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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 Ordinary Shares in the Company, prepared in accordance with the Prospectus Rules of the UK Listing Authority made pursuant to section 73A of the FSMA, has been filed with the Financial Services Authority in accordance with Rule 3.2 of the Prospectus Rules.

Application will be made to the UK Listing Authority and the London Stock Exchange for the Ordinary Shares to be issued in connection with the Issue to be admitted to listing on the premium listing segment of the Official List and to trading on the Main Market for Listed Securities of the London Stock Exchange respectively. The Company and the Directors, whose names appear on page 36 of this document, accept responsibility for the information contained in this document. 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 document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The attention of potential investors is drawn to the Risk Factors set out on pages 15 to 28 of this document. The latest time and date for applications under the Offer is 11.00 a.m. on 11 December 2012. Further details of the Issue are set out in Part V 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)

**Placing and Offer for Subscription of Ordinary Shares of no par value
at an Issue Price of £1.00 per Ordinary Share
and**

**Admission to the premium listing segment of the Official List and trading on the
London Stock Exchange’s Main Market for listed securities**

*Joint Sponsor, Joint Financial Adviser and
Joint Bookrunner*

Dexion Capital

*Joint Sponsor, Joint Financial Adviser and
Joint Bookrunner*

Jefferies

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary 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 Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States, Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered or sold within the United States, Australia, Canada or Japan or to any national, resident or citizen of the United States, Australia, Canada or Japan.

The Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Services Authority, is acting as Joint Sponsor, Joint Financial Adviser and Joint 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 Placing, the contents of this document or any transaction or arrangement referred to herein.

Jefferies International Limited (“**Jefferies**”), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as Joint Sponsor, Joint Financial Adviser and Joint Bookrunner to the Company in connection with the matters described herein. Jefferies 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 Placing, the contents of this document or any transaction or arrangement referred to herein.

Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any 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 28 November 2012.

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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	This summary should be read as an introduction to this prospectus. Any decision to invest in the securities should be based on consideration of the full text of this prospectus by the investor. 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. 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.
A.2	Use of prospectus by 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 and any guarantor

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, to be a registered closed-ended investment company.
B.5	Group structure	<p>The Company is the ultimate holding company of the Group.</p> <p>The Company expects that it will make the majority, if not all, of its investments through Starfin Lux S.à.r.l, an indirect wholly controlled subsidiary. The Luxco will be constituted as a corporate vehicle under Luxembourg law and the Company therefore expects that the Luxco will not be subject to regulation in Luxembourg or elsewhere. The Company will invest in the Luxco through both equity and profit participation instruments or other funding instruments. The Luxco will then grant or acquire loans (or other debt instruments) to borrowers in accordance with the Company's investment policy. The Company's interest in Luxco will be held through a Guernsey limited partnership (the “Partnership”), of which the Company will wholly own and control the general partner and the majority limited</p>

		<p>partner. The other limited partner, which will have no control, is majority owned by the Starwood Capital Group and the individuals responsible for the Company's investments.</p> <p>The Company does not currently expect to add any additional subsidiaries to the Group, although some investments may be made via special purpose vehicles that will be wholly owned by the Luxco or the Company.</p>
B.6	Notifiable interests	As at the close of business on 27 November 2012 (the latest practicable date prior to publication of this prospectus), no Director holds any Ordinary Shares or expects to subscribe for any Ordinary Shares under the Issue.
B.7	Historical financial information	Not applicable - the Company is newly incorporated and therefore there is no historical financial information included in this prospectus.
B.8	Pro forma financial information	Not applicable – there is no pro forma financial information in this document.
B.9	Profit forecast	Not applicable – there are no profit forecasts included in this prospectus.
B.10	Qualifications in the audit report	Not applicable – there is no historical financial information included in this prospectus and therefore there are no audit reports included in this prospectus.
B.11	Working capital	Not applicable - the working capital statement is unqualified.
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 Continental European markets.</p> <p><i>Investment policy</i></p> <p>The Company will seek to invest in a diversified portfolio of real estate debt investments in the UK and Continental Europe. Whilst investment opportunities in the secondary market will be considered, the Company's expected main focus will be to originate direct primary real estate debt investments.</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> <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 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</p>

		<p>Company's Net Asset Value calculated at the time of investment. The Company may originate loans which are either floating or fixed rate.</p> <p>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.</p> <p>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.</p> <p>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.</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 purposes of short term bridging, funding 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 draw down.</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 2008 (the "Rules"). 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 2008. A registered scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Company is not regulated or authorised by the FSA but will, following Admission, be subject to the Listing Rules of the UK Listing Authority applicable to closed-ended investment companies.</p>
B.37	Typical investor	<p>The Placing will primarily be marketed to institutional and sophisticated investors. Typical investors pursuant to the Offer are expected to be UK based asset and wealth managers regulated or authorised by the FSA and some private individuals (some of whom may invest through brokers).</p>
B.38	Investment of 20% or more in single underlying asset or investment company	<p>Not applicable.</p>

B.39	Investment of 40% or more in single underlying asset or investment company	Not applicable.
B.40	Service providers	<p><i>Investment 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 Manager has delegated certain of its functions to Starwood Capital Europe Advisers LLP in its capacity as Investment Adviser, an English limited liability partnership authorised and regulated by the Financial Services Authority, 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 Official List of the UKLA. The Administrator is also responsible for general administrative functions of the Company, as set out in the Administration Agreement.</p> <p><i>Other arrangements</i></p> <p>The Company retains Computershare Investor Services (Guernsey) Limited as registrar in relation to the transfer and settlement of the Ordinary Shares held in uncertificated form and as transfer agent.</p>
B.41	Regulatory status of investment manager and custodian	<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>The Investment Manager, Starwood European Finance Partners Limited, is controlled by Starwood Capital Group and Barry Sternlicht, who are responsible for all investment decisions or recommendations through Starwood Capital Group Management, L.L.C, an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). It is intended that the Investment Manager will be included as a “relying adviser” on such SEC registration. A copy of Part 2 of Starwood Capital Group Management, L.L.C’s Form ADV is available on-line at www.adviserinfo.sec.gov.</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 Services Authority under registration number 575189.</p> <p><i>Custodian</i></p> <p>Not applicable – there is no custodian to the Fund.</p>
B.42	Calculation of Net Asset Value	The Company’s investments are valued monthly as at the last Business Day of each month (each a “ Valuation Date ”). The Investment Adviser will ascribe a valuation for each asset monthly. Market values will be used

		<p>where visible markets exist. Loans made directly to borrowers will be valued at amortised cost. Values will be ascribed using IFRS. Market levels and other valuation sources will be reviewed and audited as part of the annual audit.</p> <p>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. The Net Asset Value of the Company and of the Ordinary Shares will be 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	No financial statements have been made up	The Company is newly incorporated and no financial statements have been made up.
B.45	Portfolio	Not applicable – the Company is newly incorporated and does not currently hold any assets.
B.46	Net Asset Value	Not applicable – the Company is newly incorporated and does not currently hold any assets.

Section C – Securities

C.1	Type and class of securities being offered	The Company intends to issue up to 350,000,000 Ordinary Shares of no par value each at an Issue Price of £1.00 per Ordinary Share. The ISIN of the Ordinary Shares is GG00B79WC100 and the SEDOL is B79WC10.
C.2	Currency of the securities issue	The Ordinary Shares are denominated in Sterling.
C.3	Number of shares issued	As at the close of business on 27 November 2012 (the latest practicable date prior to publication of this prospectus), the Company has one fully paid Ordinary Share 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	The Ordinary Shares will, when issued and fully paid, rank equally in all respects with all other Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
C.5	Restrictions on the free transferability of the securities	Shares are freely transferable, subject to the restrictions in article 17 of the Articles.
C.6	Admission	Applications will be made to the UKLA for the Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Ordinary 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 Ordinary Shares, fully paid, will commence at 8.00am on 17 December 2012.
C.7	Dividend policy	Subject to market conditions, the financial position of the Company and the investment outlook, it is the Directors' intention to pay quarterly dividends to Shareholders. Whilst not forming part of its investment objective or policy, and assuming the Net Issue Proceeds are invested in accordance

		<p>with the Investment Manager's expected timetable, the Company will seek to target the following dividend payments:</p> <ul style="list-style-type: none"> ● dividends totalling at least 3.5 pence per Ordinary Share in respect of the period from Admission to the first financial year end (31 December 2013); ● dividends totalling 7.0 pence per Ordinary Share per annum in respect of subsequent financial periods.
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Section D – Risks

D.2	Key information on the key risks that are specific to the issuer	<p>The Company is a newly formed company with no separate operating history</p> <p>The Company is a newly formed company incorporated in Guernsey on 9 November 2012. The Company has no operating results, and it will not commence operations until it has obtained funding through the Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return.</p> <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 are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns</p> <p>The Company's targeted returns 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 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 returns. The Company may not be able to implement its investment policy and strategy in a manner that generates returns in line with the targets. Furthermore, the targeted returns 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 may be materially lower than the targeted returns, 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 Ordinary Shares.</p> <p>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</p> <p>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</p>
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		<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 tenant 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>In accordance with the Investment Management Agreement, the Investment Manager is responsible for the management of the Company's investments and has appointed the Investment Adviser to provide investment advice. The Company does not have employees and its Directors are appointed as non-executives. All of its investment and asset management decisions will be made by the Investment Manager and not by the Company and accordingly, the Company will be completely reliant upon, and its success will depend 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>The past performance of other funds or accounts managed by the Starwood Capital Group is no guarantee of the Company's future performance.</p> <p>The ongoing Eurozone crisis 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</p> <p>The ongoing situation relating to the sovereign debt of several countries, including Greece, Ireland, Italy, Spain and Portugal, together with the risk of contagion to other, more financially stable countries, particularly France and Germany, has exacerbated the difficult global financial situation. The situation has also raised a number of uncertainties regarding the stability and overall standing of the European Monetary Union and the Euro as a currency. Any further deterioration in the global or Eurozone economy could have a significant adverse effect on the activities of the Company.</p> <p>In addition, if the Company holds any assets that are denominated in Euros, such as assets in Continental Europe, further deterioration in the Eurozone economy 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.</p> <p>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</p>
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		<p>relation to it; the place of payment; and the place of incorporation of the payor. If 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.</p> <p>The AIFM Directive may prevent the marketing of the Ordinary Shares in the European Union, which would be likely to adversely affect liquidity in the Ordinary Shares and the ability of Shareholders to realise their investment</p> <p>The EU Alternative Investment Fund Managers Directive (No. 2011/61/EU) ("AIFM Directive") is expected to be transposed into the national legislation of each EU Member State in mid-2013 following a series of consultations from both the European Commission and the European Securities and Markets Authority together with the regulatory bodies appointed at national level by European member states. Whilst much of the detail of the legislation is yet to be finalised and the full impact of its implementation on the Company remains uncertain, the AIFM Directive is likely to significantly increase management costs, including regulatory and compliance costs and affect the Company's flexibility as to the structures and methods it can use to deploy its capital.</p> <p>The investment activity to be undertaken by the Company and its subsidiaries may expose the Company to the risk of regulation</p> <p>Whilst the Company has been advised that its intended activities do not require it to be authorised, whether in Luxembourg or elsewhere, the European Commission and other relevant authorities have stated that they are considering whether lending by non-bank institutions (or "shadow banking") should, in itself, be a regulated activity. Whilst there are no firm proposals currently on the legislative agenda, the future regulation of shadow banking can not be ruled out. Any future regulation would be likely to 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 Ordinary Shares and/or the after-tax return to the Shareholders.</p> <p>Limited Regulatory Oversight in the United States of America</p> <p>Although the Investment Manager is relying on the SEC investment 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 ("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 Ordinary Shares and/or the after-tax return to Shareholders.</p>
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D.3	Key information on the risks specific to the securities	<p>The Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Share</p> <p>The 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 Ordinary Shares, and to the extent investors undervalue the management activities of the Investment Manager or discount their valuation methodology and judgments.</p> <p>The Ordinary Shares have never been publicly traded on the London Stock Exchange and an active and liquid trading market for the Ordinary Shares may not develop</p> <p>The Company has applied for admission of the Ordinary Shares to trading on the Main Market of the London Stock Exchange. The Company cannot predict or effectively influence, however, the extent to which investor interest will lead to the development of an active and liquid trading market for the Ordinary Shares or, if such a market develops, whether it will be maintained.</p> <p>In addition, if such a market does not develop, relatively small transactions or intended transactions in the Ordinary Shares may have a significant negative impact on the price of the Ordinary Shares whilst transactions or intended transactions related to a significant number of Ordinary Shares may be difficult to execute at a stable price.</p>
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Section E – Offer

E.1	Net proceeds and costs of the Issue	Assuming that the Issue is fully subscribed, it is expected that the Company will receive approximately £343,000,000 from the Issue, net of fees and expenses associated with the Issue and payable by the Company of £7 million.
E.2a	Reason for offer and use of proceeds	<p>The Issue is being made in order to raise funds for the purpose of achieving the investment objective of the Company.</p> <p>All of the net proceeds of the Issue will be invested in accordance with the Company's investment policy, save to the extent retained for working capital purposes and subject to the availability of sufficient investment opportunities.</p>
E.3	Terms and conditions of the offer	<p>The Company is proposing to issue up to 350,000,000 Ordinary Shares through the Placing and the Offer, in each case, at the Issue Price of 100 pence per Ordinary Share.</p> <p>The Placing</p> <p>The Company has appointed Jefferies and Dexion to act as Joint Bookrunners to the Placing.</p> <p>The Placing will open on 28 November 2012 and will close on 3.00 p.m. on 11 December 2012. The Directors reserve the right to close the Placing at any time or to extend the closing date of the Placing to no later than 25 January 2013. Notification of any closure or extension will be via an RIS announcement.</p> <p>Any Ordinary Shares issued under the Placing will, when issued, rank equally with the Ordinary Shares issued under the Offer.</p>

		<p>The Offer</p> <p>Ordinary Shares are available to the public under the Offer for Subscription. The Offer is only being made in the UK. The terms and conditions of application under the Offer are set out in Part IX of this prospectus.</p> <p>The Offer will open on 28 November 2012 and will close on 11 December 2012. The Directors reserve the right, with the agreement of the Joint Bookrunners, to close the Offer at any time or to extend the closing date of the Offer to no later than 25 January 2013. Notification of any closure or extension will be via an RIS announcement.</p> <p>Conditions to the Issue</p> <p>The Issue is conditional on amongst other things:</p> <ul style="list-style-type: none"> ● the Sponsor and Placing Agreement remaining in full force and effect and not having been terminated in accordance with its terms; and ● Admission of the Ordinary Shares issued pursuant to the Placing and the Offer. <p>In circumstances in which these conditions are not fully met, the Placing and the Offer will not take place and no Ordinary Shares will be issued.</p>
E.4	Material interests	Not applicable – no interest is material to the Issue.
E.5	Name of person selling Securities/ lock up agreements	<p>Other than the subscriber share issued to a nominee company on the Company's incorporation, the Company has no shares in issue and there will therefore be no selling shareholders.</p> <p>Other than in respect of Starwood Property Trust and certain entities connected with Starwood Capital Group, who have, subject to certain exceptions, agreed not to dispose of any Shares acquired in the Placing for a period of six months, no lock-up arrangements are being entered into in connection with the Issue.</p>
E.6	Dilution	Other than the subscriber share issued to a nominee company on the Company's incorporation, the Company has no shares in issue and there will therefore be no dilution of existing shareholders.
E.7	Expenses charged to the investor	Not applicable – there are no expenses charged to investors by the Company.

