STARWOOD

EUROPEAN REAL ESTATE FINANCE

INVESTOR UPDATE

JULY 2020

Contents

SWEF.LN today

RESILIENT ABSOLUTE RETURN PORTFOLIO WITH SIGNIFICANT EQUITY CUSHION

Starwood European Real Estate Finance is a best in class finance company focused on European real estate with a NAV of £430.1m and market capitalisation of £357m as at 30 June 2020.

Experienced dedicated investment platform with a seasoned management team leveraging Starwood Capital Group's 4,000 person organization.

Since inception SWEF.LN has originated £1.3bn of loans and has a current committed loan portfolio of £514.7m.

Diversified portfolio of loans across multiple asset classes with a modest loan-to-value of 62.9%.

Conservative balance sheet with 5.6% LTV, 0.06x gearing and available liquidity of £110.9m.

SWEF.LN has consistently provided a secure dividend meeting all dividend targets, paying out £141.5m to date and it currently generates a current dividend yield of 7.5%. In a declining interest rate environment the company has kept it's dividend policy under review. In order to maintain a robust and well covered dividend, SWEF.LN will target a dividend of 5.5p per share from financial year 2021 onwards. For the remainder of the 2020 financial year, the company will continue to target paying a 6.5p per share dividend.

SWEF.LN today

A LEADING FINANCE COMPANY WITH A BEST IN CLASS MANAGEMENT TEAM

SHARE PRICE
86.40p

NAV (p)
104.08

DISCOUNT TO NAV
17.0%

DIVIDEND YIELD
7.5%

MARKET CAP
£357m

BOOK SIZE
£514.7m

 # INVESTMENTS
18

W.A. LTV
62.9%

1. All figures as at 30 June 2020

Starwood Capital Group

LEADING GLOBAL REAL ESTATE INVESTMENT FIRM WITH IN EXCESS OF $60BN OF ASSETS UNDER MANAGEMENT

STARWOOD CAPITAL GROUP PROFILE

- Founded in 1991 by Barry Sternlicht, Chairman and CEO.
- Current assets under management in excess of $60bn.
- Acquired over $110bn of assets over the past 28 years across virtually every major real estate asset class.
- Seasoned senior team that has been together for over 20 years with an average of 29 years of experience.
- Extensive public markets expertise having guided IPOs for 8 leading companies.
- The investment flexibility to shift between real estate asset classes, geographies and positions in the capital stack as risk-reward dynamics evolve over cycles.

DIVERSE REAL ESTATE EXPERIENCE

MULTIFAMILY
180,000
UNITS

HOTEL KEYS
310,000

OFFICE
87M
SQUARE FEET

RESIDENTIAL UNITS
50,000

INDUSTRIAL
44M
SQUARE FEET

RETAIL
55M
SQUARE FEET

AFFILIATED BUSINESSES

Real estate equity

STARWOOD CAPITAL GROUP
STARWOOD RETAIL PARTNERS
STARWOOD REAL ESTATE INCOME TRUST
HIGHMARK RESIDENTIAL
SH HOTELS & RESORTS

Performing real estate debt

STARWOOD PROPERTY TRUST
STARWOOD MORTGAGE CAPITAL
STARWOOD EUROPEAN REAL ESTATE FINANCE

Energy

STARWOOD ENERGY GROUP

Starwood Capital Group

AWARD WINNING REAL ESTATE ADVISOR ACROSS EVERY ASSET CLASS AND JURISDICTION

European High Yield Lender of the Year (Starwood Capital Group; Starwood European Real Estate Finance; Starwood Property Trust)		2019
Nordics Firm of the Year		2019
European Residential Investor of the Year		2019
European Deal of the Year	Sale of Principal and De Vere Hotels	2019
Global Hotels & Leisure Investor of the Year		2018
North American Firm of the Year		2018 & 2015
Nordics Firm of the Year		2018
German Firm of the Year		2018
North American Deal of the Year	Starwood Waypoint & Invitation Homes	2017
North American Industry Figure of the Year		2017
Global Firm of the Year		2017
North American Firm of the Year		2017
Capital Raise of the Year	Global Opportunity Fund XI	2017
Lifetime Achievement Award	Barry Sternlicht	2016
Capital Raise of the Year (#2)	Global Opportunity Fund XI	2016
North American Deal of the Year	Exit of $2.1b hotel portfolio	2016
European Firm of the Year		2015
Global Firm of the Year (#2)		2015
Global Industry Figure of the Year	Barry Sternlicht	2019

PEI Alternative Insight PERE

Starwood Property Trust

CO-INVESTMENT AND EXPERTISE SHARING WITH THE LARGEST COMMERCIAL MORTAGE REIT IN THE U.S.

STARWOOD PROPERTY TRUST

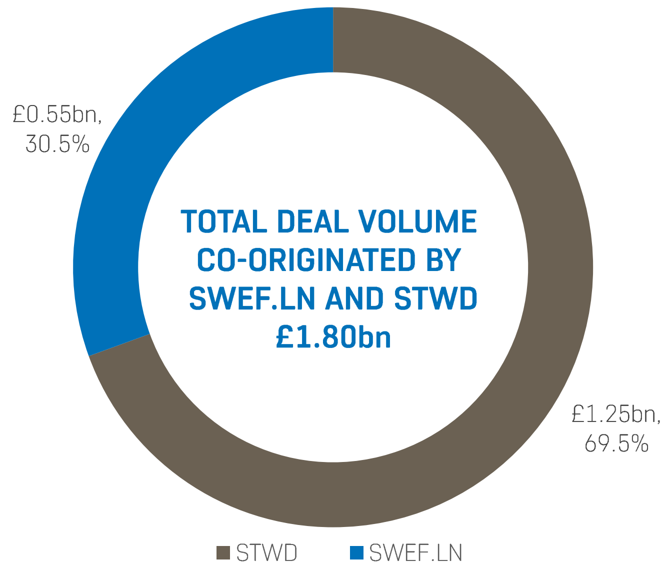
- Starwood Property Trust (NYSE.STWD) is the largest commercial mortgage REIT in the U.S. with capital deployed since inception in 2009 of c. $64bn.
- Affiliation with Starwood Property Trust through Starwood Capital Group provides access to a network of 4,000 experienced professionals across all real estate asset classes. As a result of the collaboration SWEF.LN benefits from:

✓ An ability to co-invest at scales that would otherwise be unachievable;

✓ Access to a large and experienced global workforce focused on real estate debt finance creating cross-pollination across continents; and

✓ Access to more vertical risk in the capital structure generating an increased proportion of whole loans as well as improved risk adjusted returns.

CO-INVESTMENT TO DATE



1. Total deal volume represents total gross commitment originated by each vehicle on deals where at both vehicles have contributed to the total commitment.

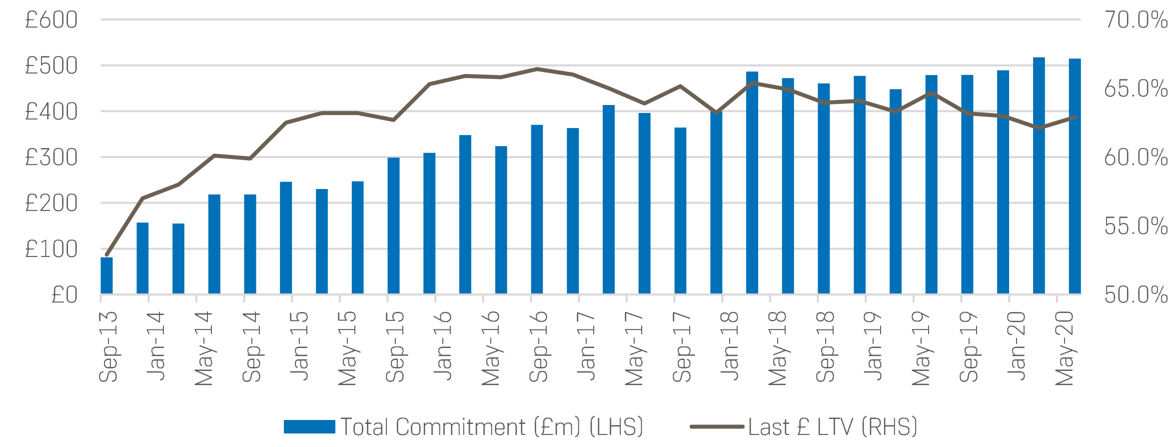
SWEF.LN lending overview

LEADING PROVIDER OF SENIOR AND MEZZANINE LOANS TO SOPHISTICATED AND EXPERIENCED SPONSORS

SWEF.LN COMPETITIVE ADVANTAGE

- SWEF.LN is managed by a seasoned and highly experienced management team who have a history of generating consistent robust returns on capital.
- Starwood Capital Group is a global, multi-disciplinary investment firm with 29 years experience of navigating economic, credit and real estate cycles.
- Ability to partner with Starwood Property Trust Inc. (STWD.NYSE), the largest commercial mortgage REIT in the world, to participate in large scale transactions.
- Institutional hands on knowledge of managing virtually every real estate asset class. Granular, bottom up understanding of real estate helps frame the risk adjusted return analysis.
- Ability to attract the best talent in the industry,

