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If you have sold or otherwise transferred all of your Shares in Starwood European Real Estate Finance Limited (the **Company**) please send this document and the accompanying Form of Proxy (if sent to you in hard copy) at once to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold any part of your holding of Shares in the Company, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately. However, such documents should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia, South Africa or Japan or into any other jurisdiction if to do so would constitute a violation of applicable laws and regulations in such other jurisdiction.

The Proposals described in this Circular are conditional on the approval of Shareholders. This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company, set out on pages 5 to 10 of this Circular, which contains the recommendation of the Directors that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

The definitions used in this document are set out on pages 22 to 24.

STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED

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

RECOMMENDED PROPOSALS FOR CHANGE OF INVESTMENT POLICY

ADOPTION OF NEW ARTICLES OF INCORPORATION TO PERMIT FUTURE RETURNS OF CAPITAL BY WAY OF COMPULSORY REDEMPTIONS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice of an Extraordinary General Meeting of the Company that is to be held at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL (or such other location in Guernsey as may be determined by the Directors and notified to Shareholders) at 9:30 a.m. on Friday, 27 January 2023 is set out at the end of this document. The Form of Proxy for use at the Extraordinary General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach Computershare Investor Services (Guernsey) Limited, C/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and in any event not later than 9:30 a.m. (London time) on 25 January 2023; or in the case of CREST members, by utilising the CREST electronic proxy appointment service (details of which are contained in this document) to Computershare, as soon as possible and in any event not later than 9:30 a.m. (London time) on 25 January 2023. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting, should they so wish.

Your attention is drawn to the sections entitled “Risk factors” on page 11 and “Action to be taken” on page 10 of this document.

Forward-looking statements

This Circular contains (or may contain) statements that are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are based on current expectations and projections about future events and other matters that are not historical fact. These forward-looking statements are sometimes identified by the use of a date in the future or forward-looking terminology, including, but not limited to, the words “aim”, “anticipate”, “believe”, “intend”, “plan”, “estimate”, “expect”, “may”, “target”, “project”, “will”, “could” or “should” or, in each case, their negative or other variations or words of similar meaning. These forward-looking statements include matters that are not historical facts and include statements that reflect the Directors’ intentions, beliefs and current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Company’s control. They are not guarantees of future performance and are based on one or more assumptions.

Statements contained in this Circular regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Forward-looking statements contained in this Circular apply only as at the date of this Circular. Subject to any obligations under the Listing Rules and the Disclosure Guidance and Transparency Rules or any other applicable law or regulation, 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.

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EXPECTED TIMETABLE

Publication of this Circular	Wednesday, 28 December 2022
Latest time and date for receipt of the Form of Proxy or transmission of CREST Proxy Instructions for the EGM	9:30 a.m. on Wednesday, 25 January 2023
Extraordinary General Meeting	9:30 a.m. on Friday, 27 January 2023
Announcement of results of EGM	Friday, 27 January 2023
Effective date of change of Investment Policy	Friday, 27 January 2023

Each of the times and dates in the expected timetable may (where permitted by law) be extended or brought forward without further notice. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service. All references to times in this document are to London time.

PART 1

LETTER FROM THE CHAIRMAN

STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED

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

Directors:

John Whittle (*Chairman*)
Charlotte Denton
Shelagh Mason
Gary Yardley

Registered Office:

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

28 December 2022

Recommended proposals for change of Investment Policy and adoption of New Articles of Incorporation to permit future returns of capital by way of compulsory redemptions

and

Notice of Extraordinary General Meeting

Dear Shareholder

1 Introduction

Further to the announcement made by Starwood European Real Estate Finance Limited (the **Company**) on 31 October 2022, I am writing to outline details of the Board's proposal that the Investment Policy be amended and New Articles be adopted such that the Board can pursue a strategy of orderly realisation and the return of capital over time to Shareholders.

On 15 December 2022, the Board obtained the prior approval of the FCA for the proposed amendments to the Company's Investment Policy, and accordingly is publishing this Circular to Shareholders to convene an Extraordinary General Meeting at which it will seek approval from Shareholders to amend the Company's Investment Policy and to adopt the New Articles to facilitate an orderly realisation.

Accordingly, the Company is now putting forward proposals which comprise:

- (a) a change to the Company's Investment Policy to reflect the fact that the Company will cease making any new investments and will pursue a realisation strategy of the remaining assets in the Company's portfolio; and
- (b) adoption of the New Articles which provide for the periodic Compulsory Redemption of the Company's Shares at the discretion of the Directors to allow cash to be returned to Shareholders following the full or partial realisation of assets,

together, the **Proposals**.

The proposed amendment to the Company's Investment Policy is considered a material change to the Existing Investment Policy, which requires the consent of Shareholders by ordinary resolution in accordance with the Listing Rules.

The adoption of the New Articles to permit the Compulsory Redemption of the Company's Shares requires Shareholder approval, pursuant to the Companies Law, and will be proposed as a special resolution.

This Circular sets out details of, and seeks your approval for, the Proposals and explains why the Board is recommending that you vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting to be held at 9:30 a.m. on Friday, 27 January 2023.

Notice of the EGM is set out at the end of this Circular. The Proposals are described in paragraphs 3 and 4 of this Part 1 and in Parts 3 and 4 of this Circular.

2 Background to, and reasons for, the Proposals

The Proposals follow a review of the Company's strategy and advice sought from its advisers.

Under the Company's current discount control mechanisms, if the Company's Shares trade at an average discount to Net Asset Value per Share of 5 per cent. or more during the six-month period ending 31 December 2022, the Directors, in their absolute discretion, may put a realisation offer to Shareholders (the **Realisation Offer**). Such Realisation Offer would allow Shareholders to request for up to 75 per cent. of their Shares to be realised for cash. Given the Company's share price and discount to Net Asset Value to date, it is highly likely that the Realisation Offer provisions would be triggered. In addition, the Articles give the Directors discretion to convene an extraordinary general meeting to approve the making of a Realisation Offer in circumstances where the Realisation Offer has not otherwise been triggered (a **Realisation Vote**).

