penalties.

Foreign Financial Assets Reporting Requirements for U.S. Persons

The Code imposes reporting requirements with respect to "foreign financial assets", which would include New Shares. Under Code Section 6038D, an individual taxpayer must attach to his or her U.S. federal income tax return certain information about foreign financial assets if the aggregate value of all such assets exceeds \$50,000 (or such higher amount determined under U.S. Treasury Regulations). Upon issuance of additional regulations, the IRS may also require such reporting by specified domestic entities. The IRS has released Form 8938, Statement of Specified Foreign Financial Assets, which is to be used for such reporting. Prospective investors in the Company should consult their U.S. tax advisors about such reporting requirements. Substantial penalties are provided for failure to comply.

Foreign Account Tax Compliance Act (FATCA) Withholding Issues

Under the provisions of the Code known as FATCA, the Company will be subject to U.S. withholding taxes at a 30 per cent. rate on payments of certain amounts payable to the Company (**withholdable payments**), unless it complies with due diligence, reporting and withholding requirements that are specified in FATCA as modified by the intergovernmental agreement between

the United States and Guernsey relating to FATCA compliance for Guernsey-based funds (the **US-Guernsey IGA** discussed above under “Guernsey taxation- FATCA – US-Guernsey Intergovernmental agreement”). Withholdable payments generally will include interest (including original issue discount), dividends, rents, annuities, and other fixed and determinable annual or periodical gains, profits or income, if such payments are derived from U.S. sources, as well as gross proceeds from disposition of securities that could produce U.S. source interest or dividends.

To avoid withholding tax, the Company has been required to register with the IRS and has agreed to identify and disclose identifying and financial information about each “specified U.S. person” (or foreign entity with substantial U.S. ownership) that invests in the Company, and to withhold tax at a 30% rate on withholdable payments and related payments made to any investors that fails to furnish information requested by the Company to satisfy its obligations under the FATCA rules. Certain categories of investors, generally including, but not limited to, tax-exempt investors, publicly traded corporations, banks, regulated investment companies, real estate investment trusts, common trust funds, and state and federal governmental entities, will be exempt from such reporting. Shareholders are encouraged to consult with their own tax advisors regarding the possible applicability of the FATCA legislation on their investment in the New Shares.

Shareholders will be required to furnish appropriate documentation certifying as to their U.S. or non-U.S. tax status, together with such additional tax information as the Company may from time to time request. Failure to provide such information may subject a Shareholder to withholding taxes or mandatory redemption of its entire interest in the Company. Prospective investors are encouraged to consult with their own tax advisors regarding the implications of the FATCA on their investment in Shares of the Company.

PART VIII

FINANCIAL INFORMATION RELATING TO THE COMPANY

The financial information contained in this Part VIII (Financial Information relating to the Company) in respect of the Company has been extracted without material adjustment from the annual report and audited consolidated financial statements of the Company in respect of (i) the period from 9 November 2012 to 31 December 2013; (ii) the financial year ended 31 December 2014; and (iii) in respect of the interim financial report and unaudited condensed consolidated financial statement for the six month periods ending 30 June 2013, 30 June 2014 and 30 June 2015.

1 Statutory Accounts

Statutory accounts of the Company for the period from 9 November 2012 to 31 December 2013 (the **2013 Annual Accounts**) and 1 January 2014 to 31 December 2014 (the **2014 Annual Accounts**), in respect of which the Company's auditor PricewaterhouseCoopers CI LLP, have given an unqualified opinion that the accounts give a true and fair view of the state of affairs of the Company for the periods set out above and that the accounts have been properly prepared in accordance with the Companies (Guernsey) Law, 2008, as amended have been incorporated into this document by reference.

The financial statements for the 6 month periods ended 30 June 2013 (the **2013 Interim Accounts**), 30 June 2014 (the **2014 Interim Accounts**) and 30 June 2015 (the **2015 Interim Accounts**) (together, the **Interim Accounts**) are unaudited and have been incorporated into this document by reference.

PricewaterhouseCoopers CI LLP is a member of the Institute of Chartered Accountants in England and Wales.

2 Published report and accounts

2.1 Historical financial information

The Annual Accounts and the Interim Accounts, which have been incorporated into this document by reference, included, on the pages specified below, the following information:

	2013 Annual Accounts (Audited)	2014 Annual Accounts (Audited)	2013 Interim Accounts (Unaudited)	2014 Interim Accounts (Unaudited)	2015 Interim Accounts (Unaudited)
Independent Auditor's Report	30	36	N/A	N/A	N/A
Independent Review Report	N/A	N/A	13	14	15
Consolidated Statement of Comprehensive Income	33	39	15	16	17
Consolidated Statement of Financial Position	34	40	16	17	18
Consolidated Statement of Changes in Equity	35	41	17	18	19
Consolidated Statement of Cash Flows	36	42	18	19	20
Notes to the Consolidated Financial Statements	37	43	19	20	21
Accounting Policies	37	43	20	20	21
Chairman's Statement	4	7	3	3	4
Investment Manager's Report	9	12	5	5	5
Report of the Directors	15	20	N/A	N/A	N/A

2.2 Selected Financial Information

The key figures that summarise the Company's financial period in respect of the periods covered by the Annual Accounts and the Interim Accounts, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part VIII, are set out in the following table:

	2013 Annual Accounts (Audited)	2014 Annual Accounts (Audited)	2013 Interim Accounts (Unaudited)	2014 Interim Accounts (Unaudited)	2015 Interim Accounts (Unaudited)
Total net assets (£'m)	236.0	238.3	234.9	235.5	238.0
Net asset value per Ordinary Share (pence)	99.13	100.08	98.65	98.91	99.94
Total operating income/ loss (£'m)	4.1	14.6	1.0	5.1	7.9
Profit and comprehensive income/loss for the period (£'m)	4.1	14.6	1.0	5.1	7.9
Earnings per Ordinary Share (pence)	1.73	6.15	0.44	2.13	3.31

2.3 Operating and Financial Review

The Annual Accounts and the Interim Accounts included, on the pages specified in the table below: descriptions of the Company's financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure; and changes in its financial condition for such period.

	2013 Annual Accounts (Audited)	2014 Annual Accounts (Audited)	2013 Interim Accounts (Unaudited)	2014 Interim Accounts (Unaudited)	2015 Interim Accounts (Unaudited)
Financial Highlights	3	6	N/A	N/A	N/A
Chairman's Statement	4	7	3	3	4
Investment Manager's Report	9	12	5	5	5
Strategic Report	6	9	N/A	N/A	N/A

2.4 Availability of annual reports and accounts for inspection

Copies of the Annual Accounts and the Interim Accounts are available for inspection at the address set out in paragraph 1(b) of Part X of this document and also at www.starwoodeuropeanfinance.com

3 Capitalisation and indebtedness

3.1 The following table shows the Company's capitalisation as at 30 June 2015.

	As at 30 June 2015 (unaudited) (£'m)
Capitalisation	
Shareholders' Equity	
Share capital	233.84
Total	233.84

3.2 The following table shows the Company's unaudited net indebtedness as at 30 June 2015 (being the latest practicable date prior to publication of this document for which unaudited interim financials are available), such information having been extracted without material adjustment:

	(£'m)
A Cash	2.6
B Cash equivalent	—
C Trading securities	—
D Liquidity (A+B+C)	2.6
E Current financial receivable	—
F Current bank debt	(8.0)
G Current portion of non-current debt	—
H Other current financial debt	—
I Current financial debt (F+G+H)	(8.0)
J Net current financial assets (I-E-D)	(5.4)
K Non-current bank loans	—
L Bonds issued	—
M Other non-current loans	—
M Non-current financial debt (K+L+M)	—
O Net financial assets (J+N)	—

4 Significant Change

Save for (i) the interim dividend of 1.75 pence per Ordinary Share announced on 24 July 2015 in respect of the 3 month period ending 30 June 2015 and resulting in a cash distribution of £4.6 million paid on 24 August 2015; and (ii) the 2015 Tap Issue; in relation to which subscriptions representing total gross proceeds of £24.49 million were accepted and 23,780,000 Ordinary Shares were issued at a price of 103 pence per share, there has been no significant change in the financial or trading position of the Group since 30 June 2015, being the end of the last interim financial period for which unaudited financial information has been published.

5 Working capital

In the Company's opinion, the Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of this document.

6 Extraction of Financial Information

The financial information relating to the Company contained in this Part VIII has been extracted without material adjustment from the Annual Reports and Interim Accounts (which have been incorporated by reference into this Prospectus as explained at paragraph 2.1 of this Part VIII above).

PART IX

TERMS OF THE C SHARES AND THE CONVERSION RATIO

1 General

- 1.1 An issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors which could arise out of a conventional fixed price issue of further Ordinary Shares of an existing issued class for cash. In particular:
- (a) the Net Asset Value of the existing Ordinary Shares will not be diluted by the expenses associated with the issue of C Shares pursuant to the relevant Initial Placing of C Shares and/or the Placing Programme of C Shares, and which will be attributed to the Net Asset Value of the C Shares and not the Ordinary Shares; and
 - (b) the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares will become entitled will reflect the relative investment performance and value of the pool of new capital attributable to the C Shares raised pursuant to the Initial Placing and/or the Placing Programme up to the Calculation Time as compared to the assets attributable to the existing Ordinary Shares at that time and, as a result, neither the Net Asset Value attributable to the existing Ordinary Shares nor the Net Asset Value attributable to the C Shares will be adversely affected by Conversion.
- 1.2 The C Shares will convert into Ordinary Shares on the basis of the Conversion Ratio which will be calculated at a time determined by the Directors in accordance with the Articles (as set out more fully below). Once the Conversion Ratio has been calculated, the C Shares will convert into Ordinary Shares on the basis set out below.
- 1.3 The Directors expect to issue New Shares as C Shares only in circumstances where: (a) the Company is raising capital that it does not expect to be able to fully deploy within a short period of time after issue in order to mitigate the risk of cash drag on the Ordinary Shareholders; or (b) a dividend in respect of the Ordinary Shares has not yet been declared in respect of a period and it is intended to issue Shares on an ex-dividend basis for the relevant period (although there may be other circumstances in which the Directors consider that it is in the best interests of the Company to issue C Shares).

2 Specified Conversion Criteria

- 2.1 Pursuant to the Articles, the Directors have determined that the following conversion criteria shall apply to each issue of C Shares under the Initial Placing and/or the Placing Programme:
- Back Stop Date** shall be the date falling 6 months after the date of Admission of the C Shares; and
- Early Investment Condition** shall be the Investment Manager giving notice to the Directors, and the Directors agreeing, that there is insufficient un-invested or uncommitted (including for investment or repayment purposes) cash in the relevant C Share Portfolio to make any further investments.
- 2.2 At the Calculation Time, the net assets attributable to the Ordinary Shares then in issue, the net assets attributable to the C Shares, and hence the Conversion Ratio, will be calculated.
- 2.3 The conversion process is more fully described, and the definitions of the terms "Calculation Time", "Conversion Ratio" and "Conversion Time" are set out in paragraph 5 of this Part IX.

3 Example of Conversion Mechanism

- 3.1 The following example illustrates the basis on which the number of Ordinary Shares arising on Conversion will be calculated. The example is unaudited and is not intended to be a forecast of the number of Ordinary Shares which will arise on Conversion, nor a forecast of the level of income which may accrue to Ordinary Shares in the future. The Conversion Ratio at the Calculation Time will be calculated by reference to the Net Asset Values of the Ordinary Shares and the C Shares at the Calculation Time and may not be the same as the illustrative Net Asset Values set out below.

- 3.2 The example illustrates the number of Ordinary Shares which would arise on the conversion of 1,000 C Shares held at Conversion using assumed NAVs attributable to the C Shares and the Ordinary Shares in issue at the Calculation Time. The assumed NAV attributable to a C Share at the Calculation Time is based on the assumption (for the purpose of this example only) that 20 million C Shares are issued and that the costs of the relevant Placing of C Shares amount to £0.4 million and that there are no revenues or movements in asset value in respect of the C Share Portfolio and no other costs arise. The assumed NAV attributable to each Ordinary Share is 99.87 pence, being the NAV as at the close of business on 31 August 2015, assuming (for the purpose of this example only) that there are no revenues or movements in asset value in respect of the Ordinary Shares and no other costs arise.
- 3.3 The assumed NAV attributable to each Ordinary Share is 99.87 pence, being the NAV per Ordinary Share as at 31 August 2015.

Example

Number of C Shares subscribed	1,000
Amount subscribed (£) at Issue Price of 100 pence per C Share	£1,000
Net Asset Value attributable to a C Share at the Calculation time (p)	98 pence
Net Asset Value attributable to an Ordinary Share at the Calculation Time (p)	99.87 pence
Conversion Ratio (being 98 pence divided by 99.87 pence)	0.9813
New Ordinary Shares arising on Conversion (being the number of C Shares subscribed multiplied by the Conversion Ratio and rounded down to the nearest whole Ordinary Share)	981

4 Terms of the C Shares

The rights and restrictions attaching to the C Shares are set out in the Articles. The relevant provisions are as set out below (save that the specific Back Stop Date and Early Investment Condition are specified in paragraph 2 above).