PORTFOLIO SIZE VS. W.A. LTV



SELECTED SPONSORS

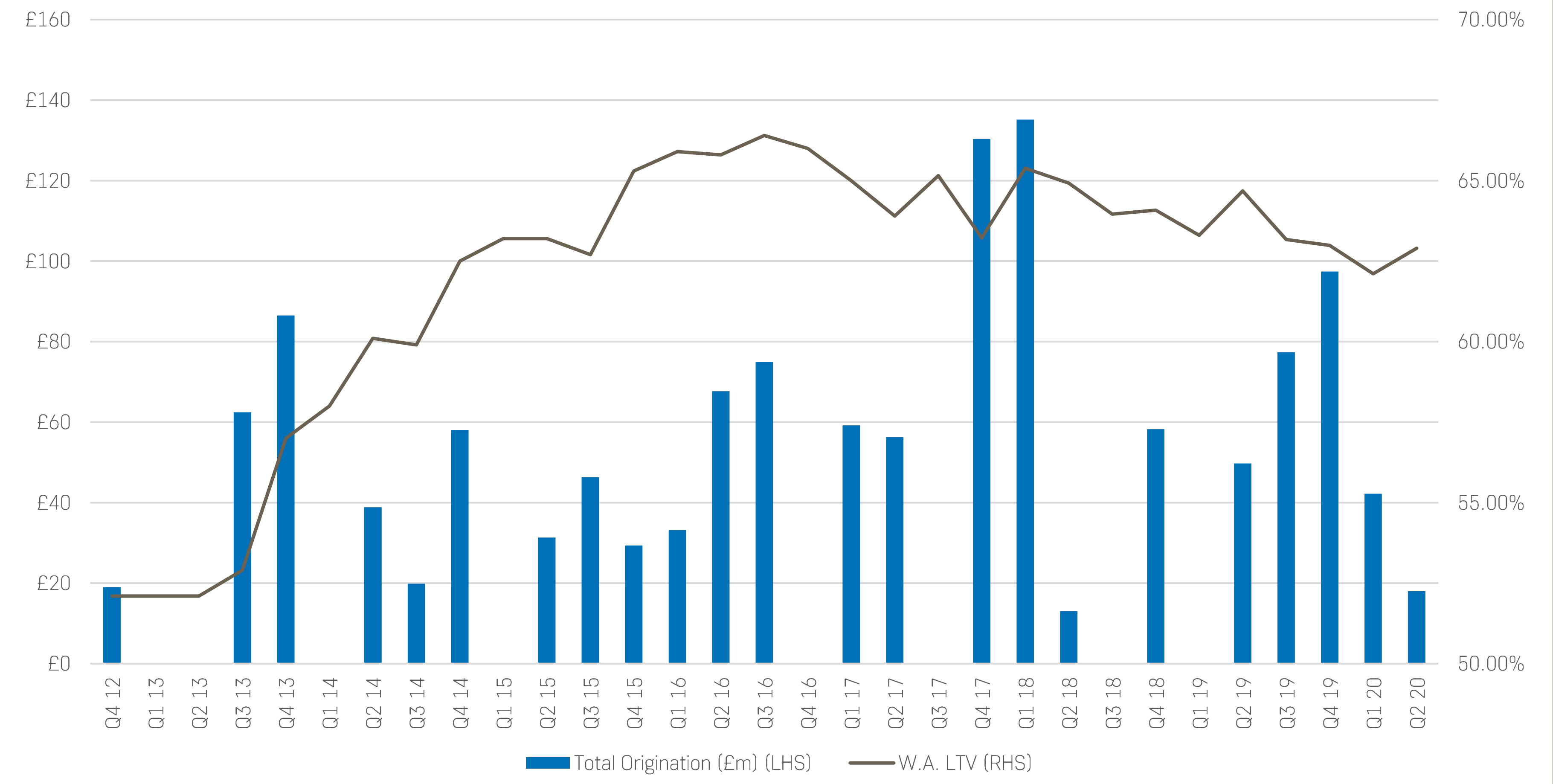
Blackstone, m seven Real Estate, Centerbridge, Clivedale London, Brookfield, Cain International, Marathon Asset Management, JJ Rhatigan Building Contractors, Värde, LR, Patron Capital Partners, Santander, AJ Capital Partners, Ikos Resorts, Tetrarch, Oaktree, Seaforth Land, QuadReal, Ares, Mountanvil

1. £ figures in millions.

Historical originations

CONSISTENT CAPITAL DEPLOYMENT AT ATTRACTIVE RISK ADJUSTED RETURNS

ORIGINATION AND W.A. LTV MIGRATION



1. £ figures in millions.

Portfolio summary

SWEF.LN HAS A PORTFOLIO OF HIGH QUALITY LOANS WHICH ARE WELL DIVERSIFIED BY SECTOR AND GEOGRAPHY

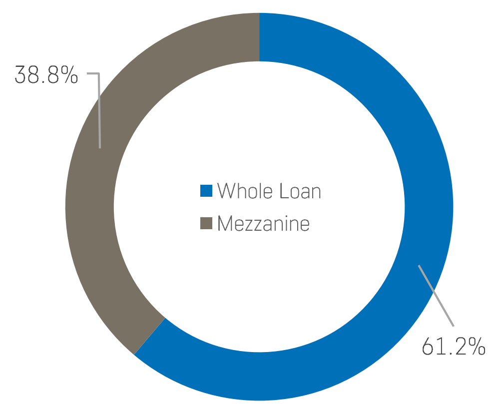
#	Loan	Loan Type	Lead Sector	Lead Geography	Balance (£m)	Unfunded Commitment (£m)	Total commitment (£m)
1	Hospitals, UK	Junior Loans	Healthcare	UK	25.0	0.0	25.0
2	Hotel & Residential, UK	Junior Loans	Residential	London	49.9	0.0	49.9
3	Office, Scotland	Whole Loans	Office	Scotland	4.6	0.4	5.0
4	Office, London	Whole Loans	Office	London	13.0	7.6	20.6
5	Residential, London	Whole Loans	Residential	London	37.0	2.7	39.7
6	Hotel, Oxford	Whole Loans	Hospitality	UK	16.7	6.3	23.0
7	Hotel, Scotland	Whole Loans	Hospitality	Scotland	25.9	15.5	41.4
8	Hotel, Berwick	Whole Loans	Hospitality	Scotland	10.5	4.5	15.0
9	Logistics Portfolio, UK[1]	Whole Loans	Logistics	UK	12.0	0.0	12.0
9 Sterling Loans with 1st LTV 17.2% and last LTV 60.4%					**194.6**	**37.0**	**231.6**
10	Three Shopping Centres, Spain	Whole Loans	Retail	Spain	34.1	5.9	40.0
11	Shopping Centre, Spain	Junior Loans	Retail	Spain	15.6	0.0	15.6
12	Hotel, Dublin	Whole Loans	Hospitality	Ireland	55.0	0.0	55.0
13	Hotel, Spain	Whole Loans	Hospitality	Spain	40.1	9.5	49.6
14	Office & Hotel, Madrid, Spain	Whole Loans	Office	Spain	17.0	0.9	17.9
15	Mixed Portfolio, Europe	Junior Loans	Office	Netherlands	31.3	0.0	31.3
16	Mixed Portfolio, Dublin	Whole Loans	Office	Ireland	2.0	11.5	13.5
17	Office Portfolio, Spain	Junior Loans	Office	Spain	19.6	2.4	22.0
18	Office Portfolio, Dublin	Junior Loans	Office	Ireland	32.2	0.0	32.2
19	Logistics Portfolio, Germany[1]	Whole Loans	Logistics	Germany	6.0	0.0	6.0
10 Euro Loans with 1st LTV 19.3% and last LTV 64.9%					**252.9**	**30.2**	**283.1**
Total portfolio with 1st LTV 18.4% and last LTV 62.9%					**447.5**	**67.2**	**514.7**

1. Logistics Portfolio, UK and Logistics Portfolio, Germany represent GBP and EUR tranches of the same deal and are considered as one deal for the purposes of deal count.

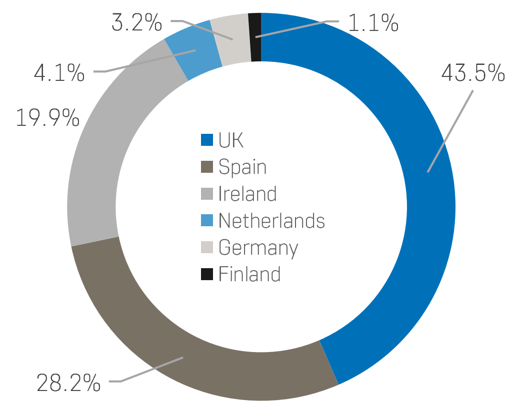
Portfolio stratifications

RESILIENT LOAN PORTFOLIO WITH STONG FUNDAMENTALS AND SIGNIFICANT EQUITY CUSHION

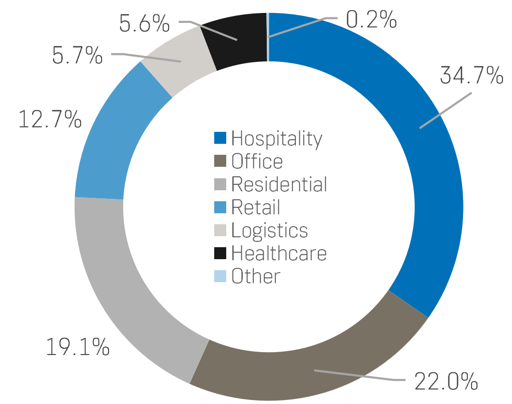
LOAN TYPE



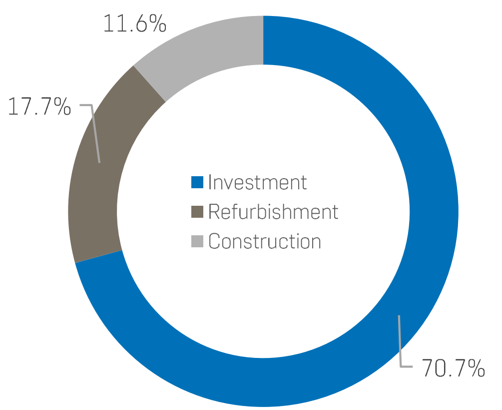
JURISDICTION



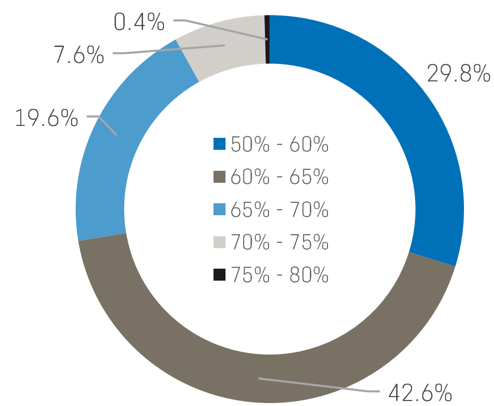
SECTOR



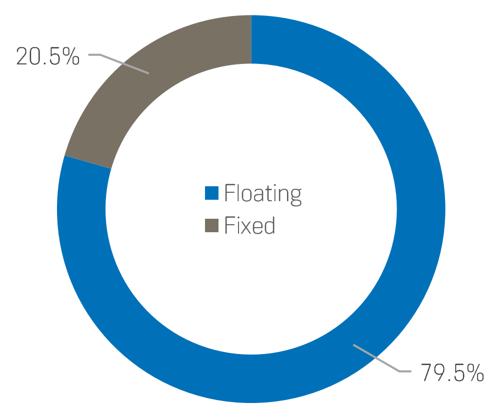
CONSTRUCTION STATUS



LAST £ LTV / LTC



FIXED VS. FLOATING[1]

