

SHAREHOLDER CIRCULAR

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.

If you have disposed of all your Shares in the Company, please pass this document as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom you made the disposal for onward transmission to the purchaser or transferee.

Starwood European Real Estate Finance Limited

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

Notice of Extraordinary General Meeting to consider a proposal for the amendment of the Company's investment policy

Notice of an Extraordinary General Meeting of the Company to be held at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL on 2 May 2014 at 12:15 p.m. (or, if later, as soon as reasonably practicable following the conclusion or adjournment of the Annual General Meeting of the Company convened for the same date and place) is set out at the end of this document. The Proposal described in this document is conditional upon Shareholder approval of the Resolution at the Extraordinary General Meeting. Shareholders are requested to complete and return their Form(s) of Proxy.

To be valid, Forms of Proxy for use at the Extraordinary General Meeting must be completed and returned in accordance with the instructions printed thereon to Computershare Investor Services (Guernsey) Limited, C/o The Pavilions, Bridgwater Road, BRISTOL BS99 6ZZ, United Kingdom, or delivered by hand during office hours only to the same address as soon as possible and in any event so as to arrive by no later than 12:15 p.m. on 30 April 2014.

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EXPECTED TIMETABLE

Latest time and date for receipt of Forms of Proxy	12:15 p.m. on 30 April 2014
Extraordinary General Meeting	12:15 p.m. (or, if later, as soon as reasonably practicable following the conclusion or adjournment of the Annual General Meeting of the Company convened for the same date and place) on 2 May 2014

Note: All references to time in this document are to London time.

PART I

LETTER FROM THE CHAIRMAN

STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED

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

Directors:

Stephen Smith (*Chairman*)
Jon Bridel
John Whittle

Registered Office:

1 Royal Plaza
Royal Avenue, St Peter Port
Guernsey GY1 2HL

1 April 2014

To Shareholders

Dear Sir or Madam,

Proposal for the amendment of the Company's investment policy

Introduction

The Board has today announced its proposal to amend the Company's investment policy in order to allow the Company the flexibility to make investments in Spain and Italy, to increase the maximum allocation to "residential for sale" properties from 20 per cent. to 30 per cent. and to amend the section on corporate borrowings (together "the Proposal").

The purpose of this document is to provide you with details and to explain the benefits of the Proposal and to set out the reasons why the Board recommends that you vote in favour of the Resolution at the Extraordinary General Meeting. An updated prospectus will not be sent to shareholders. For the purposes of Rule 6.01 of the Prospectus Rules, 2008, this circular constitutes the immediate notification in the contents of the Prospectus.

Background to and reasons for the Proposal

The Board regularly reviews the development and strategic direction of the Company and believes that the investment policy remains broadly effective. However, as the Company approaches full investment, the Board believes that now is an opportune moment to extend the geographic scope of the investment policy and to increase the maximum allocation that can be made to the residential for sale sector.

The Board believes that this is justified in light of improving market conditions, the fact that opportunities have arisen in which the Company has been unable to participate, notwithstanding that the transaction would have been acceptable on a risk/reward basis and the increased liquidity in the market which offers greater likelihood of a successful realisation.

The occupational real estate markets in Spain and Italy have shown tentative signs of recovery and investment demand has also significantly increased as both opportunistic and core investors have sought exposure. Whilst any investment in Spain or Italy would be approached with caution, the Board believes that the Company should have the ability on a selective basis to identify balanced risk return opportunities in these countries if and when they arise. The Company's focus in these countries is expected to be the commercial property sector as opposed to the residential market.

The Company has gained attractive exposure to residential for sale within London through its investments in Centre Point and Battersea. The current limits would currently prohibit the Company from taking advantage of opportunities observable in other geographies, not just in the rest of the UK but also Ireland, Sweden, Holland and Germany. These are markets that all demonstrate an opportunity to benefit from continued population growth and/or sector recovery strategies and hence a moderate increase of the current investment limit is being sought.

The Company will not use these extended investment powers until the net proceeds of the IPO are substantially fully invested. As such, the changes contain an element of “future proofing” for investing the proceeds of potential additional capital raises or loan repayments. With these adjustments, the Board believes the Company would be better placed to raise and deploy additional capital.

Alongside these changes, the Board believes it is necessary to clarify the scope and intent of the restrictions on the Company’s corporate borrowings.

The current investment policy includes foreign exchange hedging facilities within the scope of “corporate borrowings”. From an accounting perspective, these types of facilities (and any mark-to-market liabilities that may arise from time to time) are not treated as borrowings. On this basis, the Board does not believe it is appropriate to include foreign exchange hedging facilities within the definition of borrowings for the purposes of the restriction on corporate borrowings and recommends the clarification of the investment policy accordingly.

Whilst not forming part of the investment policy, it is intended that potential liabilities under foreign exchange hedging facilities continue to be carefully and regularly monitored. It is expected that, under normal market conditions, those liabilities will be no more than 10 per cent. of Net Asset Value.