5 Definitions

The following definitions apply for the purposes of this Part IX in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this Prospectus.

Back Stop Date means such date as determined by the Directors and set out in the Specified Conversion Criteria.

C Shares means the shares of no par value in the capital of the Company issued and designated as a C Share of such class, and convertible into such Correspondent Shares, as may be determined by the Directors at the time of issue.

C Share Surplus means in relation to any class of C Shares, the net assets of the Company attributable to the C Shares of that class as recorded in the Class Account for that class.

Calculation Time means in relation to any tranche of C Shares means the earliest of:

- the close of business on the Back Stop Date for the relevant class of C Shares;
- the close of business on such date as the Directors may determine, provided that the Directors shall, in their discretion, have resolved that the Early Investment Condition for the relevant class of C Shares has been satisfied and that the relevant class of C Shares shall be converted;
- the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that they are in contemplation; and
- the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of the Conversion of that class of C Shares.

Class Account means a separate class account (in such currency as the Directors may determine) in the books of the Company for each share class and each of the separate class accounts shall be designated by reference to each class of share as appropriate.

Conversion means in relation to any tranche of C Shares, the conversion of that tranche of C Shares in accordance with the Articles.

Conversion Ratio in relation to each class of C Shares, is A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C - D}{E}$$

and

$$B = \frac{F - G}{H}$$

and where:

- C** is the aggregate value of all assets and investments of the Company attributable to the relevant class of C Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;
- D** is the amount which (to the extent not otherwise deducted in the calculation of **C**) in the Directors' opinion fairly reflects, as at the relevant Calculation Time, the amount of the liabilities and expenses of the Company attributable to the C Shares of the relevant class (as determined by the Directors);
- E** is the number of C Shares of the relevant tranche in issue at the Calculation Time;
- F** is the aggregate value of all assets and investments attributable to the relevant class of Correspondent Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;
- G** is the amount which (to the extent not otherwise deducted in the calculation of **F**) in the Directors' opinion fairly reflects as at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the relevant Correspondent Shares (as determined by the Directors); and
- H** is the number of Correspondent Shares of the relevant class in issue as at the relevant Calculation Time.

Provided always that:

- (a) the Directors shall be entitled to make such adjustments to the value or amount of A and/or B as they believe to be appropriate having regard to, among other things, the assets of the Company immediately prior to the Issue Date or the Calculation Time or to the reasons for the issue of the C Shares of the relevant class; and
- (b) in relation to any class of C Shares, the Directors may, as part of the terms of issue of such class, amend the definition of Conversion Ratio in relation to that class.

Conversion Time means a time following the Calculation Time, being the opening of business in London on such Business Day as may be selected by the Directors and falling not more than 20 Business Days after the Calculation Time.

Correspondent Shares means the Ordinary Shares of the relevant class into which C Shares of a particular class are to be converted as determined by the Directors at the time of issue of the relevant class of C Shares, subject as may subsequently be amended by the Directors to reflect any change in the currency classes of the Company's shares.

Correspondent Share Surplus means the net assets of the Company attributable to the Correspondent Shares (as determined by the Directors) at the date of winding up or other return of capital.

Early Investment Condition means any such condition specified in the Specific Conversion Criteria.

Force Majeure Circumstances means in relation to any tranche of C Shares (a) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (b) the issue of any proceedings challenging or seeking to challenge the power of the Company and/or its Directors to issue the C Shares of that class with the rights proposed

to be attached to them or to the persons to whom they are, and/or the terms on which they are, proposed to be issued; or (c) the convening of any general meeting of the Company at which a resolution is to be proposed to wind up the Company.

Issue Date means in relation to any class of C Shares, the date on which the admission of that class of C Shares to trading on the Official List becomes effective or, if later, the date on which the Company receives the net proceeds of the relevant class of C Shares.

Law means the Companies (Guernsey) Law 2008, as amended, extended or replaced and any ordinance, statutory instrument or regulation made thereunder.

6 Issue of C Shares

- 6.1 Subject to the Law, the Directors are authorised to issue C Shares of such classes (and denominated in such currencies) as they may determine in accordance with the Articles and with C Shares of each such class being convertible into Ordinary Shares of such class as the Directors may determine at the time of issue of such C Shares (being the **Correspondent Shares**).
- 6.2 The Directors shall, on the issue of each class of C Shares, determine the latest Calculation Time and Conversion Time for each class and be entitled to effect any amendments to the definition of Conversion Ratio attributable to such class. The Directors may, in their absolute discretion change the Correspondent Shares for any class of C Shares to reflect any change in the currency classes of the Ordinary Shares by notice to the holders of such class of C Shares.

7 Dividend and Pari Passu Ranking of C Shares and New Ordinary Shares

- 7.1 Notwithstanding any other provision of the Articles, the holders of any class of C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares (as determined by the Directors).
- 7.2 The new Correspondent Shares arising upon Conversion shall rank *pari passu* with all other Correspondent Shares of the same class for dividends and other distributions declared, made or paid by reference to a record date falling after the relevant Calculation Time.
- 7.3 No dividend or other distribution shall be made or paid by the Company on any of its shares between the Calculation Time and the Conversion Time (both dates inclusive) and no dividend shall be declared with a record date falling between the Calculation Time and the Conversion Time (both dates inclusive).

8 Rights as to Capital

The capital and assets of the Company shall, on a winding-up or on a return of capital (other than by way of the repurchase or redemption of the shares by the Company) prior, in each case, to Conversion be applied as follows:

- (a) the Correspondent Share Surplus shall be divided amongst the holders of relevant Correspondent Shares *pro rata* to their holdings of Correspondent Shares as if the Correspondent Share Surplus comprised the assets of the Company available for distribution; and
- (b) the C Share Surplus attributable to each class of C Shares shall be divided amongst the holders of C Shares of such class *pro rata* according to their holdings of C Shares of that class.

9 Voting and Transfer

Except as provided in the Articles, the C Shares shall not carry any right to attend or vote at, any general meeting of the Company. The C Shares shall be transferable in the same manner as the Correspondent Shares and are subject to restrictions on transfer. A summary of the transfer provisions is set out on page 108 of this Prospectus.

10 Redemption

- 10.1 The C Shares are issued on terms that each class of C Shares shall be redeemable by the Company in accordance with the terms set out in the Articles.

10.2 At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares of a particular class then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facilities and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holder(s) of the relevant class of C Shares.

11 Class Consents and Variation of Rights

11.1 Without prejudice to the generality of the Articles, until Conversion the consent of the holders of the C Shares as a class (irrespective of whichever class of C Shares they may hold) shall be required in accordance with the Articles for, and accordingly, the special rights attached to any class of C Shares shall be deemed to be varied, *inter alia*, by:

- (a) any alteration to the memorandum of incorporation of the Company or the Articles; or
- (b) the passing of any resolution to wind up the Company.

12 Class Accounts

12.1 Until Conversion and without prejudice to its obligations under the Law, the Company shall in relation to each class of C Shares establish a separate Class Account for that class in accordance with Article 6 and, subject thereto:

- (a) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the relevant class of C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to each class of C Shares; and
- (b) allocate to the assets attributable to each class of C Shares such proportion of the income, expenses or liabilities of the Company incurred or accrued between the Issue Date and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to such class of C Shares; and
- (c) give appropriate instructions to the Administrator and/or the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

13 Conversion of C Shares

13.1 In relation to each tranche of C Shares, the C Shares shall be converted into new Correspondent Shares at the Conversion Time in accordance with the provisions set out below.

13.2 The Directors shall procure that within twenty Business Days after the Calculation Time:

- (a) the Administrator or, failing which, an independent accountant selected for the purpose by the Board, shall be requested to calculate the Conversion Ratio as at the Calculation Time and the number of new Correspondent Shares to which each holder of C Shares of the relevant class shall be entitled on Conversion;
- (b) the Auditor may, if the Directors consider it appropriate, be requested to certify whether such calculations have been performed in accordance with the Articles and are arithmetically accurate; and
- (c) whereupon, subject to any proviso in the definition of "Conversion Ratio" above, such calculations shall become final and binding on the Company and all Shareholders. If the Auditor is unable to confirm the calculations of the Administrator or independent accountant, as described above, the Conversion shall not proceed.

13.3 The Directors shall procure that, as soon as practicable, and following such certification (if any), an announcement is made advising holders of C Shares of that class of: (i) the Conversion Time; (ii) the Conversion Ratio; and (iii) the aggregate numbers of new Correspondence Shares to which holders of the C Shares of that class are entitled on Conversion.

- 13.4 Conversion of each class of C Shares shall take place at the Conversion Time designated by the Directors for that class of C Shares. On Conversion the issued C Shares of the relevant class then in issue shall automatically convert (by redesignation or otherwise as appropriate) into such number of new Correspondent Shares as equals the aggregate number of C Shares of the relevant class in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole Correspondent Share).
- 13.5 The new Correspondent Shares of the relevant class arising upon Conversion shall be divided amongst the former holders of the relevant class of C Shares *pro rata* according to their respective former holdings of the relevant class of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to the new Correspondent Shares, including, without prejudice to the generality of the foregoing, selling or redeeming any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of C Shares, of the relevant class to do any other act or thing as may be required to give effect to the same including, in the case of a share in certificated form, to execute any stock transfer form and, in the case of a share in uncertificated form, to give directions to or on behalf of the former holder of C Shares of the relevant class who shall be bound by them.
- 13.6 Forthwith upon Conversion, any certificates relating to the C Shares of the relevant class shall be cancelled and the Company shall issue to each such former holder of C Shares of the relevant class new certificates in respect of the shares of the relevant class which have arisen upon Conversion unless such former holder of C Shares of the relevant class elects to hold such shares in uncertificated form.
- 13.7 The Company will use its reasonable endeavours to procure that, upon Conversion, the resulting Correspondent Shares are admitted to trading on the London Stock Exchange's main market for listed securities.
- 13.8 In connection with the issue of C Shares of any class, the Directors shall state the Specified Conversion Criteria with respect to such class in any relevant disclosure document or prospectus and in an RIS release at the time that C Shares of such class are first offered.
- 13.9 References to auditors certifying any matter shall be construed to mean certification of their opinion as to such matter, whether qualified or not.
- 13.10 The conversion of C Shares into new Correspondent Shares at the Conversion Time is prohibited by holders who are in the United States or who are U.S. Persons. As a result, if you are located within the United States or are a U.S. Person at the Conversion Time, you will be subject to the compulsory transfer provisions as provided in the Articles.
- 13.11 In the event that the Directors exercise the right pursuant to the Articles to compulsorily convert a class of Ordinary Shares (a **Compulsory Conversion Class**) where the number of the Compulsory Conversion Class Shares in public hands (as such phrase is used in Listing Rule 6.1.19(4)R (as may be amended, replaced or supplemented from time to time)) falls below 25 per cent. of the total number of issued Compulsory Conversion Class Shares, the Directors have the right, at their discretion, to convert compulsorily the C Shares of the corresponding class to such Compulsory Conversion Class Shares into C Shares of the other class to reflect such compulsory conversion of the Compulsory Conversion Class Shares. Any compulsory conversion in accordance with the Articles will take place in substantially the same manner, *mutatis mutandis*, as specified for voluntary conversion in accordance with the Articles.

PART X

ADDITIONAL INFORMATION

1 Incorporation and administration

- (a) The Company was incorporated with liability limited by shares in Guernsey under the Companies Law on 9 November 2012 with registered number 55836 as a closed-ended investment company registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Rules.
- (b) The registered office and principal place of business of the Company is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL, and the telephone number is +44 (0) 1481 713 843. The statutory records of the Company are kept at this address. The Company operates under the Companies Law and ordinances and regulations made thereunder and has no employees. The Company is subject to the Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority.
- (c) Historical financial information in respect of the period from 9 November 2012 to 30 June 2015 has been incorporated by reference into this Prospectus in Part VIII.
- (d) The Company's accounting period ends on 31 December of each year.
- (e) PricewaterhouseCoopers CI LLP has been the only auditor of the Company since its incorporation. PricewaterhouseCoopers CI LLP is a member of the Institute of Chartered Accountants of England & Wales.
- (f) The annual report and accounts are prepared according to IFRS.
- (g) Changes in the issued share capital of the Company since incorporation are summarised in paragraph 2 of this Part X.