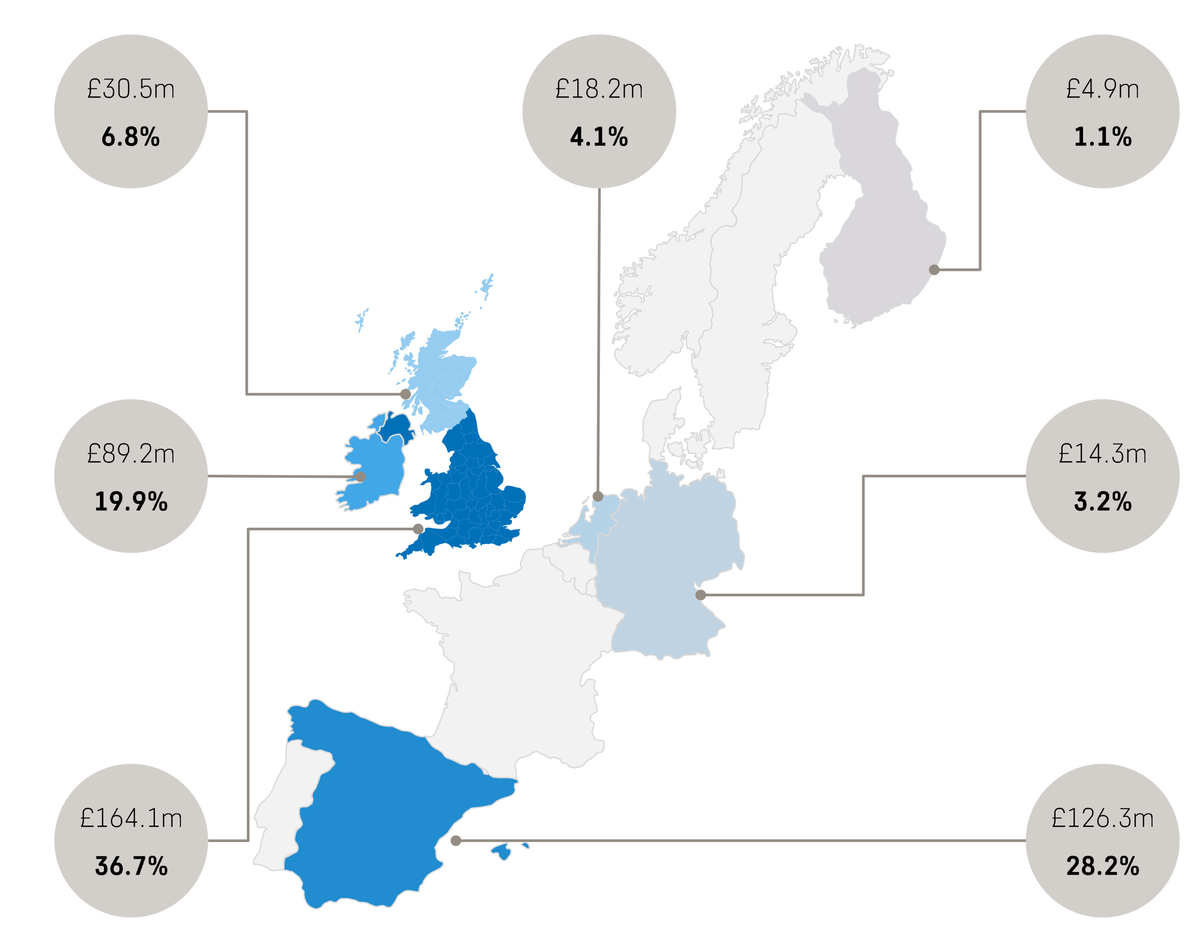


1. All loans are structured with a LIBOR / EURIBOR floor of at least 0%.
2. All splits based on current balance in £

Geographical focus

SWEF.LN HAS FOCUSED ON THREE CORE JURISDICTIONS: UK, IRELAND AND SPAIN

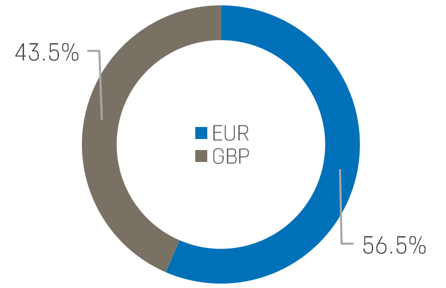
MAP



GEOGRAPHICAL FOCUS

- SWEF.LN has a European mandate with flexibility to invest across the various European markets.
- Historically SWEF.LN has maintained a primary focus on three core markets: UK, Ireland and Spain.
- SWEF.LN's three core markets represent 91.6% of the company's total loan exposure at present.
- Despite the focus on these core markets SWEF.LN has invested across many European markets over the years, selectively picking the best transactions with the best borrowers to generate an outsized risk/return profile.

CURRENCY BREAKDOWN

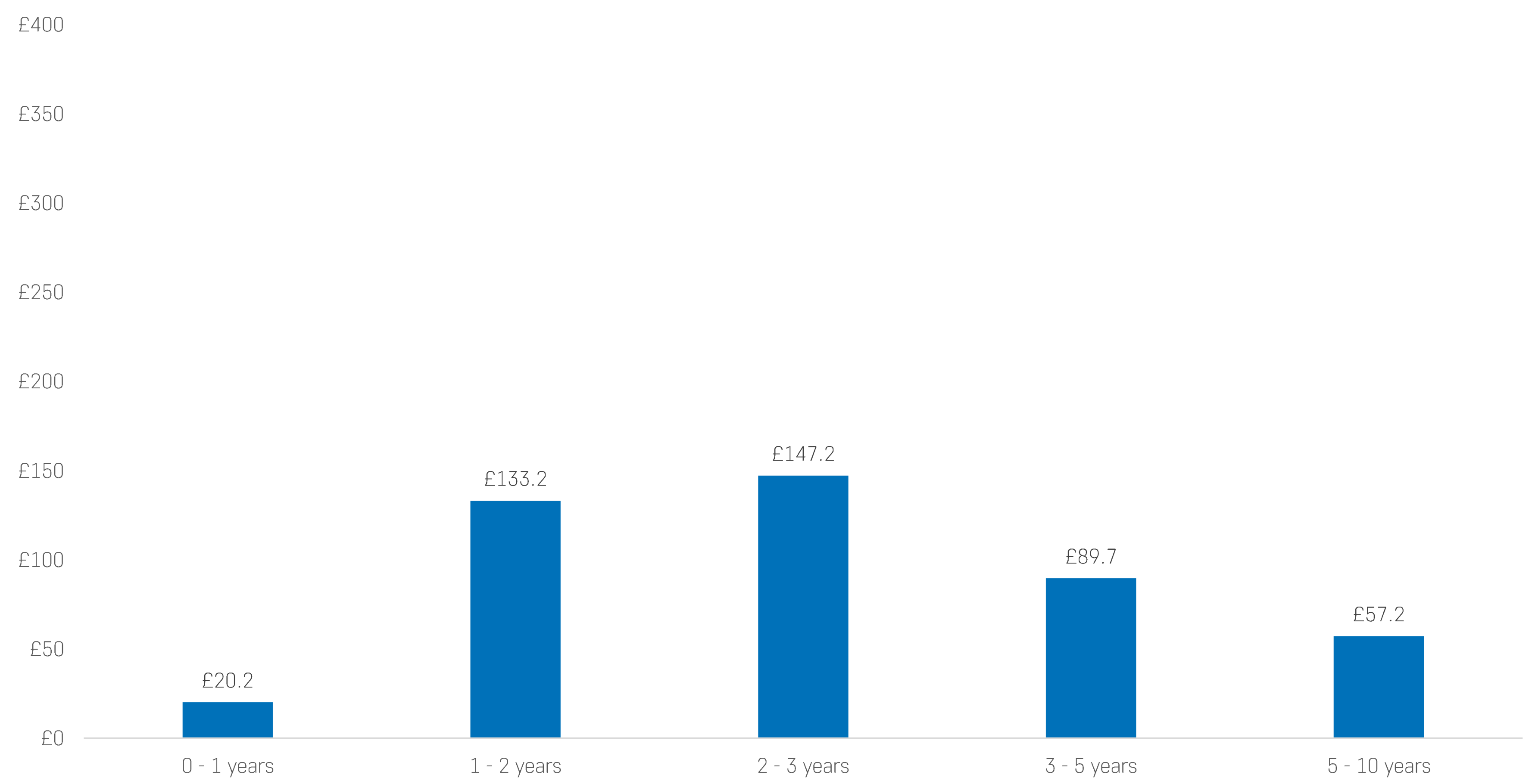


1. All splits based on current balance in £

Projected redemption profile

LIMITED REDEMPTIONS FORECAST IN THE SHORT TERM PROVIDES SWEF.LN WITH THE OPTION TO LEND SELECTIVELY AT OPTIMAL RISK ADJUSTED RETURNS

PROJECTED REDEMPTION PROFILE



1. £ figures in millions.

Pipeline & opportunities

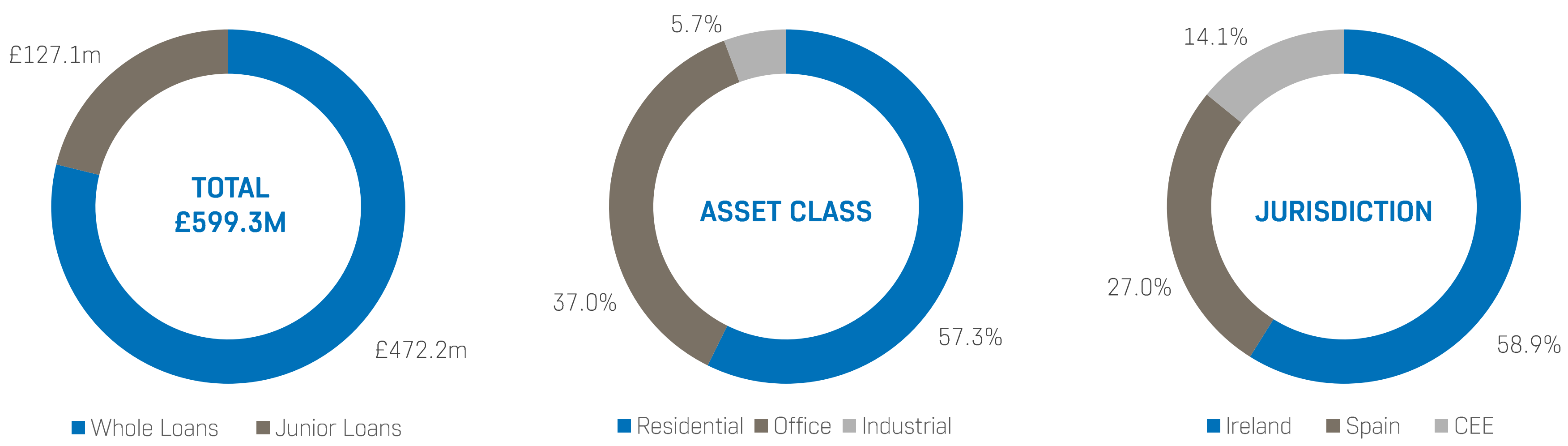
SWEF.LN HAS A SUBSTANTIAL PIPELINE OF OPPORTUNITIES WHICH PRESENT ROBUST RISK ADJUSTED RETURNS

SWEF.LN was established post Global Financial Crisis (GFC) to take advantage of a changing lending landscape in Europe. As banks continue to retrench from structured real estate lending, the non-bank lending segment of the real estate market has grown exponentially. In the last 10 years non-bank lenders have grown their market share from almost zero to 12% in the UK.