Risk Factors

An investment in the Ordinary 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 Ordinary Shares. The risks set out below are those which are considered to be the material risks relating to an investment in the Ordinary Shares but are not the only risks relating to the Ordinary Shares or the Company. No assurance can be given that Shareholders will realise profit on, or recover the value of, their investment in the Ordinary Shares. It should be remembered that the price of Ordinary Shares and the income from them can go down as well as up.

The Ordinary 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 Ordinary Shares, for whom an investment in the Ordinary 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 Ordinary 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 Ordinary Shares.

Defined terms used in the risk factors below have the meanings set out under the section headed "Definitions" on pages 109 to 115 of this prospectus.

Risks relating to the Company

The Company is a newly formed company with no separate operating history

The Company is a newly formed company incorporated in Guernsey on 9 November 2012. The Company has no operating results, and it will not commence operations until obtaining funding through the Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return.

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 are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns

The Company's targeted returns 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 in line with the targets. Furthermore, the targeted returns 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 may be materially lower than the targeted returns, 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 Ordinary 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 to the Ordinary Shares

The Ordinary 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 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 Ordinary Shares, and to the extent investors undervalue the management activities of the Investment Manager or discount its valuation methodology and judgments. 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 Ordinary Shares have never been publicly traded on the London Stock Exchange and an active and liquid trading market for the Ordinary Shares may not develop.

The Company has applied for admission of the Ordinary Shares to trading on the Main Market of the London Stock Exchange.

The Company cannot predict or effectively influence, however, the extent to which investor interest will lead to the development of an active and liquid trading market for the Ordinary Shares or, if such a market develops, whether it will be maintained.

In addition, if such a market does not develop, relatively small transactions or intended transactions in the Ordinary Shares may have a significant negative impact on the price of the Ordinary Shares whilst transactions or intended transactions related to a significant number of Ordinary Shares may be difficult to execute at a stable price.

The number of Ordinary Shares to be issued pursuant to the Issue is not yet known, and, following the Issue, there may be a limited number of holders of Ordinary Shares.

Limited numbers of Ordinary Shares and/or holders of Ordinary Shares may mean that there is limited liquidity in such Ordinary Shares which may adversely affect: (i) an investor's ability to realise some or all of his investment; and/or (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which such Ordinary Shares trade in the secondary market. In addition, a substantial proportion of the Ordinary Shares may be issued to a limited number of investors, which could adversely affect the development of an active and liquid market for the Ordinary Shares.

The Ordinary Shares carry limited rights of redemption or repurchase

The Company has been established as a registered closed-ended company. Accordingly, other than 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 redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Ordinary 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 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.

The market price of the Ordinary 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. To optimise returns, Shareholders may need to hold the Ordinary 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.

The Ordinary 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 Ordinary 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 65 and section 5 of Part VIII of this prospectus (“United States Purchase and Transfer Restrictions”).

In order to avoid being required to register under the U.S. Investment Company Act, the Company has imposed significant restrictions on the transfer of the Ordinary Shares which may materially affect the ability of Shareholders to transfer Ordinary Shares in the United States or to U.S. Persons. The Ordinary 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 Ordinary Shares and may have an adverse effect on the market value of the Ordinary Shares. The transferability of the Ordinary Shares is subject to certain restrictions as set out in Parts V, VII and VIII 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 1 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 Ordinary Shares is uncertain or subject to change, which could adversely affect investors' ability to hold Ordinary Shares

For regulatory and tax purposes, the status and treatment of the Company and the Ordinary Shares may be different in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Ordinary 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 Ordinary 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 Ordinary Shares for regulatory and/or tax purposes may have unforeseen effects on the ability of investors to hold Ordinary Shares or the consequences to investors of doing so.

Risks relating to the investment strategy and the Portfolio

The Company will be exposed to the commercial 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 will be commercial real estate assets or income streams, the Company is exposed to any downturn in the commercial real estate market. The commercial 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 rental 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 have recently been 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 could have a negative impact on consumer spending, levels of employment, rental levels and revenues and vacancy rates, 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 tenant 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 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.

As a result, the valuations of the real estate assets against which the Company will make loans and which will 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 rental income it produces may fluctuate as a result of factors which are outside the Company's control

Rental levels and market values of real estate in the UK and Continental Europe 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 economically insurable.

The UK and European commercial 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, increase 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 may invest in various types of subordinated debt, which would rank behind senior debt tranches for repayment in the event that a borrower defaults

The Company may invest in junior or mezzanine debt 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 would be 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 will be illiquid and may be difficult or impossible to realise for cash at any particular time

The Company's investments will primarily consist of loans 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.

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.

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. 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.

The ongoing Eurozone crisis 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

The ongoing situation relating to the sovereign debt of several countries, including Greece, Ireland, Italy, Spain and Portugal, together with the risk of contagion to other, more financially stable countries, particularly France and Germany, has exacerbated the difficult global financial situation. The situation has also raised a number of uncertainties regarding the stability and overall standing of the European Monetary Union. Any further deterioration in the global or Eurozone economy could have a significant adverse effect on the activities of the Company.

In addition, if the Company holds any assets that are denominated in Euros (including loans secured on such assets), such as assets in continental Europe, further deterioration in the Eurozone economy 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. If 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 may cause the hedges to become less efficient.

Where currency derivatives are used and the reference exchange rate moves significantly from the rate prevailing at the time the particular contract was entered, the Company may be required to deliver a payment, known as "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 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 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. Both eventualities would reduce the investment return made on the loan by the Company.

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

The Company may invest in loans for the development of property. If a borrower fails to complete the development of a project or provide the funding required of it, 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.

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 may face competition in sourcing and making investments

The Company may become subject to competition in sourcing and making investments. 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 Ordinary 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 Continental Europe 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 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. 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.

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.

The Company may sell, syndicate or finance the senior elements of loans within its portfolio, which may increase the Company's exposure to losses on such loans

The Company 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 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 as well as the risks of delinquency and financial difficulty of the tenants

Commercial mortgage loans to be targeted by the Company may be secured by multifamily 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 of an income-producing property can be adversely affected by, among other things,

- tenant mix;
- success of tenant businesses;
- 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 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

Enforcing security in relation to a loan can be an expensive and lengthy process depending on the jurisdiction and type of security held and the realisation of collateral through these means may impact the value recovered. 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.

Pending investment in accordance with the investment policy, the Company's assets will be subject to credit risk of the banks or other financial institutions with which they are deposited

Following Admission and pending its investment in accordance with the Company's investment policy, the Company will hold a large sum 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.

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 will be made by the Investment Manager and not by the Company and accordingly, the Company will be completely reliant upon, and its success will depend 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.

There are various conflicts of interest in the relationship between the Company and the Starwood Capital Group which could result in decisions that are not in the best interests of the Company

The Advisers and companies in the Starwood Capital Group may from time to time act as manager, sponsor, investment manager, trustee, custodian, sub-custodian, registrar, broker, administrator, investment adviser or dealer in relation to, or be otherwise involved with, Other Accounts. The Starwood Capital Group may create or sponsor additional Other Accounts, including entities that may invest in the same asset class and geographical areas as the Company. Such Other Accounts may have substantially similar investment policies to the Company and may co-invest alongside the Company. The Company will not have an interest in these Other Accounts. Conflicts of interest among the Company and these Other Accounts may exist, and the material conflicts are described herein. These Other Accounts may have investment objectives that are similar to, or overlap to a greater or lesser extent, with those of the Company as well as investment guidelines that differ from those applicable to the Company's investments. The Advisers may determine that an investment opportunity is appropriate for an Other Account but not for the Company or that the allocation to the Company should be of a different proportion than that of an Other Account.

The Advisers and their officers and employees will devote as much of their time to the activities of the Company as they deem necessary and appropriate. The Advisers and their affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from

engaging in other business activities, even though such activities may be in competition with the Company and/or may involve substantial time and resources. These activities may be viewed as creating a conflict of interest in that the time and effort of the Advisers and their officers and employees will not be devoted exclusively to the business of the Company but will be allocated between the business of the Company and such other activities. Future activities by the Advisers and their affiliates, including the establishment of other investment funds, may give rise to additional conflicts of interest.

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 Admission, 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 will pay the Special Limited Partner Carried Interest, the details of which are set out in Part IV 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.

Risks relating to regulation and taxation

Changes in the Company's tax status or tax treatment may adversely affect the Company and if the Company becomes subject to the UK offshore fund rules there may be adverse tax consequences for certain UK resident Shareholders

Any change in the Company's tax status, or in taxation legislation or 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.

Statements in this prospectus in particular take into account the United Kingdom offshore fund rules contained in Part 8 of the Taxation (International and Other Provisions) Act 2010. 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.

Failure by the Company to maintain its non-UK tax resident status may subject the Company to additional taxes which may materially adversely affect the Company's business, results of operations and the value of the Ordinary Shares

In order to maintain its non-UK tax resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the board of Directors of the Company, the place of residence of the individual Directors and the location(s) in which the board of Directors of the Company makes decisions will be important in determining and maintaining the non-UK tax resident status of the Company. Although the Company is established outside the United Kingdom and a majority of the Directors live outside the United Kingdom, continued attention must be given to ensure that major decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. As such, management errors may potentially lead to the Company being considered UK tax resident which may adversely affect the Company's financial condition, results of operations, the value of the Ordinary Shares and/or the after-tax return to the Shareholders.

The investment activity to be 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 acquired in the secondary market or sourced by the Advisers in the primary market. This will lead to the Company and its subsidiaries making loans to third parties. Whilst the Company has been advised that its intended activities do not require it to be authorised, whether in Luxembourg or elsewhere, the European Commission and other relevant authorities have stated that they are considering whether lending by non-bank institutions (or "shadow banking") should, in itself, be a regulated activity and the Financial Stability Board has recently announced a consultation on the subject. Whilst there are no firm proposals currently on the legislative agenda, the future regulation of shadow banking can not be ruled out. Any future regulation would be likely to 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 Ordinary Shares and/or the after-tax return to the Shareholders.

The AIFM Directive may prevent the marketing of the Ordinary Shares in the European Union, which would be likely to adversely affect liquidity in the Ordinary Shares and the ability of Shareholders to realise their investment

The EU Alternative Investment Fund Managers Directive (No. 2011/61/EU) ("**AIFM Directive**") is expected to be transposed into the national legislation of each EU Member State in mid-2013 following a series of consultations from both the European Commission and the European Securities and Markets Authority together with the regulatory bodies appointed at national level by European member states. Whilst much of the detail of the legislation is yet to be finalised and the full impact of its implementation on the Company remains uncertain, the AIFM Directive is likely to significantly increase management costs, including regulatory and compliance costs and affect the Company's flexibility as to the structures and methods it can use to deploy its capital.

The AIFM Directive will initially allow the continued marketing of non-EU alternative investment funds ("**AIFs**"), such as the Company, by the AIFM or its agent under national private placement regimes where EU Member States choose to retain private placement regimes. Such marketing will be subject to, inter alia, (a) the requirement that appropriate cooperation agreements are in place between the supervisory authorities of the relevant EU member states and the GFSC, (b) Guernsey not being on the Financial Action Task Force money-laundering blacklist, and (c) compliance by the AIFM with certain aspects of the AIFM Directive (such aspects differing depending on whether the AIFM is based in the EU or not (as would be the case if the Company itself is the AIFM)). It is intended that, over time, a passport will be phased in to allow the marketing of non-EU AIFs such as the Company and that private placement regimes will be phased out. Both the adoption of the passport and the phasing out of national private placement regimes are subject to certain criteria and it is possible that this may require the Investment Manager or the Investment Adviser to seek authorisation as an AIFM. Consequently, there may be restrictions on the marketing of the Company's shares in the EU, which in turn may have a negative effect on marketing and liquidity generally.

Limited Regulatory Oversight in the United States of America

Although the Investment Manager intends to rely on the SEC investment 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 ("**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 Ordinary 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, the Joint Sponsors or any other person. Neither the delivery of this prospectus nor any subscription or purchase of Ordinary 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 Ordinary 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 each of Dexion and Jefferies by FSMA or the regulatory regime established thereunder, neither Dexion nor Jefferies accepts 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 Ordinary Shares or the Issue. Both of Dexion and Jefferies accordingly disclaim 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 Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Placing, each of Dexion and Jefferies and any of their affiliates acting as an investor for its or their own account(s), may subscribe for the Ordinary 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 Placing or otherwise. Accordingly, references in this document to the Ordinary 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, Jefferies and any of their affiliates acting as an investor for its or their own account(s). Neither Dexion nor Jefferies intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

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 Ordinary Shares;
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of Ordinary 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 Ordinary 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 Placing will primarily be marketed to institutional and sophisticated investors. Typical investors pursuant to the Offer are expected to be UK based asset and wealth managers regulated or authorised by the FSA and some private individuals (some of whom may 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 Ordinary 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 Ordinary 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.

This prospectus contains information about the performance of investments previously made by Starwood Capital Group and certain funds managed by Starwood. This information has not been audited or verified by an independent party. Past performance is not a reliable indicator of future performance and the Company may not achieve the same level of returns as those achieved by previous investments. IRRs presented on a "gross" basis do not reflect any management fees, carried interest, taxes or allocable expenses borne by investors, which in the aggregate may be substantial. All figures for fees are exclusive of any value added tax that may be applicable and anticipated investment returns are given before taking account of any taxes. Unless otherwise indicated, any references to "net IRR" are to the internal rate of return or multiple of invested capital calculated or net distribution per invested capital at the relevant fund

level, after payment of applicable management fees and carried interest and other applicable expenses. An investor's net IRR may vary based on the timing of capital contributions and distributions.

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 five paragraphs should be taken as limiting the working capital statement in paragraph 11 of Part VII 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.

Definitions

A list of defined terms used in this prospectus is set out at pages 109 to 115.

Governing law

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

Notice to Overseas Investors

For the attention of Belgian investors

The New Shares are only offered in Belgium under applicable private placement exemptions and therefore no action has been taken, or is intended to be taken, to permit a public offer of the New Shares in Belgium. In particular, this prospectus, any offering material or other similar document relating to the New Shares have not been, and will not be, approved by the Belgian Financial Services and Markets Authority (Autoriteit voor financiële diensten en markten/Autorité des services et marchés financiers).

Accordingly, New Shares may not be offered or sold and this prospectus, any offering material or other similar document relating to the New Shares may not be advertised, distributed or made available to any individual or legal entity in Belgium other than in circumstances which do not constitute a public offer for subscription of the New Shares in Belgium under (i) the Belgian law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market and/or the Belgian law of 3 August 2012 on certain forms of collective management of investment portfolios, each as amended from time to time or under (ii) any European directive with direct effect which prevails over conflicting national laws.

Prospective purchasers shall only acquire New Shares for their own account.

In addition, New Shares may not be offered or sold to any person qualifying as a consumer within the meaning of the Belgian law of 6 April 2010 on market practices and the protection of the consumer unless such sale is made in compliance with this law, any applicable implementing regulation, the Belgian law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market and the Belgian law of 3 August 2012 on certain forms of collective management of investment portfolios, each as amended from time to time. Belgian investors should seek advice from their own advisers about the consequences of an investment in New Shares, including the tax consequences.

