

Quarterly Portfolio Update



**12.8 per cent Share Price Total Return during Q2;
Resilient Performance from Robust Portfolio**

**Annual dividend yield of 5.9 per cent, paid quarterly
and expected to be fully covered by earnings**

Starwood European Real Estate Finance Limited (“SEREF” or “the Group”), a leading investor originating, executing and managing a diverse portfolio of high quality senior and mezzanine real estate debt in the UK and Europe, is pleased to announce a portfolio update for the quarter ended on 30 June 2021.

SHARE PRICE / NAV AT 30 JUNE 2021



HIGHLIGHTS

- **Income stability** - all loan interest and scheduled amortisation payments paid in full and on time
- **Strong cash generation** - the portfolio continues to support annual dividend payments of 5.5 pence, paid quarterly, and generates an annual dividend yield of 5.9 per cent on the share price as at 30 June 2021
- **Portfolio robust** - despite pandemic-related disruption, the portfolio continues to perform in line with expectations
- **Borrowers remain adequately capitalised** and are expected to continue to pay loan interest and capital repayments in line with contractual obligations
- On 22 April 2021 the Group announced that it had closed a £26.6 million floating rate whole loan secured by a portfolio of four UK life science properties
- On 21 July 2021 the Group announced that it had closed a £13.5 million floating rate whole loan secured by a portfolio of a hotel and office complex in Northern Ireland
- **12.8 per cent** - Share price total return during quarter ended 30 June 2021
- **46.5 per cent** - Share price total return since inception in December 2012
- The Investment Manager believes the current investment pipeline is the strongest since the Group was established.

Quote from the Chair, Stephen Smith

“We are pleased to see that, as expected, the portfolio has continued to perform strongly and in line with expectations, with no disruption to loan interests and capital repayments despite the turmoil caused by Covid-19. This performance reflects the high quality of our portfolio assets and the counterparties to which we lend. Our Investment Manager’s expertise in originating, executing and managing a diverse portfolio of high quality real estate debt, backed by the scale and networks of Starwood Capital Group means that we can maintain an active pipeline of highly attractive opportunities to choose from. We are delighted to reiterate the annual dividend target of 5.5 pence, a yield of 5.9 per cent on the quarter closing share price. While the discount has narrowed in recent weeks the Board, the Investment Manager and the Investment Advisor continue to believe that the shares represent very attractive value at the current share price level.”

NEW LOANS

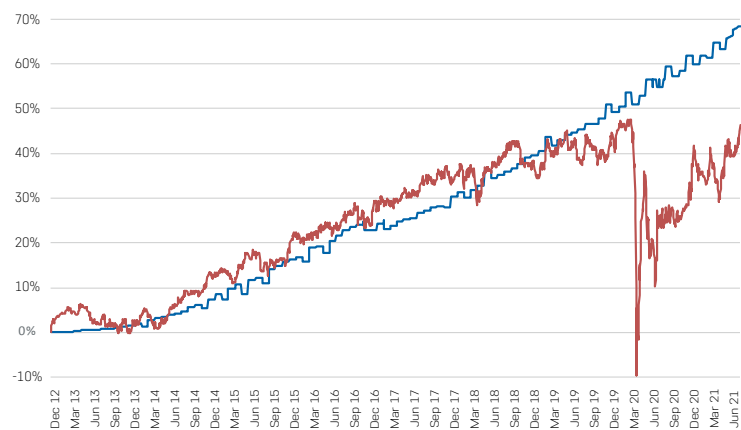
On 22 April 2021 the Group announced that it had closed a £26.6 million floating rate whole loan secured by a portfolio of four properties. The properties consist of laboratory and office spaces let to a diverse range of life science occupiers in the UK. The financing has been provided in the form of an initial advance along with a smaller capex facility to support the borrower’s value-enhancing capex initiatives. The loan term is 4 years, and the Group expects to earn an attractive risk-adjusted return in line with its stated investment strategy.

On 21 July 2021 the Group announced that it had closed a £13.5 million floating rate whole loan secured by a portfolio of a mixed use hotel and office property. The financing has been provided in the form of an acquisition loan. The loan term is 3 years, and the Group expects to earn an attractive risk-adjusted return in line with its stated investment strategy.