Starwood Capital has a long track record of executing counter-cyclical investment strategies in both real estate equity and debt markets, deploying significant amounts of capital in post-crisis periods at highly attractive risk adjusted returns.

The post-Covid lending environment is likely to see an increase in highly attractive deal flow for SWEF.LN.

Current Pipeline Under Assessment



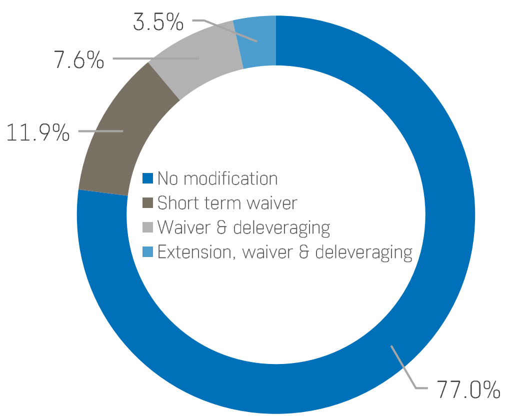
COVID-19 loan modifications

PROTECTING SHAREHOLDER INCOME AND CAPITAL WHILE PROVIDING SPONSORS THE SUPPORT REQUIRED

KEY MODIFICATION PRINCIPLES

- At present, 77.0% of loans are currently subject to no modification, a testament to the quality of underwriting standards and loan structuring.
- Where modifications have been required, SWEF.LN has sought a consensual approach to loan modifications, providing sponsors with the time required to achieve strategic initiatives in exchange for protecting the modest debt basis.
- The focus of modifications has been threefold:
    - waiving covenants for a short period of time where long term market impact is limited;
    - protecting income with all interest paid current to date ensuring cash reserve funding where necessary; and
    - preserving a realistic debt basis dependent on asset class and jurisdiction through deleveraging and equity injections as necessary.
- To date, 19.5% of loans have required a non-economic short term waiver at terms neutral or accretive to the debt basis and 1 loan (3.5%) has been extended in return for a tighter structure, improved risk adjusted returns and increased amortization funded directly by equity. No modifications require the payment of interest as PIK and all interest remains paid current with substantial interest reserves as a structural component of loans on income producing assets.

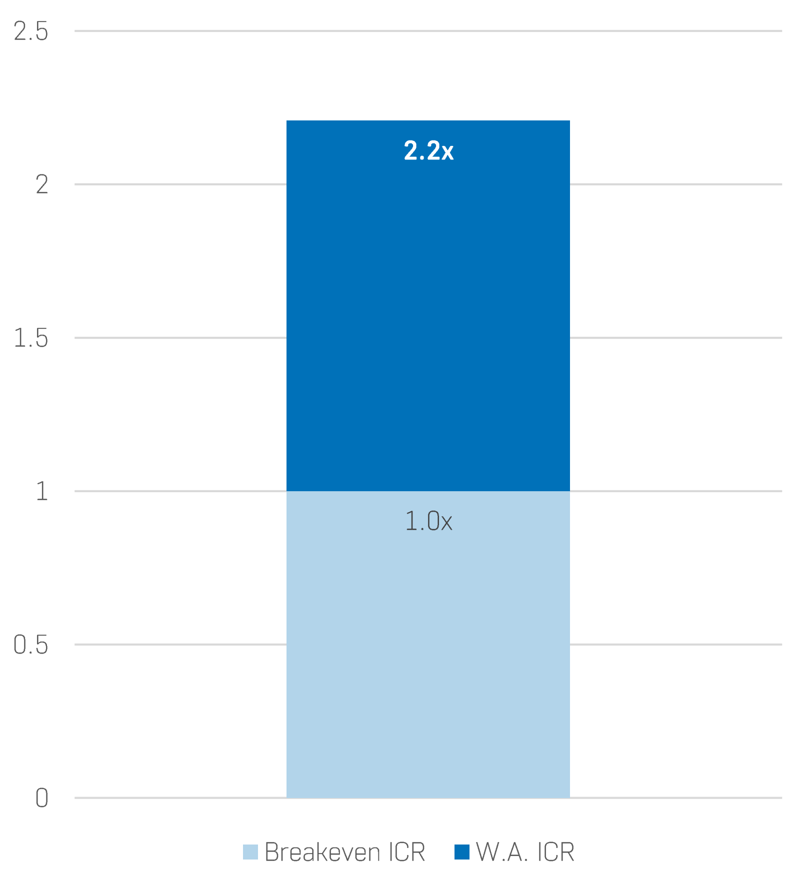
MODIFICATION REQUIREMENTS



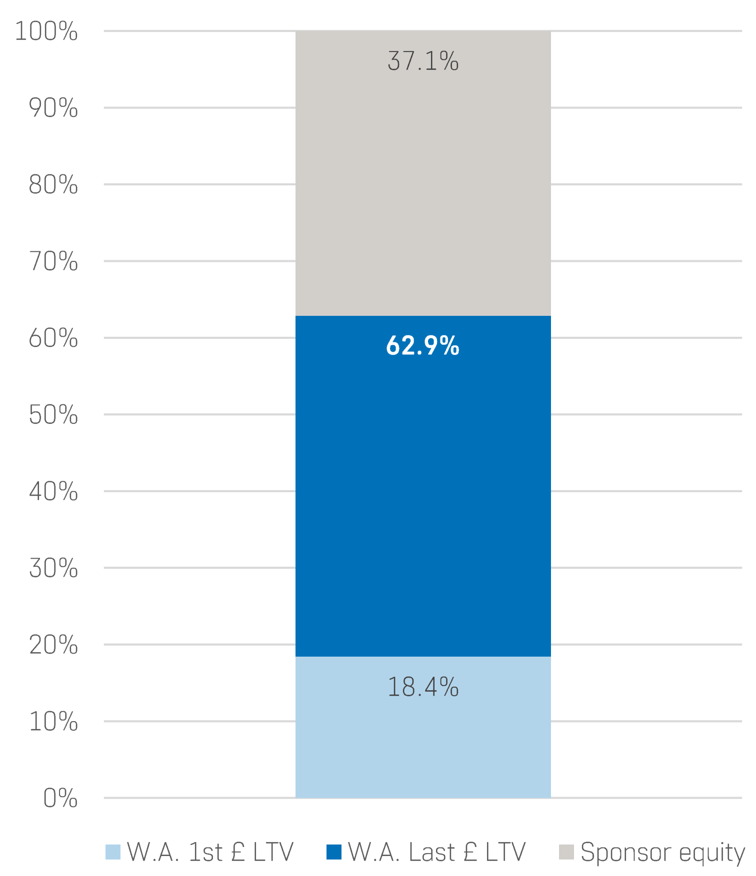
Downside protection

ROBUST DOWNSIDE PROTECTION WITH ATTRACTIVE INCOME PROFILE AND DEEP EQUITY CUSHION TO ASSET VALUE

INTEREST COVER



EQUITY CUSHION



1. W.A. stabilised ICR is the weighted average ICR for the income producing assets in the sector based on stabilised income levels.

Sectoral overview

THE GLOBAL ECONOMY HAS BEEN AFFECTED BY THE COVID-19 PANDEMIC – THE MOST ACCUTELY IMPACTED AREAS FOR SWEF.LN ARE HOSPITALITY, RETAIL & CONSTRUCTION

HOSPITALITY – 34.7% OF PORTFOLIO

- The hospitality industry has been most affected by the Covid-19 pandemic.
- The largest hotel exposure (Hotel, Dublin) has granted a licence to the Health Service Executive which has significantly de-risked its hospitality exposure.
- Four hotels, which equates to 40% of SWEF.LN'S hotel loan exposure had to close during the pandemic.
- All hotels are now open and operational, aside from the Spanish Hotel which remains under construction and is due to achieve practical completion in Q3 2020.
- Every hospitality loan within the SWEF.LN loan book continued to pay it's interest on time.
- All hospitality loans have adequate resources at their disposal to meet their cash needs for the medium term.

RETAIL – 12.7% OF PORTFOLIO

- The retail sector has also been hit hard by the Covid-19 pandemic. This is on the back of a number of difficult trading years for the traditional retail "bricks and mortar" sector as a whole.
- Across Europe almost all non-essential retail assets were shut for a number of months. These retail assets are now beginning to open once again and start to become operational.
- In some parts of the retail market we have witnessed footfall return to as much as 70% of it's pre-covid level. However, we do expect to see more distress across the sector as 2020 continues.
- The retail SWEF.LN is exposed to is either a small part of a large portfolio (13%) or benefits from very robust loan structures (87%) including interest/cash reserves which will enable borrowers to weather the storm over the medium term.

CONSTRUCTION – 29% OF PORTFOLIO

- Construction sites have continued to make progress during the Covid-19 pandemic.
- In England construction sites were able to remain open at all times. In Spain and Ireland non-essential construction sites closed for short periods, 14 days and 52 days respectively.
- We expect to see some moderate program delays in our construction deals as a result of Covid-19.
- However, every deal remains fully funded by debt and equity with ample contingencies and cost overrun protections to enable borrowers to mitigate any Covid-19 impacts.

OFFICE, INDUSTRIAL & RESIDENTIAL – 47% OF PORTFOLIO

- These three sectors have been the most resilient sectors during the Covid-19 pandemic and together they represent 47% of SWEF.LN's loan book.
- Office: rent collections in our portfolio remain strong at 96% year to date for loans where the exposure is 100% office. The LTV and ICR's for loans with a 50% or higher overall weighting by sector value to office are 65% and 2.6x.
- Residential: residential sales have progressed well during the Covid-19 related disruption with a number of units being sold since 1st March at premiums to underwritten values. The LTV for this segment is 59%.
- Industrial: rent collections in our portfolio remain strong at 100% year to date. The LTV and ICR's for this segment are 65% and 1.7x.