For the attention of Dutch investors

The Ordinary Shares are only offered by means of this prospectus and are not, may not and will not be offered, distributed, sold, transferred or delivered, directly or indirectly, in or from the Netherlands, as part of the initial distribution or at any time thereafter other than (i) to “Qualified Investors” (*gekwalficeerde beleggers*), within the meaning of section 1:1 of the Act on the Financial Supervision (*Wet op het financieel toezicht, AFS*), provided that these parties acquire the relevant Ordinary Shares for their own account or that of another “Qualified Investor”, (ii) to less than 150 individuals or legal entities who or which are not a “Qualified Investor”, (iii) to investors who acquire Ordinary Shares for a total consideration of at least EUR 100,000 per investor, for each separate offer, (iv) an offer of Ordinary Shares whose denomination per unit amounts to at least EUR 100,000 and (v) an offer of Ordinary Shares with a total consideration of less than EUR 100,000, which limit shall be calculated over a period of 12 months. The Company does not hold, and will not hold, a licence for collective investment schemes granted by the Netherlands Authority for the Financial Markets.

For the attention of German investors

The Ordinary Shares, this document and any related documents must not be distributed in Germany by way of public offer, public advertising or in any similar manner. This document is only directed to such recipients to whom it is directly addressed. This document and any related documents must not be copied or distributed or otherwise made available to third parties by its recipient without the express prior written consent of the Joint Bookrunners.

For the attention of investors in Guernsey

A registered collective investment scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.

For the attention of Israeli investors

No action has been or will be taken in Israel that would permit an offering of the Shares or a distribution of this Offering Document to the public in Israel. This Offering Document has not been approved by the Israel Securities Authority. Accordingly, any distributor appointed by the Company will be required to agree that it will not offer or sell the Shares, directly or indirectly, in Israel or to others for re-offering or resale, directly or indirectly, in Israel except to investors of the type listed in the First Schedule to Israel's Securities Law, 1968. The Company is not regulated under the provisions of Israel's Joint Investment Trusts Law, 1994.

For the attention of investors in Jersey

This Prospectus may be circulated in Jersey only by persons who are registered by the Jersey Financial Services Commission in accordance with the Financial Services (Jersey) Law 1998, as amended (the “**FSL**”) for the conduct of financial services business and the distribution of this prospectus, or are exempt from such registration in accordance with the FSL. In addition, this prospectus may be circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom.

Consent for the circulation of this prospectus in accordance with article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, has not been sought from or given by the Jersey Financial Services Commission.

For the attention of investors in Luxembourg

The Ordinary Shares may not be offered or sold within the territory of the Grand-Duchy of Luxembourg unless:

- (a) a prospectus has been approved by the Commission de Surveillance du Secteur Financier in accordance with the Law of 10 July 2005 on prospectuses for securities (the “**Prospectus Law**”), as amended, in particular but not limited to the Law of 3 July 2012, implementing Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010 amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading (the “**Prospectus Directive**”) if Luxembourg is the home member state (as defined in the Prospectus Law); or
- (b) if Luxembourg is not the home member state, the Commission de Surveillance du Secteur Financier has been notified by the competent authority in the home member state of the Company that the prospectus has been duly approved in accordance with the Prospectus Directive by the competent authority of the home member state; or
- (c) the offer benefits from an exemption to or constitutes a transaction not subject to the requirement to publish a prospectus.

For the attention of Maltese investors

The Ordinary Shares may not be offered or sold within the territory of the Republic of Malta unless:

- (a) a prospectus has been approved by the Malta Financial Services Authority in accordance with the Companies Act (Cap. 386 of the Laws of Malta) and regulations issued thereunder implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (the “**Prospectus Directive**”) if Malta is the home member state (as defined in the Companies Act); or
- (b) if Malta is not the home member state, the Malta Financial Services Authority has been notified by the competent authority in the home member state of the Company with a certificate of approval that the prospectus has been duly approved in accordance with the Prospectus Directive and a copy of the prospectus as approved, together with, where requested by the Malta Financial Services Authority, a translation into English or Maltese of the summary of the prospectus; or
- (c) the offer benefits from an exemption to or constitutes a transaction not subject to the requirement to publish a prospectus in terms of the Companies Act.

For the attention of Swedish investors

The Ordinary Shares may not be offered to the public in Sweden. This prospectus is only directed to such recipients to whom it is directly addressed and may not be copied or, directly or indirectly, be distributed or made available to other persons without the express consent of the Joint Bookrunners. The Company is not authorised under the Swedish Investment Funds Act (2004:46) and is not supervised by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*). Neither this prospectus nor the offering of Ordinary Shares hereunder is subject to any registration or approval requirements in Sweden under the Swedish Financial Instruments Trading Act (1991:980). Accordingly, the document has not been, nor will it be, registered or approved by the Swedish Financial Supervisory Authority.

For the attention of Swiss investors

Neither this prospectus nor any other offering or marketing material relating to the Company constitutes an issue prospectus pursuant to article 652a of the Swiss Federal Code of Obligations. The Company has not been registered as a foreign collective investment scheme pursuant to article 120 of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (“**CISA**”), (as amended from time to time) by the Swiss Financial Market Supervisory Authority FINMA. Accordingly, neither the Ordinary Shares nor any other participation in the Company may be publicly offered or distributed in or from Switzerland and neither this prospectus nor any other document or offering material relating to the Company and/or the Ordinary Shares may be made available in connection with any such public offering or distribution. Ordinary Shares may only be offered and this prospectus may only be distributed in or from Switzerland by way of private placement to “qualified investors” (as this term is defined in the CISA and its implementing ordinance) and/or to a limited circle of other investors, without any public offering.

For the attention of investors in the United States

The Ordinary 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 Ordinary 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 Ordinary Shares in the United States.

The Ordinary 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 Ordinary 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 Ordinary Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

Expected timetable

Latest time and date for receipt of Application Forms under the Offer	11.00 a.m. on 11 December 2012
Latest time and date for placing commitments under the Placing	3.00 p.m. on 11 December 2012
Result of Issue announced	12 December 2012
Admission and commencement of unconditional dealings in the Ordinary Shares	8.00 a.m. on 17 December 2012
Crediting of CREST accounts in respect of the Shares	8.00 a.m. on 17 December 2012
Share certificates despatched	Week commencing 31 December 2012

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

Issue statistics

Issue Price	£1.00
Maximum number of Ordinary Shares to be issued*	350,000,000
Maximum Gross Issue Proceeds*	£350,000,000
Net Asset Value per Share on Admission**	£0.98

* The maximum size of the Issue is £350,000,000 with the actual size of the Issue being subject to investor demand. The number of Ordinary Shares to be issued pursuant to the Issue, 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 Issue will not proceed if the Gross Issue Proceeds would be less than £200,000,000.

** NAV per Ordinary Share immediately following Admission. The costs of the Issue borne by the Company will be fixed at 2 per cent. of the Gross Issue Proceeds. To the extent the costs of the Issue exceed an amount equal to 2 per cent. of the Gross Issue Proceeds, the Advisers will bear the excess.

Directors, Management and Advisers

Directors

Stephen Smith
Jonathan Bridel
John Whittle

(all care of the registered office)

Investment Manager

Starwood European Finance Partners Limited
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Joint Sponsor, Joint Financial Adviser and Joint Bookrunner

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Registrar

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Reporting Accountant

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Royal Chambers
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St. Peter Port
Guernsey GY1 4AF

Administrator, Designated Manager and Company Secretary

Ipes (Guernsey) Limited
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St Peter Port
Guernsey
Channel Islands, GY1 2HL

Receiving Agent

Computershare
Corporate Actions Projects
Bristol BS99 6AH

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. 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.

Starwood Property Trust, a New York listed real estate investment trust managed by Starwood Capital Group, has agreed to subscribe for such number of Ordinary Shares under the Placing as is equal to four per cent. of the issued share capital on Admission. Individuals connected with the Starwood Capital Group (or investment vehicles beneficially owned by them) have agreed to subscribe for such number of Ordinary Shares as is equal to an additional one per cent. of the issued share capital on Admission.

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

Applications will be made to each of the UK Listing Authority and the London Stock Exchange, respectively, for all of the Ordinary Shares to be issued pursuant to the Issue to be admitted to listing on the premium 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 Ordinary Shares will commence at 8.00 a.m. on 17 December 2012.

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 in the UK and Continental European markets.

Target returns and dividend payments

On the basis of current market conditions as at the date of this prospectus and whilst not forming part of its investment objective or policy, the Company will target a net total return on invested capital of 8-9 per cent. per annum.

The Company intends that the Net Issue Proceeds be invested as rapidly as practicable following Admission. The Investment Manager estimates that 50 per cent. of such proceeds will be invested during the first six months following Admission and intends the Company to be substantially fully invested within nine to twelve months following Admission and to remain substantially fully invested thereafter.

Subject to market conditions, the financial position of the Company and the investment outlook, it is the Directors' intention to pay quarterly dividends to Shareholders. Whilst not forming part of its investment objective or policy and assuming that the Net Issue Proceeds are invested in accordance with the intended timetable described above, the Company will seek to target the following dividend payments:

- dividends totalling at least 3.5 pence per Ordinary Share in respect of the period from Admission to the first financial year end;
- dividends totalling 7.0 pence per Ordinary Share per annum in respect of subsequent financial periods.

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

The target returns and dividend payments should not be taken as a forecast of the Company's future performance, profits or results. The target returns and 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 returns and dividend payments in deciding whether to invest in the Ordinary 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.

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 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. Further information about co-investment arrangements and investment allocation are set out in Part IV of this prospectus.

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.

Portfolio construction

The Company's portfolio will be 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.

It is expected that, once fully invested, the portfolio will mainly comprise exposures to whole loans and subordinated loans and that a proportion will be more structured debt products, such as bridge or 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.

The following table shows an indicative allocation to each loan type that the Company expects to consider, together with current typical returns for such loans. In particular, the swap rate column is an indicative figure and assumes that loans will be made on a fixed rate basis. To the extent that any loans are advanced on a floating rate basis, this underlying interest rate may not be available, may be subject to fluctuation and could be lower. This information is indicative only and should not be taken to represent the returns that the Company may achieve on its investments. It is not, and should not be construed as, a profit forecast or the likely final portfolio construction.

<i>Strategy</i>	<i>Allocation</i> %	<i>Swap rate</i> % p.a.	<i>Margin,</i> % p.a.	<i>Upfront, agency and exit fees,</i> % p.a.	<i>Annualised total return,</i> % p.a.
Whole loan	45	1.25	5.40	0.60	7.25
Subordinated debt	40	1.25	10.20	0.70	12.15
Bridge/development/other whole loans	15	1.25	8.30	0.80	10.35
Total	100	1.25	7.76	0.67	9.68

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 rapidly as practicable following Admission. The Investment Manager estimates that 50 per cent. of such proceeds will be invested during the first six months following Admission and intends the Company to be substantially fully invested within nine to twelve months following Admission and to remain substantially fully invested thereafter.

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.

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 of each class in issue immediately following Admission at a price not exceeding: (i) five per cent. above the average of the mid-market values of Ordinary Shares of the relevant class 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 Ordinary Shares of the relevant class.

Once the Company is fully invested, 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 first annual general meeting. The Directors intend to seek annual renewal of this buyback authority from Shareholders each year at the Company's annual general meeting.

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 expects that it will make all of its investments through Starfin Public L.P., a Guernsey limited partnership in which it is the only investor. The General Partner of the Partnership is wholly owned by the Company, which will therefore indirectly control the operation of the Partnership. The only other limited

partner in the Partnership is the Special Limited Partner, 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 IV 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; and (ii), assuming the proposed joint venture described in Part III is consummated, Cushman & Wakefield.

The Company expects that the majority, if not all, of its investments will be made through Starfin Lux S.à.r.l, a Luxembourg subsidiary that will, when incorporated, be wholly owned by the Partnership and therefore indirectly owned and controlled by the Company. The Luxco will be constituted as a corporate vehicle under Luxembourg law and the Company therefore expects that the Luxco will not be subject to regulation in Luxembourg or elsewhere. The Company, through the Partnership, will invest in the Luxco through both equity and profit participation instruments or other funding instruments. The Luxco will then grant 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.

Further issues of shares

The Directors will have authority to allot further shares in the share capital of the Company following Admission, including shares denominated in currencies other than Sterling. Further issues of shares would 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).

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, contain pre-emption rights in relation to allotments of equity shares (including C Shares) for cash. Pursuant to a written extraordinary resolution of the subscribers to the Company's memorandum of incorporation dated 28 November 2012, it was resolved to disapply such pre-emption rights in relation to a number of Ordinary Shares equal to 200 per cent. of the Ordinary Shares in issue immediately following Admission for a period concluding immediately prior to the first Annual General Meeting of the Company. The Directors intend to request that the authority to allot Ordinary Shares for cash on a non-pre-emptive basis is renewed at each subsequent annual general meeting of the Company.

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.

Net Asset Value

Publication of Net Asset Value

The Company intends to publish its estimate of the Net Asset Value per Share monthly, as calculated by the valuation process described below. The Net Asset Value per Share will be 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 will be valued monthly as at the last Business 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 will be valued at amortised cost. Values will be ascribed using IFRS. The Investment Adviser will conduct a quarterly impairment review of

each asset and a third party valuation of the underlying assets will be conducted each year. Third party valuations, market levels and other valuation sources will be reviewed as part of the annual audit.

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

An Overview of the European Commercial Real Estate Debt Market

European Commercial Real Estate Debt Market

Over the past few years, regulators have launched a series of initiatives to reform the banking regulatory framework following the financial crisis that first unfolded in 2007 and which significantly weakened financial institutions globally. This has led to proposals such as Basel III and the European Banking Association's Recommendation to re-capitalise banks and decrease their levels of leverage. This set of new rules is now gradually coming into force and has led banks to reduce the amount of loans they can provide. The continuing European sovereign crisis has also driven lenders to be even more careful with their balance sheets and restrict new lending activity to prime positions in core markets. Some lenders have even completely ceased any new loan activity.

One of the sectors most affected by the above circumstances is the European commercial real estate ("**CRE**") sector. Historically, this sector has 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 (source: Morgan Stanley Research)), and hence has 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 is becoming less attractive for banks to provide CRE loans. These loans are weighing more heavily on banks' capital adequacy ratios, and require longer-dated funding that is more expensive and typically offer little ancillary business opportunities. This erodes banks' profitability margins and lowers returns and incentivises banks to re-allocate capital from CRE to elsewhere. It is estimated that outstanding European CRE bank loans amount to approximately €2.5 trillion (source: Morgan Stanley Research), with the major part expiring by 2014. It is estimated that banks will seek to reduce their exposure to these loans by €350 to €600 billion (source: Morgan Stanley Research) over the next three to five years.

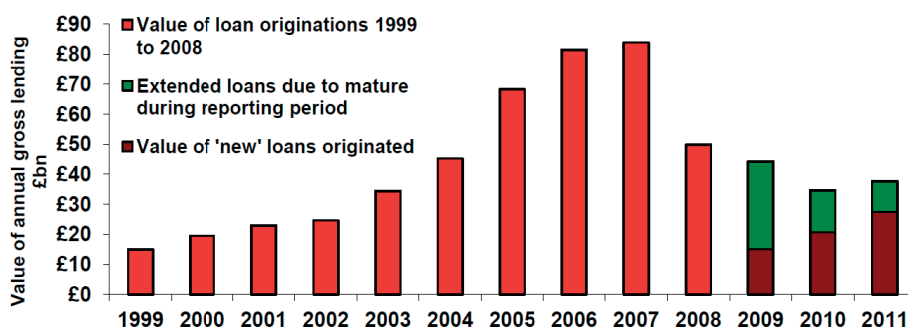
In addition, the primary European commercial mortgage-backed securities ("**CMBS**") market - an alternative source of debt financing for CRE - has seen its volume levels collapse since the peak years of 2006-07 and is now effectively closed. About €85 billion of CMBS is estimated to remain outstanding, mainly with underlying assets from the UK (58 per cent.) and Germany (17 per cent.) (source: Morgan Stanley Research). The majority of outstanding loans financed by CMBS are due to mature by 2014. These loans in all likelihood will need to be refinanced by other types of loans, further exacerbating the scarcity of CRE financing.