The Board has determined that, following discussions with certain Shareholders, the likely take-up of a potential future Realisation Offer would be significant and that the Company would no longer be of a viable size to provide Shareholders with sufficient liquidity and scale. Accordingly, the Board has resolved that it be recommended to Shareholders that the Company should be placed into a managed wind-down with the aim of enabling Shareholders to realise their entire holdings in the Company over time.

In reaching this decision, the Board has considered a range of options and several factors including the prevailing and persistent discount to the Net Asset Value of the Shares, feedback from Shareholders, the market capitalisation and liquidity of the Shares, and the overall market backdrop.

To facilitate such orderly realisation of the Company's portfolio and the return of cash to Shareholders, the Directors are proposing that the Company's orderly realisation strategy be formally reflected in the Company's Investment Policy and that the New Articles be adopted to permit the Compulsory Redemption of the Company's Shares. It is intended that the provisions in the existing Articles relating to the Realisation Offer and Realisation Vote processes be removed, and cease to have any effect, upon adoption of the New Articles.

In line with the Board's proposal to adopt an orderly realisation strategy in relation to the Company's portfolio, the Company will seek to return cash to Shareholders in an orderly manner as soon as reasonably practicable following the repayment of loans, while retaining sufficient working capital for ongoing operations and the funding of committed but currently unfunded loan commitments.

The orderly realisation strategy will not result in the liquidation of the Company in the immediate future or require the Company to dispose of assets within a defined timeframe. The proposed new

strategy, if approved by Shareholders, would be implemented in a manner that would seek to maximise value to Shareholders.

Should the Proposals be approved by Shareholders, the Directors will be able to continue to execute a managed realisation of the Company's assets, in a prudent manner consistent with the principles of good investment management and as required by the Listing Rules.

The current contractual maturity of the loans by funded loan balances is as shown below and the weighted average remaining loan term is 1.8 years (figures are as at 30 November 2022). However, borrowers may elect to repay loans before contractual maturity (in full or in part) and may exercise permitted loan extensions (subject to meeting certain conditions) and in order to maximise Shareholder value the Company may extend the term of a loan at its discretion.

Remaining years to contractual or negotiated maturity*	% of invested portfolio
0 to 1 years	40.2
1 to 2 years	25.1
2 to 3 years	20.9
3 to 5 years	13.8
5 to 10 years	0.0

* Excludes any permitted extensions. Note that borrowers may elect to repay loans before contractual maturity and that in order to maximise Shareholder value the Company may extend the term of a loan. Negotiated maturity is agreed subject to certain conditions being met by the borrower.

Accordingly, the Board's current expectation is that the first Compulsory Redemption will be effected during the course of the first half of 2023 with remaining capital expected to be returned to Shareholders within an overall timeframe of four to five years depending on whether or not borrowers exercise their existing extension rights. However, the specific timings for Compulsory Redemptions and the overall duration of this process may vary from the above.

As and when proceeds from the realisation of the Company's assets are received, the Directors will have the discretion to make Compulsory Redemptions of Shares in volumes and on dates to be determined by the Directors. The proceeds of any realisation of the Company's assets in line with the New Investment Policy will not necessarily be distributed at or soon after the date of any such realisation but may be retained and aggregated with the proceeds of other realisations pending return to Shareholders. The number of Shares to be redeemed shall have an aggregate Net Asset Value equivalent to the amount proposed to be returned to Shareholders and will be redeemed from all Shareholders *pro rata* to their Shareholdings on the relevant Redemption Date. Details of any Compulsory Redemption approved by the Board will be announced to the market by way of an announcement released on a Regulatory Information Service.

It is the Board's current intention to maintain the current target level of dividend of 5.5p per share per annum, whilst the Company remains substantially invested, should the Proposals be approved by Shareholders (this is a target only and does not constitute a profit forecast). However, it is anticipated that the amount of any dividends will likely reduce (or that dividends will cease to be paid by the Company) over time prior to the Company being wound up due to the expected reduction in the Net Asset Value and decrease in diversification of the Company's portfolio as the Company's realisation strategy and managed wind-down is implemented.

No changes to the basis of determination of the existing investment management fee payable to the Investment Manager are currently expected to be made in connection with the implementation of the Proposals. However, it is anticipated that the amount of such investment management fee will reduce over time as a result of the expected reduction in the Company's Net Asset Value arising from the realisation of the Company's portfolio.

3 Change of Investment Policy

The Company's Existing Investment Policy does not correspond to its proposed orderly realisation strategy, which is to undertake a staged return of capital as it progressively realises its remaining assets. A staged return of capital and the realisation of all the Company's remaining assets are not currently specifically contemplated within the scope of the Company's Existing Investment Policy. The Directors believe that the proposed New Investment Policy will help to facilitate such orderly realisation and return of capital. Therefore, an ordinary resolution approving a formal change of the Existing Investment Policy to reflect the Board's orderly realisation strategy will be proposed at the Extraordinary General Meeting.

It is intended that the Company's listing and the capacity to trade in its Shares will be maintained for as long as practicable during the realisation process and subject to any regulatory considerations. Accordingly, once a significant proportion of the Company's assets have been realised, the Board will then consider, in the light of the then prevailing market conditions and Shareholders' views, proposing a resolution for delisting, followed by another resolution for a formal voluntary liquidation of the Company, both of which will require additional Shareholder approval at the relevant time.

Further details on the change of the Existing Investment Policy, including the text of the proposed New Investment Policy, are set out in Part 3 of this Circular. A summary of certain possible risks associated with the proposed change of the Existing Investment Policy is set out in Part 2 of this Circular. The New Investment Policy will only become effective once approved by Shareholders at the Extraordinary General Meeting. The proposed ordinary resolution to change the Investment Policy (Resolution 1) is set out in the Notice of EGM at the end of this document.