100% OF CONTRACTUAL INTEREST DUE ON ALL LOANS WAS COLLECTED IN Q2 2020

Hospitality update

STARWOOD CAPITAL GROUP HAS DEEP SECTORAL EXPERTISE IN HOSPITALITY

Extensive hands on experience in the hospitality sector has enabled SWEF.LN to provide a unique offering to hospitality borrowers.

As at 30th June 2020, 35% of SWEF.LN's loan book is secured by hospitality assets. Importantly, all of these hospitality loans are senior, first mortgage loans. There are currently five stand-alone hospitality loans in SWEF.LN.

The average LTV on these hospitality loans is a modest 62% LTV. The average stabilised ICR generated by these non-development hospitality assets are 2.2x.

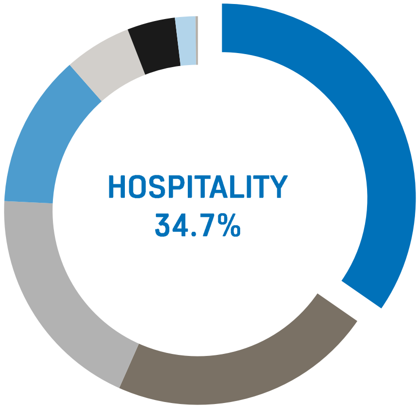
All of the loans benefit from best in class financial structuring and every standalone hospitality loan has in place interest reserves ranging from five to seven months.

Hotel, Dublin: The largest hotel in the loan book, representing 28% of total hospitality exposure has been significantly de-risked by the signing of a licence with Ireland's Health Service Executive and has remained opened and operational at all times.

Hotel, Spain: This is a refurbishment project which represents 26% of SWEF.LN's hospitality exposure. The project is due to complete in Q3 2020 and interest is capitalised for approximately six months post completion.

The remaining three stand-alone hotels; Hotel, Scotland, Oxford and Berwick, represent 34% of the hospitality exposure. All have re-opened following the recent lifting of lockdown restrictions in the UK. These hotels are predominately leisure driven assets and domestic demand is expected to be high given ongoing travel limitations. Each of these loans is well capitalised with comprehensive refurbishment programmes due to commence in winter 2020 and interest reserves of six months held on account at all times.

% PORTFOLIO



KEY METRICS

# hospitality only loans	**5**
Total balance (£m)	**148.2**
W.A. LTV	**62%**
W.A. stabilised ICR[1]	**2.2x**
% whole loan	**100%**

1. W.A. stabilised ICR is the weighted average ICR for the income producing assets in the sector based on stabilised income levels.

Retail update

RETAIL REPRESENTS A SMALL PROPORTION OF SWEF.LN'S LOAN BOOK AT 12.7%

In the last two years SWEF.LN has managed it's exposure to the retail sector very carefully. During this period no retail only loans were originated by SWEF.LN.

Over the last two years the only retail exposure added to the company's portfolio was where it was part of a large diversified pool of cross collateralised assets from different sectors. In underwriting these transactions in-depth downside analysis and stress testing was undertaken to ensure that the loans could withstand significant valuation declines before there was any impact on the underlying loans.

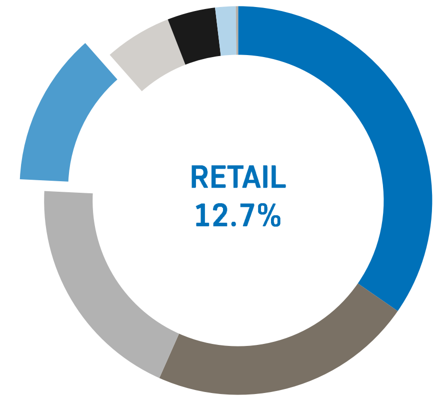
SWEF.LN currently has only two standalone retail loans with a total outstanding loan balance of £50m equivalent to 11% of the total SWEF.LN loan book. They account for 87% of SWEF.LN's retail exposure:

Three Shopping Centres, Spain; these are whole loans equivalent to 60% of SWEF.LN's retail exposure.

Shopping Centre, Spain; is a mezzanine loan representing 27% of retail exposure and is a large, recently refurbished core plus asset.

The sponsor on both deals is a strong institutional investor. Their partner is a well-known, best in class Spanish asset manager who has very extensive retail expertise. All of the centres have re-opened following the lifting of lockdown restrictions in Spain with the vast majority of tenants re-opening their stores. Footfall has recovered to approximately 70% of pre-covid levels which we believe is satisfactory given the fact that cinemas and the majority of public and leisure areas have not yet re-opened fully. These assets are regionally dominant in their catchment areas and the loans benefit from a combination of structural amortisation and cash reserves which can support interest coverage if needed. The sponsor has confirmed additional equity in order to ensure that the assets remain well capitalised and tenants are given the appropriate levels of support as the sector recovers following lockdown.

% PORTFOLIO



KEY METRICS

# retail only loans	**2**
Total balance (£m)	**49.7**
W.A. LTV	**71%**
W.A. stabilised ICR[1]	**1.9x**
% whole loan	**68.6%**

1. W.A. stabilised ICR is the weighted average ICR for the income producing assets in the sector based on stabilised income levels.

Construction update

CONSTRUCTION LOANS REMAIN FULLY FUNDED WITH ADEQUATE TIME TO COMPLETION, INTEREST CAPITALISATION HEADROOM AND REMAINING CONTINGENCY. LTGDV REMAINS ON CONSTRUCTION ASSETS IS 60%

SWEF.LN's construction exposure is in two primary buckets (1) ground up construction; and (2) refurbishment / renovation. 40% of the construction exposure is ground up construction, and this equates to 12% of SWEF.LN's total invested loan portfolio.

As at 30th June 2020 all of the construction sites relating to SWEF.LN's borrowers are open and operational. 96% of the ground up construction sites by current exposure are located in England and these sites have stayed open and operational at all times.

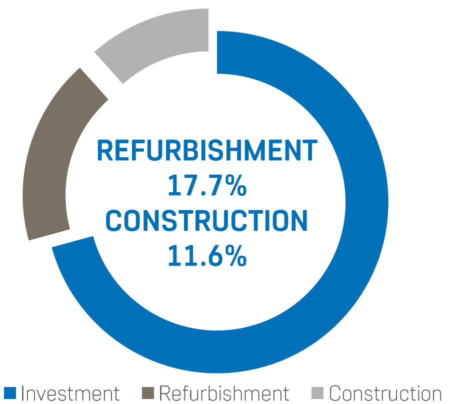
Across the construction and refurbishment portfolio there has been substantial de-risking. The average time to practical completion is 12 months. The stabilised Loan To Gross Development Value (LTGDV) for the construction loans by current exposure is 60% which provides very significant headroom to the loan's breakeven basis.

On average, the construction loans have a weighted average remaining interest capitalisation period of 19 months which provides for full interest coverage through to the end of each construction project.

We remain confident in both the quality of the schemes and also the high quality borrower's sponsoring these loans. These borrower's are top tier, highly experienced borrower's with decades of development experience.

All of the construction loans remain fully funded by way of debt and equity, either injected into the scheme or committed and readily available. The average contingencies built into the cost budgets across the construction portfolio equates to 10% of remaining construction costs to be incurred. In addition to this each construction loan sponsor has provided cost overrun recourse of between 10% and 100% of construction costs remaining.

% PORTFOLIO



KEY METRICS

Total balance (£m)	**130.9**
W.A. LTGDV (construction)	**60%**
W.A. time to PC (months)	**12**
W.A. remaining interest capitalisation (months)	**19**
W.A. remaining contingency	**10%**

NAV

SWEF.LN'S NAV IS RESLIENT AND BENEFITS FROM SIGNIFICANT DOWNSIDE PROTECTION IN THE FORM OF UNDERLYING LOAN INCOME AND A DEEP EQUITY CUSHION

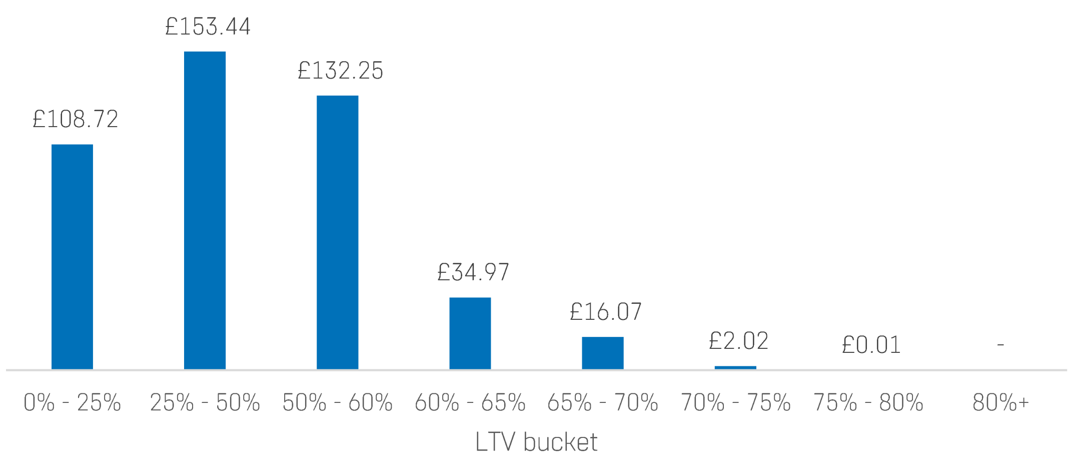
IFRS 9

- At the end of 2019 it was considered that all loans were Stage 1. It is likely in the current circumstances that many loans will move to stage 2 based on an increase in credit risk since initial recognition. However, it is important to note that this will not automatically mean that an expected credit loss will be recognised. This is because the formula for calculating the expected credit loss is:

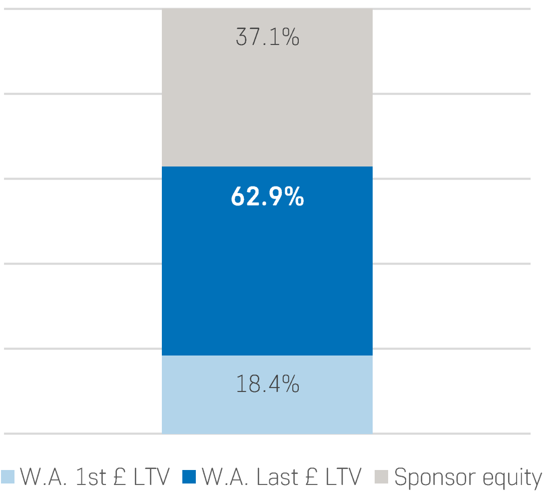
  "Present Value of loan" x "probability of default" x "value of expected loss".