As set out in the current investment policy, Company-level recourse borrowings may be used for short term bridging purposes, amongst other things. Whilst not forming part of the investment policy, it is anticipated that bridging loans would be used to reduce cash drag and repaid using, *inter alia*, the proceeds of one or more of the following:

- issues of new Shares for cash;
- syndication, sale, assignment sub-participation or other financing (including true sale securitisation) of a loan or loans held in the portfolio, as set out in the investment policy; and/or
- repayment of principal of loans held in the portfolio.

Such repayment of bridging loans and the time taken to achieve it may be dependent on prevailing or developing market conditions at the relevant time which cannot always be determined in advance. The Board therefore believes that it is appropriate to remove the reference to “short term” in the investment policy.

The full texts of the Company’s current investment policy and the proposed amended investment policy are set out in Part II of this document.

Extraordinary General Meeting

The Proposal will constitute a material change to the investment policy under the Listing Rules and, as a result, requires the approval of Shareholders. The Proposal is therefore conditional on the passing of the Resolution, which will be proposed at the Extraordinary General Meeting as an ordinary resolution.

The Board recommends that Shareholders vote in favour of the Resolution.

All Shareholders are entitled to attend and vote at the Extraordinary General Meeting. In accordance with the Articles, all Shareholders present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Share held. In order to ensure that a quorum is present at the Extraordinary General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a duly appointed corporate representative).

The formal Notice convening the Extraordinary General Meeting is set out on pages 14 to 15 of this document.

Action to be taken

The only action that you need to take is to complete the accompanying Form of Proxy.

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to Computershare Investor Services (Guernsey) Limited, C/o The Pavilions, Bridgwater Road, BRISTOL BS99 6ZZ, United Kingdom, or deliver it by hand during office hours only to the same address so as to be received as soon as possible and in any event by no later than 12:15 p.m. on 30 April 2014.

Shareholders are requested to complete and return a Form of Proxy, whether or not they wish to attend the Extraordinary General Meeting.

Recommendation

The Board considers that the Proposal is in the best interests of the Company and its Shareholders as a whole. Accordingly the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.

The Directors intend to vote in favour of the Resolution in respect of their holdings of Shares amounting to 54,000 Shares in aggregate (representing approximately 0.023 per cent. of the issued Share capital of the Company as at 1 April 2014).

Yours faithfully

Stephen Smith
(Chairman)

PART II

INVESTMENT POLICY

Existing investment policy

The full text of the Company's current investment policy is as follows:

The Company will seek to invest in a diversified portfolio of real estate debt investments (including debt instruments) in the UK and Continental Europe. 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 0-20 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 may 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 mature real estate markets in the UK and Continental Europe. UK exposure is expected to represent approximately 50 per cent. of the Company's portfolio from time to time. Continental European investment will initially be focussed on

Northern Europe. Northern European markets include Germany, France, Scandinavia, Netherlands, Belgium, Poland, Switzerland, Ireland, Slovakia and the Czech Republic. The Company will not originate investments in Portugal, Spain, Italy and Greece and any investment in those countries in the future would require shareholder approval to amend the investment policy.

The Company will not invest more than 50 per cent. of the Company's Net Asset Value (calculated at the time of investment) in any single country save in relation to the UK, where such limit will be 75 per cent.

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 20 per cent., in aggregate, of the Company's Net Asset Value, calculated at the time of investment, will be invested in loans relating to residential for sale.

Counterparty and property diversification

No more than 20 per cent. of the Company's Net Asset Value, 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 short term bridging, financing repurchases of Shares or managing working capital requirements, including foreign exchange hedging facilities. 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.

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 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 Rules, and, where required by the Listing Rules, Shareholder approval is obtained in accordance with the Listing Rules. 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.
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Proposed new investment policy

If the Resolution is passed at the Extraordinary General Meeting, the full text of the Company's revised investment policy will be as set out in the box below. The only wording that will be amended if the Resolution is passed is printed in **bold text**.

The Company will seek to invest in a diversified portfolio of real estate debt investments (including debt instruments) in the UK and Continental Europe. 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 0-20 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 may 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 mature real estate markets in the UK and Continental Europe. UK exposure is expected to represent approximately 50 per cent. of the Company's portfolio from time to time. Continental European investment will 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 will not originate investments in Portugal and Greece and**

any investment in those countries in the future would require shareholder approval to amend the investment policy.

The Company will not invest more than 50 per cent. of the Company's Net Asset Value (calculated at the time of investment) in any single country save in relation to the UK, where such limit will be 75 per cent.