4 Change of Articles, staged return of capital and Compulsory Redemptions of Shares

The Company proposes to undertake a staged return of capital to Shareholders. The Directors propose to effect the return of capital by way of redemptions of Shares compulsorily (each a **Compulsory Redemption**). Currently the Company's Shares are non-redeemable. Accordingly, it will first be necessary to change the Company's existing Articles to permit the Directors, at their sole discretion, to effect a Compulsory Redemption of Shares on an ongoing basis, and *pro rata* to a Shareholder's shareholding in the Company, in order to return capital to Shareholders.

The Board's current expectation is that the first Compulsory Redemption will be effected during the course of the first half of 2023 with remaining capital expected to be returned to Shareholders within an overall four to five year timeframe.

Further details regarding the return of capital and the proposed changes to the Articles are set out in Part 4 of this Circular. A summary of certain possible risks associated with the return of capital is set out in Part 2 of this Circular. The proposed special resolution to approve the adoption of the New Articles to permit Compulsory Redemptions of the Shares (Resolution 2) is set out in the Notice of EGM at the end of this document.

Details of the tax consequences of the Proposals for certain Shareholders are set out in Part 5 of this Circular.

5 Benefits of the Proposals

The Board believes, having taken into account the views of certain Shareholders and the Investment Manager, that the Proposals are in the best interests of the Company and its Shareholders as a whole, and should yield the following principal benefits:

- (a) implementing an orderly realisation of investments is expected to achieve a balance between maximising the net value received from those investments and making timely returns to Shareholders;

- (b) the Company will be able to return cash to Shareholders in a cost-effective and timely manner through the proposed Compulsory Redemption mechanism (or by way of such other mechanisms which the Directors consider in their discretion, and are in the best interests of Shareholders from time to time); and
- (c) it is intended that the Company's listing and the capacity to trade in its Shares will be maintained for as long as practicable during the realisation process subject to regulatory considerations, enabling Shareholders to continue to trade their Shares and thereby exit their investment through the market from time to time.

6 Costs of the Proposals

The costs and expenses relating to the approval of the Proposals to be incurred by the Company are estimated to amount to approximately £210,000. It should be noted that the estimated costs and expenses are exclusive of the costs of implementing the proposed new realisation strategy and the ongoing costs of running the Company.

7 Risk factors

The Directors have given consideration to the potential risks and uncertainties relating to the Proposals.

For a discussion of certain risk factors which Shareholders should take into account when considering whether to vote in favour of the Resolutions, please refer to Part 2 of this Circular.

8 Consent

The Investment Manager has given and has not withdrawn its written consent to the inclusion of the references to its name in the form and context in which they are included in this document.

9 Extraordinary General Meeting

At the end of this Circular, you will find the Notice of EGM, convening an extraordinary general meeting of the Company which is to be held at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL (or such other location in Guernsey as may be determined by the Directors and notified to Shareholders) at 9:30 a.m. on Friday, 27 January 2023.

A summary of the action you should take is set out in the paragraph below and in the Form of Proxy that accompanies this Circular.

The Resolutions seek the approval of Shareholders for:

- (a) Resolution 1: the change of the Existing Investment Policy (the full text of the proposed New Investment Policy is set out in paragraph 1 of Part 3 of this Circular); and
- (b) Resolution 2: the adoption of the New Articles to permit the Directors to undertake Compulsory Redemptions of the Shares at their sole discretion (as described in Part 4 of this Circular).

The full text of the Resolutions to be proposed at the Extraordinary General Meeting is set out in the Notice of EGM at the end of this Circular. A draft of the proposed New Articles (showing the full terms of the changes proposed to be made) will be available for inspection on the National Storage Mechanism from the date of sending of this Circular and may be inspected at the registered office of the Company, 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, Channel Islands, GY1 2HL, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Circular up to and including the date of the Extraordinary

General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes before and during the Extraordinary General Meeting.

Resolution 1 will be proposed as an ordinary resolution and the passing of such Resolution will require a simple majority of the votes cast in person or by proxy. Resolution 2 will be proposed as a special resolution and the passing of such Resolution will require a 75 per cent. majority of the votes cast in person or by proxy.

The implementation of the Proposals will require the approval of both of the Resolutions. If either or both of the Resolutions are not passed, then the existing provisions in the Articles in relation to the discretion to make the Realisation Offer or propose a Realisation Vote (as described above) and the Existing Investment Policy will continue to apply and the Proposals will not proceed.

10 Action to be taken by Shareholders

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting.

Whether or not you intend to be present at the EGM, please complete the Form of Proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and to return it to the Registrar at the address indicated on the front page of this document, as soon as possible, **but in any event so as to arrive not later than forty-eight hours (excluding non-working days) before the time appointed for holding the Extraordinary General Meeting.**

The completion and return of a Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

11 Further information

Your attention is drawn to the further information set out in Parts 2 to 5 of this Circular. You should read the whole of this Circular and, in particular, the risk factors set out in Part 2, before deciding on the course of action you will take in respect of the Resolutions and the Proposals.

12 Recommendation

The Board considers the Proposals to be in the best interests of the Company and Shareholders as a whole.

Accordingly, the Board recommends Shareholders vote in favour of the Resolutions to adopt the proposed New Investment Policy and the New Articles, as they intend to do in respect of their own beneficial holdings which, as at 20 December 2022, being the latest practicable date prior to the publication of this Circular, amount in aggregate to 191,129 Shares, representing approximately 0.05 per cent. of the Company's existing issued share capital.