2 Share Capital

- (a) The share capital of the Company consists of an unlimited number of redeemable ordinary shares of no par value which upon issue the Directors may classify into such classes as they may determine.
- (b) The Company gained authority at the 2015 EGM to issue up to 200 million New Ordinary Shares and/or C Shares in aggregate on a pre-emptive basis. Such authority expires at the conclusion of the 2016 AGM. 23,780,000 Ordinary Shares were issued on 23 July 2015 pursuant to this authority. Up to 176,220,000 New Ordinary Shares and/or C Shares may be issued under this authority pursuant to the Initial Placing and the Placing Programme in aggregate.
- (c) As at the date of this Prospectus, the Company's issued share capital comprises 261,880,000 Ordinary Shares.
- (d) The Company raised £228,500,000 (before costs) through the issue of 228,500,000 Ordinary Shares via the IPO. The Ordinary Shares were issued at an issue price of £1 per Ordinary Share.
- (e) On 21 March 2013 8,000,000 Ordinary Shares were issued at an issue price of 104.25 pence each. On 9 April 2013 1,000,000 Ordinary Shares were issued at an issue price of 104.5 pence. On 12 April 2013 600,000 Ordinary Shares were issued at an issue price of 104 pence. On 23 July 2015, 23,780,000 Ordinary Shares were issued at an issue price of 103 pence.
- (f) Since the date of incorporation of the Company, the Company has not purchased any Ordinary Shares.
- (g) The Directors have absolute authority to allot the New Shares under the Articles and are expected to resolve to do so shortly prior to Admission in respect of the New Ordinary Shares and C Shares to be issued pursuant to the Initial Placing.
- (h) The New Shares will be issued and created in accordance with the Articles and the Companies Law.
- (i) The New Shares will be issued in registered form and are capable of being held in uncertificated form and title to such Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). New Shares will only be issued in

CREST and the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 42 of this Prospectus, maintains a register of Shareholders holding their Shares in CREST.

- (j) None of the actions specified in paragraph 2(i) above shall be deemed an action requiring the approval of Shareholders pursuant to the rights attached to those Ordinary Shares and/or C Shares.
- (k) No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

3 Directors' and other Interests

- (a) As at the date of this Prospectus, the Directors and their connected persons hold the following Ordinary Shares in the Company:

Stephen Smith	40,000 Ordinary Shares
Jonathan Bridel	7, 000 Ordinary Shares
John Whittle	7, 000 Ordinary Shares

- (b) Each of the Directors will receive an additional fee of £5,000 each in respect of the additional work involved in respect of the Proposals. Each of the Directors intends to invest this amount to subscribe for 4,866 New Ordinary Shares pursuant to the Initial Placing (resulting in a total subscription by Directors of 14,598 New Ordinary shares). The Directors may also subscribe for further New Shares.
- (c) There are no outstanding loans from the Company to any of the Directors or any outstanding guarantees provided by the Company in respect of any obligation of any of the Directors.
- (d) The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 31 December 2015 which will be payable out of the assets of the Company are not expected to exceed £150,000. Up to 30 June 2015, each of the Directors was entitled to receive £32,500 per annum other than the Chairman who was entitled to receive £45,000 per annum and the chairman of the Audit Committee who was entitled to receive an additional fee of £2,500 per annum. From 1 July 2015, each of the Directors is entitled to receive £35,000 per annum other than the Chairman who is entitled to receive £47,500 per annum and the chairman of the Audit Committee who is entitled to receive an additional fee of £5,000 per annum.
- (e) No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits.
- (f) Each of the Directors has been appointed pursuant to a letter of appointment dated 22 November 2012. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for 12 months or more; (iii) written request of the other Directors; and (iv) a resolution of the Shareholders.
- (g) No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- (h) None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.
- (i) Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against him in connection with the performance of his duties as a Director of the Company.
- (j) In addition to their directorships of the Company, the Directors hold or have held the directorships and are or were members of the partnerships, as listed in the table below, over or within the past five years.

Name	Current directorships/ partnerships	Past directorships/ partnerships
Stephen Smith	Gatehouse Bank Plc Tritax Big Box REIT Plc Starfin Public GP Limited Eastern & Oriental Plc Norman Retail Park LLP Rubicon Securities Limited	Focus Park Management Company Limited Guardian Properties Limited Thomas More Square Nominee Limited British Land Company PLC (and subsidiaries) L & P Contracting Limited LP 2 Limited 1-5 Lowndes Square Management Company Limited 20 Lowndes Square Management Company Limited 23-25 Lowndes Square Management Company Limited 43 Lowndes Square Management Company Limited 44-49 Lowndes Square Management Company Limited 6-10 Lowndes Square Management Company Limited Friends SLPS Limited NBP Developments Limited North British Properties (Scotland) Limited North British Properties Limited Hengrove Park Bristol (Phase I) Management Company Limited Astron Management Limited Access 10 Management Company Limited Colonial Management Limited Friends Aelem Limited Glasgow Airport Business Park Management Company Limited Landforce Management Limited Maidenhead Office Park Management Company Limited Opus Park Management Limited Newgate Street Properties Limited Devonshire Square General Partner Limited, 21/2 Stonebridge Cross Management Limited Thomas More Square General Partner Limited Aquis Estates Limited Aquis Property Company Limited (The) Aquis Securities PLC Magnet House Properties Limited 41-42 Lowndes Square Management Company Limited

Name	Current directorships/ partnerships	Past directorships/ partnerships
		Atlantic Industrial Nominees Limited
		Originwealth Limited
		Atlas Park Management Limited
		Wokingham Denmark Street Four Limited
		Wokingham Denmark Street One Limited
		Wokingham Denmark Street Three Limited
		Wokingham Denmark Street Two Limited
		Guildford Shopping Centres No.1 Limited
		Guildford Shopping Centres No.2 Limited
		North Street Guildford Nominee No.1 Limited
		North Street Guildford Nominee No.2 Limited
		Raw Dykes Nominee One Limited
		Raw Dykes Nominee Two Limited
		Church Street Nominee No. 3 Limited
		Church Street Nominee No 2 Limited
		Church Street Nominee No. 1 Limited
		The Gallery Gloucester Green Nominee One Limited
		The Gallery Gloucester Green Nominee Three Limited
		The Gallery Gloucester Green Nominee Two Limited
		Leicester Warehouse Limited
		Herax Nominees (No.1) Limited
		Herax Nominees (No.2) Limited
		European Added Value Fund Scotland (General Partner) Limited
		REOF II (GP) (Scotland) Limited
		Alternative Property Income Venture (Scotland) Limited
		APIV ELPSUBCO SARL
		Alternative Property Income Venture General Partner LTD
		APIV General Partner SARL
		Ashtenne Trade Parks Limited
		Atlantic Industrial General Partner Ltd
		AXA Equity & Law Estate Management Limited
		AXA Real Estate Investment Managers Italia S.R. L

Name	Current directorships/ partnerships	Past directorships/ partnerships
Jonathan Bridel	AnaCap Credit Opportunities GP II Limited AnaCap Credit Opportunities II Limited AnaCap Credit Opportunities III Limited AnaCap Credit Opportunities GP III Limited AnaCap Investment Manager Limited Alcentra European Floating Rate Income Fund Limited BWE GP Limited	AXA Real Estate Investment Managers UK Limited AXA Real Estate Investment Managers Belgium AXA Real Estate Managers Nederland BV AXA Real Estate Investment Managers SA Access 10 Management Limited Cheapside General Partner Ltd Dagenham (General Partner) Limited Dagenham Nominee Limited European Added Value Fund (General Partner) Limited Foundation Commercial Property Ltd Gobafoss General Partner Ltd Guildford Shopping Centres No 1 Ltd Guildford Shopping Centres No 2 Ltd Herax General Partner Limited Hollingbourne GP Limited Intermodal Freight Solutions Plc Lowndes Square Management Company Limited, 39-40 North Street Guildford Nominee No 1 Ltd North Street Guildford Nominee No 2 Ltd Origin Wealth Ltd REOF II (GP) Limited Rudimentary Investments Ltd Seorf (General Partner) Limited Seorf No. 2 Limited Sun Life Property Services Limited T3 Partnership Limited UK Regeneration Limited Blue Ash Inc. (In Liquidation) Camden/Wilshire Associates Inc (In Liquidation) Royal Bank of Canada Investment Management (Guernsey) Limited (became RBC Investment Solutions (CI) Limited on 1 July 2008) RBC Offshore Fund Managers Limited RBC Fund Services (Jersey) Limited RBC Investment Services Limited RBC Regent Fund Managers Limited

Name	Current directorships/ partnerships	Past directorships/ partnerships
	Starfin Public GP Limited Aurora Russia Limited The Renewable Infrastructure Group Limited Vision Capital Management Limited Fair Oaks Income Fund Limited Sequoia Economic Infrastructure Income Fund Limited DP Aircraft I Limited (and its subsidiaries) Altus Global Gold Limited (in voluntary liquidation)	FTSE UK Commercial Property Index Fund Limited (voluntarily struck off) GLF (GP) Limited (liquidated) Rhodium Stone PCC Limited (voluntarily struck off) Perpetual Global Limited Impax Renewable Power Infrastructure Limited (liquidated) MGI (Guernsey) Limited Palio Capital Management Guernsey Limited (voluntarily struck off) Palio Capital Founding Partners Limited (voluntarily struck off)
John Whittle	International Public Partnerships Ltd India Capital Growth Fund Ltd Mid Europa III Management Limited EMP Europe (CI) Limited (Mid Europa II) Mid Europa IV Management Limited The Offshore Mutual Fund PCC Ltd Guernsey International Management Company Limited Perusa Partners Management Ltd CPL Guernsey Limited Steadfast Capital III (GP) Ltd Advance Frontier Markets Fund Ltd Global worth Real Estate Investments Limited B&Q (Retail) Guernsey Ltd B&Q (Retail) Jersey Ltd The IPM Renewable Energy Fund ICC Ltd The Solar Park Fund (GBP) IC Ltd Toro Limited Starfin Public GP Limited	Close Fund Services Ltd Legion International Ltd GS Volatility Strategy IC Ltd GS High Frequency MSS UK Property Index Fund Management Ltd Aurora II GP Ltd Blue Skye GP Ltd Merchant Asset Management (Guernsey) Limited Avoca Senior Loans Europe Ltd FTSE UK Commercial Property Index Fund Limited Saunderton Data Centre GP Ltd The Sustainable Forestry ICC Ltd Sustainable Teak and Agarwood IC Ltd Sustainable Agroforestry IC Ltd Sustainable Red IC Ltd Sustainable Earth IC Ltd GC Dynamic Investments ICC Ltd Sciens Acqua master Fund Merchant Financing Funds ICC Aurora Russia Ltd Sciens Global Strategic Fund Ltd Guernsey Yacht Club LBG Pont du Val Ltd Magaptera Ltd (Voluntarily struck off)

- (k) As at the date of this Prospectus, there are no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties. There are no lock-up provisions regarding the disposal by any of the Directors of any Ordinary Shares.
- (l) At the date of this Prospectus:
- (i) none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;

- (ii) other than as disclosed above, none of the Directors was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;
 - (iii) none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and
 - (iv) none of the Directors is aware of any contract or arrangement subsisting in which he is materially interested and which is significant to the business of the Company which is not otherwise disclosed in this Prospectus.
- (m) The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- (n) No members of the Administrator, the Investment Manager or the Investment Adviser have any service contracts with the Company.

4 Major Interests

As at 4 September 2015 (being the latest practicable date prior to the publication of this Prospectus), the only persons known to the Company who, directly or indirectly, are interested in five per cent. or more of the Company's issued share capital are as set out in the following table:

Shareholder	Number of Ordinary Shares currently held	Percentage of the issued Ordinary Share Capital (%)
Quilter Cheviot Investment Management	29,264,606	11.17
Schroder Investment Management	21,821,988	8.33
SG Private Banking	20,748,185	7.92
Schroder & Co, London (PB)	15,896,417	6.07
Thames River Capital	13,700,000	5.23

All Shareholders have the same voting rights in the ordinary share capital of the Company.

As at 4 September 2015 (being the latest practicable date prior to the publication of this Prospectus), the Company is not aware of any person who, immediately following Admission could, directly or indirectly, jointly or severally, exercise control over the Company.

The Company knows of no arrangements, the operation of which may result in a change of control of the Company.

5 Memorandum and Articles

(a) Objects

The memorandum of incorporation of the Company provides that the objects of the Company are unlimited.

(b) Dividends and other distributions

(i) Subject to the rights of any Ordinary Shares which may be issued with special rights or privileges, the Ordinary Shares carry the right to receive all income of the Company attributable to the Ordinary Shares, and to participate in any distribution of such income made by the Company, such income shall be divided *pari passu* among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

(ii) The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the procedure set out in the Companies Law and subject to any Shareholder's rights attaching to their Ordinary Shares.