Properties continue to be added to the CRE stock through new development projects, asset management or asset repositioning and since debt remains a key source of capital, this increases demand for CRE loans.

This funding shortfall is not only simply a comparison of nominal supply and demand. The post-crisis loan market also reflects a widespread retreat by lenders into only the most prime markets, sectors and projects. Any lending opportunity that involves moderately higher leverage, assets in "transition" requiring more active management, certain sectors or geographical locations or larger scale may find debt harder to obtain. This is irrespective of how attractive the underlying risk/return metrics might be.

This funding shortfall is expected to be partially addressed by non-banking institutions. Private and public investment vehicles, insurance companies and pension funds are expected to supply up to €200 billion of capital to the CRE sector over the next three to five years (source: Morgan Stanley Research).

Value (£m) of UK gross annual lending 1999 to 2011 – All Lenders



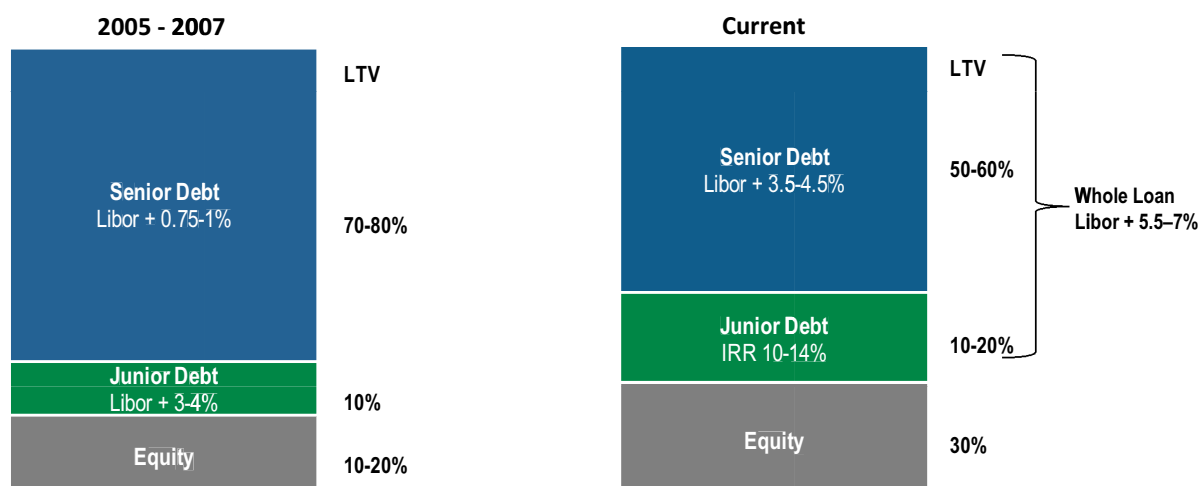
Source: De Montford University Research

This situation still leaves a significant funding gap in the CRE market that creates an imbalance favourable to debt providers for the coming years. This backdrop generates significant opportunities in the primary and secondary CRE debt markets.

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 but does still benefit from protective features which often includes a second-ranking mortgage on properties and the capital-buffer provided by the equity tranche in the capital structure.



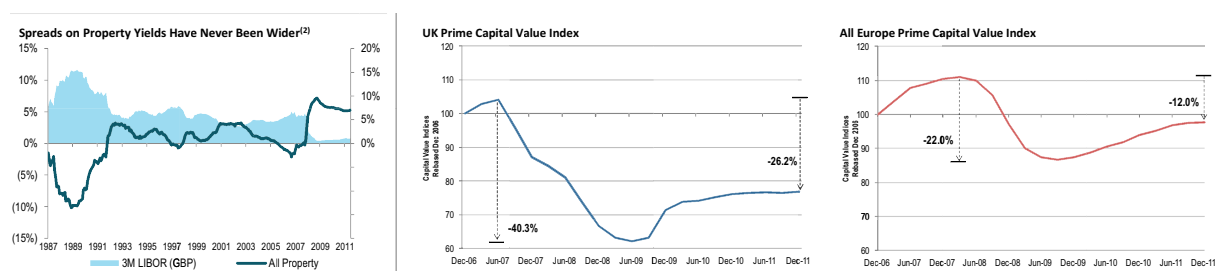
Source: Investment Adviser

The contraction of debt supply, combined with the increased caution of lenders in the face of a very challenging macro-economic environment, has resulted in the tightening of lending terms in favour of lenders. As a result, LTV ratios have decreased and margins have expanded for new loans and re-financings. Well-funded debt capital providers are now in a position to obtain favourable loan terms and security packages while achieving good returns, against property values that have been rebased.

Likewise, mezzanine loans have become more expensive and terms have tightened in favour of lenders. In the Investment Adviser's experience, the typical average return in the EMEA region is now at 10-14 per cent. for average LTVs at 75 per cent.. Pre-crisis, typical targeted returns ranged between 7 per cent. and 8 per cent. for LTVs above 80 per cent.. The more prudent approach of lenders means that in many instances the mezzanine layer now sits in a position that would have been considered senior in the past.

CRE valuation outlook

Valuation levels across Europe have re-adjusted following the bursting of the property bubble in 2007. According to Cushman & Wakefield, in December 2011 prime UK capital values were at a 26 per cent. discount to the peak achieved in June 2007, after reaching a trough of a 40 per cent. discount in June 2009. UK prime property values are in line with their 25 year average. Similarly, prime European capital values, whilst suffering lower volatility generally, are at a 12 per cent. discount level to the peak reached in March 2008, after reaching a trough of 22 per cent. discount in September 2009. Secondary assets (i.e. non-prime) underwent a similar value correction over the last few years but have not recovered as well. It is doubtful that such capital values will rise significantly in the near term as investors' focus is currently on good quality and liquid assets.



Source: IPD data; Cushman & Wakefield

Other indicators also point to a stabilisation of the sector. The spread between property yields and LIBOR has never been wider since 1987, helped by low interest rates. This spread makes the property asset class a relatively attractive investment in the current climate and suggests that over time the gap will revert to the mean through a combination of rising property values and falling bond prices.

However, notwithstanding growing demand for CRE assets in stronger economies such as Germany or the Nordics, property markets in the majority of European countries remain essentially flat whilst strong macro level value growth is not anticipated in the European CRE sector as a whole in the coming years.

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.

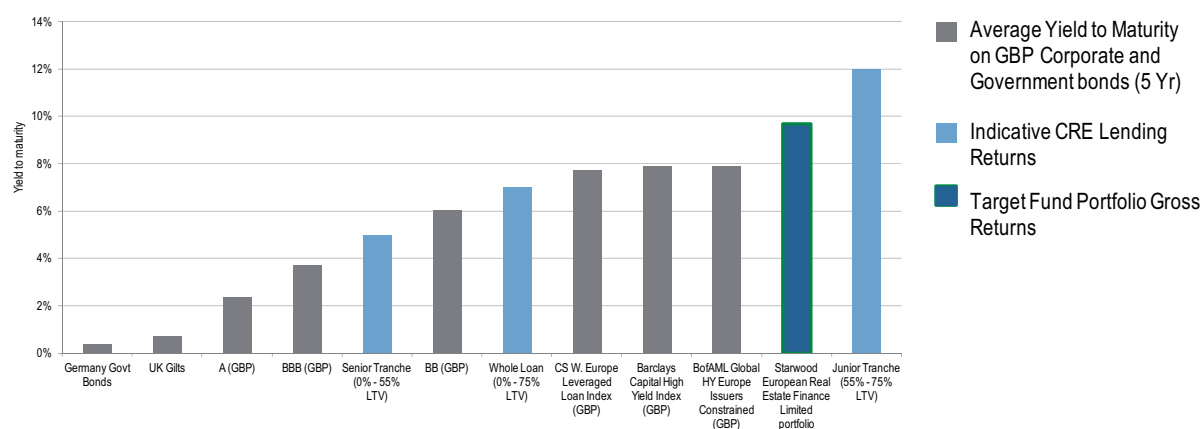
Interest payments are paid quarterly in cash, except for mezzanine loans where some interest may be accrued for a bullet payment at loan maturity. Interest payments on senior and mezzanine loans typically have priority over some other property expenditures and therefore offer a higher level of payment 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) on a simple five year 75 per cent. LTV structure, an amortising whole loan could sustain more than 50 per cent. value decline and the junior debt could sustain a 40 per cent. value decline before total returns are at breakeven 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.

Real estate debt also offers attractive risk-adjusted returns relative to other fixed income asset classes. As the chart illustrates below, as at 12 November 2012 yields for whole loans are similar to BB credit-rated corporates, while offering additional security in the form of a mortgage.

Comparison of return profiles



Source: Investment Adviser (in respect of target portfolio return); Bloomberg

Part III

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 newly incorporated in Guernsey with registered number 55819. The Investment Manager has been appointed pursuant to the Investment Management Agreement, which is summarised in paragraph 5(b) of Part VII of this prospectus. The Investment Manager has appointed Starwood Capital Advisers Europe LLP, an English limited liability partnership authorised and regulated by the Financial Services 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.

Introduction to 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 18 years. The group has more than 230 employees, located across 11 offices in six countries, and as at June 2012 had approximately US\$21 billion of assets under management.

Starwood's track record

Starwood Capital Group has undertaken more than US\$11.5 billion of property lending since 1998. This lending has been conducted through two publicly listed companies managed by Starwood, as well as numerous private funds.

*Starwood Property Trust, Inc. ("**Starwood Property Trust**" or "**SPT**")*

SPT is the largest commercial mortgage real estate investment trust in the United States. It was listed on the New York Stock Exchange in 2009 and raised gross proceeds of US\$952 million, making it the largest blind pool real estate investment trust IPO in NYSE history. It has since conducted four subsequent equity offerings, raising additional gross proceeds of US\$1,806 million in total. As at 31 October 2012, SPT's market capitalisation was US\$3.1 billion.

From its launch, SPT has executed more than US\$5.6 billion in real estate loans. In each of its annual reports since IPO and in its quarterly results to 30 September 2012, no allowances for losses for its commercial loan portfolio were necessary.

SPT has generated an annualised share price total return of 11.5 per cent. from launch on 11 August 2009 to 31 October 2012. Over the period from 30 September 2009 to 31 October 2012, it has traded at an average premium of 6.4 per cent. The dividend yield on SPT shares was 7.7 per cent. as at 31 October 2012.

*Starwood Mezzanine Investors/iStar Financial ("**iStar**")*

Starwood Capital Group personnel were part of the management team of iStar during the period from 1998 to 2003. In this period, iStar generated a share price total return (with dividends reinvested) of 28 per cent. per annum.

iStar conducted an IPO on the New York Stock Exchange in 1999 and its net assets grew from approximately US\$1 billion to US\$6.1 billion as at 30 June 2003.

Starwood's private funds

From 1991 to June 2012, Starwood-managed private funds have generated average annual gross returns of 32 per cent. This has involved the investment of over US\$12.5 billion of equity in over 460 transactions across virtually all real estate classes.

Investments in Europe

From November 2008 to September 2012, Starwood has sourced or acquired US\$445 million of debt in Europe. As at 30 September 2012, US\$208 million of this had been realised, generating an IRR of 23 per cent.

Relationship with Cushman & Wakefield Investors

The origination capability of Starwood Capital Group's European debt platform is expected to be enhanced by the proposed relationship with Cushman & Wakefield Investors ("**CWI**"). Pursuant to a letter of intent entered into with CWI dated 13 August 2012, it is intended that CWI will become a minority partner in the Starwood European debt platform and will provide a number of services to the platform, including: deal origination, utilising the C&W brokerage network and wider industry contacts; market research and co-underwriting of investment opportunities. This relationship is conditional on the execution of definitive legally binding documentation, which is currently being negotiated by the parties and which is expected to be concluded in the near future. Until such documentation is signed, there is no guarantee that these arrangements will be put into effect. CWI will be represented on the Investment Committee of the Investment Adviser by Michael Rhydderch.

CWI is the independent investment management arm of Cushman & Wakefield ("**C&W**"). CWI has three offices: London, Paris and Frankfurt and currently has €1.2 billion of assets under management. It provides complete property investment management services to a range of institutional clients including corporate, state and local authority pension funds, charities, family trusts, friendly societies and family offices. C&W is the world's largest privately-owned real estate services group, active since 1917 with global coverage through 234 offices in 60 countries and more than 14,000 employees.

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 focused on global real estate, energy, infrastructure and securities trading. Mr Sternlicht is also Chairman of Starwood Property Trust, now the largest commercial mortgage REIT in the U.S. traded on the NYSE. Mr Sternlicht is also Chairman of the Board of Société du Louvre. For the past twenty-one years, he has structured investment transactions with an asset value of more than \$40 billion. Starwood's funds have invested in more than 18,000 apartment units, more than 1000 hotels, over 22 million square feet of office properties, 15 million square feet of retail and over 20,000 acres of land in residential subdivisions. Today the firm manages approximately \$12 billion of investor capital on behalf of its high net worth and institutional partners. Starwood Capital Group employs approximately 230 associates at its headquarters in Greenwich, Connecticut, and other offices in Atlanta, San Francisco, Washington DC, Los Angeles, Chicago, London, Mumbai, Sao Paulo, Paris and Luxembourg. Starwood Capital Group has formed Starwood Energy Partners focusing on energy investments. Starwood's family of products includes Starwood Real Estate Securities hedge fund. Starwood also owns an interest in Troon Golf.

From 1995 through early 2005, Mr Sternlicht was Chairman and CEO of Starwood Hotels & Resorts Worldwide, Inc., a company he founded in 1995. Starwood Hotels employed over 120,000 people and is one of the leading hotel and leisure companies in the world with more than 895 properties in 100 countries. Starwood is a fully integrated owner, operator and franchiser of hotels with nine brands, including: St. Regis, The Luxury Collection, W Hotels, Sheraton, Westin, Meridien, Four Points, as well as a premier participant in vacation ownership resorts. Barry Sternlicht has been credited as a dynamic and innovative hotel leader, creating new products and programs with immediate global appeal. Mr Sternlicht created W Hotels, perhaps the world's most successful "boutique" brand.

In 2010, Mr Sternlicht was named Executive of the Year and Investor of the Year by Commercial Property Executive. In 2005, Mr Sternlicht was named America's Best Lodging CEO by Institutional Investor magazine. Mr Sternlicht was inducted into the Interior Design Magazine Hall of Fame. He holds an Honorary Doctor of Business Administration in Hospitality Management from Johnson & Wales University. He also received the Preston Robert Tisch Distinguished Industry Leadership Award from New York University School for Hospitality, Tourism & Travel Administration, the CEO Diversity Award by 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 led to 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 serves on the Board of Directors of The Estée Lauder Companies, Mammoth Mountain, Ellen Tracy, Field & Stream, National Golf and Zelnick Media. He serves as Vice Chairman of Robin Hood and is on the boards of the Pension Real Estate Association ("PREA"), the Dreamland Film & Performing Arts Center, Juvenile Diabetes Research Foundation's National Leadership Advocacy Program, and the Business Committee for the Arts. He is a member of the Real Estate Roundtable, the Committee to Encourage Corporate Philanthropy, the Young Presidents Organization, and the Urban Land Institute.