Yours faithfully

John Whittle
Chairman

PART 2

RISK FACTORS

Prior to voting on the Resolutions, Shareholders should carefully consider the risk factors described in this Part 2. The risk factors below represent certain risks known to the Directors as at the date of this Circular which the Directors consider to be material and to relate to the Proposals, or that represent new or changed risks to the Company as a consequence of these matters. Shareholders should note that the risk factors set out below do not purport to comprise a complete list or explanation of all relevant risks which may affect the Company alone or in connection with the Proposals and are not set out in any order of priority. If any or a combination of the events described below actually occurs, the business, results of operations, financial condition or prospects of the Company could be materially and adversely affected. In such case, the market price of the Shares could decline, and Shareholders may lose all or part of their investment.

1 Risks associated with the change of the Existing Investment Policy

There can be no guarantee that the change to the Company's Existing Investment Policy will provide the returns, or realise the value, described in this Circular. The liquidity profile of the Group's portfolio is such that Shareholders may have to wait a considerable period of time before receiving any returns of capital or other distribution.

During the orderly realisation process, the size and value of the Group's portfolio will be reduced as investments are realised and concentrated in fewer holdings, and the mix of asset exposure will be affected accordingly. This may adversely affect the performance of the Group's portfolio as it is exposed to a portfolio with lower diversification.

The Company might experience increased volatility in its Net Asset Value and/or the price of its Shares as a result of possible changes to the structure of the Group's portfolio following the approval of the Proposals and further realisations. Further, it is anticipated that the amount of any dividends will likely reduce (or that dividends will cease to be paid by the Company) over time prior to the Company being wound up due to the expected reduction in the Net Asset Value and decrease in diversification of the Company's portfolio as the Company's realisation strategy and managed wind-down is implemented.

The Group's assets may not be realised at their carrying value, and it is possible that the Group may not be able to realise some assets at any value. In addition, there is no certainty as to the timing of the realisation of any asset and/or the return of capital to Shareholders. There is no prescribed redemption schedule for loans in the Group's portfolio, and realisation of such loans may be irregular. Loan maturity dates may also change or loans sold or repaid at various times.

Sales commissions, liquidation costs, taxes and other costs associated with the realisation of the Company's assets together with the usual operating costs of the Company will reduce the cash available for distribution to Shareholders.

The maintenance of the Company as an ongoing listed vehicle with its Shares admitted to listing on the premium segment of the Official List and to trading on the premium segment of the Main Market of the London Stock Exchange will entail administrative, legal and regulatory costs, which will decrease the amount ultimately distributed to Shareholders. Although the Board intends to maintain the Company's listing for as long as the Directors believe it to be practicable during the orderly realisation, the Directors shall promptly notify the FCA and may seek suspension of the listing of the Shares pursuant to the requirements of the Listing Rules (which may include Shareholder approval prior to any suspension or de-listing) if the Company can no longer satisfy the continuing obligations for listing set out therein including, but not limited to, the requirements in respect of Shares held in "public hands" (as such phrase is defined in the Listing Rules) and in relation to spreading investment risk, and consequently the listing of the Shares may be

suspended and / or cancelled. Once suspended and / or cancelled, the Shares would no longer be capable of being traded on the London Stock Exchange, which would materially reduce market liquidity in the Shares.

It should also be noted that there may be other matters or factors which affect the availability, amount or timing of receipt of the proceeds of realisation of some or all of the Group's investments. In particular, ongoing returns of value to Shareholders will decrease the size of the Group's assets, thereby increasing the impact of fixed costs incurred by the Group on the remaining assets. In determining the size of any distributions, the Directors will take into account the Group's ongoing running costs, and the eventual liquidation costs of the Company. However, should these costs be greater than expected or should cash receipts for the realisations of investments be less than expected, this will reduce the amount available for Shareholders in future distributions.

Following adoption of the New Investment Policy, the Company will be unable to make new investments other than to honour existing contractual commitments or to preserve the value of underlying security or otherwise to invest realised cash in liquid cash-equivalent securities for the purposes of cash management, pending its return to Shareholders, in accordance with the New Investment Policy. The value of such cash-equivalent securities, including the Company's cash balances, may fluctuate and the amount of value available to be returned to Shareholders may decrease as a result.

The Company reports in Sterling. The Sterling amount of the proceeds received by the Company from any realisation of assets may depend upon exchange rates between the relevant currencies of cash received and Sterling at the relevant time. Any return of capital will be paid to Shareholders in Sterling.

2 Risks associated with the proposed New Articles permitting the Compulsory Redemption of Shares

If the New Articles are not adopted so as to permit the Compulsory Redemption of Shares, the Company will have to utilise other methods to make distributions to Shareholders, which may be less efficient than the Compulsory Redemption of Shares.

There is no guarantee that the Compulsory Redemption mechanism or any return of capital pursuant to a Compulsory Redemption will take place. The Board may determine, in its absolute discretion, not to make any return of capital pursuant to a Compulsory Redemption.

The amount of cash that the Company will be able to return to Shareholders in the future will depend on the performance of the Company's remaining assets and the proceeds eventually realised from them. Borrower default and/or the renegotiation of terms may affect the ability to realise loans.

The Company's cash balances will be reduced by any Compulsory Redemption or other distribution to Shareholders, thereby increasing the impact of fixed costs incurred by the Company on the remaining assets. The funds returned to Shareholders pursuant to a Compulsory Redemption or other distribution will no longer be available for application in the ordinary course of the Company's business or to meet contingencies.

Shareholders are advised that future returns of cash may not necessarily be made as soon as cash becomes available. Shareholders should also note that, due to the illiquid nature of the Company's investments, there can be no certainty of the length of time it may take to complete a realisation of all the Company's assets.

In determining the size of any Compulsory Redemption or other distribution to Shareholders, the Directors will take into account the Company's ongoing running costs. However, should these costs be greater than expected or should cash receipts for the realisations of investments be less

than expected, this will reduce the amount available for Shareholders in future Compulsory Redemptions or distributions.

The market price of the Shares is subject to change during the course of, and subsequent to, any Compulsory Redemption. It therefore cannot be certain whether the value returned to Shareholders pursuant to any Compulsory Redemption will be greater or less than the price at which Shares could be sold in the market at any given time.