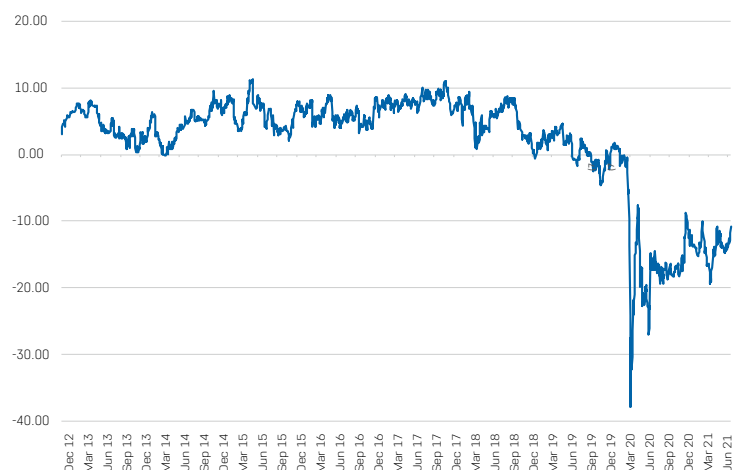
DIVIDEND

On 23 July 2021, the Directors declared a dividend in respect of the first quarter of 1.375 pence per Ordinary Share, equating to an annualised 5.5 pence per annum. The Board is targeting a dividend of 5.5 pence per annum (payable quarterly) which it considers to be a sustainable level of dividend which should be fully covered by earnings over the year whilst ensuring the Group maintains strong credit discipline. The Company maintains a modest dividend reserve which can be utilised if required.

SHARE PRICE AND CUM-FAIR NAV TOTAL RETURN



PREMIUM / DISCOUNT CUM-FAIR



KEY PORTFOLIO STATISTICS AT 30 JUNE 2021

Number of investments	18
Percentage of currently invested portfolio in floating rate loans	78.3%
Invested Loan Portfolio unlevered annualised total return ⁽¹⁾	6.6%
Portfolio levered annualised total return ⁽²⁾	6.8%
Weighted average portfolio LTV – to Group first £ ⁽³⁾	18.0%
Weighted average portfolio LTV – to Group last £ ⁽³⁾	63.5%
Average loan term (based on current contractual maturity)	4.7 years
Average remaining loan term	2.2 years
Net Asset Value	£423.7m
Amount drawn under Revolving Credit Facilities (including accrued interest)	(£11.0m)
Loans advanced (including accrued interest)	£420.8m
Cash	£1.4m
Other net assets (including hedges)	£12.5m

Remaining years to contractual maturity*	Value of loans (£m)	% of invested portfolio
0 to 1 years	83.5	20
1 to 2 years	163.3	39
2 to 3 years	29.1	7
3 to 5 years	142.6	34

*excludes any permitted extensions. Note that borrowers may elect to repay loans before contractual maturity.

PORTFOLIO UPDATE INTEREST & AMORTISATION PAYMENTS

All loan interest and scheduled amortisation payments up to the date of this factsheet have been paid in full and on time. This includes loans in sectors that have been most impacted by the pandemic, namely, hospitality and retail assets, where borrowers continue to remain adequately capitalised as previously reported.

LOAN TO VALUE

The Group's weighted average current loan to value is 63.5 per cent. This is measured against RICS red book standard valuation reports instructed independently of borrowers and are carried out by leading global property consultancy firms such as Savills, CBRE, JLL and Colliers. The weighted average aging of the date of these formal valuation reports is under one year (at 0.8 years). This means that on average across the portfolio, the loan to values are being marked against values that have been updated recently and since the onset of the pandemic. This gives further comfort around the robustness of the Group's position, with very significant equity cushions against the average loan basis.

Key updates are outlined below:

Hospitality (40.4 per cent of funded investment portfolio)