- (iii) All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed on the earlier of (i) a period of seven years after the date when it first became due for payment and (ii) the date on which the Company is wound-up, shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.
- (c) Voting
- (i) Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, holders of Ordinary Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company. Holders of C Shares do not have any voting rights at a general meeting of the Company, except in certain limited circumstances described in Part IX of this document.
 - (ii) Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall, in the case of a separate class meeting, have one vote in respect of each Share held by him and, in the case of a general meeting of all Shareholders, have one vote in respect of each Ordinary Share held by him.
- (d) Capital
- (i) As to a winding-up of the Company or other return of capital (other than by way of a repurchase or redemption of Ordinary Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Ordinary Shares remaining after payment of all creditors shall, subject to the rights of any Ordinary Shares that may be issued with special rights or privileges, be divided amongst the holders of Ordinary Shares *pari passu* among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them. Holders of C Shares are entitled to all of the surplus assets of the Company attributable to the C Shares.
 - (ii) The manner in which distributions of capital proceeds realised from investments (net of fees and expenses) and attributable to the Ordinary Shares ('Capital Proceeds') shall be effected shall, subject to compliance with the Companies Law, be determined by the Directors in their absolute discretion and, once determined, shall be notified to Shareholders by way of an RIS announcement.
 - (iii) Without restricting the discretion of the Directors described in paragraph 4(d)(ii), the Directors may effect distributions of Capital Proceeds by:
 - (A) compulsorily redeeming a proportion of each Shareholder's holding of Ordinary Shares and paying the redemption proceeds to Shareholders on such terms and in such manner as the Directors may determine; or
 - (B) in such other manner as may be lawful.
- (e) Pre-emption rights
- There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of the Ordinary Shares. However, the Articles of Incorporation provide that the Company is not permitted to allot (for cash) equity securities (being Ordinary Shares or C Ordinary Shares or rights to subscribe for, or convert securities into, Ordinary Shares or C Ordinary Shares) or sell (for cash) any Ordinary Shares or C Ordinary Shares held in treasury, unless it shall first have offered to allot to each existing holder of Ordinary Shares and C Ordinary Shares on the same or more favourable terms a proportion of those Ordinary Shares or C Ordinary Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the total Net Asset Value of the Company represented by the Ordinary Shares or C Ordinary Shares held by such shareholder. These pre-emption rights may be excluded and disapplied or modified by special resolution of the Shareholders.

- (f) Variation of rights
- (i) Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated:
 - (A) with the consent in writing of the holders of more than half in number of the issued shares of that class; or
 - (B) with the sanction of an Ordinary Resolution passed at a separate meeting of the holders of the shares of that class.
 - (ii) The necessary quorum at any separate class meeting shall be two persons present holding or representing by proxy at least one-third in number of the issued shares of that class (provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one person present holding shares of that class or his proxy) provided always that where the class has only one member, that member shall constitute the necessary quorum and any holder of shares of the class in question may demand a poll.
 - (iii) The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by (a) the creation or issue of further shares ranking *pari passu* therewith or (b) the purchase or redemption by the Company of any of its shares (or the holding of such shares as treasury shares).
 - (iv) The rights attaching to the C Shares are set out in Part IX of this document.
- (g) Disclosure of interests in Ordinary Shares
- (i) The Directors shall have power by notice in writing (a **Disclosure Notice**) to a Shareholder to disclose to the Company the identity of any person other than the Shareholder (an **interested party**) who has any interest (whether direct or indirect) in the Ordinary Shares held by the Shareholder and the nature of such interest or has been so interested at any time during the 3 years immediately preceding the date on which the Disclosure Notice is issued. Any such Disclosure Notice shall require any information in response to such Disclosure Notice to be given in writing to the Company within 28 days of the date of service (or 14 days if the Ordinary Shares concerned represent 0.25 per cent, or more of the number of Ordinary Shares in issue of the class of Ordinary Shares concerned).
 - (ii) If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the Ordinary Shares concerned represent 0.25 per cent, or more in number of the issued Ordinary Shares of the relevant class), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the member (a Direction Notice). The Direction Notice may direct that in respect of the Ordinary Shares in respect of which the default has occurred (the Default Ordinary Shares) and any other Ordinary Shares held by the member shall not be entitled to vote in general meetings or class meetings. Where the Default Ordinary Shares represent at least 0.25 per cent, in number of the class of Ordinary Shares concerned, the Direction Notice may additionally direct that dividends on such Ordinary Shares will be retained by the Company (without interest) and that no transfer of the Default Ordinary Shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.
 - (iii) The Directors may be required to exercise their power to require disclosure of interested parties on a requisition of Shareholders holding not less than 1/10th of the total voting rights attaching to the shares in issue at the relevant time.
- (h) Transfer of Ordinary Shares
- (i) Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Ordinary Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

- (ii) A transfer of a certificated Share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.
- (iii) The Articles of Incorporation provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for any class of Ordinary Shares to be admitted to settlement by means of the CREST UK system. If the Board implements any such arrangements, no provision of the Articles will apply or have effect to the extent that it is in any respect inconsistent with:
 - (A) the holding of Ordinary Shares of the relevant class in uncertificated form;
 - (B) the transfer of title to Ordinary Shares or of the relevant class by means of the CREST UK system; or
 - (C) the CREST Guernsey Requirements.
- (iv) Where any class of Ordinary Shares is, for the time being, admitted to settlement by means of the CREST UK system such securities may be issued in uncertificated form in accordance with and subject to the CREST UK Guernsey Regulations. Unless the Board otherwise determines, Ordinary Shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Ordinary Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the CREST Guernsey Regulations. Title to such of the Ordinary Shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST UK system.
- (v) The Board may, in its absolute discretion and without giving a reason, refuse to LR2.2.42) register a transfer of any share in certificated form or uncertificated form subject to the Articles which is not fully paid or on which the Company has a lien provided that, in the case of a share, this would not prevent dealings in the Ordinary Shares of that class from taking place on an open and proper basis on the London Stock Exchange.
- (vi) In addition, the Board may decline to transfer, convert or register a transfer of any Share in certificated form or (to the extent permitted by the CREST Guernsey Requirements) uncertificated form: (a) if it is in respect of more than one class of Ordinary Shares, (b) if it is in favour of more than four joint transferees, (c) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the Ordinary Shares to which it relates and such other evidence of title as the Board may reasonably require, or (d) the transfer is in favour of any Non-Qualified Holder.
- (vii) If any Ordinary Shares are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring him either (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder or (ii) to sell or transfer his Ordinary Shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such Ordinary Shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his Ordinary Shares. If the Board in its absolute discretion so determines, the Company may dispose of the Ordinary Shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

- (viii) The Board of Directors may decline to register a transfer of an uncertificated Share which is traded through the CREST UK system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Ordinary Shares is to be transferred exceeds four.
- (i) General meetings
- (i) The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by the Companies Law and thereafter general meetings (which are annual general meetings) shall be held at least once in each calendar year and in any event, no more than 18 months since the last annual general meeting. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in Guernsey or such other place outside the United Kingdom as may be determined by the Board from time to time.
- (ii) The notice must specify the date, time and place of any general meeting and the text of any proposed special and ordinary resolution. Any general meeting shall be called by at least ten clear days' notice. A general meeting may be deemed to have been duly called by shorter notice if it is so agreed by all the members entitled to attend and vote thereat. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the proceedings at the meeting.
- (iii) The Shareholders may require the Board to call an extraordinary general meeting in accordance with the Companies Law.
- (iv) Holders of C Shares do not have any voting rights at a general meeting of the Company, except in certain limited circumstances described in Part IX of this document.
- (j) Restrictions on voting
- Unless the Board otherwise decides, no member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of Ordinary Shares in the Company, either in person or by proxy, in respect of any Share held by him unless all calls and other sums presently payable by him in respect of that Share have been paid. No member of the Company shall, if the Directors so determine, be entitled in respect of any Share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such Ordinary Shares has failed to comply with a Disclosure Notice (see paragraph 4(g)(i) above) within 14 days, in a case where the Ordinary Shares in question represent at least 0.25 per cent, of their class, or within 28 days, in any other case, from the date of such Disclosure Notice.
- These restrictions will continue until the information required by the notice is supplied to the Company or until the Ordinary Shares in question are transferred or sold in circumstances specified for this purpose in the Articles.
- (k) Appointment, retirement and disqualification of Directors
- (i) Unless otherwise determined by the Shareholders by ordinary resolution, the number of Directors shall not be less than two and there shall be no maximum number. At no time shall a majority of the Board be resident in the UK for UK tax purposes.
- (ii) A Director need not be a Shareholder. A Director who is not a Shareholder shall nevertheless be entitled to attend and speak at Shareholders' meetings.
- (iii) Subject to the Articles, Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's

electronic address) notice in writing signed by a Shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected, specifying his tax residency status and containing a declaration that he is not ineligible to be a Director in accordance with the Companies Law.

- (iv) No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age.
- (v) Subject to the Articles, at each annual general meeting of the Company, any Director (i) who has been appointed by the Board since the last annual general meeting, (ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them, or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for election or re-election by the Shareholders.
- (vi) A Director who retires at an annual general meeting may, if willing to continue to act, be elected or re-elected at that meeting. If he is elected or re-elected he is treated as continuing in office throughout. If he is not elected or re-elected, he shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.
- (vii) A Director may resign from office as a Director by giving notice in writing to that effect to the Company at its registered office, which notice shall be effective upon such date as may be specified in the notice, failing which, upon delivery to the registered office.
- (viii) The office of a Director shall be vacated: (i) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by one month's written notice signed by him sent to or deposited at the Company's registered office; (ii) if he dies; (iii) if the Company requests that he resigns his office by giving one month's written notice; (iv) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated; (v) if he becomes bankrupt or makes any arrangements or composition with his creditors generally; (vi) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment; (vii) if he is requested to resign by written notice signed by a majority of his co-Directors (being not less than two in number); (viii) if the Company by ordinary resolution shall declare that he shall cease to be a Director; (ix) if he becomes resident in the United Kingdom for tax purposes and, as a result thereof, a majority of the Directors would, if he were to remain a Director, be resident in the United Kingdom for tax purposes; or (x) if he becomes ineligible to be a Director in accordance with the Companies Law.
- (ix) Any Director may, by notice in writing, appoint any other person (subject to the provisions in paragraph 4(k)(x) below), who is willing to act as his alternate and may remove his alternate from that office.
- (x) Each alternate Director shall be either (i) resident for tax purposes in the same jurisdiction as his appointor, or (ii) resident outside the UK for UK tax purposes, in each case for the duration of the appointment of that alternate Director and in either case shall also be eligible to be a Director under the Companies Law and signs a written consent to act. Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and served upon the Company.

(l) Proceedings of the Board

- (i) The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretion exercisable by the Board.
- (ii) All meetings of the Board are to take place outside the United Kingdom and any decision reached or resolution passed by the Directors at any meeting of the Board held within the United Kingdom or at which no majority of Directors resident outside the UK (and not within the UK) for UK tax purposes is present shall be invalid and of no effect.
- (iii) The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.
- (iv) Questions arising at any meeting shall be determined by a majority of votes.
- (v) The Board may delegate any of its powers to committees as they think fit with a majority of such Directors being resident outside of the United Kingdom for United Kingdom tax purposes. Committees shall only meet outside the United Kingdom. Any committee so formed shall be governed by any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

(m) Remuneration of Directors

The Directors shall be entitled to receive fees for their services, such sums not to exceed in aggregate £200,000 in any financial year in aggregate (or such sum as the Company in general meeting shall from time to time determine). The Directors may be paid all reasonable travelling, hotel and other out of pocket expenses properly incurred by them in attending board or committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director.

(n) Interests of Directors

- (i) Subject to and in accordance with the Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose that fact to the Directors (including, if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest).
- (ii) Subject to the provisions of the Companies Law, and provided that he has disclosed to the Directors the nature and extent of any interests of his, a Director notwithstanding his office:
 - (A) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
 - (B) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (C) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
 - (D) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no
 - (E) such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;

- (F) may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as though he were not a Director of the Company; and
 - (G) may be counted in the quorum present at any meeting in relation to any resolution in respect of which he has declared an interest (but he may not vote thereon).
- (o) Winding-up
- (i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the members entitled to the same in specie and the liquidator or, where there is no liquidator, the Directors may for that purpose value any assets as he or they deem fair and determine how the division shall be carried out as between the members or different classes of members and, with the like sanction, may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he or they may determine, but no member shall be compelled to accept any assets upon which there is a liability.
 - (ii) On a winding up of the Company, provided the Company has satisfied all of its liabilities, the holders of the Ordinary Shares are entitled to all of the surplus assets of the Company attributable to the Ordinary Shares and the holders of C Shares are entitled to all of the surplus assets of the Company attributable to the C Shares.
 - (iii) Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company, the liquidator may, with the sanction of an ordinary resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.
- (p) Borrowing powers
- The Directors may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property (present or future) or assets or uncalled capital and to issue debentures and other securities whether outright, or as collateral security for any debt, liability or obligation of the Company or of any third party.
- (q) C Shares
- The Articles contain C share rights, which set out the terms on which any C shares that may be issued by the Company will be treated and would convert into additional Ordinary Shares. A summary of the terms of the C Shares is set out in Part IX of this Prospectus.