- The Group considers it very likely that the third part of the formula "value of expected loss" is likely to remain as nil for most if not all loans, even if they move from Stage 1 to Stage 2. On average, underlying real estate values would need to decline by 37.1% before SWEF.LN's loans would be impaired. All loans are paying their interest current and will continue to do so into the foreseeable future and the average stabilised interest cover ratio for the loan book is 2.2x.
- This deep equity cushion and substantial interest cover has meant that no impairments have been recognised to date.

£m BALANCE LTV BUCKETS



CAPITAL STACK

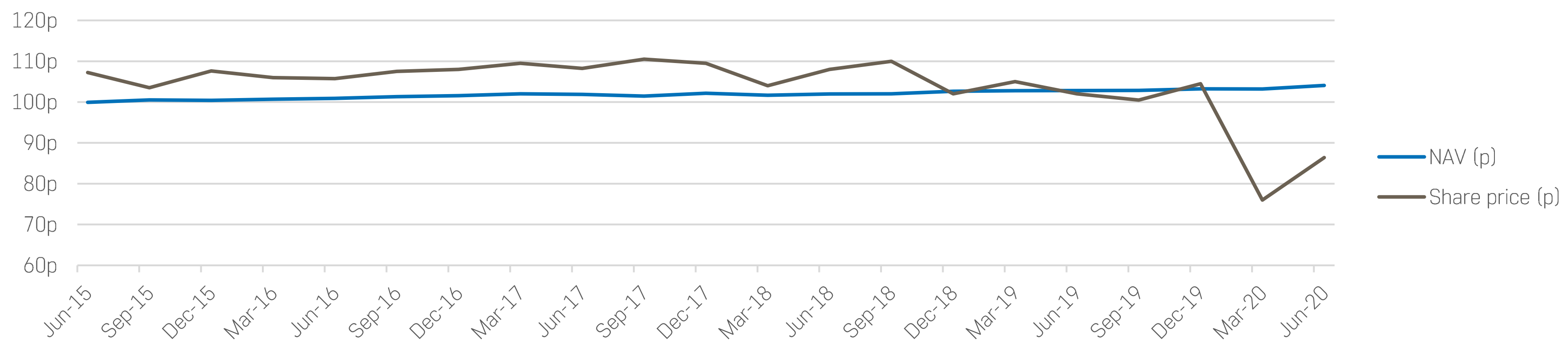


1. £ figures in millions.
2. IFRS 9 stage 1 defined as "Credit risk has not increased significantly since initial recognition". Stage 2 defined as "Credit risk has increased significantly since initial recognition.".

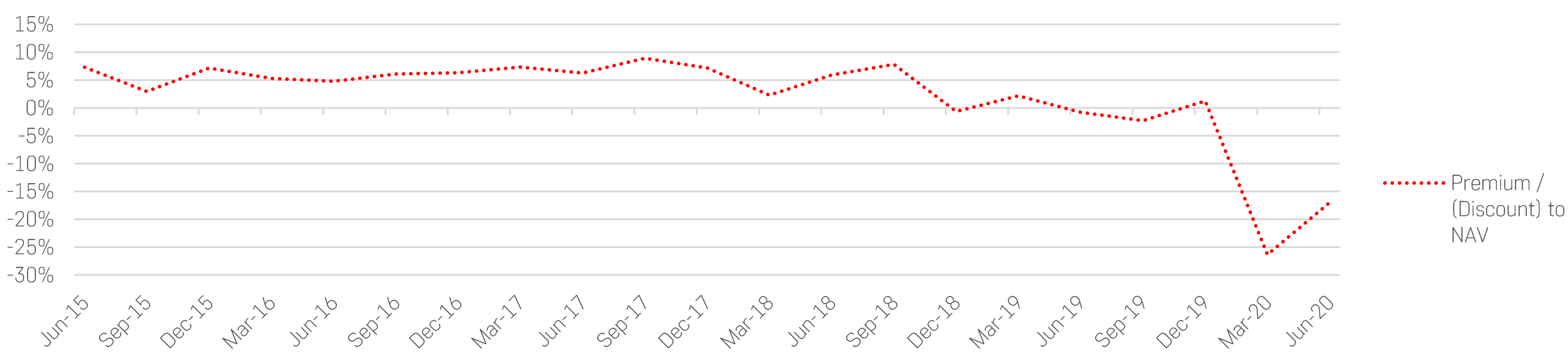
Share price vs NAV

PRIOR TO COVID 19 SWEF.LN SHARES HISTORICALLY TRADED AT A PREMIUM TO NAV

5 YEAR SHARE PRICE VS NAV



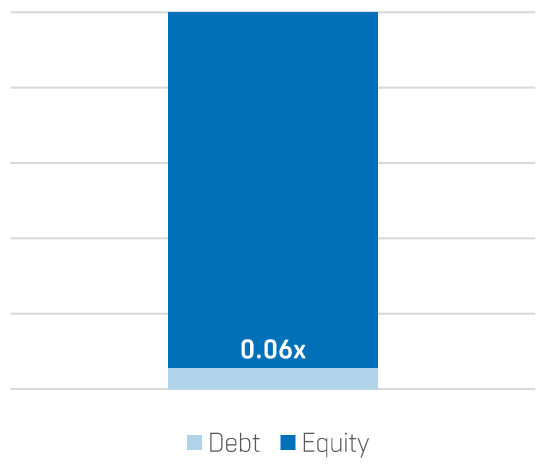
5 YEAR PREMIUM / (DISCOUNT) TO NAV



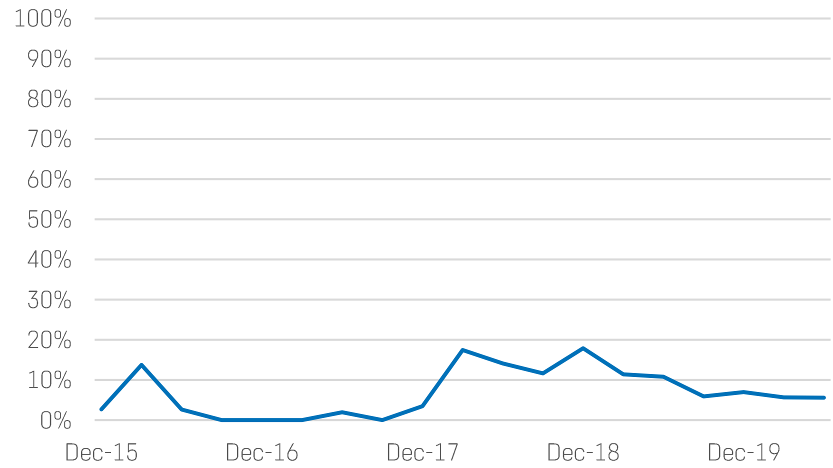
Leverage

CONSERVATIVE BALANCE SHEET WITH A GROUP LTV OF 5.6% ON NAV

DEBT : EQUITY RATIO



HISTORICAL LEVERAGE

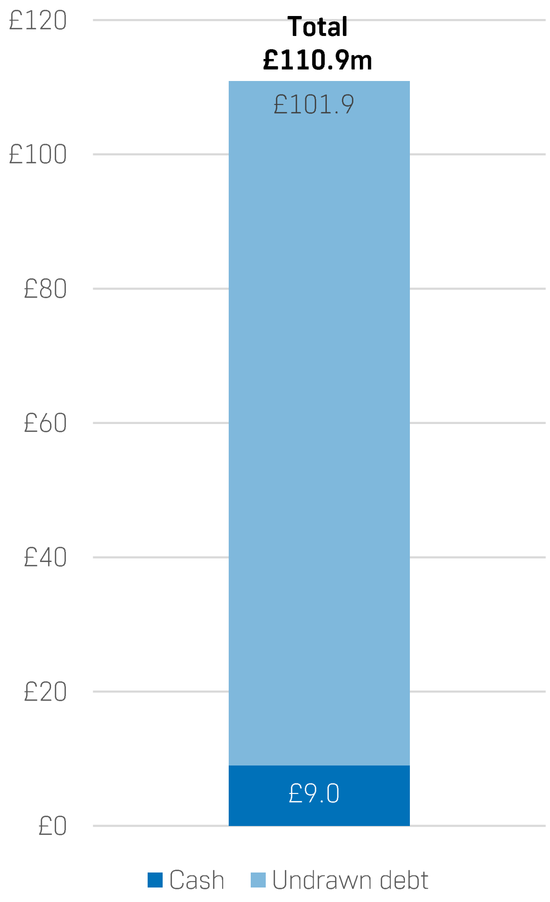


- The Company uses borrowings for a variety of purposes including managing working capital requirements, bridging investments and on a longer term basis for the purpose of enhancing returns to shareholders.
- The Company is limited to aggregate short and long-term borrowings at the time of the relevant drawdown in an amount equivalent to a maximum of 30 per cent of NAV but longer-term borrowings will be limited to 20 per cent of NAV in any event.
- There are two borrowing facilities in place with Lloyds and Morgan Stanley with a total size of £126 million. The weighted average undrawn commitment fee is 0.73% and drawn margin is 2.13% with flexible structures allowing the Company to use the full borrowing capacity of 30% of NAV.
- The Company has a £20 million threshold before cash would need to be posted against FX hedging contracts. The mark to market of the hedges at 30 June 2020 was just £4.5 million (out of the money) and with the robust hedging structure employed by the Group, cash collateral has never been required to be posted since inception.