Barry Sternlicht was born in 1960. He received his BA, magna cum laude, with honors from Brown University. He later earned an MBA with distinction from Harvard Business School.

Jeffrey G. Dishner, Senior Managing Director, President Starwood Capital Europe

Mr. Dishner is a Senior Managing Director of Starwood Capital Group and the President of Starwood Capital Europe and has been a partner in Starwood Capital Group since 1994. He is a member of the Executive and Investment Committees of Starwood Capital Group and is responsible for overseeing acquisition and origination efforts. Mr Dishner has been instrumental in all of the previous debt initiatives at Starwood Capital Group and served as the head of originations at Starwood Mezzanine Investors. He was a board and investment committee member of iStar Financial and was President of Starwood Property Trust when it was formed. He remains a board member of Starwood Property Trust and its investment committee.

Prior to joining Starwood Capital Group in 1994, Mr. Dishner was with the Commercial Mortgage Finance Group of J.P. Morgan & Co., where he focused on whole-loan dispositions and securitizations for various thrift institutions from 1993 to 1994. Prior to J.P. Morgan & Co., Mr. Dishner was a member of the Acquisitions Group at JMB Realty Corporation from 1987 to 1991.

Mr. Dishner received a BS degree in economics from the Wharton School of Finance at the University of Pennsylvania and an MBA from the Amos Tuck School at Dartmouth College.

Peter Denton, Head of European Debt, Starwood Capital Group

Mr. Denton is a Senior Vice President of Starwood Capital Group and the Head of European Debt. He has more than 20 years of relevant pan European real estate sector experience and during this period he has originated over €20 billion of commercial real estate debt, including over €2.5 billion of subordinate lending.

Prior to joining Starwood Capital Group in 2012, Mr. Denton ran the London offices of BNP Paribas and Westdeutsche ImmobilienBank, where he set up and managed their real estate banking activities. He also held senior roles at Barclays Capital, Eurohypo and Deutsche Bank.

Mr Denton is also Chairman Designate of the European Commercial Real Estate Finance Council and will take up his appointment in November 2013.

Boyd W. Fellows, President and Managing Director, Starwood Property Trust, Inc.

Mr. Fellows is currently President and Managing Director of Starwood Property Trust, Inc. He has more than 25 years experience in the commercial real estate finance industry and capital markets and is a founder of Coastal Capital Partners, LLC ("CCP").

Mr. Fellows was a member of the management team that founded and built Countrywide Financial Corporation's commercial real estate finance business into one of the largest in the United States, closing over \$1 billion in loans monthly. Countrywide's commercial real estate debt business unit remained profitable throughout the financial turmoil of 2007 and 2008.

Prior to working at Countrywide, where he focused on U.S. production operations, and CCP, Mr. Fellows served as a Partner at Thomas Weisel Partners and as the CEO of Scudder Weisel Capital, a joint venture with Zurich Insurance.

From 1994 to 1999, Mr. Fellows was one of the key senior executives who led Nomura's CRE division, building it from a small division with 12 employees into one of the largest and most innovative U.S. commercial real estate lending companies with more than 450 employees. In 1998, Mr. Fellows was named Co-Chief Executive Officer of the division.

Prior to Nomura, Mr. Fellows worked at Morgan Stanley, where he was the co-head of the non-agency mortgage securities trading group and at Bank of America as a derivative securities and currency trader in the United States, Europe and Asia.

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

Mr. Sossen is currently the Chief Operating Officer and General Counsel of Starwood Property Trust, Inc. Prior to joining the Starwood Capital Group, 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 integrally involved in the policy and strategic decision-making, as well as in the day-to-day operations of the business.

Mr. Sossen's legal career began at Simpson Thacher & Bartlett LLP, where he was a member of the firm's corporate department, specialising in capital markets and mergers and acquisitions.

Michael Rhydderch, Head of EMEA Capital Markets, Cushman & Wakefield

Mr Rhydderch is the Head of EMEA Capital Markets at Cushman & Wakefield. He has been a partner of Cushman & Wakefield LLP since 2005. He is responsible for overseeing Cushman & Wakefield's capital markets business in Europe, the Middle East and Africa ("**EMEA**"), including investment sales and corporate finance/investment banking. He is a member of the Cushman & Wakefield EMEA Board.

Mr. Rhydderch has personally concluded transactions in several European countries across multiple sectors, including joint ventures, structured equity investments and multi-country portfolio sales.

In addition to the Investment Committee described above, Starwood Capital's European debt platform benefits from two dedicated origination professionals, Jens Cremer and Duncan MacPherson, and access to a pool of five analysts and associates who also provide support to the European equity platform. In total, Starwood Capital's London office has 11 investment professionals and is supported by dedicated operations, legal and accounting teams, each headed by highly experienced individuals.

Directors of the Investment Manager

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

Sandra Platts is a resident of Guernsey and is a non-executive director of Investec Bank (C.I.) Ltd and NB Global Floating Rate Income Fund Ltd., where she also chairs the nomination and remuneration committee and the management engagement committee. Sandra was managing director of Kleinwort Benson in Guernsey and chief operating officer for Kleinwort Benson Private Banking Group (UK and Channel Islands). She also held directorships for the Kleinwort Benson holding company, trust company and operating boards, retiring from Kleinwort Benson boards in 2010. Sandra holds an MBA and a diploma in company direction from the Institute of Directors.

Sarah Broughton is a UK resident and is Starwood's European Chief Financial Officer. Sarah is responsible for real estate and financial asset management, and all accounting and investor reporting for the European investment portfolio. Sarah joined Starwood in 2007 from Whitbread Group Plc where she was responsible for financial planning for Marriott Hotels and David Lloyd Leisure as well as playing a key role in the disposal of both businesses. Sarah qualified as a Chartered Accountant with Andersen in 2001 and is a member of the ICAEW and the Securities Institute.

Michel Davy is a resident of Guernsey and is a managing director at Ipes Guernsey. Michel has more than 17 years financial services experience including working with various private equity sponsored funds, including buy-out, venture capital and mezzanine structures. He is also a member of the Guernsey Investment Fund Association's Executive Committee. Michel trained with Ernst & Young Guernsey and qualified as a Chartered Certified Accountant (ACCA) in 2000. At Ernst & Young, Michel's main focus was the audit and supervision of various closed ended and open ended investment funds.

Investment process

The Advisers will utilise a thorough and rigorous investment process when advising the Company on its investments. Investment decisions will be made by the Investment Manager, which has been authorised to do so by the Board. The Investment Manager will receive 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 57 and 58.

Key personnel within the Investment Adviser and, where relevant, other members of Starwood Capital Group, will participate in weekly 'deal pipeline' discussions in order to monitor and assess investment opportunities. Where necessary informal calls will be 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 or Peter Denton 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 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 IV

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

Stephen has been the Chief Investment Officer of British Land Company PLC, the FTSE 100 real estate investment trust ("**REIT**"), since January 2010 with responsibility for the group's property and investment strategy. He is standing down from the board of British Land in March 2013 and will leave the company 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.

Jon Bridel

Jon 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. He was previously Managing Director of Royal Bank of Canada's Investment business in the Channel Islands. Prior to this, Jon 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, Jon also holds qualifications from the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Marketing and the Australian Institute of Company Directors. Jon is a Chartered Marketer and a member of the Chartered Institute of Marketing, the Institute of Directors and a Chartered Fellow of the Chartered Institute for Securities and Investment. Jon is a resident of Guernsey.

John Whittle

John is a Chartered Accountant and holds the IoD Diploma in Company Direction. He is a non-executive director of International Public Partnerships Ltd (FTSE 250) and Aurora Russia Ltd, India Capital Growth Fund Ltd and Advance Frontier Markets Fund Ltd (AIM). He 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 a resident of Guernsey.

The Investment Manager and the Investment Adviser

The Investment Manager and the Investment Adviser have been appointed by the Company to manage the Company's assets in accordance with the Investment Policy. Further details about the Advisers are set out in Part III of this prospectus.

Conflicts of interest

Directors

In relation to transactions in which a Director is interested, the Articles provide that as long as the Board authorises the transaction in good faith after the nature and monetary value or, if such value is not quantifiable, the extent of the Director's interest has been disclosed or the transaction is fair to the Company at the time it is approved, a Director shall not be disqualified by his office from entering into a contract or arrangement with the Company, and no such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company with any person, firm or company of or in which any Director shall be in any way interested, shall be avoided. A Director may not, however, vote in respect of any such contract or arrangement. For further details see paragraph 4(n) of Part VII of this prospectus.

The Advisers

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. Subject to the investment allocation agreements and policies set out below, and provided that it is prudent for the Company to invest in any given opportunity, it is intended that the Company will be given a priority allocation of all investment opportunities falling within its investment policy during the period from Admission until it is substantially fully invested.

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 5(d) of Part VII 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 expenses

The initial expenses of the Company are those which are necessary for the Issue. The Company will bear expenses equal to 2 per cent. of the Gross Issue Proceeds. To the extent such expenses exceed an amount equal to 2 per cent. of the Gross Issue Proceeds, the Advisers will bear the excess.

These expenses will be paid on or around Admission and will include, without limitation, placing fees and commissions; registration, listing and admission fees; the cost of settlement and escrow arrangements; certain fees, costs and expenses of Starwood relating to the establishment of the Company; printing, advertising and distribution costs; legal fees, and any other applicable expenses. All such expenses will be immediately written off (against share capital).

On the assumption that the Company achieves its maximum issue size of £350,000,000, the Net Asset Value of the Company immediately following Admission will increase by £343,000,000 (in other words, by 98 per cent. of the Gross Issue Proceeds).

Ongoing expenses

Management fee

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 Net Asset Value (excluding any cash balances until such time as 75 per cent. of the Net Issue Proceeds are invested). The management fee will be 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 will be payable to the Investment Manager once such loan arrangement fees have been received by the Company.

Carried interest

The Special Limited Partner shall be 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 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

Ordinary Shareholders, is equal to the NAV of the Company as at 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 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 5(c) of Part VII 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 will be 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 will be remunerated for their services at a fee of £32,500 each per annum (£45,000 for the Chairman). In addition, from 1 January 2014, the chairman of the Audit Committee will receive an additional £2,500 per annum for his services in this role. Further information in relation to the remuneration of the Directors is set out in Part VII 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 management fee, asset origination fee and carried interest detailed above) are expected to amount to between 0.24 and 0.42 per cent. per annum of Net Asset Value, depending on the size of the Company.

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. The Company has voluntarily committed to comply with the UK Corporate Governance Code (the "**UK Code**")

and the AIC Code (as defined below). 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.

AIC Code

The Company will be a member of the Association of Investment Companies (“**AIC**”) at Admission and is classified as a Specialist Debt Company by the AIC.

The Company currently complies with, and will continue to comply from Admission with, the AIC Code of Corporate Governance, and in accordance with such Code will be meeting its obligations in relation to the UK Code (save as disclosed above) and associated disclosure requirements of the Listing Rules.

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 will be 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 will comprise all the Directors and will meet 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 will act as chairman of the Audit Committee. The principal duties of the Audit Committee will be 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.

Management Engagement Committee

The Company has established a Management Engagement Committee which comprises all the Directors, with Jon Bridel as the chairman of the committee. The Management Engagement Committee will meet 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 expects to hold its first annual general meeting in 2014. The Company's audited annual report and accounts will be prepared to 31 December each year, commencing in 2013, and it is expected that copies will be sent to Shareholders in April each year, or earlier if possible. Shareholders will also receive an unaudited interim report each year commencing in respect of the period to 30 June 2013, expected to be despatched in August each year, or earlier if possible. The Company's audited annual report and accounts will be available on the Company's website, www.starwoodeuropeanfinance.com.

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

Takeover Code

The Takeover Code will apply to the Company from Admission.

Part V

Issue Arrangements

The Issue

The maximum size of the Issue is £350,000,000. The actual number of Ordinary Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, are not known as at the date of this prospectus but will be notified by the Company via an RIS announcement and the Company's website www.starwoodeuropeanfinance.com prior to Admission.

The Issue will not proceed if the Gross Issue Proceeds would be less than £200,000,000. If the Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant.

The maximum issue size should not be taken as an indication of the number of Ordinary Shares to be issued. The actual number of Ordinary Shares issued pursuant to the Issue will be announced via an RIS announcement shortly following the deadline for receipt of placing commitments under the Placing.

The Directors have determined that the Ordinary Shares under the Issue will be issued at a price equal to £1.00 per Ordinary Share.

The Issue is not being underwritten.

Proceeds of the Issue

The Company will employ the Net Issue Proceeds in implementing its investment policy.

The Placing

The Company, the Investment Manager, the Investment Adviser, the Directors, Jefferies and Dexion have entered into the Sponsor and Placing Agreement pursuant to which Jefferies and Dexion have agreed, as agents for the Company, to use their respective reasonable endeavours to procure subscribers for the Ordinary Shares under the Placing at the Issue Price in return for the payment by the Company of placing commissions. The 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 Sponsor and Placing Agreement is set out in paragraph 5(a) of Part VII of this prospectus.

The terms and conditions which shall apply to any subscriber for Ordinary Shares procured by Jefferies and/or Dexion pursuant to the Placing are contained in Part VIII of this prospectus.

Applications under the Placing must be for a minimum subscription amount of £50,000.

The Offer

The Company is also offering the Ordinary Shares to investors in the United Kingdom pursuant to the Offer. The Terms and Conditions of Application relating to the Offer are set out in Part IX of this prospectus and an Application Form and notes on how to complete such Application Form are set out in Appendix A to this prospectus. The Terms and Conditions of Application should be read carefully before an application is made. Application Forms must be posted to Computershare, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to arrive by no later than 11.00 a.m. on 11 December 2012. The Offer will, unless extended, be closed at that time.

Applications under the Offer must be for a minimum subscription amount of £10,000.

Payment for Ordinary Shares pursuant to the Offer may be made by cheque, banker's draft or building society cheque and must accompany the Application. The Directors reserve the right to refuse applications for any reason.

The Main Market and the Official List

The Main Market is an EU regulated market. Consequently, upon Admission the Company will be subject to the Prospectus Rules, the Disclosure Rules and Transparency Rules and the Market Abuse Directive (as implemented in the United Kingdom). Upon admission to the Official List, the Company will also be subject to the continuing obligations of the Listing Rules.

Scaling back and allocation

In the event that aggregate applications for Ordinary Shares under the Placing and the Offer were to exceed the maximum size of the Issue, it would be necessary to scale back applications under the Issue. The Directors reserve the right, at their sole discretion, but after consultation with the Joint Bookrunners, to scale back applications in such amounts as they consider appropriate. The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Issue. The Offer will not be subject to scaling back in favour of the Placing. Accordingly, applicants for Ordinary Shares may, in certain circumstances, not be allotted the number of Ordinary Shares for which they have applied.

The Company will notify investors of the number of Ordinary Shares in respect of which their application has been successful and the results of the Issue will be announced by the Company on or around 12 December 2012 via an RIS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the bank account from which the money was received.

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 Ordinary Shares, including further identification of the applicant(s), before any Ordinary 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 the Joint Bookrunners) may in their absolute discretion waive the minimum application amounts in respect of any particular application for Ordinary Shares under the Issue.

Should the Issue be aborted or fail to complete for any reason (including as a result of the Gross Issue Proceeds being less than £200,000,000), monies received will be returned without interest at the risk of the applicant.