6 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, are contracts which (i) are or may be material and have been entered into by the Company within the two years immediately preceding the date of this document; or (ii) have been entered into by the Company at any time before the date of this document where those contracts contain provisions under which the Company has an obligation or entitlement which is or may be material to the Company as at the date of this document.

(a) Placing Agreement

Pursuant to the Placing Agreement dated 7 September 2015 between the Company, the Investment Manager, the Investment Adviser and Dexion, and subject to certain conditions, Dexion has agreed to use its reasonable endeavours to procure subscribers for the New Ordinary Shares and C Shares proposed to be issued by the Company pursuant to the Initial Placing and has also agreed to use its reasonable endeavours to procure places for the Placing Programme Shares under the Placing Programme. In addition, Dexion has agreed to provide services as listing sponsor with respect to the applications for Admission of the New Shares.

The Placing Agreement may be terminated by Dexion in certain customary circumstances prior to the relevant Admission in connection with each Issue.

The obligations of the Company to issue the New Shares and the obligations of Dexion to use its reasonable endeavours to procure subscribers for New Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission of the Initial Placing Shares occurring and becoming effective by 8.00 a.m. on or prior to 29 September 2015 (or such later time and/or date, not being later than 20 October 2015 as the Company and Dexion may agree); and (ii) the Placing Agreement not having been terminated in accordance with its terms.

Subject to the relevant Admission, the Company shall pay to Dexion a commission in relation to the Initial Placing and each subsequent Placing under the Placing Programme. The amount to be paid to Dexion as a commission will be between 1.3 and 2 per cent of the Gross Issue Proceeds and will depend on the Initial Placing Price and the applicable Placing Programme Price.

Dexion has also agreed with the Company to reduce its annual broking retainer of £50,000 by an amount equal to the commission received by it in respect of the Issues.

Dexion may pay part of any commission received by them to certain investors, including the Starwood Capital Group, its Affiliates and Other Accounts.

The Company, the Investment Adviser and the Investment Manager have given certain warranties to Dexion concerning, *inter alia*, the accuracy of the information contained in this Prospectus. The Company, the Investment Adviser and the Investment Manager have also given certain indemnities to Dexion. The warranties and indemnities given by the Company, the Investment Adviser and the Investment Manager are standard for an agreement of this nature.

The Placing Agreement is governed by the laws of England and Wales.

(b) Investment Management Agreement

The Company and the Investment Manager have entered into an investment management agreement, dated 28 November 2012 as amended on 7 March 2014, 14 May 2014 and 7 September 2015 (the **Investment Management Agreement**), pursuant to which the Investment Manager has been given overall responsibility for the discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment objectives and policy.

Management fee

The Investment Manager is entitled to a management fee which is calculated and accrues monthly at a rate equivalent to 0.75 per cent, per annum of the Net Asset Value attributable to the Ordinary Shares.

The Investment Manager is entitled to a management fee which shall be calculated and accrues monthly at a rate equivalent to 0.75 per cent, per annum of the Net Asset Value attributable to C Shares (excluding any cash balances until such time as 75 per cent. of the Net Issue Proceeds attributable to each tranche of C Shares are invested).

The management fee is payable quarterly in arrears.

Origination fee

The Investment Manager is entitled to an asset origination fee of 0.75 per cent, of the value of all new loan investments made or acquired by the Company.

The asset origination fee to be paid by the Company is expected to be paid upon receipt by the Company of loan arrangement fees received on the deployment of the Company's funds.

Termination

The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months' written notice, such notice not to be given before the fourth anniversary of the IPO Admission (being 17 December 2016).

The Investment Management Agreement may be terminated earlier by the Company with immediate effect if:

- (i) an order has been made or an effective resolution passed for the liquidation of the Investment Manager or the Company;
- (ii) the Investment Manager ceases to carry on its business;
- (iii) the Investment Manager has committed a material breach of the Investment Management Agreement and fails to remedy such breach within 30 days of receiving notice requiring it to do so or is guilty of wilful default, fraud or gross negligence or if the Investment Manager fails to comply with any reasonable direction of the Board;
- (iv) the Investment Manager ceases to hold any required authorisation to carry out its services under the Investment Management Agreement;
- (v) the Investment Manager breaches any provision of the Investment Management Agreement and such breach results in listing and trading of the Shares on the Official List and the Main Market being suspended or terminated; and
- (vi) the Company is required to do so by a relevant regulatory authority and this is a final decision with no right of appeal.

The Investment Management Agreement may be terminated by the Investment Manager with immediate effect if an order has been made or an effective resolution passed for the winding up of the Company or the Company has committed a material breach of the Investment Management Agreement and fails to remedy such breach within 30 days of receiving notice requiring it to do so.

Fees and expenses on termination

In the event the Investment Management Agreement is terminated, the Investment Manager shall be entitled to (a) be paid any accrued Management Fee to the date of termination; and (b) be promptly reimbursed for all of its out of pocket expenses incurred in respect of the performances of its services up to the date of termination.

Indemnities

The Company has given certain market standard indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

General

The Investment Manager will delegate certain of its responsibilities under the Investment Management Agreement to the Investment Adviser.

The Investment Management Agreement is governed by the laws of England and Wales.

(c) Partnership Agreement

The Amended and Restated Limited Partnership Agreement relating to Starfin Public LP dated 28 November 2012 (the **Partnership Agreement**)

Commitment and drawdown

The Company commits substantially all of the net issue proceeds plus proceeds from subsequent tap issues to the Partnership.

That commitment is drawn down as required by the General Partner for the funding of investments. 0.01 per cent, of the Company's commitment was paid as a capital contribution shortly after the IPO Admission and the balance, 99.99 per cent., is committed as loan commitment and is paid over when requested by the General Partner.

Investment period

The Partnership has no fixed investment period and the General Partner may require the Company to advance further funds at any time.

Admission of new partners

No further limited partners will be admitted to the Partnership without the consent of the Company and the General Partner.

Withdrawal of partners

Except as may be agreed with the General Partner, no limited partner shall have the right to withdraw from the Partnership.

Transfer of interests

No sale, assignment, transfer, exchange, pledge, encumbrance or other disposition of all or any limited partner's interest whether direct or indirect, voluntary or involuntary shall be valid or effective except with the General Partner's prior written consent, which will not be unreasonably withheld or delayed.

Valuations

The General Partner shall procure that valuations of the Partnership's investments are carried out at least annually and at such other times as requested by the Company.

General Partner's Share

The General Partner is entitled to receive and there is allocated to the General Partner in each accounting period a sum of £1,000.

Allocations of profit

Each amount of income and capital proceeds received by the Partnership will be distributed in the following order of priority:

- first, to the General Partner until the General Partner has received distributions equal to the General Partner's Share;
- second, to the extent of any excess, to the Company until the Company has achieved the Hurdle Total Return; and
- third, 20 per cent, of the excess to the Special Limited Partner and 80% of the excess to the Company.

The Hurdle Total Return will be achieved when the NAV of the Company, plus the total of all dividends declared and paid to holders of Ordinary Shares, is equal to the NAV of the Company as at the IPO Admission as increased by 8 per cent, per annum, on a simple interest basis (but excluding actual carried interest accrued and deemed as a creditor on the balance sheet). To the extent that the Company makes further issues of Ordinary Shares, the Hurdle Total Return will be adjusted accordingly, by reference to the issue prices of such further issues and dividends declared subsequent to such issues.

If there is a Realisation Offer or other redemption of part of the Company's issued share capital that leads to the redesignation of any class of shares, the calculation above will be applied to each class of shares separately and the final determination of the calculation will take place upon the final distribution to Shareholders.

Save where any shares are redeemed, amounts due to the Special Limited Partner shall be held in escrow, and remain subject to claw-back, until the allocation of proceeds as at the fifth financial year end of the Company is determined. If any shares of any class are redeemed prior to the fifth financial year end then any amounts due to the Special Limited Partner in respect of the redeemed shares shall be paid to the Special Limited Partner on the date that the relevant shares are redeemed.

All distributions of capital and income proceeds shall be distributed (or placed in escrow) at such time as the General Partner may determine.

Where the Investment Management Agreement is terminated lawfully by the Company summarily for cause, the Special Limited Partner shall cease to be a partner in the Partnership from the date of such termination and shall have no right to any further distributions of carried interest with effect from that date.

Where the Investment Management Agreement is voluntarily terminated by the Investment Manager in accordance with the notice provisions therein, the Special Limited Partner shall cease to be a partner in the Partnership on the date on which the termination becomes effective and shall be entitled to continue to receive distributions from the Partnership up to that date but no further. A calculation shall be made as at the date of termination and the Special Limited Partner shall be paid any carried interest that it has become entitled to up to that date (as if it were a date on which carried interest is payable).

Where the Investment Management Agreement is terminated by the Company without cause in accordance with the notice provisions therein, the investments made by the Company up to the effective date of termination shall, for the purposes of calculating the Special Limited Partner's entitlement to carried interest, be accounted for as a separate pool of assets (the **Existing Pool**). All investments made following the date of actual termination of the Investment Management Agreement shall be excluded from this pool. The Special Limited Partner shall continue to be entitled to the carried interest attributable to the investments in the Existing Pool, which will be liquidated over time.

Limitations on distributions

The General Partner shall not be obliged to cause the Partnership to make any distribution unless there is sufficient cash available for such distribution, which would render the Partnership insolvent or which, in the reasonable opinion of the General Partner, would or might leave the Partnership with insufficient funds or profits to meet any future contemplated obligations, liabilities or contingencies (including the General Partner's Share).

Removal of General Partner

The General Partner may only be removed from the Partnership with the consent of the Company.

Variations to the Partnership Agreement

Save as described below, the Partnership Agreement may only be amended (whether in whole or in part) by the written consent of the Company, the General Partner and the Special Limited Partner.

The Partnership Agreement may be amended by the General Partner without the consent of the Company and the Special Limited Partner where such amendment is necessary or, in the reasonable opinion of the General Partner, (i) advisable to comply with applicable law or regulation; or (ii) to cure any ambiguity or correct or supplement any provision hereof which is incomplete or inconsistent with any other provisions hereof or correct any printing, stenographic or clerical error or omissions, provided that the General Partner in good faith believes that such amendment does not adversely affect the interests of the Company or the Special Limited Partner in any material respect.

(d) Revolving Credit Facility

On 4 December 2014, the Company entered into a £50 million revolving credit facility with Lloyds, a major UK clearing bank which is intended for short-term liquidity (the **Revolving Credit Facility**). Under its investment policy, the Company is limited to borrowing an amount equivalent to a maximum of 20 per cent. of its NAV at the time of drawdown. In calculating the Company's borrowings for this purpose, any liabilities incurred under the Company's foreign exchange hedging arrangements shall be disregarded. The interest rate payable will depend on how long the loan is outstanding: LIBOR plus 2.50 per cent. per annum at initial draw down and increasing for loans outstanding for more than six months. The facility is secured by a pledge over the bank accounts of the Company, its interests in Starfin Public LP and the inter-company funding provided by the Company to Starfin Public LP. Starfin Public LP also acts as guarantor of the facility and has pledged its bank accounts as collateral. The undertakings and events of default are customary for a transaction of this nature.

(e) Administration Agreement

The Company and the Administrator have entered into an administration agreement dated 28 November 2012 (the **Administration Agreement**), pursuant to which the Company has appointed the Administrator to act as its administrator and company secretary.

The Company has given certain market standard indemnities in favour of the Administrator in respect of the Administrator's potential losses in carrying out its responsibilities under the Administration Agreement.

The Administration Agreement may be terminated by either party by giving three months' written notice. The Administration Agreement may be terminated immediately by a party: (i) if the other party shall go into liquidation (except voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other) or if a receiver is appointed or if it shall be insolvent or stop or threaten to stop carrying on business or payment of its debts or make any arrangements with its creditors generally or have a receiver or administrator appointed over all or part of its assets or undertakings or some other event having a similar effect to the foregoing occurs; (ii) if the other party shall commit any material breach of the agreement, any applicable laws, rules or regulations, guidance or other publications of any regulatory authority having lawful jurisdiction over that party or its business activities and shall not have remedied such breach within thirty (30) Business Days of receipt by it of written notice from the first party requiring it to remedy such breach; or (iii) if the other party shall be guilty of fraud, wilful misconduct, material breach of duty or negligence in connection with this Agreement.

The Company may terminate the Administration Agreement forthwith by notice in writing if the Administrator is no longer permitted or qualified to perform its obligations and duties pursuant to any applicable law or regulation.

The Administration Agreement is governed by the laws of the Island of Guernsey.

(f) Registrar Agreement

The Company and the Registrar entered into a registrar agreement dated 28 November 2012 (the **Registrar Agreement**), pursuant to which the Company appointed the Registrar to act as registrar of the Company for a minimum annual fee payable by the Company of £7,500 in respect of basic registration.