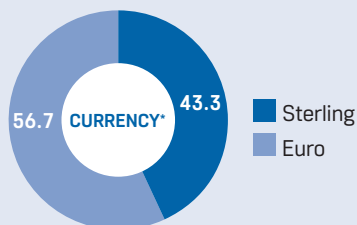
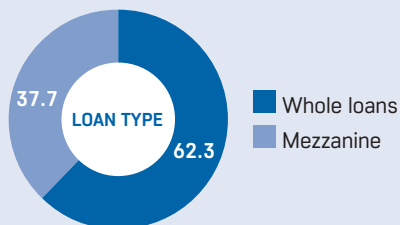
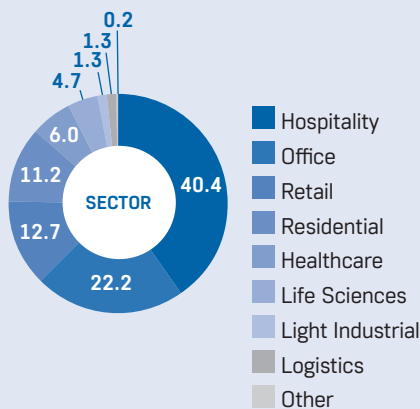
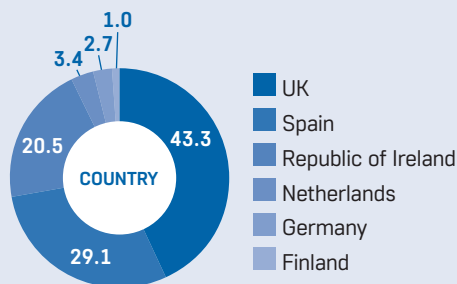
- The largest hotel exposure in the portfolio is Hotel, Spain (accounting for 27.6 per cent of current hospitality exposure and 11.1 per cent of the total funded investment portfolio). This coastal resort hotel completed a heavy refurbishment programme in 2020 and the hotel re-opened during May 2021 as a luxury destination 5-star property. The property has achieved very high guest ratings since opening and forward bookings for the remainder of the season are excellent, with average room rates ahead of business plan. This demonstrates the strength of pent-up demand for leisure travel, particularly to resort locations.
- The next most significant hotel exposure is Hotel, Dublin which accounts for 25.0 per cent of current hospitality exposure. As previously reported this property has, to a significant extent, mitigated the negative impacts of reduced conference and leisure business caused by the pandemic, by leasing the property to the Irish government's Health Service Executive ("HSE"). This contract is expected to be in place for most of 2021. The sponsor has continued to work on value accretive asset management initiatives across the wider estate which is subject to the loan's security and this has been verified such that following a recently updated formal valuation, the loan has been further de-risked with the loan to value ratio decreasing by approximately 2.6 per cent.
- The UK hotel exposures predominately comprise of three hotels (Hotel, Oxford,

⁽¹⁾ The unlevered annualised total return is calculated on amounts outstanding at the reporting date, excluding undrawn commitments, and assuming all drawn loans are outstanding for the full contractual term. 15 of the loans are floating rate (partially or in whole and all with floors) and returns are based on an assumed profile for future interbank rates but the actual rate received may be higher or lower. Calculated only on amounts funded at the reporting date and excluding committed amounts (but including commitment fees) and excluding cash uninvested. The calculation also excludes the origination fee payable to the Investment Manager.

⁽²⁾ The levered annualised total return is calculated as per the unlevered return but takes into account the amount of net leverage in the Group and the cost of that leverage at current LIBOR/EURIBOR.

⁽³⁾ LTV to Group last £ means the percentage which the total loan drawn less any deductible lender controlled cash reserves and less any amortisation received to date (when aggregated with any other indebtedness ranking alongside and/or senior to it) bears to the market value determined by the last formal lender valuation received by the reporting date. LTV to first Group £ means the starting point of the loan to value range of the loans drawn (when aggregated with any other indebtedness ranking senior to it). For development projects the calculation includes the total facility available and is calculated against the assumed market value on completion of the relevant project.

% of invested assets



*the currency split refers to the underlying loan currency, however the capital on all non-sterling exposure is hedged back to sterling.

Hotel, Scotland and Hotel, North Berwick, accounting for 40.2 per cent of hotels in the portfolio). These hotels have been undergoing comprehensive refurbishments in line with the underwritten business plan. They will re-open during summer 2021 with the benefit of attractive new branding and a fully refurbished offering which is expected to be well placed to benefit from pent-up UK domestic leisure travel demand, particularly with two of these assets being located directly adjacent to well-known landmark Scottish golf courses. Remaining UK hotel exposure comprises a 50-key hotel ground up development within the Hotel and Residential, UK loan. Construction is progressing well, with completion forecast in 2022. This loan is residential-led and the value of pre-sold residential units is higher than the total loan commitment (inclusive of the hotel), which very significantly reduces hospitality exposure on this loan.

- All hospitality loans have adequate resources to meet their cash needs in the medium term.