Definitive certificates in respect of Ordinary Shares in certificated form will be dispatched by post in the week commencing 31 December 2012. Temporary documents of title will not be issued.

Clearing and settlement

Payment for the Ordinary Shares, in the case of the Placing, should be made in accordance with settlement instructions to be provided to placees by (or on behalf of) the Company or the Joint Bookrunners. Payment for the Ordinary Shares, in the case of the Offer, should be made in accordance with the Terms and Conditions of Application under the Offer in Part IX of this prospectus and in the Application Form. To the extent that any application for Ordinary 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.

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

Ordinary Shares issued under the Offer will be issued to successful applicants in accordance with the Terms and Conditions of Application under the Offer.

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.

It is expected that the Company will arrange for Euroclear UK and Ireland to be instructed on 17 December 2012 to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Ordinary Shares. 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 Ordinary Shares out of the CREST system following the Issue 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 Ordinary Shares to be issued in certificated form and is holding such Ordinary 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 Ordinary Shares. Shareholders holding definitive certificates may elect at a later date to hold such Ordinary Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Dealings

Application will be made to the UK Listing Authority and the London Stock Exchange for the Ordinary Shares issued pursuant to the Issue to be admitted to listing on the premium 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 Ordinary Shares will commence at 8.00 a.m. on 17 December 2012. Dealings in Ordinary Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The ISIN number of the Ordinary Shares is GG00B79WC100 and the SEDOL code is B79WC10.

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

The Company has elected to impose the restrictions described below and in paragraph 4(h) of Part VII and section 5 of Part VIII of this prospectus on the Issue and on the future trading of the Ordinary Shares so that the Company will not be required to register the offer and sale of the Ordinary 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 Ordinary 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 Ordinary Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares in the United States. The Ordinary 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 Ordinary 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 VI 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" if they own, in the aggregate, less than 25 per cent., directly or indirectly, of the value of any class of such entity's equity, excluding 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. 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: pension plans maintained by foreign corporations, 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 Ordinary 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 Ordinary 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 purposes of the Plan Asset Regulations by limiting equity participation by benefit plan investors in the Fund to less than 25 per cent. of the value of any 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 Ordinary Shares in the Company, the exemption could become unavailable at a later date as a result, for example, of subsequent transfers or redemptions of Ordinary Shares, and that Ordinary Shares held by benefit plan investors may be subject to mandatory redemption in such event in order for the Company to continue to meet 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 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares.

Subscribers warranties

Each subscriber of Ordinary Shares in the Issue and the Placing and each subsequent investor in the Ordinary 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 Part VIII of this prospectus.

The Company, the Investment Manager, the Investment Adviser, the Joint Bookrunners, and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the 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 VI

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 Ordinary 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 £600.

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.

There are additional requirements placed on a company resident in Guernsey when an individual owns more than one per cent of its shares but these are being removed from 1 January 2013.

In keeping with its ongoing commitment to meeting international standards, the States of Guernsey is undertaking a further review of its tax regime with the intention of implementing any required revisions to the regime in the period between 2013 and 2015. At this point in time, the key features of any revised regime have yet to be determined, but they are not expected to have any impact on the Company.

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.

Shareholders resident for tax purposes in Guernsey, Alderney or Herm will only incur Guernsey income tax on actual distributions made to them where the Company is exempt. Such Shareholders will not be taxed on the underlying investment income nor on any deemed distributions where the Company is exempt. The Company will be required to make a return to the Director of Income Tax providing details of distributions to Shareholders resident in Guernsey.

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.

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.

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 or ordinarily resident in the UK, who are the absolute beneficial owners of their Ordinary Shares and who hold their Ordinary 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 or ordinarily resident individual Shareholders who are additional rate taxpayers will be liable to income tax at 42.5 per cent., higher rate taxpayers will be liable to income tax at 32.5 per cent. and other

individual taxpayers will be 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 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 32.5 per cent. of the gross dividend (or 36.11 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 announced in the 2012 Budget that the rate of tax for additional rate taxpayers will be reduced to 45 per cent. with effect on and from 6 April 2013. From that date, dividends received by UK resident individual Shareholders liable to tax at the additional rate will be 37.5 per cent. Such Shareholders should be able to set the tax credit off against part of this liability with the effect that such a Shareholder will have to account for additional tax equal to 27.5 per cent. of the gross dividend (which also equals 30.56 per cent. of the cash dividend received).

A UK resident corporate Shareholder will be liable to UK corporation tax (currently 24 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 or ordinarily 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 or ordinarily 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 £10,600 for the year 2012/2013).

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 a disposal of Ordinary Shares. Indexation allowance may apply to reduce any chargeable gain arising on disposal of the Ordinary Shares 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.

Other UK tax considerations

The attention of UK resident or ordinarily 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 10 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 UK Government published a consultation document on reforms to this legislation on 30 July 2012. This consultation closed on 22 October 2012 and any resulting legislation is expected to be introduced in the Finance Bill 2013. Investors are therefore advised to consult their independent professional tax advisers as to the implications of any future changes.

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 Ordinary 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 Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that Ordinary 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 Ordinary Shares should not be subject to SDRT.

ISAs and SIPPs

It is expected that the Ordinary Shares will be eligible for inclusion in an ISA. The subscription limit for an ISA account is £11,280 (for the tax year 2012/2013).

The Ordinary 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.

UK-resident exempt funds will not be liable to tax on chargeable gains arising upon a subsequent disposal of investments held for the purposes of the Company.

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

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, 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 Ordinary Shares by U.S. Holders (as defined below) that purchase Ordinary Shares pursuant to the Placing and Offer and hold such Ordinary 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 Ordinary Shares as compensation for the performance of services, certain former citizens or residents of the United States, persons who hold Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 ORDINARY 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 Ordinary Shares of the Company 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 Ordinary Shares of the Company.

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 Company’s Ordinary 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 Ordinary 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 Ordinary 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”.

If a U.S. Holder owns Ordinary Shares during any year in which the Company is a PFIC (or in which it holds shares in any Subsidiary PFIC) and the U.S. Holder recognizes gain on a disposition of the Ordinary Shares (or the disposition of the shares of the Subsidiary PFIC) or receives distributions with respect to the Ordinary Shares (or with respect to the shares of the Subsidiary PFIC), the U.S. Holder generally will be required to file an IRS Form 8621 with respect to the Company (or the Subsidiary PFIC, as applicable), generally with the U.S. Holder’s federal income tax return for that year. Additionally, recently enacted legislation creates an additional annual filing requirement for U.S. persons who are shareholders of a PFIC. However, this additional filing obligation is suspended until the IRS releases the relevant final form. If the Company were a PFIC for a given taxable year, then you should consult your tax advisor concerning your annual filing requirements.

Mark-To-Market Election

If the Ordinary Shares are considered “marketable stock”, a U.S Holder generally may elect to make a “mark-to-market election” in respect of its Ordinary Shares in lieu of making a QEF election. Generally, the Ordinary 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 Ordinary Shares will constitute marketable stock for this purpose. If the Ordinary Shares are regularly traded on a qualified exchange for this purpose, U.S.

Holders that own such Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares. In addition, any gain from a sale, exchange or other disposition of Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares). The tax payable by a U.S. Holder on an excess distribution with respect to the Ordinary Shares will be determined by allocating such excess distribution ratably to each day of the U.S. Holder’s holding period for such Ordinary 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 Ordinary Shares) and excess distributions by the Subsidiary PFIC.

Dividends paid to a U.S. Holder in pounds 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 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 pounds into U.S. dollars will be U.S. source ordinary income or loss. If dividends received in 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 Ordinary Shares which will be offered to U.S. persons in this Placing and Offer 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 Ordinary 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, Ordinary 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 Ordinary Shares in the Placing and Offer 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 2010 Hiring Incentives to Restore Employment ("**HIRE**") Act imposes new reporting requirements with respect to "foreign financial assets", which would include Ordinary Shares in the Company. 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 by the U.S. Treasury). Upon issuance of 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*

In general, 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 after 2013 ("**withholdable payments**"), unless it complies with extensive reporting requirements beginning in June 30, 2013 and withholding requirements beginning in 2014. 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 this withholding tax, the Company will be required to enter into an agreement with the IRS to identify and disclose identifying and financial information about each U.S. person (or foreign entity with substantial U.S. ownership) which invests in the Company, and to withhold tax at a 30 per cent. rate on withholdable payments and related payments made to any investor which fails to furnish information requested by the Company to satisfy its obligations under the agreement. 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 Company's Ordinary 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.

Part VII

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. 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 will be kept at this address. The Company operates under the Companies Law and ordinances and regulations made thereunder and has no employees.
- (b) The Directors confirm that the Company has not traded or commenced operations and that, as at the date of this prospectus, no accounts of the Company have been made up since its incorporation on 9 November 2012. The Company's accounting period will end on 31 December of each year, with the first year end on 31 December 2013.
- (c) 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.
- (d) The annual report and accounts will be prepared according to IFRS.
- (e) Save for its entry into the material contracts summarised in paragraph 5 of this Part VII and certain non-material contracts, since its incorporation the Company has not carried on business, incurred borrowings, issued any debt securities, incurred any contingent liabilities or made any guarantees, nor granted any charges or mortgages.
- (f) As at the date of this prospectus, there have been no changes to the issued share capital of the Company since incorporation.
- (g) There has been no significant change in the financial or trading position of the Company since its incorporation.

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. Notwithstanding this, a maximum number of 350,000,000 Ordinary Shares will be issued pursuant to the Issue.
- (b) As at the date of incorporation and as at the date of this prospectus, the Company's issued share capital comprises one Ordinary Share issued at a price of £1.00. If Admission had taken place on the date of incorporation (and assuming that 350,000,000 Ordinary Shares had been issued pursuant to the Issue), the Issue would have increased the net assets of the Company by £343,000,000 and would have been earnings neutral.
- (c) As at the date of this prospectus, the entire issued share capital of the Company, comprising one Ordinary Share, has been transferred by the subscriber to the memorandum of incorporation of the Company, Memberco One Limited, to Barry McClay (a director of the Administrator).
- (d) The Directors have absolute authority to allot the Ordinary Shares under the Articles and are expected to resolve to do so shortly prior to Admission in respect of the Ordinary Shares to be issued pursuant to the Issue.
- (e) The Ordinary Shares will be issued and created in accordance with the Articles and the Companies Law.

- (f) The Ordinary Shares are in registered form and, from Admission, will be capable of being held in uncertificated form and title to such Ordinary Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Ordinary Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 days of the completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 37 of this prospectus, maintains a register of Shareholders holding their Ordinary Shares in CREST.
- (g) None of the actions specified in paragraph 2(f) above shall be deemed an action requiring the approval of Shareholders pursuant to the rights attached to those Ordinary Shares.
- (h) 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, none of the Directors nor any person connected with any of the Directors has a shareholding or any other interest in the share capital of the Company. The Directors and their connected persons may, however, subscribe for Ordinary Shares pursuant to the Placing and/or Offer.
- (b) As at the date hereof, insofar as is known to the Company, other than as described in this paragraph, no person is or will, immediately following the Issue, be directly or indirectly interested in 3 per cent. or more of the Company's issued share capital. Starwood Property Trust intends to subscribe under the Placing for such number of Ordinary Shares as will be equal to 4 per cent. of the Company's issued share capital on Admission. The Starwood Capital Group (or investment vehicles beneficially owned by it) has agreed to subscribe for such number of Ordinary Shares as is equal to an additional one per cent of the issued share capital on Admission.
- (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 2013 which will be payable out of the assets of the Company are not expected to exceed £128,500. Each of the Directors will be entitled to receive £32,500 per annum other than the Chairman who will be entitled to receive £45,000 per annum and the chairman of the Audit Committee who will be entitled to receive an additional fee of £2,500 per annum from 1 January 2014. No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits.
- (e) 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.
- (f) No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- (g) 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.
- (h) 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.

- (i) 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.

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Stephen Smith	The British Land Company plc Norman Retail Park Belvedere LLP	Focus Park Management Company Limited Thomas More Square Limited Guardian Properties Limited Thomas More Square Nominee Limited 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 Axxess 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 21/2 Devonshire Square General Partner Limited 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

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Stephen Smith (continued)		Atlantic Industrial Nominees Limited Originwealth Limited Atlas Park Management Company 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
Jonathan Bridel	AnaCap Credit Opportunities GP II Limited and AnaCap Credit Opportunities II Limited Altus Global Gold Limited Alcentra European Floating Rate Income Fund Limited GLF (GP) Limited BWE GP Limited Rhodium Stone PCC Limited (being voluntarily struck off) FTSE UK Commercial Property Index Fund Limited MGI (Guernsey) Limited Perpetual Global Limited Impax Renewable Power Infrastructure Limited Palio Capital Management Guernsey Limited Palio Capital Founding Partners Limited	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

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
John Whittle	Pont du Val Ltd Aurora Russia Ltd GC Dynamic Investments ICC Ltd International Public Partnerships Ltd The IPM Renewable Energy Fund ICC Ltd India Capital Growth Fund Ltd Sciens Global Strategic Fund Ltd Sciens Acqua Master Fund 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 Ltd Perusa Partners Management Ltd CPL Guernsey Limited CPL GP Limited Steadfast Capital III (GP) Ltd B&Q (Retail) Guernsey Ltd B&Q (Retail) Jersey Ltd Advance Frontier Markets Fund Ltd The Sustainable Forestry ICC Ltd FTSE UK Commercial Property Index Fund Limited Merchant Financing Funds ICC Avoca Senior Loans Europe Limited	Close Fund Services Ltd Legion International Ltd MSS UK Property Index Fund Management Ltd (in members' voluntary liquidation) Aurora II GP Ltd (voluntarily struck off) Blue Skye GP Ltd Saunderton Data Centre GP Ltd

- (j) 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.
- (k) 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 are aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Company which is not otherwise disclosed in this prospectus.
- (l) The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- (m) No members of the Administrator, the Investment Manager or the Investment Adviser have any service contracts with the Company.

4 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.
- (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.
- (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).

(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 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.

(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 five 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

such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;

- (E) 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
- (F) 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 an extraordinary 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) 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.

5 Material Contracts

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company since its incorporation and are, or may be, material or that contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this prospectus:

(a) Sponsor and Placing Agreement

Pursuant to the Sponsor and Placing Agreement dated 28 November 2012 between the Company, the Investment Manager, the Investment Adviser, the Directors and the Joint Bookrunners, and subject to certain conditions, the Joint Bookrunners have agreed to use their several respective reasonable endeavours to procure subscribers for the Shares at the Issue Price. In addition, under the Sponsor and Placing Agreement, the Joint Bookrunners have been appointed as joint global co-ordinators, bookrunners, placement agents, arrangers and sponsors in connection with the proposed applications for Admission and the Issue.

The Sponsor and Placing Agreement may be terminated by the Joint Bookrunners in certain customary circumstances prior to Admission.

The obligations of the Company to issue the Shares and the obligations of the Joint Bookrunners to use their respective reasonable endeavours to procure subscribers for Shares is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among

others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 17 December 2012 (or such later time and/or date, not being later than 31 January 2013 as the Company and the Joint Bookrunners may agree); and (ii) the Sponsor and Placing Agreement not having been terminated in accordance with its terms.

The total expenses of the Issue payable by the Company (including customary commissions and expenses payable to the Joint Bookrunners, certain fees, costs and expenses of Starwood relating to the establishment of the Company, and the fees of all other advisers and services providers to the Company and the Joint Bookrunners (the “**Expenses Actually Incurred**”)) shall be an amount equal to two per cent. (2%) of the gross Sterling proceeds of the Issue (the “**Expenses Cap**”). If the Expenses Actually Incurred exceed the Expenses Cap, such excess shall be borne by the Investment Manager and/or the Investment Adviser and not the Company.