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 Net Asset Value, calculated at the time of investment, will be invested in loans relating to residential for sale.**

Counterparty and property diversification

No more than 20 per cent. of the Company's Net Asset Value, 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 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 Rules, and, where required by the Listing Rules, Shareholder approval is obtained in accordance with the Listing Rules. 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.
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DEFINITIONS

In this document the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

Articles	the articles of association of the Company, as amended from time to time
Board	the board of directors of the Company
Company	Starwood European Real Estate Finance Limited
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001
Directors	the directors of the Company or any duly constituted committee thereof
Disclosure and Transparency Rules	the disclosure rules made by the FCA under Part VI of the Financial Services and Markets Act 2000
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
Extraordinary General Meeting	the extraordinary general meeting of the Company to consider the Proposal, convened for 2 May 2014 at 12:15 p.m. (or, if later, as soon as reasonably practicable following the conclusion or adjournment of the Annual General Meeting of the Company convened for the same date and place) or any adjournment thereof
FCA	the Financial Conduct Authority of the United Kingdom
Form of Proxy	the form of proxy provided with this document for use in connection with the General Meeting
Group	the Company, the Partnership, the Luxco and any other direct or indirect subsidiaries of either of them
Investment Manager	Starwood European Finance Partners Limited
Listing Rules	the listing rules issued by the UK Listing Authority
Luxco	Starfin Lux S.à r.l., the Company's indirect wholly owned subsidiary incorporated in Luxembourg
Net Asset Value or NAV	the value of the assets of the Group less its liabilities (including accrued but unpaid fees) as determined by the Directors in their absolute discretion in accordance with the accounting principles adopted by the Directors
Notice of Extraordinary General Meeting or Notice	the notice of the Extraordinary General Meeting as set out at the end of this document
Official List	the Official List maintained by the FCA
Other Accounts	any fund, company, limited partnership or other account managed or advised by any member of the Starwood Capital Group
Partnership	Starfin Public L.P., a Guernsey limited partnership registered on 22 November 2012 with registered number 1797

Proposal	the proposed amendment of the Company's investment policy, as described in this document
Residential for sale	means residential property constructed or held for sale, as opposed to being held for rental purposes
Resolution	the ordinary resolution to amend the Company's investment policy, which will be proposed at the Extraordinary General Meeting and details of which are contained in the Notice of Extraordinary General Meeting
Rules	the Registered Collective Investment Scheme Rules 2008 issued by the Commission under The Protection of Investors (Bailiwick of Guernsey) Law, 1987
Shareholder	a holder of Shares in the capital of the Company
Shares	ordinary shares of no par value in the capital of the Company
Starwood Capital Group	Starwood Capital Group Management, LLC ("SCGM"), its affiliates and any other Starwood entities controlled by Mr Barry Sternlicht and/or SCGM
UK Listing Authority	the FCA acting in its capacity as the competent authority for the purposes of admissions to the Official List
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

NOTICE OF EXTRAORDINARY GENERAL MEETING

STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED

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

Notice is hereby given that an Extraordinary General Meeting (the “**Extraordinary General Meeting**”) of Starwood European Real Estate Finance Limited (the “**Company**”) will be held at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL on 2 May 2014 at 12:15 p.m. (or, if later, as soon as reasonably practicable following the conclusion or adjournment of the Annual General Meeting of the Company convened for the same date and place) to consider and, if thought fit, approve the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

THAT the Company adopt the proposed changes to the investment policy, as set out in Part II of the circular sent to Shareholders dated 1 April 2014 (“Circular”), of which this notice forms part.

BY ORDER OF THE DIRECTORS

Ipes (Guernsey) Limited

Date: 1 April 2014

Registered Office:

1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey
Channel Islands
GY1 2HL

Notes:

- a. A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that such proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder.
- b. Form(s) of proxy is (are) included for use by shareholders to complete, sign and return. Completion and return of the form(s) of proxy will not prevent a shareholder from subsequently attending the meeting (or any adjournments) and voting in person if he/she so wishes.
- c. To appoint more than one proxy to vote in relation to different shares within your holding you may photocopy the form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed.
- d. Form(s) of proxy, duly completed together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with Computershare Investor Services (Guernsey) Limited, C/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, not less than 48 hours before the time fixed for the meeting or any adjournment thereof, or in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll.
- e. No shareholder will be entitled to be present or vote at the meeting (or any adjournment) either personally or by proxy unless their name appears on the register of members of the Company as at 6.00 p.m. on 30 April 2014. Changes to the entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting (or any adjournments). This record time is being set for voting at the meeting (and any adjournments) because the procedures for updating the register of members in respect of shares held in uncertificated form require a record time to be set for the purpose of determining entitlements to attend and vote at the meeting.
- f. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time(s) for

receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- g. A copy of the notice of this meeting, including these explanatory notes, is available on the Company's website: www.starwoodeuropeanfinance.com.
- h. As at close of business on 24 March 2014 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 238,100,000 shares of no par value. Each Share carries the right to one vote at a general meeting of the Company and therefore the total voting rights in the Company as at close on 24 March 2014 is 238,100,000.