Retail (12.7 per cent of funded investment portfolio)

- The Group's exposure to retail is predominantly comprised of the "Three Shopping Centres, Spain" and "Shopping Centre, Spain" loans. These are the only stand-alone retail loans in the portfolio and comprise 11 per cent of the Group's total funded investment portfolio. All other retail exposure is contained in a limited number of mixed use portfolios where the retail sector represents less than 25 per cent of the total loan balance.

- With pandemic related restrictions beginning to be eased, along with vaccine progress in Spain being one of the strongest in Continental Europe, retail footfall traffic is beginning to increase. Footfall in May 2021 had recovered, on average, to over 70 per cent of the same period, pre-pandemic, in 2019. This is expected to continue to increase over the coming months. Occupancy on average in the centres has remained robust with limited tenant failures in contrast to the level of retailer insolvencies in the UK and US. The sponsor's asset manager has been successful in leasing up some vacant space to gym operators and sports brands in particular, amongst others. This has involved the sponsor injecting new equity into the deals in order to assist with capital expenditure for new store fit outs and they continue to be very actively engaged in the assets.

- Across the investment portfolio, loans with retail exposure continue to have adequate cash reserves and underlying income generation to pay interest.

Construction & heavy refurbishment (25.2 per cent of funded investment portfolio)

- Over 95 per cent of the Group's construction and heavy refurbishment loans are located in the UK. These projects have continued to operate on site throughout the period since the outbreak of the pandemic, albeit at times, on-site capacity was reduced for safety reasons. Notwithstanding this, all projects are progressing satisfactorily and no unfunded cost overruns have occurred.

- Non-essential construction sites in the Republic of Ireland were mandated by the government to close from 8 January 2021 through to early May 2021; however we note that the Group's exposure to Irish construction loans is limited to under one per cent of total loans funded as of 30 June 2021. In any event this project has remained adequately capitalised with funding in place to complete, and we do not consider that the delay in timing of final completion to adversely impact asset value or the loan.

- Please note that the construction & heavy refurbishment exposure noted above will include assets also included in hospitality and in office, industrial, logistics & residential.

FUND INFORMATION

FUND TYPE

Closed-ended investment company

DOMICILE Guernsey

INCEPTION DATE 17 Dec 2012

LISTING LSE
(Main Market)

LSE IDENTIFIER SWEF

ISIN CODE GG00B79WC100

NAV FREQUENCY Monthly

DIVIDEND FREQUENCY Quarterly

ORIGINATION FEE 0.75%

MANAGEMENT FEE 0.75%

WEBSITE

www.starwoodeuropeanfinance.com

Office, industrial, logistics, healthcare, life science & residential (46.9 per cent of funded investment portfolio)

- These sectors continue to display resilient characteristics in terms of overall performance with high rent collection and robust rental and investment yields. Sponsors with asset sell down strategies are succeeding in achieving above underwrite pricing, particularly on the disposals that we have witnessed within the industrial and residential sectors.
- The Group's exposure to office is 22.2 per cent of the funded investment portfolio. Within this sector, the exposures are well diversified across Europe. The largest exposure within this sector represents 31 per cent of total office and just 7 per cent of the total investment portfolio. This loan has a high occupancy of institutional tenants in prime city centre locations. While generally new lease tenant incentives have increased slightly as a result of a slower take up related to pandemic disruption, rental levels and investment yields based on actual transactions have remained fairly robust. The Group's weighted average loan to value of the loans with a greater than 50 per cent office weighting is 64 per cent which reflects a modest position.
- The Group's exposure to residential is under construction product, of which a large proportion has been pre-sold. The level of legally exchanged unit pre-sales has now reached a level that exceeds the total loan commitment, which has therefore significantly de-risked the loan proportion has been pre-sold.

INVESTMENT RESTRICTIONS AND GUIDELINES

LOCATION

UK & wider European Union's internal market. No more than 50% in any country except the UK where it is unlimited (subject to sector limits below).

LOAN TERM

Between 3 and 7 years but discretion retained. At least 75% of loans 7 years or less.

LOAN TYPE

Senior, subordinated and mezzanine loans, bridge loans, selected loan on loan financing and other debt instruments.

LTV

Absolute maximum of 85% with a blended portfolio LTV of no more than 75%.

REAL ESTATE SECTOR & PROPERTY TYPE

Commercial real estate. No more than 30% of NAV in residential for sale. No more than 50% of NAV in any single sector in the UK except office which is limited to 75%.