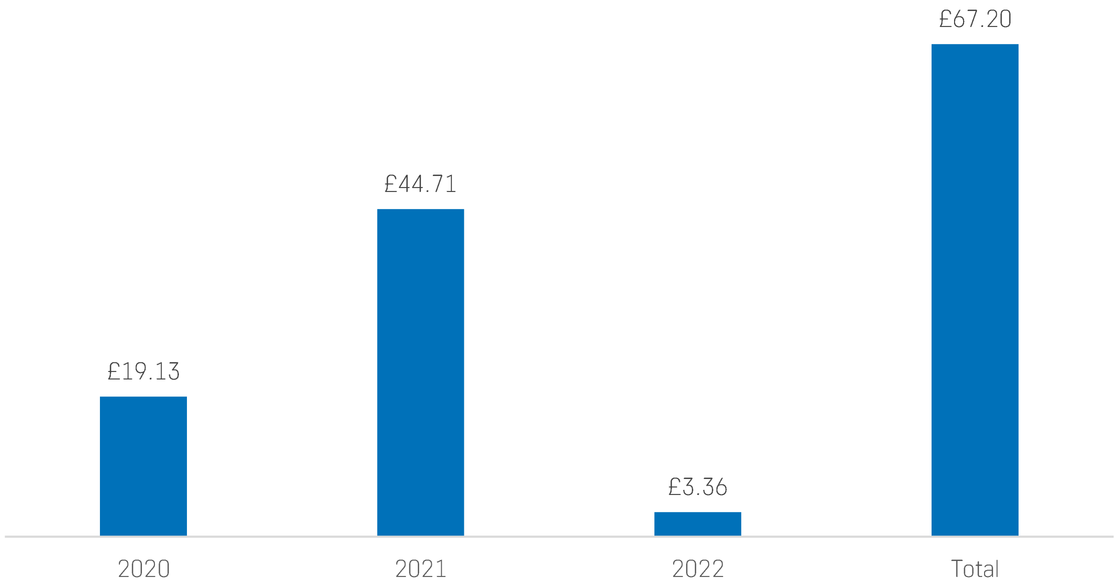
Liquidity

SUFFICIENT LIQUIDITY TO FUND EXISITING COMMITMENTS THROUGH TO COMPLETION WITH NO REDEMPTION RELIANCE

LIQUIDITY



CURRENT FORECAST COMMITMENTS



- The company currently has access to £110.9m of liquidity, which is equivalent to 31% of it's market capitalisation.
- All future commitments under existing loans are provided for in current liquidity.
- 71.5% of future commitments are not expected to draw before the end of 2020.

1. £ figures in millions.

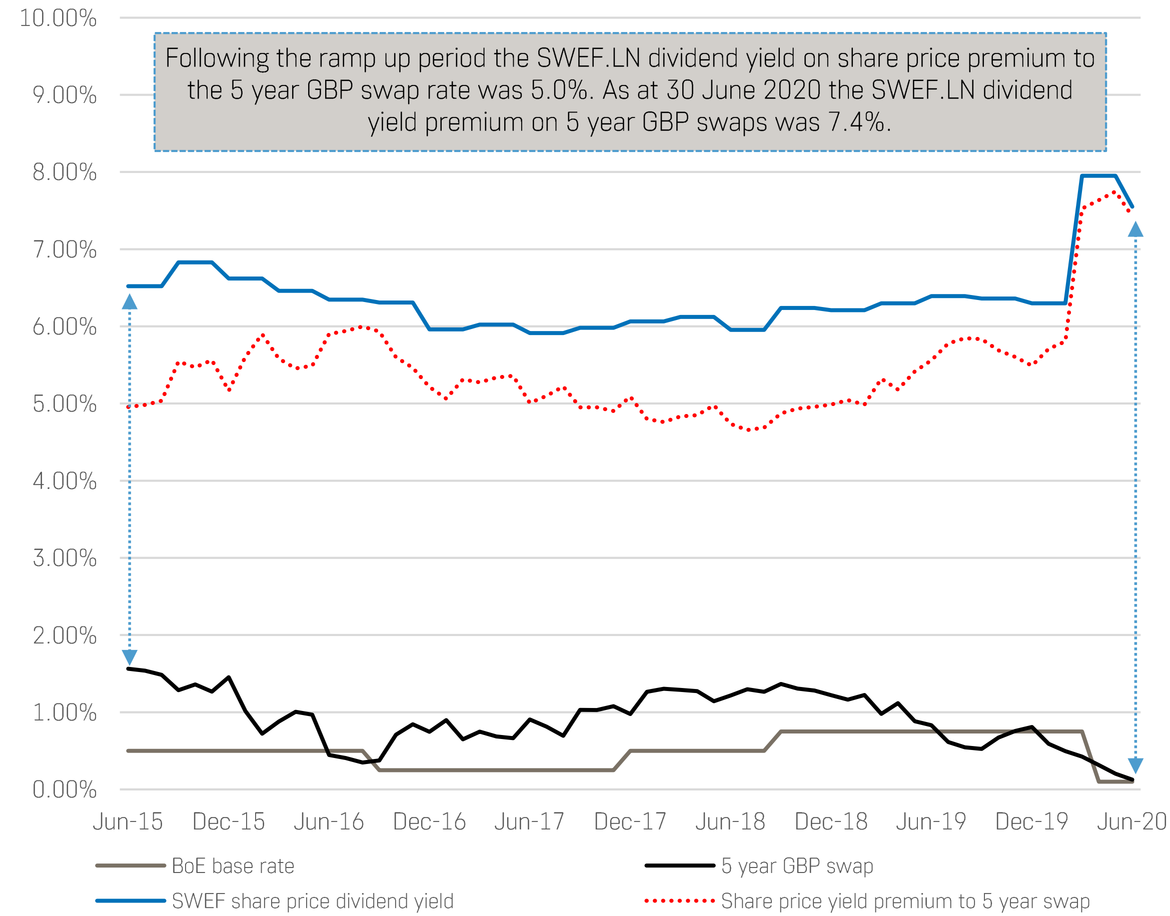
Robust dividend

SWEF.LN HAS DELIVERED AN ATTRACTIVE AND CONSISTENT DIVIDEND IN A DECLINING INTEREST RATE ENVIRONMENT

DIVIDEND PERFORMANCE

- In the period since SWEF.LN's inception, the Bank of England base rate has reduced from 0.50% to 0.10%. The average 5 year GBP swap rate from inception to year end 2019 was 1.16%, compared to 0.13% at 30 June 2020 representing a fall of over 1% on the average.
- At the end of June the FT reported that the UK 30 year gilt was trading below the Japanese 30 year bond. Since the Company launched in December 2012 the 30-year rate has decreased by 2.5 per cent in total. Shorter rates have plummeted since Covid-19 with GBP Libor declining by 0.69 per cent to 0.08 per cent over the last six months.
- At inception LIBOR and EURIBOR might have contributed up to 10% of the company's underlying return profile, today it makes up less than 1%.
- In the period of substantial interest rate declines SWEF.LN only reduced it's dividend target from 7.0p to 6.5p with effect from 2016, therefore stemming the tide of declining interest rates.
- As a result there has been a substantial growth in the credit spread delivered by SWEF.LN versus the "risk free rate of return" since inception.

SWEF.LN DIVIDEND -V- BOE BASE RATE / 5 YR SWAP RATE



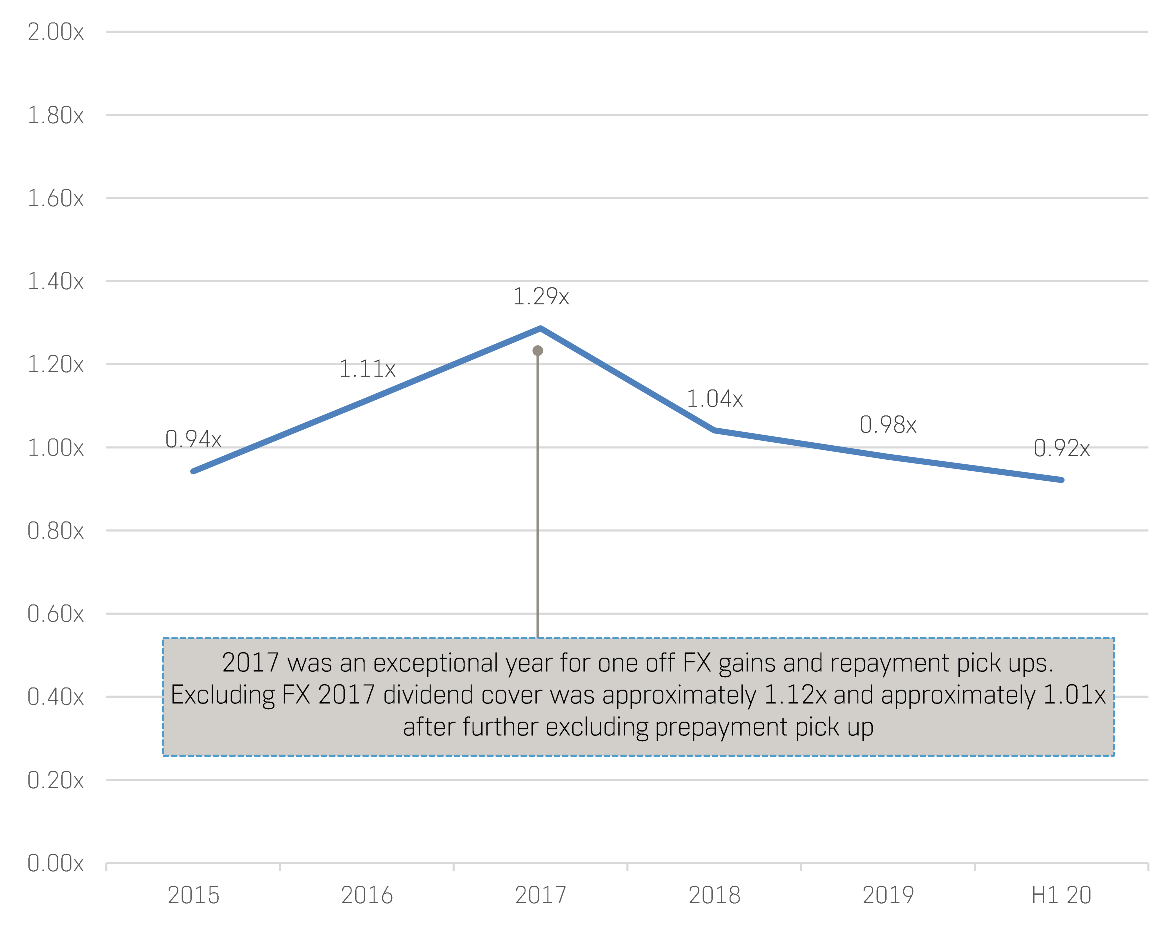
Dividend outlook

CONTINUAL DIVIDEND ASSESSMENT IN DECLINING INTEREST RATE ENVIRONMENT TO DELIVER BEST IN CLASS RISK ADJUSTED RETURNS

DIVIDEND OUTLOOK

- SWEF.LN has always been clear and transparent with regards to it's dividend. Since 2016 the average dividend cover has been 1.1x.
- SWEF.LN's dividend cover is currently 0.92x. The company also benefits from a dividend reserve of £4.6m which equates to two months of full dividend cover.
- The company intends to maintain the current target dividend of 6.5p per share until the end of this financial year.
- Going forward the company will seek to realign the target dividend in light of the declining interest rate environment and to maintain the appropriate credit quality.
- As of financial year 2021 the company will target paying a 5.5p dividend per share, which equates to an annual 5.3% dividend versus NAV or 6.4% versus the current share price of 86.4p.
- On the current trading performance, the dividend cover would be 1.03x at 5.5p per share. We believe this is a healthy cover ratio and provides a solid foundation for continued robust income distribution and a well capitalised platform for future growth.