The Joint Bookrunners may pay part of the commissions received by them to certain investors, including the Starwood Capital Group, its Affiliates and Other Accounts.

The Company, the Investment Adviser, the Investment Manager and the Directors have given warranties to the Joint Bookrunners concerning, *inter alia*, the accuracy of the information contained in this prospectus. The Company, the Investment Adviser and the Investment Manager have also given indemnities to the Joint Bookrunners. The warranties and indemnities given by the Company, the Investment Adviser and the Investment Manager are standard for an agreement of this nature.

The Sponsor and 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 (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 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 Net Asset Value (excluding any cash balances until such time as 75 per cent of the Net Issue Proceeds are invested). The management fee will be payable quarterly in arrears.

Origination fee

The Investment Manager will be 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 funded by the receipt by the Company of all 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 Admission.

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 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

Commitment and drawdown

The Company will commit substantially all of the Net Issue Proceeds to the Partnership.

That commitment will be drawn down as required by the General Partner for the funding of investments. 0.01 per cent. of the Company's commitment shall be paid as a capital contribution shortly after Admission and the balance, 99.99 per cent., shall be committed as loan commitment 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 Company.

General Partner's Share

The General Partner will be entitled to receive and there will be 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 Ordinary Shareholders, is equal to the NAV of the Company as at 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) 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 after an initial term of 12 months. 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 Administrator is governed by the laws of the Island of Guernsey.

(e) 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.

(f) 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.

(g) Lock Up Agreement

The Company, the Joint Bookrunners, Starwood Capital Group and Starwood Property Trust have entered into a lock up agreement dated 28 November 2012 (the "**Lock Up Agreement**"), pursuant to which: (i) Starwood Property Trust has agreed not to transfer, dispose of or grant any options over any of the Ordinary Shares to be acquired by Starwood Property Trust under the Placing; and (ii) the Starwood Capital Group has agreed to procure that any Starwood personnel to whom any Ordinary Shares are transferred by Starwood Capital Group do not transfer, dispose of or grant any options over any of the Ordinary Shares to be acquired by Starwood Capital Group under the Placing, in each case for a period of 6 months following Admission.

The Lock Up Agreement contains exceptions customary for an agreement of this nature, including the acceptance of a takeover offer; participation in any tender offer by the Company or any similar transaction; pursuant to an order of a court of competent jurisdiction; and with the prior written approval of the Company and the Joint Bookrunners (which approval may be granted or declined at their absolute discretion).

6 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.

7 Reports and accounts

The first accounting period of the Company will run from the date of the Company's incorporation to 31 December 2013 and, thereafter, accounting periods will end on 31 December in each year. The audited annual accounts will be 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, will be announced within two months of that date. The Company will also produce interim management statements in accordance with the Disclosure Rules and Transparency Rules. The Company will report its results of operations and financial position in Sterling.

The audited annual accounts and half yearly reports will also be 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 will be prepared in accordance with IFRS and the annual accounts will be audited by PricewaterhouseCoopers CI LLP using auditing standards in accordance with International Standards on Auditing (UK and Ireland). The Company expects that its financial statements, which will be the responsibility of its Board, will 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.

8 Related Party Transactions

Except with respect to the appointment letters entered into between the Company and each director and as set out in paragraphs 3(h), 5(a), 5(b) and 5(c) of this Part VII of the prospectus, the Company has not entered into any related party transaction since incorporation.

9 General

- (a) The Placing of the Ordinary Shares is being carried out on behalf of the Company by Dexion and Jefferies, both of which are authorised and regulated in the UK by the Financial Services 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 2008 issued by the GFSC. The GFSC, in granting registration, has not reviewed this prospectus but has relied upon specific warranties provided by Ipes (Guernsey) Limited, the Company's designated manager. The Company is not regulated by the Financial Services 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.
- (e) The address of the Investment Adviser is 52 Conduit Street, London W1S 2YX and its telephone number is +44 (0) 207 434 8570.
- (f) As the Ordinary Shares do not have a par value, the Issue Price consists solely of share premium.
- (g) None of the Ordinary Shares available under the Issue are 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 Ordinary Shares under the CREST system. The Directors intend to apply for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly it is intended that settlement of transactions in the Ordinary 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) Applications will be made to each of the UK Listing Authority and the London Stock Exchange for such Ordinary Shares to be admitted to listing and trading on the premium segment of the Official List and the Main Market respectively. It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 17 December 2012. No application is being made for the Ordinary Shares to be dealt with in or on any stock exchanges or investment exchanges other than the London Stock Exchange.
- (j) The Directors confirm that the Company was incorporated and registered on the date referred to in paragraph 1(a) above and that since the incorporation and registration of the Company the Company has not traded nor prepared any financial statements or accounts.

- (k) The Company does not own any premises and does not lease any premises.

10 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 Morgan Stanley Research, Cushman & Wakefield, De Montfort University Research, the IPD 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.

11 Working capital

The Company is of the opinion that, provided that at least the Minimum Net Proceeds are raised, the working capital available to it is sufficient for its present requirements, that is for at least the next 12 months from the date of this prospectus.

12 Capitalisation and indebtedness

The following table shows the Company's unaudited gross indebtedness as at 9 November 2012 (being the date of incorporation):

	£'000
<i>Total Current Debt</i>	
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	Nil
<i>Total Non-Current Debt</i>	
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	Nil

The following table shows the unaudited capitalisation of the Company as at 9 November 2012 (being the date of incorporation):

	£
<i>Shareholders' equity</i>	
Share capital	1
Legal reserves	Nil
Other reserves	Nil
Total	1

As at the date of this document, the Company has nil net indebtedness.

13 Documents available for inspection

Copies of the Articles will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date of Admission.

This prospectus is dated 28 November 2012.

Part VIII

Terms and Conditions of the Placing

1 Introduction

Each Placee which confirms its agreement to Jefferies and/or to Dexion and/or Pershing Securities Limited (“**PSL**”) (acting as the settlement agent of Dexion in connection with the Placing) to subscribe for Ordinary Shares under the Placing will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Jefferies 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 Ordinary Shares

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on or prior to 17 December 2012 (or such later time and/or date, not being later than 31 January 2013, as the Company, the Investment Manager, the Investment Adviser, Jefferies and Dexion may agree); (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 17 December 2012 (or such later time and/or date, not being later than 31 January 2013 as the parties thereto may agree); and (iii) Jefferies and/or Dexion confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by Jefferies and/or Dexion at the Issue 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 Ordinary Shares

Each Placee must pay the Issue Price for the Ordinary Shares issued to the Placee in the manner and by the time directed by Jefferies and/or Dexion. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee’s application for Ordinary Shares shall be rejected.

4 Representations and Warranties

By agreeing to subscribe for Ordinary Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and any person(s) procured by it to subscribe for Ordinary 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, Jefferies and PSL that:

- (a) in agreeing to subscribe for Ordinary Shares under the 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 Placing. It agrees that none of the Company, the Investment Manager, the Investment Adviser, Jefferies, 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 Ordinary Shares under the 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, Jefferies, 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;

- (c) it has carefully read and understands this prospectus in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part VIII and the Articles as in force at the date of Admission;
- (d) it has not relied on Jefferies, Dexion or any person affiliated with Jefferies or 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 Jefferies, Dexion nor any person acting on their respective 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 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 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 Jefferies, 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 Ordinary Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the Ordinary Shares acquired by it in the 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 Jefferies and Dexion has been given to the offer or resale; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Ordinary 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 constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the 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 Ordinary 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) if it is an investor in Israel, it is an investor of the type listed in the First Schedule to Israel's Securities Law 1968, that it is aware of the implications of being treated as such an investor, and consents to such treatment;
- (n) 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 Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (o) 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 Ordinary Shares under the Placing and will not be any such person on the date any such Placing is accepted;
- (p) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this prospectus or any other offering materials concerning the Issue or the Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- (q) 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;
- (r) it acknowledges that none of Jefferies or Dexion nor any of their respective 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 or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Jefferies or Dexion and that Jefferies and 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 nor in respect of any representations, warranties, undertaking or indemnities contained in any placing letter;
- (s) it acknowledges that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary 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 in the form provided by the Company and/or Jefferies and/or Dexion and/or PSL. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- (t) it irrevocably appoints any director of the Company and any director of Jefferies and 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 Ordinary Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- (u) it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary 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 Jefferies, 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;
- (v) in connection with its participation in the 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;

- (w) it acknowledges that due to anti-money laundering requirements, Jefferies, 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, Jefferies, Dexion, PSL and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Jefferies, 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;
- (x) 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 Ordinary 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);
- (y) 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 Ordinary 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 Ordinary 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 Ordinary 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, Jefferies, 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.
- (z) 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;
- (aa) Jefferies, 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;
- (bb) the representations, undertakings and warranties contained in this prospectus are irrevocable. It acknowledges that Jefferies, 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 are no longer accurate, it shall promptly notify Jefferies, Dexion and the Company;
- (cc) where it or any person acting on behalf of it is dealing with Jefferies and/or Dexion, any money held in an account with Jefferies and/or 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 Services Authority which therefore will not require Jefferies and/or Dexion to segregate

such money, as that money will be held by Jefferies and/or Dexion under a banking relationship and not as trustee;

- (dd) any of its clients, whether or not identified to Jefferies or Dexion, will remain its sole responsibility and will not become clients of Jefferies or Dexion for the purposes of the rules of the Financial Services Authority or for the purposes of any other statutory or regulatory provision;
- (ee) it accepts that the allocation of Ordinary Shares shall be determined by the Company in its absolute discretion but in consultation with Jefferies and Dexion and that the Company may scale down any Placing commitments for this purpose on such basis as it may determine; and
- (ff) time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Placing.

5 United States Purchase and Transfer Restrictions

By participating in the Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary 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, Dexion and Jefferies that:

- (a) if it is located outside the United States, it is not a U.S. Person, it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the Ordinary 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 pursuant to the Placing, returned an executed a U.S. Subscription Agreement to the Company for the benefit of the Company and the Joint Bookrunners;
- (c) it acknowledges that the Ordinary 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 Ordinary 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 Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (f) that if any Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares, such Ordinary 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 the form set forth in the memorandum related to the private placement of such Ordinary Shares in the United States, or otherwise 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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, the Joint Bookrunners or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Issue;

- (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 Ordinary 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 Ordinary 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, the Joint Bookrunners, 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 Jefferies, Dexion, PSL, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the Placing, such Placee must promptly disclose it to them.

7 Miscellaneous

The rights and remedies of Jefferies, 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 Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the 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 Ordinary Shares under the 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 Jefferies, 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 Ordinary Shares under the 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.

Jefferies, Dexion and the Company expressly reserve the right to modify the Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing is subject to the satisfaction of the conditions contained in the Sponsor and Placing Agreement and the Sponsor and Placing Agreement not having been terminated. Further details of the terms of the Sponsor and Placing Agreement are contained in Part VII of this prospectus.

Part IX

Terms and Conditions of Application under the Offer for Subscription

1 Introduction

If you apply for Ordinary Shares under the Offer, you will be agreeing with the Company, the Registrar and the Receiving Agent to the Terms and Conditions of Application set out below.

2 Offer to acquire Ordinary Shares

- (a) Your application must be made on the Application Form attached at Appendix A to this prospectus or as may be otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
- (i) offer to subscribe for such number of Ordinary Shares at £1.00 per Ordinary Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of £10,000, or such lesser amount as the Company may, in its absolute discretion, determine to accept in respect of applications from (i) authorised persons and (ii) persons (including Directors) having a pre-existing connection with the Company) on the terms, and subject to the conditions, set out in the document, including these Terms and Conditions of Application and the Memorandum and Articles;
 - (ii) agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this prospectus, your application may not be revoked and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or in the case of delivery by hand, on receipt by the Receiving Agent of, your Application Form;
 - (iii) undertake to pay the amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive the share certificates for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in the Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent and the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) void the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque, in your favour, at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
 - (iv) agree that where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST Account, the Receiving Agent may in its absolute discretion amend the form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holders specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds);
 - (v) agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2(iv) above to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled

or pursuant to paragraph 2(iv) above (and any monies returnable to you) may be retained by the Receiving Agent:

- (A) pending clearance of your remittance;
 - (B) pending investigation of any suspected breach of the warranties contained in paragraph 6 below or any other suspected breach of these Terms and Conditions of Application; or
 - (C) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended), and the 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) (the "**Guernsey AML Requirements**");
 - (D) and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (vi) agree, on the request of the Receiving Agent, to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
 - (vii) agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Company) following a request therefor, the Company or the Receiving Agent may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be reallocated or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
 - (viii) agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism;
 - (ix) undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
 - (x) undertake to pay interest at the rate described in paragraph 3(c) below if the remittance accompanying your Application Form is not honoured on first presentation;
 - (xi) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed section 8 on your Application Form, but subject to paragraph 2(iv) above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;
 - (xii) confirm that you have read and complied with paragraph 8 of this Part IX;
 - (xiii) agree that all subscription cheques and payments will be processed through a bank account (the "**Acceptance Account**") in the name of "CIS plc re Starwood European Real Estate Finance Limited" opened with the Receiving Agent;
 - (xiv) agree that your Application Form is addressed to the Company and the Receiving Agent;
 - (xv) agree that, if a fractional entitlement to an Issue Share arises on your application, the number of Ordinary Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit; and

- (xvi) acknowledge that the Issue will not proceed if the Net Issue Proceeds would be less than £196,000,000.

Any application may be rejected in whole or in part at the sole discretion of the Company.

3 Acceptance of your Offer

- (a) The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying acceptance to the Receiving Agent.
- (b) The basis of allocation will be determined by the Company in consultation with the Joint Bookrunners. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application. The Company and Receiving Agent reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received otherwise than in accordance with these Terms and Conditions of Application.
- (c) The Receiving Agent will present all cheques and banker's drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent, to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
- (d) The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than the minimum subscription of £10,000.

4 Conditions

- (a) The contracts created by the acceptance of applications (in whole or in part) under the Offer will be conditional upon:
- (i) Admission occurring by not later than 8.00 a.m. on 17 December 2012 (or such later time or date, not being later than 31 January 2013, as the Company, the Investment Manager, the Investment Adviser and the Joint Bookrunners may agree);
 - (ii) the Sponsor and Placing Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective; and
 - (iii) the Minimum Net Proceeds having been raised.
- (b) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including precontractual representations) at any time after acceptance. This does not affect any other right you may have.