COUNTERPARTY & PROPERTY DIVERSIFICATION

No more than 20% of NAV exposed to one borrower legal entity and no single investment exceeding 20% of NAV at time of investment.

MARKET COMMENTARY AND OUTLOOK

The largest vaccination campaign in history is underway. According to Bloomberg more than 3.3 billion doses have been administered across 180 countries. The UK has been one of the clear leaders in vaccinations and for the reopening of the economy and society. As at the end of the second quarter 115 doses have been administered per 100 people, with 66 per cent having received a first dose, putting the UK ahead of the US and the rest of Europe. Spain is at 90 doses per 100 people with 55 per cent having received a first dose, which is ahead of Germany, France and Italy. The current pace of vaccination in Spain is also very impressive at 1.14 doses per 100 people per day compared with 0.92 for Germany, 0.51 for UK and only 0.25 for the US.

The UK opening plan that was set out in February has remained almost entirely on schedule. In the first quarter factsheet we outlined that we expected crowds of 10,000 people at mass events and the opening of short haul travel later in the year. In sports we have seen progress to more than 60,000 people attending football's Euros final and a capacity crowd of 15,000 for the final weekend on centre court at Wimbledon. This has been enabled by checks on negative test results or vaccination status. In the hotel market we have seen the anticipated performance for UK leisure driven markets coming through as hotels were able to more fully open over the last weeks. One example of a strong leisure performance is the Bath market, where occupancy rates had been running lower than 30 per cent all year to May, which achieved occupancy percentage rates in the 80s during the half term week. While there will be some bumps in the road the general pace of opening for international travel is likely to be similarly facilitated by high levels of vaccination and advances in the tracking of testing and vaccination status.

In the last factsheet we commented on a change in sentiment back toward working from the office with a reduction from 69 per cent of CEOs of major companies to 17 per cent expecting to reduce office space between the third quarter of 2020 and the first quarter of 2021. Property Week now reports that the amount of office space available for sub-leasing in London has turned a corner as occupiers begin to U-turn on "knee-jerk" decisions made during the pandemic to sublet space. Savills' data shows that May saw the largest monthly decline in the total amount of tenant-controlled space on the market since March 2020, falling 7 per cent to 5.88 million square feet, although this figure is still 45 per cent higher than the long-term average. Savills' data also shows West End investment market cumulative annual turnover of £1.19 billion is 53 per cent down on the five year average but comments that with £2.4 billion of stock under offer it bodes well for a busy summer. In the West End occupier market, while leasing pace is still off historical averages, the available supply has now dropped for the first time since August 2020 and Savills report leasing activity is picking up.

We also commented on the leading indicators we were seeing in the hotel investment market last quarter. Early indications for European second quarter hotel investment volumes are more than a 70 per cent increase quarter on quarter to over €3 billion. This is also over 70 per cent higher than the second quarter of 2020. There is still further to go to get back to the pre-pandemic level of €6 billion in the second quarter of 2019. Other positive indications are the number of large transactions in the market agreed in the second quarter which are likely to close in the third quarter, and, as with many other real estate markets, there is currently very strong demand and relatively low supply of product for sale.

We are also now seeing the beginning of investment market activity on the retail side. We expect to see a more positive sentiment on the retail investment market spread with increased data on post pandemic spending habits, followed by tenant activity then following through to the relevant investment markets.

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Notes:

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The British Retail Consortium reported retail sales were 13.1 per cent higher in June than in the same month two years ago, while the total for the second quarter of 2021 was 10.4 per cent up on the same three-month period of 2019. UK retail warehouses are leading the way in the sector with Savills reporting the pandemic-related pause in transactional activity to be short-lived, with the investment market off to a good start to 2021 with £476 million of transactions in the first quarter. This is the largest volume of first quarter transactions since 2017 and is up 47 per cent on the same period in 2019. Yields have been moving rapidly and are tighter by as much as 75 basis points for prime assets since last year. The many different types of retail in Europe will move at differing paces and it will be interesting to see how momentum builds in this space.