SWEF.LN DIVIDEND COVER



1. Dividend cover calculated on earnings accounting for realised FX only.

Discount control mechanisms

SWEF.LN WILL CONTINUE TO EXPLORE WAYS TO REDUCE THE COMPANY'S DISCOUNT TO NAV SHARE PRICE PERFORMANCE

1. Share buybacks

At the AGM held on 8 June 2020, the Company renewed the authority received at the AGM held on 15 May 2019 to purchase in the market up to 14.99 per cent of the Ordinary Shares in issue on 8 June 2020.

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.

The Company continues to monitor the discount to NAV and will give consideration to repurchasing Shares under this authority if appropriate.

2. Discount triggered realisation and Realisation Vote

If the Ordinary Shares trade at an average discount to NAV of 5.0 per cent or more during the 6 month period to 31 December 2022, the Directors at their absolute discretion may put a realisation offer to Shareholders. 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 realized.

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 to Shareholders by no later than 28 February 2023. 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.

EPS enhancing

Increases dividend cover

Accretive to NAV

An attractive investment at current levels

Best in class lending platform

RESPONSIBLE STEWARD OF CAPITAL, COMMITTED TO PRUDENT BALANCE SHEET MANAGEMENT

Low leverage

Significant unencumbered asset base

No exposure to volatile mark to market public debt

Stable funding

Proven access to liquidity

Opportunity to co-invest with Starwood Property Trust

Robust profitability

Strong interest cover and structured interest reserves common to deals

Sophisticated and experienced sponsor cohort

Seasoned management team and experienced board

Investment process overview

IN-DEPTH UNDERWRITING, ROBUST DEAL STRUCTURING AND CONSTANT MANAGEMENT OF REAL ESTATE CREDIT RISK

1. Origination

Source deals from borrowers, banks and brokerage community

2. Underwriting

Independent and highly detailed due diligence on market, assets and sponsor

Leverage extensive real estate data from a multitude of internal and external sources

3. Transaction management

Structure, negotiate and conduct legal due diligence

Manage all transactions from inception through closing with outside counsel

4. Investment committee

Comprised of the most senior members of SWEF.LN and Starwood Capital Group's management teams with thorough evaluation of all key deal considerations

5. Asset management

Dedicated team of experienced asset management professionals utilising industry leading technology to continually monitor asset performance, market changes and sponsor activity

Seasoned management team

INDUSTRY LEADING EXPERTISE IN ORIGINATION, ASSET MANAGEMENT, RESTRUCTURING AND CAPITAL MARKETS

LORCAIN EGAN

Head of Lending

Lorcain joined Starwood Capital's, Capital Markets team in 2013. As part of this team he financed Starwood's equity acquisitions in Europe. In 2018 Lorcain took over the day to day management of Starwood's European lending business. During his time in Starwood Lorcain has transacted 76 deals totalling $8.5bn in Europe and Asia, across almost all asset classes. Prior to joining Starwood Lorcain worked at Barclays in their Structured Property Debt Finance Team. Lorcain holds a degree in Law & Economics from the University of Ulster.

IRENE RYAN

Head of Asset Management

Since joining Starwood Capital in 2013, Irene Ryan has been responsible for the asset management of Starwood's European debt portfolio. Prior to joining Starwood, Ms. Ryan worked in a real estate focussed bank in London, holding a variety of lending roles from origination to restructuring and also qualified as a chartered accountant with KPMG in Ireland. Ms. Ryan is a fellow of the Institute of the Chartered Accountants of Ireland (FCA) and holds a bachelor of business studies from Trinity College Dublin.

DUNCAN MACPHERSON

Head of Capital Markets

Duncan MacPherson is a Managing Director and Head of International Capital Markets for Starwood Capital based in London. Mr MacPherson joined Starwood in March 2012 from Citibank and has over 20 years' experience in banking and finance including the last 15 years specialising in commercial real estate finance having executed in every major European country and real estate asset class. Mr MacPherson sits on the investment committees of the investment advisor for SWEF.LN and for the Starwood Opportunity Funds.

SARAH BROUGHTON

Chief Financial Officer

Sarah Broughton is a Managing Director and CFO of Starwood Capital Europe. Sarah is responsible for Starwood's internal financial functions in Europe including tax, reporting and accounting and oversees the Firms UK human resources. She also spearheads the operations and reporting for SWEF.LN. Prior to joining Starwood in 2007 she held various senior finance roles at Whitbread PLC and qualified as a Chartered Accountant with Andersen in 2001. Sarah holds a first class degree in economics from Brunel University and is a member of the ICAEW and the Securities Institute.

ORIGINATION

UNDERWRITING

ASSET MANAGEMENT

CAPITAL MARKETS

FINANCIAL OPERATIONS

END-TO-END TRANSACTION MANAGEMENT

Experienced board

EXPERIENCED BOARD WITH COMBINED EXPERTISE ACROSS A VARIETY OF REAL ESTATE VEHICLES AND COMPANIES

STEPHEN SMITH

Non-executive Chairman

Stephen is Chairman of The PRS REIT which currently trades on the SFS of the London Stock Exchange. He is also a Director of AEW UK Long Lease REIT plc which trades on the Main Market of the London Stock Exchange. Previously, he was the Chief Investment Officer of British Land Company PLC, the FTSE 100 real estate investment trust from January 2010 to March 2013 with responsibility for the group's property and investment strategy. He was formerly Global Head of Asset Management and Transactions at AXA Real Estate Investment Managers, where he was responsible for the asset management of a portfolio of more than €40 billion on behalf of life funds, listed property vehicles, unit linked and closed end funds. Prior to joining AXA in 1999 he was Managing Director at Sun Life Properties for five years. Stephen is a UK resident.

JONATHAN BRIDEL

Non-executive Director

Jonathan is currently a non-executive Chairman or director of listed and unlisted companies comprised mainly of investment funds and investment managers. These include The Renewables Infrastructure Group Limited (FTSE 250), Alcentra European Floating Rate Income Fund Limited, Sequoia Economic Infrastructure Income Fund Limited (FTSE 250) and Funding Circle SME Income Fund Limited which are listed on the main market of the London Stock Exchange, Phaunos Timber Fund Limited which is in wind up, DP Aircraft I Limited and Fair Oaks Income Fund Limited. He was previously Managing Director of Royal Bank of Canada's investment business in the Channel Islands. Prior to this, after working at Price Waterhouse Corporate Finance in London, Jonathan served in senior management positions in the British Isles and Australia in banking, specialising in credit and in private businesses as Chief Financial Officer. Jonathan is a resident of Guernsey.

JOHN WHITTLE

Non-executive Director

John is a Fellow of the Institute of Chartered Accountants in England and Wales and holds the Institute of Directors Diploma in Company Direction. He is a non-executive Director of International Public Partnerships Limited (FTSE 250), India Capital Growth Fund Limited, Globalworth Real Estate Investments Limited and Aberdeen Frontier Markets Fund Limited (all listed on AIM), Toro Limited (listed on SFS), and also acts as non-executive Director to several other Guernsey investment funds. He was previously Finance Director of Close Fund Services, a large independent fund administrator. 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 subsequently worked on the £20million private equity acquisition of Ora Telecom. John is also a resident of Guernsey.

- Collectively the board hold qualifications with the Institute of Chartered Accountants in England and Wales, Chartered Institute of Marketing, Institute of Directors, and the Chartered Institute for Securities and Investment. Board stability is a priority for the Company and succession plans are in place should a transition be required.

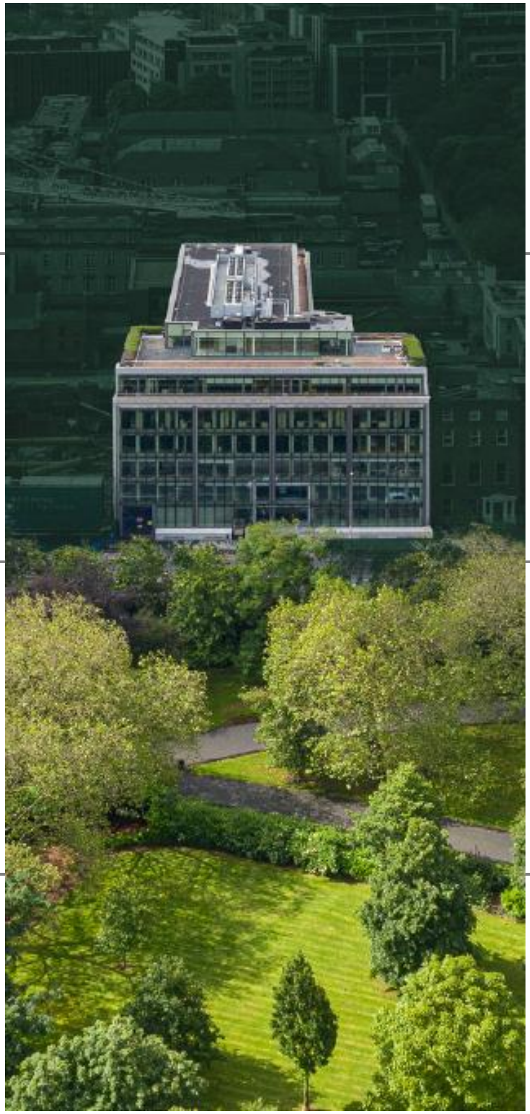
ESG investing

SWEF.LN CONSISTENTLY ENDEAVORS TO FUND BUSINESSES WITH ESG IN MIND AND INTERNALLY FOCUSES ON MEETING HIGH LEVELS OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Authorised signatory to the UN Principles for Responsible Investments (UNPRI)

Refurbishment loans often mitigate environmental impact

Actively funding sectors with positive social impact



No Greenhouse Gas Emissions to report

Majority of Directors based in Guernsey

The Group aims to conduct itself responsibly, ethically and fairly; including in relation to social and human rights issues

Disclaimer

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