Any Compulsory Redemption will reduce the number of Shares in issue. The impact on the liquidity and the market price of the Shares as a result of the implementation of the Compulsory Redemption, if any, cannot be predicted and Shareholders may find it more difficult to sell their Shares, or may be forced to sell them at a lower price as supply and demand for Shares may change. More generally, as with all investment company shares, the market price of the Shares may not reflect the underlying Net Asset Value of the Company and the discount (or premium) to Net Asset Value at which the Shares trade may fluctuate from day to day, depending on factors such as supply and demand, market conditions and general sentiment.

Levels of, and legislation and practice concerning, taxation may change. Shareholders should have regard to the information in relation to taxation set out in Part 5 of this Circular. There is no guarantee that any capital returned to Shareholders pursuant to the Compulsory Redemption mechanism will be taxed in a certain way, and any taxation will be dependent on the character and jurisdiction of the Shareholder and the manner in which the Shares are held. The position may be different for future transactions and may vary from the date of this document and any implementation of the Compulsory Redemption mechanism. Shareholders who are in any doubt as to what their tax position would be, should the Proposals be implemented, are encouraged to consult an appropriate professional adviser.

Any Compulsory Redemption may be subject, amongst other things, to the Board being able to give the necessary certificate(s) of solvency required by Guernsey law. Any Compulsory Redemption may be subject to the Board continuing to be satisfied, on reasonable grounds, that the Company will, immediately after each such Compulsory Redemption, continue to satisfy the statutory solvency test. There can be no guarantee that the Board will be able to give such solvency certificate at the relevant time or that the Company will continue to satisfy the statutory solvency test.

PART 3

CHANGE OF INVESTMENT POLICY

In connection with the Company's proposed orderly realisation and return of capital to Shareholders, the Directors consider it to be in the best interests of the Company and its Shareholders that the Company's Existing Investment Policy be changed to facilitate the realisation of the Company's remaining assets. The Company is therefore seeking Shareholder approval at the Extraordinary General Meeting for the adoption of the proposed New Investment Policy (set out in full in paragraph 1 below) to replace the Existing Investment Policy.

1 Proposed New Investment Policy

New Investment Objective

The Company's investment objective is to conduct an orderly realisation of the assets of the Group.

New Investment Policy

The assets of the Group will be realised in an orderly manner, returning cash to Shareholders at such times and in such manner as the Board may, in its absolute discretion, determine. The Board will endeavour to realise all of the Group's investments in a manner that achieves a balance between maximising the net value received from those investments and making timely returns to Shareholders.

The Group may not make any new investments save that:

- investments may be made to honour commitments under existing contractual arrangements or to preserve the value of any underlying security; and
- cash held by the Group pending distribution will be held in either cash or cash equivalents for the purposes of cash management.

Subject to the above restrictions, the Company retains the ability to 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 but not limited to true sale securitisation, repurchase transactions and loan-on-loan financing) 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.

Transactions with Starwood Capital Group or Other Accounts

Subject to the above restrictions, the Company retains the ability to transact with companies within the Starwood Capital Group or any fund, company, limited partnership or other account managed or advised by any member of the Starwood Capital Group (**Other Accounts**) in furtherance of the Company's investment objective to conduct an orderly realisation of the Group's assets (for example, sales of the Group's assets to companies within the Starwood Capital Group or certain Other Accounts or amendments to pre-existing arrangements). In order to manage the potential conflicts of interest that may arise as a result of any such transactions, any such proposed transaction may only be entered into if the independent Directors of the Company have reviewed and approved the terms of the transaction, complied with the conflict of interest provisions in the Registered Collective Investment Scheme Rules and Guidance, 2021 issued by the Commission under The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and, where

required by the Listing Rules, Shareholder approval is obtained in accordance with the listing rules issued by the Financial Conduct Authority.

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

While Starwood Capital Group and certain Other Accounts are party to certain pre-existing co-investment commitments, no new co-investment arrangements are expected to be entered into by, or in relation to, the Company in the future during the orderly realisation of the Company's assets.

Borrowings

The Group may utilise borrowings from time to time for working capital and general corporate purposes provided such borrowings will not exceed an amount equal to 30% of the Net Asset Value immediately following the drawdown of the borrowings.

In calculating the Company's borrowings for this purpose, any liabilities incurred under its foreign exchange hedging arrangements (described below) shall be disregarded.

Hedging

The Company will not enter into derivative transactions for purely speculative purposes. However, the Company's investments have been typically made in the currency of the country where the underlying real estate assets are located. The Company may continue to 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 have been 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.

FCA Listing Rule restrictions

The Group will continue to comply with the restrictions imposed by the Listing Rules in force from time to time.

Any material change to the Company's published investment policy will be made only with the prior approval of the Financial Conduct Authority and of Shareholders by ordinary resolution at a general meeting of the Company.

2 Effectiveness of the change of the Existing Investment Policy

The FCA has, in accordance with the Listing Rule 15.4.8, given its approval to the proposed change to the Company's Existing Investment Policy and the adoption of the New Investment Policy. The proposed change of the Existing Investment Policy will, however, become effective only once approved by Shareholders at the Extraordinary General Meeting.

3 Risks associated with the adoption of the New Investment Policy

Please refer to Part 2 of this Circular for a summary of certain possible risks associated with the proposed adoption of the New Investment Policy.

PART 4

COMPULSORY REDEMPTION OF SHARES AND RELATED CHANGES TO THE ARTICLES

1 Proposed staged return of capital to Shareholders by Compulsory Redemptions of Shares

Pursuant to the Proposals, the Company proposes to undertake a staged return of capital to Shareholders. It is proposed to effect the return of capital by way of Compulsory Redemptions of Shares. Currently the Shares are non-redeemable and, accordingly, it will first be necessary to change the Articles to authorise the Directors to compulsorily redeem some or all of the Shares at the discretion of the Board.