The Registrar Agreement may be terminated by either the Company or the Administrator giving to the other not less than six month's written notice.

(g) Licence Agreement

The Company and Starwood Capital Group, L.L.C. (the **Licensor**) have entered into a trade mark licence agreement dated 28 November 2012 (the **Licence Agreement**), pursuant to which the Licensor has agreed to grant to the Company a royalty-free, non-exclusive worldwide licence for the use of the "Starwood" name for the purposes of the Company's business.

Under the terms of the Licence Agreement, it may be terminated by the Licensor: (i) if the Investment Management Agreement or any other similar agreement between the Company and the Investment Manager (or either of their respective affiliates) is terminated for any reason whatsoever or expires; (ii) if the Company suffers an insolvency event or breaches any court order relating to the Licence Agreement; or (iii) upon two months' written notice without cause.

If the Licence Agreement is terminated, the Company shall have a reasonable period, not to exceed two months, following such termination in order to seek to procure the change of the Company's name and those of its subsidiaries.

7 Litigation

There are no governmental, legal or arbitration proceedings nor, so far as the Directors are aware, are there any governmental, legal or arbitration proceedings pending or threatened which may have, or have since incorporation had, a significant effect on the Company's financial position or profitability.

8 Reports and accounts

The Company's accounting period ends on 31 December in each year. The audited annual accounts are provided to Shareholders within four months of the year end to which they relate. Unaudited half yearly reports, made up to 30 June in each year, are announced within two months of that date. The Company reports its results of operations and financial position in Sterling.

The audited annual accounts and half yearly reports are also available at the registered office of the Administrator and the Company and from the Company's website, www.starwoodeuropeanfinance.com.

The financial statements of the Company are prepared in accordance with IFRS and the annual accounts are audited by PricewaterhouseCoopers CI LLP using auditing standards issued by the International Auditing and Assurance Standards Board. The financial statements, which are the responsibility of its Board, consist of a balance sheet, profit and loss statement and cash flow statement, related notes and any additional information that the Board deems appropriate or that is required by applicable law.

The preparation of financial statements in conformity with IFRS requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgements about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial statements of the Company.

9 Related Party Transactions

The Company entered into a smaller related party transaction with Quilter Cheviot Limited (**Quilter Cheviot**) in respect of the 2015 Tap Issue. Quilter Cheviot, a related party of the Company by virtue of being a substantial shareholder, subscribed for 618,985 Ordinary Shares in the 2015 Tap Issue at the same price of 103 pence per Ordinary Share as all other investors that subscribed for Ordinary Shares under the 2015 Tap Issue. The transaction constituted a smaller related transaction under LR 11.1.10R. The consideration for the transaction, determined for the purposes of the related party rules by reference to the market value of the Ordinary Shares at the close of business on 17 July 2015 (being the last business day before the announcement), was £665,409.

Except with respect to the appointment letters entered into between the Company and each director and as set out above and in paragraphs 3(f), 6(a), 6(b) and 6(c) of this Part X of the Prospectus, the Company has not entered into any related party transaction since incorporation.

10 General

- (a) The Initial Placing of the New Shares is being carried out on behalf of the Company by Dexion, which authorised and regulated in the UK by the Financial Conduct Authority.
- (b) The principal place of business and registered office of the Company is at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Scheme Rules 2015 issued by the GFSC. The GFSC, in granting registration, did not review the IPO Prospectus but relied upon specific warranties provided by IPES (Guernsey) Limited, the Company's designated manager. The Company is not regulated by the Financial Conduct Authority or any other regulator.
- (c) The Investment Manager may be a promoter of the Company. Save as disclosed in paragraph 5 above no amount or benefit has been paid, or given, to the promoter or any of their subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- (d) The address of the Investment Manager is 1, Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL and its telephone number is +44 (0) 1481 713 843.

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- (e) The address of the Investment Adviser is 2nd Floor, One Eagle Place, St. James's, London SW1Y 2AU and its telephone number is +44 (0) 207 434 8570.
- (f) As the New Shares do not have a par value, the Initial Placing Price consists solely of share premium.
- (g) None of the New Shares available under the Issues is being underwritten.
- (h) CREST is a paperless settlement procedure enabling securities to be evidenced other than by certificates and transferred other than by written instrument. The Articles of the Company permit the holding of the New Shares under the CREST system. The Directors intend to apply for the New Shares to be admitted to CREST with effect from Admission. Accordingly it is intended that settlement of transactions in the New Shares following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrars.
- (i) The Company does not own any premises and does not lease any premises.
- (j) Applications will be made to each of the Financial Conduct Authority and the London Stock Exchange for the New Ordinary Shares and C Shares to be admitted to listing and trading on the premium segment (for the New Ordinary Shares) and the standard segment (for the C Shares) of the Official List and the Main Market respectively. It is expected that Admission will become effective, and that dealings in the Initial Placing Shares will commence at 8.00 a.m. on 29 September 2015. No application is being made for the New Ordinary Shares and C Shares to be dealt with in or on any stock exchanges or investment exchanges other than the London Stock Exchange.

11 Third party sources

- (a) Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been sourced from Cushman & Wakefield research, De Montfort University research or the Investment Adviser, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (b) The Investment Manager has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The Investment Manager accepts responsibility for information attributed to it in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

12 Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until 6 September 2016, or if earlier, the date on which the Placing Programme is closed:

- (a) the Articles of Incorporation;
- (b) the 2013 Interim Accounts, the 2014 Interim Accounts and the 2015 Interim Accounts;
- (c) the 2013 Annual Accounts and the 2014 Annual Accounts; and
- (d) this Prospectus.

This Prospectus is dated 7 September 2015.

PART XI

DEFINITIONS

2015 EGM	means the EGM which took place on 9 March 2015
2015 Tap Issue	the placing of Ordinary Shares which was announced on 20 July 2015 and priced on 21 July 2015
2016 AGM	means the annual general meeting of the Company to take place in 2016
Administration Agreement	means the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 6(e) of Part X of this Prospectus
Administrator	means Ipes (Guernsey) Limited
Admission	means admission of: New Ordinary Shares to be issued in connection with the Initial Placing and the Placing Programme to the premium segment of the Official List and to trading on the Main Market for Listed Securities of the London Stock Exchange and/or C Shares to be issued in connection with the Initial Placing and Placing Programme to the standard segment of the Official List and to trading on the Main Market for Listed Securities of the London Stock Exchange, as the context requires
Advisers	means the Investment Manager and the Investment Adviser
Affiliate	means an affiliate of, or person affiliated with, a specified person; a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified
AIC	means the Association of Investment Companies
AIC Code	means the AIC Code of Corporate Governance
AIFM Directive	means the EU Directive on Alternative Investment Fund Managers
Articles	means the articles of incorporation of the Company
Auditors	means PricewaterhouseCoopers CI LLP
Board	means the board of directors of the Company
Business Day	means a day on which the London Stock Exchange and banks in Guernsey are normally open for business
C Shares	means ordinary shares of no par value in the capital of the Company issued as “C Shares” and having the rights and being subject to the restrictions set out in Part IX of this Prospectus, which will convert into Ordinary Shares as set out in the Articles
Carried Interest	Means the Special Limited Partner’s entitlement to participate in the profits of the Partnership, as set out in the Partnership Agreement, and described on page 71 of this Prospectus
certificated or certificated form	means not in uncertificated form
Commission or GFSC	means the Guernsey Financial Services Commission
Companies Law	means The Companies (Guernsey) Law, 2008, as amended
Company	means Starwood European Real Estate Finance Limited
Continuation Resolution	has the meaning given in the section headed “Discount Control” in Part I of this Prospectus as to the continuation of the Company as presently constituted

CREST Guernsey Requirements	means the Uncertificated Securities (Guernsey) Regulations, 2009 (as amended from time to time) and such other rules and requirements of Euroclear UK & Ireland as may be applicable to issuers as from time to time specified in the CREST Manual
CREST Manual	means the compendium of documents entitled CREST Manual issued by Euroclear UK & Ireland from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
CREST Regulations	means the Uncertificated Securities Regulations 2001 (SI No. 2001/3755) and the CREST Guernsey Requirements
CREST	means the facilities and procedures for the time being of the relevant system of which Euroclear UK and Ireland Limited has been approved as operator pursuant to the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) of the United Kingdom
Current Share Issuance Authority	has the meaning set out on page 74 of this Prospectus
Dexion	means Dexion Capital plc
Directors or Board	means the directors of the Company
Disclosure and Transparency Rules or DTRs	means the disclosure rules and transparency rules made by the FCA under Part VI of the FSMA
EEA	means the European Economic Area
EGM	means an Extraordinary General Meeting of the Company
EMEA	means Europe, the Middle East and Africa
End Date	6 September 2016
ERISA	means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
EU	means the European Union
Euroclear	means Euroclear UK & Ireland Limited
Excluded Territory	means the United States of America, Canada, Australia, Japan, New Zealand and South Africa and any other jurisdiction where the extension or availability of the Issue would breach any applicable law
Existing Ordinary Shares or Existing Shares	means the Ordinary Shares in issue as at the date of this Prospectus
FATCA	means the U.S. Foreign Account Tax Compliance Act of 2010
Financial Conduct Authority or FCA	means the Financial Conduct Authority of the United Kingdom
FSMA	means the Financial Services and Markets Act 2000, as amended
General Partner or GP	means Starfin Public GP Limited, a wholly owned subsidiary of the Company, which acts as the general partner of the Partnership
Gross Issue Proceeds	means the aggregate value of the New Shares issued under the Initial Placing at the Initial Placing Price or the aggregate value of the Placing Programme Shares issued under a Placing at the Placing Programme Price, as the case may be
Group	means the Company, the Partnership, Luxco and any other direct or indirect subsidiaries of either of them

Guernsey AML Requirements	means The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended), ordinances, rules and regulations made thereunder, and the GFSC's Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing (as amended, supplemented and/or replaced from time to time)
IFRS	means International Financial Reporting Standards, as adopted by the EU
Investment Adviser	means Starwood Capital Europe Advisers, LLP
Investment Advisory Agreement	means the investment advisory agreement between the Investment Manager and the Investment Adviser
Investment Management Agreement	means the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6(b) of Part X of this Prospectus
Investment Manager	means Starwood European Finance Partners Limited
IRR	means internal rate of return, a positive annual discount rate which, when applied to relevant cashflows and discounted annually, produces a net present value of those cashflows equal to zero
ISA	means an individual savings account
ISIN	means International Securities Identification Number
Initial Placing Price	means 102.75 pence per New Ordinary Share or 100 pence per C Share, as the case may be
Initial Placing Shares	means the New Ordinary Shares and C Shares to be issued pursuant to the Initial Placing
Initial Placing	means the conditional placing of New Ordinary Shares and C Shares, as described in Part VI of this Prospectus under the heading "Initial Placing"
IPO	means the initial public offering of the Company's shares as described in the IPO Prospectus
IPO Admission	means the admission of the Ordinary Shares issued pursuant to the IPO to trading on the London Stock Exchange's Main Market and to listing on the premium segment of the Official List which became effective on 17 December 2012
IPO Prospectus	means the prospectus published by the Company on 28 November 2012
Issues	means the Initial Placing and the Placing Programme
Liquidity Facility or Revolving Credit Facility	means the revolving credit facility of the Company, a summary of which is set out in paragraph 6 of Part X of this Prospectus
Listing Rules	means the listing rules made by the FCA pursuant to Part VI of the FSMA
London Stock Exchange or LSE	means the London Stock Exchange plc
LSE Admission Standards	means the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Main Market
LTV	means loan to value ratio
Luxco	means Starfin Lux S.à.r.l, the Company's indirect wholly owned subsidiary incorporated in Luxembourg
Main Market	Means the London Stock Exchange's main market for listed securities