5 Return of Application Monies

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned

without interest and after the deduction of any applicable bank charges by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

6 Warranties

(a) By completing an Application Form, you:

- (i) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (ii) warrant that you are a resident of, and are located for the purposes of the offer in the United Kingdom and no other jurisdiction;
- (iii) warrant that you are not a U.S. Person, you are not located within the United States, you are acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and are not acquiring the Ordinary Shares for the account or benefit of a U.S. Person;
- (iv) warrant, if the laws of any territory or jurisdiction outside Guernsey or the United Kingdom are applicable to your application, that you have 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 your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Joint Bookrunners or the Receiving Agent, 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 Guernsey or the United Kingdom in connection with the Offer in respect of your application;
- (v) confirm that in making an application you are not relying on any information or representations in relation to the Company other than those contained in this prospectus (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this prospectus or any part thereof shall have any liability for any such other information or representation;
- (vi) agree that, having had the opportunity to read this prospectus, you shall be deemed to have had notice of all information and representations contained therein;
- (vii) acknowledge that no person is authorised in connection with the Offer 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 the Company, the Joint Bookrunners or the Receiving Agent;
- (viii) warrant that you are not under the age of 18 on the date of your application;
- (ix) agree that all documents and monies sent by post to, by or on behalf of the Company, or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- (x) confirm that you have reviewed the restrictions contained in paragraph 8 of this Part IX below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein;

- (xi) agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the share registry;
- (xii) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (xiii) irrevocably authorise the Company, or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Receiving Agent to execute any documents required therefore and to enter your name on the register of members of the Company;
- (xiv) agree to provide the Company and Receiving Agent with any information which they may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Guernsey AML Requirements;
- (xv) agree that the Receiving Agent is acting for the Company in connection with the Offers for Subscription and for no-one else and that it will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Ordinary Shares or concerning the suitability of Ordinary Shares for you or be responsible to you for providing the protections afforded to its customers;
- (xvi) warrant that no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary 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 Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (xvii) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, the Joint Bookrunners or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
- (xviii) warrant that the information contained in the Application Form is true and accurate; and
- (xix) agree that if you request that Ordinary Shares are issued to you on a date other than Admission and such Issue Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date.

7 Money Laundering

- (a) You agree that, in order to ensure compliance with the UK Money Laundering Regulations 2007 (where applicable) and the Guernsey AML Requirements, the Receiving Agent or the Administrator may respectively at their absolute discretion require verification of identity from any person lodging an Application Form.
- (b) The Receiving Agent may undertake electronic searches for the purposes of verifying your identity. To do so the Receiving Agent may verify the details against your identity, but may also request further proof of your identity. The Receiving Agent reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.
- (c) Payments must be made by cheque or banker's draft in Sterling drawn on a United Kingdom branch of a bank or building society. Cheques, which must be drawn on your personal account where you have sole or joint title to the funds, should be made payable to "CIS plc re Starwood European Real Estate Finance Limited" and crossed "A/C payee". Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft by following the instructions in paragraph 7(g) below.
- (d) The name on the bank account must be the same as that stated on the Application Form.
- (e) Where you appear to the Receiving Agent to be acting on behalf of some other person certifications of identity of any persons on whose behalf you appear to be acting may be required.
- (f) Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the dispatch of documents.
- (g) In all circumstances, verification of the identity of applicants will be required. If you use a building society cheque, banker's draft or money order you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and adds its stamp. The name on the bank account must be the same as that stated on the Application Form.
- (h) You should endeavour to have the certificate contained in Box 8 of the Application Form signed by an appropriate firm as described in that Box.

8 Overseas Investors

The attention of existing and potential investors who are not resident in, or who are not citizens of, the United Kingdom and Guernsey is drawn to paragraphs 8(a) to 8(d) below:

- (a) The offer of Ordinary Shares under the Offer to persons who are resident in, or citizens of, countries other than the United Kingdom and Guernsey ("**Overseas Investors**") may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Ordinary Shares under the Offer. It is the responsibility of all Overseas Investors receiving this prospectus and/or wishing to subscribe for the Ordinary Shares under the Offer, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territory.
- (b) No person receiving a copy of this prospectus in any territory other than the United Kingdom or Guernsey may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- (c) Persons (including, without limitation, nominees and trustees) receiving this prospectus should not distribute or send it to any U.S. Person or in or into the United States, Canada, Australia or Japan,

their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

- (d) The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares pursuant to the Offer if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

9 The Data Protection (Bailiwick of Guernsey) Law 2001

- (a) Pursuant to The Data Protection (Bailiwick of Guernsey) Law 2001, (the “**DP Law**”) the Company, the Placing Agents and/or the Registrar may hold personal data (as defined in the DP Law) relating to past and present Shareholders.
- (b) Such personal data held is used by the Registrar to maintain a register of the Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends and redemption proceeds to Shareholders (in each case, where applicable) and, if applicable, the payment of commissions to third parties and (b) filing returns of Shareholders and their respective transactions in shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.
- (c) The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States.
- (d) By becoming registered as a holder of Ordinary Shares in the Company a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or its Registrar or the Joint Bookrunners of any personal data relating to them in the manner described above.

10 Miscellaneous

- (a) The rights and remedies of the Company and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- (b) The Company reserves the right to shorten or extend the closing time of the Offer from 11.00 a.m. on 11 December 2012 (provided that if the closing time is extended this prospectus remains valid at the closing time as extended) by giving notice to the LSE. The Company will notify investors via a RIS and any other manner, having regard to the requirements of the LSE.
- (c) The Company may terminate the Offer in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer will lapse and any monies will be returned as indicated without interest.
- (d) The dates and times referred to in these Terms and Conditions of Application may be altered by the Company so as to be consistent with the Sponsor and Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- (e) Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as use elsewhere in this prospectus.

Part X

Definitions

Administration Agreement	means the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 5(d) of Part VII of this prospectus
Administrator	means Ipes (Guernsey) Limited
Admission	means admission to trading on the London Stock Exchange's Main Market of the Shares becoming effective in accordance with the LSE Admission Standards and admission of the Shares to listing on the Official List
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
Application Form	means the application form under the Offer set out in Appendix A to this prospectus
Articles	means the articles of incorporation of the Company
Auditors	means Pricewaterhouse Coopers 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 the Articles, which will convert into Ordinary Shares as set out in the Articles
Carried Interest	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 90 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 Rule 8 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
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 FSA 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
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
FATCA	means the U.S. Foreign Account Tax Compliance Act of 2010
Financial Services Authority or FSA	means the Financial Services Authority of the United Kingdom
FSMA	means the Financial Services and Markets Act 2000, as amended
General Partner	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 Shares issued under the Issue at the Issue Price
Group	means the Company, the Partnership, the 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)
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 5(b) of Part VII 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
Issue Price	means £1.00 per Ordinary Share
Issue	means the Placing and Offer
Jefferies	means Jefferies International Limited
Joint Bookrunners	means Jefferies and Dexion
Listing Rules	means the listing rules made by the UK Listing Authority 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 to be incorporated in Luxembourg
Main Market	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
Minimum Net Proceeds	means £196,000,000, being the minimum Gross Issue Proceeds of £200,000,000, less the costs of the Issue
Multi-family	means family housing held for rental purposes, as opposed to sale
NAV Calculation Date	means each Business Day 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) 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 of the Company divided by the number of Ordinary Shares in issue at the relevant time
Net Issue Proceeds	means the Gross Issue Proceeds less applicable fees and expenses of the Issue
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 the "U.S. Tax Code"; (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)
Offer	means the offer for subscription of Ordinary Shares at the Issue Price pursuant to the terms of this prospectus
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 5(c) of Part VII of this prospectus
Placee	means a person subscribing for Shares under the Placing
Placing	means the placing of Shares at the Issue Price as described in this prospectus
Portfolio	means at any time, the portfolio of assets and investments in which the funds of the Company are invested

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 5(e) of Part VII 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 15 to 28 of this prospectus
Rules	means the Registered Collective Investment Scheme Rules 2008 issued by the Commission under The Protection of Investors (Bailiwick of Guernsey) Law, 1987
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
SIPP	means a self-invested personal pension
Special Limited Partner	means Starfin Carry L.P., a Guernsey limited partnership registered on 21 November 2012
Sponsor and Placing Agreement	means the conditional agreement between the Company, the Investment Manager, the Investment Adviser, the Directors, Jefferies and Dexion, a summary of which is set out in paragraph 5(a) of Part VII of this prospectus
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
Taxes Act	means the Income and Corporation Taxes Act 1988, as amended
Terms and Conditions of Application	means the terms and conditions of application set out in Part IX of this prospectus in connection with the Offer
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 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 Ordinary 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 Services 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	means recorded on the register as being held in uncertificated

uncertificated form	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

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Appendix A

STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED

Application Form for the Offer for Subscription

If you wish to apply for Shares, please complete, sign and return this Application Form, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than 11.00 a.m. on 11 December 2012. Application Forms returned by investors located in the United States or who are U.S. Persons will not be accepted.

IMPORTANT: Before completing this Application Form, you should read the notes set out under the section entitled “Notes on how to complete the Application Form” at the back of this Application Form. All applicants must complete Boxes 1 to 3. Joint applicants should also complete Box 4.

If you have a query concerning completion of this Application Form, please call Computershare Investor Services PLC on 0870 707 4040 or from outside the UK on +44 870 707 4040. Calls to the UK number cost 8p per minute plus your service provider's network extras. Calls to the helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded or randomly monitored for security and training purposes. The Receiving Agent cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

To: The Directors,

Starwood European Real Estate Finance Limited

1 Application

I/We offer to subscribe for such number of Ordinary Shares of £1.00 as may be purchased by the subscription amount set out in the box immediately below (the minimum being £10,000), fully paid subject to the Terms and Conditions of Application under the Offer set out in the prospectus dated 28 November 2012 and subject to the Memorandum and Articles, and I/we enclose a cheque for the amount payable (the “**Application Amount**”).

Ordinary Shares	
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2 Personal Details (please use block capitals)

Mr, Mrs, Ms or Title:	Forenames (in full):
Surname:	
Address (in full):	
Postcode:	

3 Signature

Dated:	Signature:
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4 Joint Applicants (please use block capitals)

1. Mr, Mrs, Ms or Title:	
Forenames (in full):	
Surname:	
Signature:	
2. Mr, Mrs, Ms or Title:	
Forenames (in full):	
Surname:	
Signature:	
3. Mr, Mrs, Ms or Title:	
Forenames (in full):	
Surname:	
Signature:	

5 Cheque/Banker's Draft Details

By Cheque or Banker's Draft: Attach your cheque or banker's draft for the exact amount shown in Box 1 made payable to "re. Starwood European Real Estate Finance Limited" and crossed "A/C Payee".

6 Identity Information

In accordance with internationally recognised standards for the prevention of money laundering the under mentioned documents and information must be provided.

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6.1 For each holder being an individual enclose:

6.1.1 a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and

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6.1.2 certified copies of at least two of the following documents which purport to confirm that the address given in section 2 is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill, a recent bank statement, council rates bill or similar document issued by a recognised authority; and

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6.1.3	if none of the above documents show their date and place of birth, enclose a note of such information; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.1.4	details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2	For each holder being a company (a “holder company”) enclose:				
6.2.1	a certified copy of the certificate of incorporation of the holder company; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2.2	the name and address of the holder company’s principal bankers from which the Receiving Agent may request a reference, if necessary; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2.3	a statement as to the nature of the holder company’s business, signed by a director; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2.4	a list of the names and residential addresses of each director of the holder company; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2.5	for each director provide documents and information similar to that mentioned in 6.1.1 to 6.1.4 above; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2.6	a copy of the authorised signatory list for the holder company; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2.7	a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete 6.3 below and, if another company is named (hereinafter a “beneficiary company”), also complete 6.4 below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3	For each person named in 6.2.7 as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in 6.1.1 to 6.1.4.				
6.4	For each beneficiary company named in 6.2.7 as a beneficial owner of a holder company enclose:				
6.4.1	a certified copy of the certificate of incorporation of that beneficiary company; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4.2	a statement as to the nature of that beneficiary company’s business signed by a director; and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6.4.3 the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and

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6.4.4 enclose a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

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6.5 If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:

6.5.1 if the payor is a person, for that person the documents mentioned in 6.1.1 to 6.1.4; or

6.5.2 if the payor is a company, for that company the documents mentioned in 6.2.1 to 6.2.7; and

6.5.3 an explanation of the relationship between the payor and the holder(s).

The Company and/or the Receiving Agent reserve the right to ask for additional documents and information.

7 CREST details (only complete this section if you wish to register your application directly into your CREST Account which should be in the same name(s) as the applicants in boxes 2 and 4 above)

CREST Participant ID:	
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CREST Member Account ID:	
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8 Reliable Introducer Certificate

Completion and signing of this certificate by a suitable person or institution may avoid presentation being requested of the identity documents. The certificate below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "**firm**") which is itself subject in its own country of operation to "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States.

CERTIFICATE: To the Company and the Receiving Agent

By completing and stamping Box 8 below you are deemed to have given the warranties and undertakings set out in Clause 6 of the accompanying Terms and Conditions of Application under the Offer for Subscription.

IFA STAMP

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Name of Firm**FSA Number****Signature****Print Name****Position****Date****Telephone No**

9 Contact Details

To ensure the efficient and timely processing of this Application Form please enter below the contact details of a person that the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in Box 3 on behalf of the first named holder. If no details are entered here and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:	Telephone no:
	Fax no:
Contact address:	Email address:

Signature of Applicant

SignedDate2012

Authorised Signatory

Notes on how to complete the Application Form

Applications should be returned so as to be received no later than 11.00 a.m. on 11 December 2012.

HELP DESK: If you have a query concerning completion of the Application Form please call Computershare Investor Services PLC on 0870 707 4040 or from outside the UK on +44 870 707 4040. Calls to the UK number cost 8 pence per minute plus any other network providers' costs. Lines are open from 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Receiving Agent cannot provide any advice on the offer or any tax, financial or legal advice.

1 Application

Fill in Box 1 with the amount of money being subscribed for Ordinary Shares. The amount being subscribed must be for a minimum of £10,000. However, the Company may, in its absolute discretion, determine to accept applications in lesser amounts from (i) authorised persons or (ii) persons (including Directors) having a pre-existing connection with the Company. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from the scaling back process should this be required.

2 Personal Details

Fill in (in block capitals) the full name(s) and address of the sole first applicant. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form at sections 3 and 4 (where applicable).

3 Signature

All holders named in sections 2 and 4 (where applicable) must sign sections 3 and 4 (where applicable) and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

4 Cheque/Banker's Draft Details

Payment may be made by a cheque or banker's draft accompanying your application. If payment is by cheque or banker's draft such payment must accompany your Application Form and be for the exact amount shown in Box 1 of your Application Form. Your cheque or banker's draft must be made payable to "CIS plc re Starwood European Real Estate Finance Limited" and crossed "A/C Payee". If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp. Your cheque or banker's draft must be drawn in Sterling on an account at a bank branch in the United Kingdom or the Channel Islands and must bear a United Kingdom bank sort code number in the top right hand corner. Third party cheques will not be accepted with the exception of building society cheques or bankers drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers draft. The funds must be drawn from an account where you have sole or joint title to them.

5 Identity Information

Applicants need only consider section 6 of the Application Form if the declaration in section 8 cannot be completed. Notwithstanding that the declaration in section 8 has been completed and signed, the Receiving Agent reserves the right to request of you the identity documents listed in section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are requested in section 6, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

6 CREST

If you wish your Shares to be deposited in a CREST Account in the name of the holder(s) given in sections 2 and 4 (where applicable), enter in section 7 the details of that CREST Account. Where it is requested that Shares be deposited into a CREST Account please note that payment for such Shares must be made prior to the day such Shares might be allotted and issued. It is not possible for an applicant to request that Shares be deposited in their CREST Account on an against payment basis. Any Application Form received containing such a request will be rejected.

7 Reliable Introducer Certificate

Applications will be subject to Guernsey's anti-money laundering requirements. This will involve you providing the verification of identity documents listed in section 6 of the Application Form UNLESS you can have the certificate provided at section 8 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the certificate provided in section 8 of the Application Form completed and signed by a suitable firm.

8 Contact Details

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are entered here and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Instructions for delivery of completed Application Forms

Completed Application Forms should be returned, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only), to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than 11.00 a.m. on 11 December 2012, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