Following such change, the Company will have the power to make Compulsory Redemptions of Shares in volumes and on dates to be determined at the Directors' sole discretion, with the amount distributed in respect of the Shares on each occasion to be determined by the Directors at the relevant time having regard to the amount of cash available for distribution and retaining sufficient working capital for ongoing operations. Shares will be redeemed from all Shareholders *pro rata* to their existing holdings of the Shares on the relevant Redemption Date. The Directors will be authorised to make such Compulsory Redemptions in accordance with the process to be included in the New Articles (the mechanics of which are described in paragraphs 2 and 3 below).

2 Changes to make the Shares redeemable

In order to make the Shares redeemable, it is proposed to adopt the New Articles (in substitution for the Company's existing Articles) in order to permit the redemption of some or all of the Company's Shares at the sole discretion of the Directors and to set out the procedure by which the Directors may undertake any Compulsory Redemption of such Shares.

Accordingly, the Company is proposing a special resolution (Resolution 2), which will, if passed, adopt the New Articles including the Compulsory Redemption mechanism described in paragraphs 2 and 3 of this Part 4.

The full text of Resolution 2 is set out in the Notice of EGM at the end of this document. A draft of the proposed New Articles (showing the full terms of the changes proposed to be made) will be available for inspection on the National Storage Mechanism from the date of sending of this Circular and may be inspected at the registered office of the Company, 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, Channel Islands, GY1 2HL, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Circular up to and including the date of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes before and during the Extraordinary General Meeting.

Once the New Articles have been adopted, it is proposed that the Board will resolve to undertake Compulsory Redemptions of the Shares in stages in line with the Company's orderly realisation strategy. The Directors may only authorise a Compulsory Redemption of Shares if they are satisfied on reasonable grounds that, immediately after such Compulsory Redemption is made, the Company would satisfy the statutory "solvency test".

For the purpose of the Companies Law, the Company would satisfy the "solvency test" if:

- (a) the Company is able to pay its debts as they became due; and
- (b) the value of the Company's assets is greater than the value of its liabilities.

3 Mechanics of Compulsory Redemptions

Under the New Articles, the Directors will be authorised to make Compulsory Redemptions of Shares in volumes and on dates to be determined at the Directors' sole discretion. The Directors will determine the aggregate amount to be distributed to Shareholders pursuant to any Compulsory Redemption, having regard to the amount of cash available for distribution whilst retaining sufficient working capital for ongoing operations. Shares will be redeemed from all Shareholders *pro rata* to their existing holdings of the Shares on the relevant Redemption Date.

As and when the Directors exercise their discretion to redeem compulsorily a given percentage of the Shares of any class in issue, the Company will make a Redemption Announcement in advance of the relevant Redemption Date. The Redemption Announcement is expected to include the following details:

- (a) the aggregate amount to be distributed to Shareholders;
- (b) the Relevant Percentage of Shares to be redeemed (*pro rata* as between the holders of Shares as at the Redemption Record Date);
- (c) a timetable for the Compulsory Redemption and distribution of redemption proceeds, including the Redemption Date and Redemption Record Date;
- (d) the Redemption Price per Share, which is expected to be calculated by reference to the Net Asset Value per Share (as at a date selected by the Directors) of the Shares that will be redeemed on a given Redemption Date, less the costs associated with the relevant redemption and as adjusted as the Directors consider appropriate;
- (e) the New ISIN in respect of Shares which will continue to be listed following the relevant Redemption Date; and
- (f) any additional information that the Board deems necessary in connection with the Compulsory Redemption.

Compulsory Redemptions of Shares will become effective on each Redemption Date, being a date chosen at the Directors' absolute discretion, as determined by the Directors to be in the best interests of Shareholders as a whole. In determining the timing of any Redemption Date, the Directors will take into account, among other things, the amount of cash available for payment of redemption proceeds and the costs associated with such Compulsory Redemption.

Accordingly, the proceeds of any realisation of the Company's assets in line with the proposed New Investment Policy will not necessarily be distributed at or soon after the date of any such realisation but may be retained and aggregated with the proceeds of other realisations pending return to Shareholders. The Shares redeemed will be the Relevant Percentage of the Shares registered in the names of Shareholders on the relevant Redemption Record Date. Shareholders will receive the Redemption Price per Share in respect of each of their Shares redeemed compulsorily.

In the case of Shares held in uncertificated form (that is, in CREST), Compulsory Redemptions will take effect automatically on each Redemption Date and the redeemed Shares will be cancelled. All Shares in issue will be disabled in CREST after 6.00 p.m. (UK time) on the relevant Redemption Date and the Old ISIN will expire. The New ISIN in respect of the remaining Shares in issue and which have not been redeemed will be enabled and available for transactions from and including the first Business Day following the relevant Redemption Date (or such other date notified to Shareholders). The New ISIN will be notified to Shareholders in the relevant Redemption Announcement. Up to and including the relevant Redemption Date, Shares will be traded under the Old ISIN and, as such, a purchaser of such Shares would have a market claim for a proportion of the redemption proceeds. CREST will automatically transform any open

transactions as at the relevant Redemption Date (which may be the record date for the purposes of the redemption) into the New ISIN.

In the case of Shares held in certificated form (that is, not in CREST), Compulsory Redemptions will take effect automatically on each Redemption Date. As the Shares will be compulsorily redeemed, certificated Shareholders do not need to return their Share certificates to the Company in order to claim their redemption monies. Shareholders' existing Share certificates will be cancelled and new Share certificates will be issued to each such Shareholder for the balance of their shareholding in the Company after each Redemption Date. Cheques will automatically be issued to certificated Shareholders upon the cancellation of any of their Shares. All Shares that are redeemed will be cancelled with effect from the relevant Redemption Date. Accordingly, once redeemed, Shares will be incapable of transfer.