Inflation has become a concern for markets with uncertainty about whether high short term readings will translate into longer term inflation. The markets are currently signalling that this is a short term effect with continued low long term bond yields. Evercore note the last time US short term inflation was this high, the ten year US treasury bond yielded 7.7 per cent whereas it is only 1.3 per cent today. If expectations changed on long term inflation then we would expect to see interest rate policy responses and in this case the Group's portfolio would benefit as 78 per cent of the portfolio is floating rate debt which would benefit from higher short term interest rates. While the income from floating rate loans would benefit from increases in rates, these loans all feature interest rate floors which protect income from very low interest rates. This results in an asymmetrically better upside to an increasing interest rate environment versus the downside of a decreasing interest rate environment from here. Capital markets generally have continued a positive trajectory. The FTSE 100, FTSE 250 and the iShares UK Property ETF are up 4.8 per cent, 4.0 per cent and 6.5 per cent respectively during the second quarter of 2021.

The trend in non-bank lending to the real estate market continues to be highlighted by data coming through from the Cass business school survey which is the most comprehensive survey of UK commercial real estate lending. The statistics provide a clear picture of the scale of the migration from domestic balance sheet lenders to other sources of capital in commercial real estate lending. In 2008 £170 billion of UK commercial real estate debt was held by UK banks and building societies. By the end of 2020 this had reduced to £77 billion. That corresponds to a reduction of market share from 66 per cent to 40 per cent. This trend is clearly being seen in the Group's pipeline which includes a diverse set of opportunities and is at the strongest level since the Group was established.

All of the above factors combined give us confidence of positive momentum in our markets and activity amongst our counterparties; we therefore expect our portfolio to continue to perform robustly and we expect to see further opportunities for loan origination.

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EXPECTED CREDIT LOSSES & FAIR VALUES

All loans within the portfolio are classified and measured at amortised cost less impairment. The Group closely monitors the loans in the portfolio for deterioration in credit risk. There are some loans for which credit risk has increased since initial recognition. However, we have considered a number of scenarios and do not currently expect to realise a loss in the event of a default. Therefore no credit losses have been recognised.

This assessment has been made, despite the continued pressure on the hospitality and retail markets from Covid-19, on the basis of information in our possession at the date of reporting, our assessment of the risks of each loan and certain estimates and judgements around future performance of the assets. The position on any potential ECLs on the Spanish retail assets in particular continues to be closely monitored and analysed, and we have sought input, analysis and commentary from Spanish market advisers in this regard, to supplement our own information. As referred to above in the portfolio update, during the quarter, we have received independent, external valuations of the underlying assets secured against the Spanish loans. This information did not change our analysis on the Spanish loan and we note that valuation headroom remains on these loans. The updated valuations are reflected in the sector and portfolio LTV tables presented in this factsheet.

Fair Value

The amortised cost loan recognition is governed by IFRS9 and we do not have a choice of methodology to follow – we are not eligible to follow fair value accounting for the vast majority of our loans, and historically only one loan has ever been eligible to be recognised at fair value (the credit linked notes which repaid in 2020). Therefore our NAV does not show significant fluctuations during periods of market volatility.

The table below represents the fair value of the loans based on a discounted cash flow basis using different discount rates.

Discount Rate	Value Calculated	% of book value
4.7%	£ 439.3 M	104.4%
5.2%	£ 434.6 M	103.3%
5.7%	£ 429.9 M	102.2%
6.2%	£ 425.3 M	101.1%
6.7%	£ 420.8 M = BOOK VALUE	100.0%
7.2%	£ 416.4 M	98.9%
7.7%	£ 412.0 M	97.9%
8.2%	£ 407.8 M	96.9%
8.7%	£ 403.6 M	95.9%

The effective interest rate ("EIR") – i.e. the discount rate at which future cash flows equal the amortised cost, is 6.7 per cent. We have sensitised the cash flows at EIR intervals of 0.5 per cent up to +/- 2.0 per cent. The table reflects how a change in market interest rates or credit risk premiums may impact the fair value of the portfolio versus the amortised cost. Further, the Group considers the EIR of 6.7 per cent to be conservative as many of these loans were part of a business plan which involved transformation and many of these business plans are advanced in the execution and therefore significantly de-risked from the original underwriting and pricing (for example the Hotel, Spain). The volatility of the fair value to movements in discount rates is low due to the low remaining duration of most loans.