Market Abuse Directive	means Directive 2003/6/EC of the European Parliament and of the Council on insider dealing and market manipulation (market abuse)
Memorandum	means the memorandum of incorporation of the Company
Multi-family	means family housing held for rental purposes, as opposed to sale
NAV Calculation Date	means each calendar month end on which NAV is calculated
Net Asset Value or NAV	means the value of the assets of the Group less its liabilities (including accrued but unpaid fees), or where relevant, the total assets attributable to a class of Share, in each case as determined by the Directors in their absolute discretion in accordance with the accounting principles adopted by the Directors
Net Asset Value per Share or NAV per Share	means the Net Asset Value divided by the number of Shares of that particular class in issue at the relevant time
Net Issue Proceeds	means the Gross Issue Proceeds less applicable fees and expenses of the Initial Placing or the Placing Programme, as the case may be
New Ordinary Shares	means new ordinary shares of no par value in the capital of the Company, issued pursuant to the Initial Placing and/or the Placing Programme
New Shares	means the New Ordinary Shares and/or the C Shares
Non-Qualified Holder	means any person: (i) whose ownership of Shares may cause the Company's assets to be deemed "plan assets" for the purposes of ERISA; (ii) whose ownership of Shares may cause the Company to be required to register as an "investment company" under the U.S. Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the U.S. Investment Company Act); (iii) whose ownership of Shares may cause the Company to register under the U.S. Securities Exchange Act of 1934, as amended (the U.S. Exchange Act), the U.S. Securities Act or any similar legislation; (iv) whose ownership of Shares may cause the Company not being considered a "Foreign Private Issuer" as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (v) whose ownership may result in a person holding Shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time; and (vi) whose ownership of Shares may cause the Company to be a "controlled foreign corporation" for the purposes of the U.S. Tax Code, or may cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA or the U.S. Tax Code)
Official List	means the official list maintained by the UK Listing Authority
Ordinary Shares or Shares	means ordinary shares of no par value in the capital of the Company
Other Accounts	means any fund, company, limited partnership or other account managed or advised by any member of the Starwood Capital Group
Partnership	means Starfin Public L.P., a Guernsey limited partnership registered on 22 November 2012 with registered number 1797
Partnership Agreement	means the partnership agreement dated 28 November 2012 and made between the General Partner, the Company and the Special Limited Partner, as summarised in paragraph 6(c) of Part X of this Prospectus

Placee	means a person subscribing for Shares under the Placing
Placing	means a placing of New Ordinary Shares and/or C Shares pursuant to the Placing Programme and/or the Initial Placing as the case may be
Placing Agreement	means the conditional agreement between the Company, the Investment Manager, the Investment Adviser and Dexion, a summary of which is set out in paragraph 6 of Part X of this prospectus
Placing Programme	means the proposed programme of placings of New Ordinary Shares and/or C Shares as described in Part VI of this Prospectus under the heading “Placing Programme”
Placing Programme Shares	means New Ordinary Shares and/or C Shares to be issued under Placing Programme
Portfolio	means at any time, the portfolio of assets and investments in which the funds of the Company are invested, and where the context requires, the portfolio of assets and investments attributable to a class of Share (or tranche of such class)
Premium Listing	means a premium listing under Chapter 15 of the Listing Rules (for a closed-ended company)
Proposals	means the Initial Placing and the Placing Programme
Prospectus Directive	means Directive 2003/71/EC of the European Parliament and Council on the prospectus to be offered when transferable securities are offered to the public or admitted to trading
Prospectus Rules	means the prospectus rules made by the UK Listing Authority under section 73(A) of the FSMA
Qualified Institutional Buyer or QIB	has the meaning given to it in Rule 144A under the U.S. Securities Act
Qualified Purchaser or QP	has the meaning given to it in Section 2(a)(51) of the U.S. Investment Company Act
Receiving Agent	means Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH
Realisation Offer	has the meaning given in the section headed “Discount control” in Part I of this Prospectus
Registrar Agreement	means the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 6(f) of Part X of this Prospectus
Registrar	means Computershare Investor Services (Guernsey) Limited or such other person or persons from time to time appointed by the Company to act as its registrar
Regulation S	means Regulation S promulgated under the U.S. Securities Act
residential for sale	means residential property constructed or held for sale, as opposed to being held for rental purposes
RIS	means a regulatory information service
Risk Factors	means the risk factors pertaining to the Company set out on pages 19 to 36 of this Prospectus
Rules	means the Registered Collective Investment Scheme Rules 2015 issued by the Commission under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
SEC	means the U.S. Securities and Exchange Commission
SEDOL	means Stock Exchange Daily Official List
Shareholder	means a holder of Shares

Shareholding	means a holding of Shares
Shares	means Ordinary Shares and/or C Shares as the case may be
SIPP	means a self-invested personal pension
Special Limited Partner	means Starfin Carry L.P., a Guernsey limited partnership registered on 21 November 2012
SPV	means a special purpose vehicle, being a company or other entity whose sole purpose is the holding of a particular asset
Starwood Capital Group or Starwood	means Starwood Capital Group Management, LLC (SCGM), its affiliates and any other Starwood entities controlled by Mr Barry Sternlicht and/or SCGM
Sterling	means the lawful currency of the United Kingdom
Standard Listing	means a standard listing under Chapter 14 of the Listing Rules
Taxes Act	means the Income and Corporation Taxes Act 1988, as amended
U.S. Exchange Act	means the U.S. Securities Exchange Act of 1934, as amended
U.S. Investment Company Act	means the U.S. Investment Company Act of 1940, as amended
U.S. Persons	has the meaning given to it in Regulation S under the Securities Act
U.S. Plan Asset Regulations	means the regulations promulgated by the U.S. Department of Labor at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA
U.S. Plan Investor	means (i) an “employee benefit plan” as defined in section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (iii) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in the preceding clause (i) or (ii) in such entity pursuant to the U.S. Plan Asset Regulations
U.S. Plan Threshold	means ownership by benefit plan investors, as defined under section 3(42) of ERISA, in the aggregate of 25 per cent. or more of the value of any class of equity in the Company (calculated by excluding the value of any equity interest held by any person (other than a benefit plan investor, as defined under section 3(42) of ERISA) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person); the term shall be amended to reflect such new ownership threshold that may be established by a change in the Plan Asset Regulations or other applicable law
U.S. Securities Act	means the U.S. Securities Act of 1933, as amended
U.S. Subscription Agreement	means the form of subscription agreement or investor letter to be entered into between the Company and any Placee who is located in the United States or is a U.S. Person prior to delivery of New Shares to such placee
U.S. Tax Code	means the U.S. Internal Revenue Code of 1986, as amended
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council
UK Listing Authority	means the Financial Conduct Authority as the competent authority for listing in the United Kingdom
UK or United Kingdom	means the United Kingdom of Great Britain and Northern Ireland

**uncertificated or in
uncertificated form**

means recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST

United States or U.S.

means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

whole loan

a loan made to cover all of the debt financing required in relation to a particular real estate financing

APPENDIX I

TERMS AND CONDITIONS OF THE INITIAL PLACING

1 Introduction

Each Placee which confirms its agreement to Dexion and/or Pershing Securities Limited (**PSL**) (acting as the settlement agent of Dexion in connection with the Initial Placing) to subscribe for New Ordinary Shares and/or C Shares, as the case may be, under the Initial Placing will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or or Dexion may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a **Placing Letter**).

2 Agreement to Subscribe for New Ordinary Shares and/or C Shares

Conditional on: (i) Admission of the New Ordinary Shares and C Shares occurring and becoming effective by 8.00 a.m. (London time) on or prior to 29 September 2015 (or such later time and/or date, not being later than 20 October 2015, as the Company, the Investment Manager, the Investment Adviser and Dexion may agree); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 29 September 2015 (or such later time and/or date, not being later than 20 October 2015 as the parties thereto may agree); and (iii) Dexion confirming to the Placees their allocation of New Ordinary Shares and/or C Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Ordinary Shares and/or C Shares allocated to it by Dexion at the Initial Placing Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3 Payment for New Ordinary Shares and/or C Shares

Each Placee must pay the Initial Placing Price for the New Ordinary Shares and/or C Shares issued to the Placee in the manner and by the time directed by Dexion. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for New Ordinary Shares and/or C Shares shall be rejected.

4 Representations and Warranties

By agreeing to subscribe for New Ordinary Shares and/or C Shares, each Placee which enters into a commitment to subscribe for New Ordinary Shares and/or C Shares will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and/or C Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Manager, the Investment Adviser, the Registrar, Dexion, and PSL that:

- (a) in agreeing to subscribe for New Ordinary Shares and/or C Shares under the Initial Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Initial Placing. It agrees that none of the Company, the Investment Manager, the Investment Adviser, Dexion, PSL or the Registrar, nor any of their respective officers, agents (which, for the avoidance of doubt, in this Prospectus in respect of Dexion includes PSL) or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares and/or C Shares under the Initial Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will

result in the Company, the Investment Manager, Dexion, PSL or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing;

- (c) it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring New Ordinary Shares and/or C Shares on the terms and subject to the conditions set out in this Appendix I and the Articles as in force at the date of Admission;
- (d) it has not relied on Dexion or any person affiliated with Dexion in connection with any investigation of the accuracy of any information contained in this Prospectus;
- (e) the content of this Prospectus is exclusively the responsibility of the Company and its Directors and neither Dexion nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a placee to participate in the Initial Placing based on any information, representation or statement contained in this Prospectus or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Initial Placing to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Dexion, PSL, the Company, the Investment Manager or the Investment Adviser;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (h) it accepts that none of the New Ordinary Shares or C Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the New Ordinary Shares or C Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Ordinary Shares and/or C Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Ordinary Shares and/or C Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (j) if it is a resident in the EEA (other than the United Kingdom), it is a qualified investor within the meaning of the law in the Relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of Directive 2003/71/EC;
- (k) in the case of any New Ordinary Shares and/or C Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the New Ordinary Shares and/or C Shares acquired by it in the Initial Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Dexion has been given to the offer or resale; or (ii) where New Ordinary Shares and/or C Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Ordinary Shares and/or C Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (l) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Initial Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Ordinary Shares and/or C Shares pursuant to the Initial Placing

unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Ordinary Shares and/or C Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

- (m) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Ordinary Shares and/or C Shares and it is not acting on a non-discretionary basis for any such person;
- (n) if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for New Ordinary Shares and/or C Shares under the Initial Placing and will not be any such person on the date any such Initial Placing is accepted;
- (o) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Initial Placing or the New Ordinary Shares or the C Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- (p) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5, below;
- (q) it acknowledges that neither Dexion nor any of its affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or providing any advice in relation to the Initial Placing and participation in the Initial Placing is on the basis that it is not and will not be a client of Dexion and that Dexion do not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Initial Placing nor in respect of any representations, warranties, undertaking or indemnities contained in any placing letter;
- (r) it acknowledges that where it is subscribing for New Ordinary Shares and/or C Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Ordinary Shares and/or C Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing in the form provided by the Company and/or Dexion and/or PSL. It agrees that the provision of this paragraph shall survive any resale of the New Ordinary Shares and/or C Shares by or on behalf of any such account;
- (s) it irrevocably appoints any director of the Company and any director of Dexion to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Ordinary Shares and/or C Shares for which it has given a commitment under the Initial Placing, in the event of its own failure to do so;
- (t) it accepts that if the Initial Placing does not proceed or the conditions to the Initial Placing Agreement are not satisfied or the New Ordinary Shares and/or C Shares for which valid application are received and accepted are not admitted to listing on the Official List and to trading on the Main Market for any reason whatsoever then none of Dexion or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (u) in connection with its participation in the Initial Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (**Money Laundering Legislation**) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that

it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

- (v) it acknowledges that due to anti-money laundering requirements, Dexion and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Dexion, PSL and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Dexion, PSL and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- (w) it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Ordinary Shares and/or C Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended);
- (x) it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the **Data Protection Law**) and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the **Purposes**), being to:
 - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Ordinary Shares and/or C Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares and/or C Shares;
 - (iii) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares and/or C Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
 - (iv) without limitation, provide such personal data to the Company, Dexion, PSL, the Investment Manager or Investment Adviser and their respective Associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
 - (v) process its personal data for the Administrator's internal administration.
- (y) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purpose set out in paragraph (a)). For the purposes of this Prospectus, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;

- (z) Dexion and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them;
- (aa) the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that, Dexion and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares and/or C Shares are no longer accurate, it shall promptly notify Dexion and the Company;
- (bb) where it or any person acting on behalf of it is dealing with Dexion, any money held in an account with Dexion on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require Dexion to segregate such money, as that money will be held by Dexion under a banking relationship and not as trustee;
- (cc) any of its clients, whether or not identified to Dexion, will remain its sole responsibility and will not become clients of Dexion for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
- (dd) it accepts that the allocation of New Ordinary Shares and/or C Shares shall be determined by the Company in its absolute discretion but in consultation with Dexion and that the Company may scale down any Initial Placing commitments for this purpose on such basis as it may determine; and
- (ee) time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and/or C Shares and to comply with its other obligations under the Initial Placing.