Payments of redemption monies are expected to be effected either through CREST (in the case of Shares held in uncertificated form) or by cheque (in the case of Shares held in certificated form) within 14 Business Days of the relevant Redemption Date, or as soon as practicable thereafter. Shareholders will be paid their redemption proceeds in Sterling.

4 Alternative methods to return cash to Shareholders

The Directors shall continue to have the right to return cash otherwise than through Compulsory Redemptions, such as by way of tender offers to Shareholders to purchase their Shares. In such circumstances, a tender offer will be made to Shareholders in accordance with market practice and in compliance with the Listing Rules and the Companies Law. Further, the Directors may determine, in their absolute discretion where they consider it to be in the best interests of Shareholders, to return cash from the realisation of the Company's assets in accordance with the New Investment Policy to Shareholders by way of dividend or any other distribution permitted by the Listing Rules and the Companies Law.

The provisions of the existing Articles pertaining to the Realisation Offer and Realisation Vote processes (referred to in paragraph 2 of Part 1 of this Circular) are intended to be removed, and cease to have any effect, upon adoption of the New Articles.

PART 5

TAXATION

The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and HM Revenue & Customs' published practice at the date of this Circular (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in the United Kingdom for United Kingdom tax purposes and who are and will be the absolute beneficial owners of their Shares and who hold them as investments (and not as securities to be realised in the course of a trade) other than under an independent savings account. They may not apply to certain shareholders, such as dealers in securities, insurance companies, collective investment schemes and Shareholders who are exempt from taxation. Any statements made in respect of tax rates for individual UK Shareholders assume that the Shareholder is a UK resident and domiciled individual who is neither a Scottish taxpayer nor a Welsh taxpayer. Different tax rates may apply to UK resident individuals who are Scottish taxpayers or Welsh taxpayers.

1 The Company

The Directors intend that the affairs of the Company are 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 income with a UK source.

2 Amendments to the Articles to permit the compulsory redemption of Shares

The amendment to the Articles (by way of adoption of the New Articles in substitution for the Company's existing Articles) to permit the Directors to compulsorily redeem the (currently) non-redeemable Shares should constitute a reorganisation of the Company's share capital and accordingly should not be treated as a disposal for the purposes of UK taxation of capital gains, or a distribution for the purposes of the UK taxation of income.

3 Redemption of Shares

UK tax resident individuals

On redemption of the Shares, an individual Shareholder who is tax resident in the UK may, depending on his or her individual circumstances, be subject to capital gains tax on the amount of any capital gain realised, as the redemption should be treated as a disposal of the shares.

The amount of capital gains tax, if any, payable by an individual Shareholder in relation to the chargeable gain will depend on his or her personal tax position. Any net gains will be taxed at the individual's relevant capital gains tax rate.

If the individual is a basic rate income taxpayer, any net gain will be taxable at 10 per cent. However, if the gain exceeds the individual's basic income tax band the gain will be taxed at 20 per cent. to the extent of the excess.

If the individual is a higher or additional rate taxpayer then any net gain will be taxable at 20 per cent.

Individuals may, depending on their personal circumstances, benefit from certain allowances, including an annual exemption which is £12,300 for the tax year ending 5 April 2023 (expected to

reduce to £6,000 for the tax year ending 5 April 2024, and to reduce to £3,000 for the tax year ending 5 April 2025).

UK tax resident companies

For Shareholders who are UK tax resident companies, the redemption of Shares may be treated as giving rise to both an income distribution and a capital disposal. The extent to which the proceeds are treated as a distribution will depend amongst other things on the amount initially subscribed for the redeemed Shares and may be affected by subsequent transactions.

Shareholders within the charge to UK corporation tax that are “small companies” (for the purposes of UK taxation of distributions) should expect to be subject to tax on any income distribution deemed to arise on the redemption of Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on any income distribution deemed to arise on redemption of the Shares provided that the distribution falls within an exempt category and certain conditions are met. In general, a distribution to a UK corporate shareholder which holds less than 10 per cent. of the Shares should fall within an exempt category. However, the exemptions are not comprehensive and are subject to various anti-avoidance rules. If the conditions for exemption are not satisfied or cease to be satisfied, or such a Shareholder elects for an otherwise exempt distribution to be taxable, the Shareholder will be subject to corporation tax on any income distribution deemed to arise on redemption of the Shares.

The portion of the proceeds that is not treated as an income distribution should be treated as consideration for a disposal of the shares for a Shareholder within the charge to UK corporation tax. This may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as an indexation allowance up to December 2017), give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax.

Offshore Fund Rules

The treatment described above is based on any gain arising on a disposal of a Shareholder's Shares not being taxed as income under the “offshore fund” rules which apply for the purposes of UK tax legislation. Under current law, if the Company were to be treated for UK taxation purposes as an “offshore fund”, gains on disposals of Shares realised by a Shareholder would be taxable as income and not as capital gains. The Board has been advised that the Company should not be regarded as an offshore fund for UK tax purposes.

4 Stamp duty and stamp duty reserve tax (SDRT)

No stamp duty or SDRT will be payable by Shareholders on the adoption of the New Articles to permit the Compulsory Redemption of the (currently) non-redeemable Shares so that they become redeemable nor on the subsequent redemption of the Shares.