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INVESTMENT PORTFOLIO AT 30 JUNE 2021

As at 30 June 2021, the Group had 18 investments and commitments of £455.3 million as follows:

	Sterling equivalent balance ⁽¹⁾	Sterling equivalent unfunded commitment ⁽¹⁾	Sterling Total (Drawn and Unfunded)
Hospitals, UK	£25.0 m	–	£25.0 m
Hotel & Residential, UK	£49.9 m	–	£49.9 m
Office, Scotland	£4.9 m	£0.1 m	£5.0 m
Office, London	£13.6 m	£7.0 m	£20.6 m
Hotel, Oxford	£16.7 m	£6.3 m	£23.0 m
Hotel, Scotland	£38.1 m	£4.5 m	£42.6 m
Hotel, Berwick	£13.1 m	£1.9 m	£15.0 m
Life Science, UK	£19.5 m	£7.1 m	£26.6 m
Logistics Portfolio, UK ⁽²⁾	£0.6 m	–	£0.6 m
Total Sterling Loans	£181.4 m	£26.9 m	£208.3 m
Three Shopping Centres, Spain	£31.2 m	–	£31.2 m
Shopping Centre, Spain	£14.6 m	–	£14.6 m
Hotel, Dublin	£51.6 m	–	£51.6 m
Hotel, Spain	£46.6 m	–	£46.6 m
Office & Hotel, Madrid, Spain	£15.9 m	£0.9 m	£16.8 m
Mixed Portfolio, Europe	£24.8 m	–	£24.8 m
Mixed Use, Dublin	£3.9 m	£8.7 m	£12.6 m
Office Portfolio, Spain	£13.2 m	£0.3 m	£13.5 m
Office Portfolio, Ireland	£30.2 m	–	£30.2 m
Logistics Portfolio, Germany ⁽²⁾	£5.1 m	–	£5.1 m
Total Euro Loans	£237.1 m	£9.9 m	£247.0 m
Total Portfolio	£418.5 m	£36.8 m	£455.3 m

⁽¹⁾ Euro balances translated to sterling at period end exchange rate.

⁽²⁾ Logistics Portfolio, UK and Logistics Portfolio, Germany is one single loan agreement with sterling and Euro tranches.

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LOAN TO VALUE

Please refer to the 30 September 2020 factsheet for details on the methodology for calculating LTV and the valuation processes.

On the basis of the methodology previously outlined and including new valuations received, at 30 June 2021 the Group has an average last £ LTV of 63.5 per cent (31 March 2021: 63.6 per cent).

The table below shows the sensitivity of the loan to value calculation for movements in the underlying property valuation and demonstrates that the Group has considerable headroom within the currently reported last LTVs.

Change in Valuation	Hospitality	Retail	Residential	Other	Total
-25%	82.0%	101.1%	79.6%	83.3%	84.6%
-20%	76.9%	94.8%	74.6%	78.1%	79.3%
-15%	72.3%	89.2%	70.2%	73.5%	74.7%
-10%	68.3%	84.3%	66.3%	69.4%	70.5%
-5%	64.7%	79.8%	62.9%	65.7%	66.8%
0%	61.5%	75.8%	59.7%	62.5%	63.5%
5%	58.6%	72.2%	56.9%	59.5%	60.4%
10%	55.9%	69.0%	54.3%	56.8%	57.7%
15%	53.5%	66.0%	51.9%	54.3%	55.2%

SHARE BUY BACKS AND SHARE PRICE PERFORMANCE

During the second quarter of 2021, the Company's shares returned 12.8 per cent on a total return basis with the share price trading between 85.4 pence and 94.0 pence and ending the quarter at 94.0 pence, a 12-month high for the Company. Notwithstanding the Company having bought back 4,308,125 shares in the last twelve months to 30 June 2021, and the Board's regular deliberations about the use and appropriateness of share buybacks, it was decided that the general improvement in market sentiment and "return to work" theme was driving more positive investor sentiment resulting in no share buybacks in the last quarter. Indeed, this positive momentum has continued and it pleasing to see the share price start to respond to the increased demand for shares accordingly. Notwithstanding this, at the recent AGM, the Company renewed its authority to purchase up to 14.99 per cent of the Ordinary Shares in issue and may use this authority to address the imbalance in the demand and supply for shares where appropriate going forward.

As at 30 June 2021, the discount to NAV stood at 9.3% per cent, with an average discount to NAV of 12.1% per cent over the quarter, a marginal improvement from the discount of 13.9% per cent to NAV on average in the previous quarter. The Board and the Investment Manager and Adviser continue to believe that the shares represent very attractive value at this level.

* Note: the 30 June 2021 NAV is based off the current 30 June NAV as reported in this factsheet. All average discounts to NAV are calculated as the latest cum-dividend NAV available in the market on a given day, adjusted for any dividend payments from the ex-dividend date onwards.

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