5 United States Purchase and Transfer Restrictions

By participating in the Initial Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and/or C Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, the Investment Adviser, the Registrar and Dexion that:

- (a) if it is located outside the United States, it is not a U.S. Person, it is acquiring the New Ordinary Shares and/or C Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the New Ordinary Shares and/or C Shares for the account or benefit of a U.S. Person;
- (b) if it is located inside the United States or is a U.S. Person, it has received, read, understood and, prior to its receipt of any Ordinary Shares and/or C Shares pursuant to the Initial Placing, returned an executed a U.S. Subscription Agreement to the Company for the benefit of the Company and Dexion;
- (c) it acknowledges that the New Ordinary Shares and/or C Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;
- (d) it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- (e) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary Shares and/or C Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types

of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, its purchase, holding, and disposition of the New Ordinary Shares and/or C Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- (f) that if any New Ordinary Shares and/or C Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

“STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED (THE **COMPANY**) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **U.S. INVESTMENT COMPANY ACT**). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **U.S. SECURITIES ACT**), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE U.S. SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS”;

provided, that if any New Ordinary Shares and/or C Shares are being sold pursuant to paragraph (h)(A) below, and if the Company is a “Foreign Issuer” within the meaning of Regulation S under the U.S. Securities Act at the time of sale, any such legend may be removed upon delivery of the certification described in paragraph (h)(A) below, and provided further, that, if any New Ordinary Shares and/or C Shares are being sold pursuant to paragraph (h)(C) below, the legend may be removed by delivery to the Company of an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act, U.S. Investment Company Act or state securities laws;

- (g) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares and/or C Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which will not require the Company to register under the U.S. Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (h) if it is a person described in clause 5(b) above and, if in the future it decides to offer, resell, pledge or otherwise transfer any of the New Ordinary Shares and/or C Shares, such New Ordinary Shares and/or C Shares may be offered, resold, pledged or otherwise transferred only (A) outside the United States to non-U.S. persons in an offshore transaction in accordance with Rule 904 of Regulation S under the U.S. Securities Act (including, for example, an ordinary trade over the London Stock Exchange), provided that the Company is a “Foreign Issuer” within the meaning of Regulation S under the U.S. Securities Act at the time of sale, upon delivery to the Company of a certification in such form as is reasonably satisfactory to the Company, (B) in a transaction that does not require registration under the U.S. Securities Act or any applicable United States securities laws and regulations or require the Company to register under the U.S. Investment Company Act, subject to, if requested by the Company, delivery of an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, or (C) to the Company;

- (i) it is purchasing the New Ordinary Shares and/or C Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares and/or C Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- (j) it acknowledges that the Company reserves the right to make inquiries of any holder of the New Ordinary Shares and/or C Shares or interests therein at any time as to such person's status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the U.S. securities laws to transfer such New Ordinary Shares and/or C Shares or interests in accordance with the Articles;
- (k) it acknowledges and understands that the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements beginning in 2013. The Purchaser agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- (l) it is entitled to acquire the New Ordinary Shares and/or C Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Ordinary Shares and/or C Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Investment Adviser, Dexion or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Initial Placing or its acceptance of participation in the Initial Placing;
- (m) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the New Ordinary Shares and/or C Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- (n) if it is acquiring any New Ordinary Shares and/or C Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Investment Manager, the Investment Adviser, Dexion, PSL and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

6 Supply and Disclosure of Information

If Dexion, PSL, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Ordinary Shares and/or C Shares under the Initial Placing, such Placee must promptly disclose it to them.

7 Miscellaneous

The rights and remedies of Dexion, PSL, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Ordinary Shares and/or C Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims), have been acquired by the Placee. The contract to subscribe for New Ordinary Shares and/or C Shares under the Initial Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Dexion, PSL, the Company and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Ordinary Shares and/or C Shares under the Initial Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Dexion and the Company expressly reserve the right to modify the Initial Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Initial Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part X of this Prospectus.

APPENDIX II

TERMS AND CONDITIONS OF THE PLACING PROGRAMME

1 Introduction

Each Placee which confirms its agreement to Dexion and/or Pershing Securities Limited (**PSL**) (acting as the settlement agent of Dexion in connection with the Placing Programme) to subscribe for New Ordinary Shares and/or C Shares under the Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Dexion may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a **Placing Letter**).

2 Agreement to Subscribe for New Ordinary Shares

Conditional on: (i) Admission of the New Ordinary Shares and/or C Shares under the Placing Programme occurring and becoming effective by 8.00 a.m. (London time) on such date as may be agreed between the Company, the Investment Manager, the Investment Adviser and Dexion prior to the closing of each placing under the Placing Programme, not being later than 6 September 2016; (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of the relevant Placing and (iii) Dexion confirming to the Placees their allocation of New Ordinary Shares and/or C Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Ordinary Shares and/or C Shares allocated to it by Dexion at the applicable Placing Programme Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3 Payment for New Ordinary Shares and/or C Shares

Each Placee must pay the applicable Placing Programme Price for the New Ordinary Shares and/or C Shares, as the case may be, issued to the Placee in the manner and by the time directed by Dexion. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for New Ordinary Shares and/or C Shares shall be rejected.

4 Representations and Warranties

By agreeing to subscribe for New Ordinary Shares and/or C Shares, each Placee which enters into a commitment to subscribe for New Ordinary Shares and/or C Shares will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and/or C Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Manager, the Investment Adviser, the Registrar, Dexion, and PSL that:

- (a) in agreeing to subscribe for New Ordinary Shares and/or C Shares under the Placing Programme, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing Programme. It agrees that none of the Company, the Investment Manager, the Investment Adviser, Dexion, PSL or the Registrar, nor any of their respective officers, agents (which, for the avoidance of doubt, in this Prospectus in respect of Dexion includes PSL) or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares and/or C Shares under the Placing Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Dexion, PSL or the

Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing Programme;

- (c) it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring New Ordinary Shares and/or C Shares on the terms and subject to the conditions set out in this Appendix II and the Articles as in force at the date of the relevant Admission;
- (d) it has not relied on Dexion or any person affiliated with Dexion in connection with any investigation of the accuracy of any information contained in this Prospectus;
- (e) the content of this Prospectus is exclusively the responsibility of the Company and its Directors and neither Dexion nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a placee to participate in the Placing Programme based on any information, representation or statement contained in this Prospectus or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Placing Programme to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Dexion, PSL, the Company, the Investment Manager or the Investment Adviser;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (h) it accepts that none of the New Ordinary Shares and/or C Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the New Ordinary Shares and/or C Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Ordinary Shares and/or the C Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Ordinary Shares and/or C Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (j) if it is a resident in the EEA (other than the United Kingdom), it is a qualified investor within the meaning of the law in the Relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of Directive 2003/71/EC;
- (k) in the case of any New Ordinary Shares and/or C Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the New Ordinary Shares and/or C Shares acquired by it in the Placing Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Dexion has been given to the offer or resale; or (ii) where New Ordinary Shares and/or C Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Ordinary Shares and/or C Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (l) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Ordinary Shares and/or C Shares pursuant to the Placing Programme unless, in the relevant territory, such offer, invitation or other course of

conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Ordinary Shares and/or C Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

- (m) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Ordinary Shares and/or C Shares and it is not acting on a non-discretionary basis for any such person;
- (n) if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for New Ordinary Shares and/or C Shares under the Placing Programme and will not be any such person on the date any such Placing Programme is accepted;
- (o) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Placing Programme or the New Ordinary Shares and/or C Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- (p) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5, below;
- (q) it acknowledges that neither Dexion nor any of its affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing Programme or providing any advice in relation to the Placing Programme and participation in the Placing Programme is on the basis that it is not and will not be a client of Dexion and that Dexion do not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Placing Programme nor in respect of any representations, warranties, undertaking or indemnities contained in any placing letter;
- (r) it acknowledges that where it is subscribing for New Ordinary Shares and/or the C Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Ordinary Shares and/or the C Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing Programme in the form provided by the Company and/or Dexion and/or PSL. It agrees that the provision of this paragraph shall survive any resale of the New Ordinary Shares and/or the C Shares by or on behalf of any such account;
- (s) it irrevocably appoints any director of the Company and any director of Dexion to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Ordinary Shares and/or C Shares for which it has given a commitment under the Placing Programme in the event of its own failure to do so;
- (t) it accepts that if the Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the New Ordinary Shares and/or C Shares for which valid application are received and accepted are not admitted to listing on the Official List and to trading on the Main Market for any reason whatsoever then none of Dexion or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (u) in connection with its participation in the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (**Money Laundering Legislation**) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its

clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

- (v) it acknowledges that due to anti-money laundering requirements, Dexion and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Dexion, PSL and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Dexion, PSL and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- (w) it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Ordinary Shares and/or C Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended);
- (x) it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the **Data Protection Law**) and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the **Purposes**), being to:
 - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Ordinary Shares and/or C Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares and/or C Shares;
 - (iii) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares and/or C Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
 - (iv) without limitation, provide such personal data to the Company, Dexion, PSL, the Investment Manager or Investment Adviser and their respective Associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
 - (v) process its personal data for the Administrator's internal administration.
- (y) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purpose set out in paragraph (a)). For the purposes of this Prospectus, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;

- (z) Dexion and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them;
- (aa) the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that, Dexion and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the New Ordinary Shares and/or C Shares are no longer accurate, it shall promptly notify Dexion and the Company;
- (bb) where it or any person acting on behalf of it is dealing with Dexion, any money held in an account with Dexion on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require Dexion to segregate such money, as that money will be held by Dexion under a banking relationship and not as trustee;
- (cc) any of its clients, whether or not identified to Dexion, will remain its sole responsibility and will not become clients of Dexion for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
- (dd) it accepts that the allocation of New Ordinary Shares and/or C Shares shall be determined by the Company in its absolute discretion but in consultation with Dexion and that the Company may scale down any Placing commitments for this purpose on such basis as it may determine; and
- (ee) time shall be of the essence as regards its obligations to settle payment for the New Ordinary Shares and/or C Shares and to comply with its other obligations under the Placing Programme.

5 United States Purchase and Transfer Restrictions

By participating in the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and/or C Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, the Investment Adviser, the Registrar and Dexion that:

- (a) if it is located outside the United States, it is not a U.S. Person, it is acquiring the New Ordinary Shares and/or C Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the New Ordinary Shares and/or C Shares for the account or benefit of a U.S. Person;
- (b) if it is located inside the United States or is a U.S. Person, it has received, read, understood and, prior to its receipt of any New Ordinary Shares and/or C Shares pursuant to the Placing Programme, returned an executed a U.S. Subscription Agreement to the Company for the benefit of the Company and Dexion;
- (c) it acknowledges that the New Ordinary Shares and/or C Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;
- (d) it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- (e) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary Shares and/or C Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types

of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, its purchase, holding, and disposition of the New Ordinary Shares and/or C Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- (f) that if any New Ordinary Shares and/or C Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

“STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED (THE **COMPANY**) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **U.S. INVESTMENT COMPANY ACT**). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **U.S. SECURITIES ACT**), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE U.S. SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS”;

provided, that if any New Ordinary Shares and/or C Shares are being sold pursuant to paragraph (h)(A) below, and if the Company is a “Foreign Issuer” within the meaning of Regulation S under the U.S. Securities Act at the time of sale, any such legend may be removed upon delivery of the certification described in paragraph (h)(A) below, and provided further, that, if any New Ordinary Shares and/or C Shares are being sold pursuant to paragraph (h)(C) below, the legend may be removed by delivery to the Company of an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act, U.S. Investment Company Act or state securities laws;

- (g) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares and/or C Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which will not require the Company to register under the U.S. Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (h) if it is a person described in clause 5(b) above and, if in the future it decides to offer, resell, pledge or otherwise transfer any of the New Ordinary Shares and/or C Shares, such New Ordinary Shares and/or C Shares may be offered, resold, pledged or otherwise transferred only (A) outside the United States to non-U.S. persons in an offshore transaction in accordance with Rule 904 of Regulation S under the U.S. Securities Act (including, for example, an ordinary trade over the London Stock Exchange), provided that the Company is a “Foreign Issuer” within the meaning of Regulation S under the U.S. Securities Act at the time of sale, upon delivery to the Company of a certification in such form as is reasonably satisfactory to the Company, (B) in a transaction that does not require registration under the U.S. Securities Act or any applicable United States securities laws and regulations or require the Company to register under the U.S. Investment Company Act, subject to, if requested by the Company, delivery of an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, or (C) to the Company;

- (i) it is purchasing the New Ordinary Shares and/or C Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares and/or C Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- (j) it acknowledges that the Company reserves the right to make inquiries of any holder of the New Ordinary Shares and/or C Shares or interests therein at any time as to such person's status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the U.S. securities laws to transfer such New Ordinary Shares and/or C Shares or interests in accordance with the Articles;
- (k) it acknowledges and understands that the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements beginning in 2013. The Purchaser agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- (l) it is entitled to acquire the New Ordinary Shares and/or C Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Ordinary Shares and/or C Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Investment Adviser, Dexion or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing Programme or its acceptance of participation in the Placing Programme;
- (m) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the New Ordinary Shares and/or C Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- (n) if it is acquiring any New Ordinary Shares and/or C Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Investment Manager, the Investment Adviser, Dexion, PSL and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

6 Supply and Disclosure of Information

If Dexion, PSL, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Ordinary Shares and/or C Shares under the Placing, such Placee must promptly disclose it to them.

7 Miscellaneous

The rights and remedies of Dexion, PSL, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Ordinary Shares and/or C Shares, which the Placee has agreed to subscribe for pursuant to the Placing Programme and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims), have been acquired by the Placee. The contract to subscribe for New Ordinary Shares and/or C Shares under the Placing Programme and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Dexion, PSL, the Company and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Ordinary Shares and/or C Shares under a Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Dexion and the Company expressly reserve the right to modify any Placing under the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. Each Placing under the Placing Programme is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part X of this Prospectus.