Shareholders are advised to take independent professional advice as to the potential application of the tax advantage provisions in the light of their own particular motives and circumstances.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

Articles	the articles of incorporation of the Company
Board or Directors	the directors of the Company
Business Day	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London and Guernsey for the transaction of normal business
certificated or in certificated form	not in uncertificated form
Circular	this document
Companies Law	The Companies (Guernsey) Law 2008 (as amended)
Company	Starwood European Real Estate Finance Limited
Compulsory Redemption	any compulsory redemption of the Company's shares at the sole discretion of the Directors in accordance with the New Articles (assuming Resolution 2 is passed at the EGM) as further described in Part 4 of this Circular
CREST	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations
CREST Manual	the compendium of documents entitled the "CREST Manual" issued by Euroclear from time to time
CREST Proxy Instruction	a CREST message properly authenticated in accordance with Euroclear's specifications and containing the information required for such instructions as described in the CREST Manual
CREST Regulations	The Uncertificated Securities (Guernsey) Regulations, 2009 (SI 2009 No. 48), as amended
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules of the FCA, as amended from time to time
Euroclear	Euroclear UK & International Limited, the operator of CREST
Existing Investment Policy	the Company's Investment Policy which applies as at the date of this Circular
Extraordinary General Meeting or EGM	the extraordinary general meeting of the Company convened for 9:30 a.m. on Friday, 27 January 2023 at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL (or any adjournment thereof)
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom including any replacement or substitute therefor, and any regulatory body

	or person succeeding, in whole or in part, to the functions thereof
Form of Proxy	the form of proxy accompanying this document for use by Shareholders in relation to voting at the EGM
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
Group	the Company, its subsidiaries and subsidiary undertakings
Investment Manager	Starwood European Finance Partners Limited
Investment Policy	the investment objective and investment policy of the Company from time to time
Jefferies	Jefferies International Limited
Listing Rules	the Listing Rules made by the FCA under section 73A of FSMA
London Stock Exchange	London Stock Exchange plc
National Storage Mechanism	the system identified by the FCA on its website as the national storage mechanism for regulatory announcements and certain documents published by issuers
Net Asset Value or NAV	the value of the assets of the Company less its liabilities (including accrued but unpaid fees), or, where relevant, the assets attributable to that class of share (including accrued but unpaid fees), in each case determined (by the Directors in their absolute discretion) in accordance with the accounting principles adopted by the Company from time to time
Net Asset Value per Share	at any time the Net Asset Value attributable to the Shares divided by the number of Shares in issue (other than Shares held in treasury) at the date of calculation
New Articles	the new articles of incorporation of the Company proposed to be adopted by the passing of Resolution 2 set out in the Notice of EGM at the end of this Circular and including the redemption terms attaching to the Shares
New Investment Policy	the proposed new Investment Policy of the Company, the full text of which is set out in paragraph 1 of Part 3 of this Circular
New ISIN	a new ISIN in respect of the Shares remaining in issue following a Redemption Date, which have not been redeemed on such date
Notice of EGM	the notice of the Extraordinary General Meeting set out at the end of this document
Old ISIN	the disabled ISIN by virtue of the redemption of Shares on a Redemption Date (being, at the date of this Circular, GG00B79WC100)
Proposals	as defined in paragraph 1 of Part 1 (<i>Letter from the Chairman</i>) of this Circular

Redemption Announcement	the announcement to be made by the Company to Shareholders in advance of any Compulsory Redemption
Redemption Date	the date on which a Compulsory Redemption becomes effective
Redemption Price per Share	the Net Asset Value per Share of the Shares that will be redeemed on a particular Redemption Date, less the costs associated with the relevant redemption and as adjusted as the Directors consider appropriate
Redemption Record Date	close of business on the relevant Redemption Date or as otherwise set out in the relevant Redemption Announcement
Register	the register of members of the Company
Registrar	Computershare Investor Services (Guernsey) Limited
Regulatory Information Service	a primary information provider approved by the FCA under section 89P of FSMA
Relevant Percentage	the percentage of Shares to be redeemed by the Company on a given Redemption Date
Resolutions	the resolutions relating to the Proposals and set out in the Notice of EGM at the end of this Circular
Shares	ordinary shares of no-par value in the share capital of the Company
Shareholders	the holders of the Shares
Starwood Capital Group or Starwood	Starwood Capital Group Management, LLC, its affiliates and any other Starwood Capital Group entities (including any predecessor entities) principally controlled by Mr Barry Sternlicht and Starwood Capital Group Management, LLC
Sterling or GBP or £	the lawful currency of the UK
UK	the United Kingdom of Great Britain and Northern Ireland
uncertificated or in uncertificated form	recorded in the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

NOTICE OF EXTRAORDINARY GENERAL MEETING

STARWOOD EUROPEAN REAL ESTATE FINANCE LIMITED

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the **Extraordinary General Meeting** or **EGM**) of Starwood European Real Estate Finance Limited (the **Company**) will be held at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL (or such other location in Guernsey as may be determined by the Directors and notified to Shareholders) at 9:30 a.m. on Friday, 27 January 2023 for the purpose of considering and, if thought fit, passing the following resolutions, in the case of Resolution 1 as an ordinary resolution and, in the case of Resolution 2, as a special resolution:

ORDINARY RESOLUTION

1. **THAT**, subject to the passing of Resolution 2 below, the proposed New Investment Policy (as set out in paragraph 1 of Part 3 of the Circular sent by the Company to its Shareholders on 28 December 2022), be approved and adopted as the Company's Investment Policy in substitution for, and to the exclusion of, the Company's Existing Investment Policy.

SPECIAL RESOLUTION

2. **THAT**, subject to the passing of Resolution 1 above, in accordance with section 42 of the Companies Law, the New Articles (which are drafted to effect the Proposals as described in paragraph 1 of Part 1 and paragraphs 2 and 3 of Part 4 of the Circular) be and are hereby adopted (to the exclusion of, and in substitution for, the existing articles of incorporation) as the articles of incorporation of the Company in the form as may be inspected on the National Storage Mechanism from the date of sending of the Circular and at the registered office of the Company during usual business hours on any weekday from the date of the Circular up to and including the date of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes before and during the EGM.

For the purpose of the above Resolutions, capitalised terms shall have the same meanings set out in the Circular.

By Order of the Board,

Apex Fund and Corporate Services
(Guernsey) Limited
Company Secretary

Registered office:

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

28 December 2022

Notes:

These notes should be read in conjunction with the notes on the reverse of the proxy form.

1. A Shareholder entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote instead of him/her. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that such proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder.
2. A form of proxy is included for use by Shareholders to complete, sign and return. Completion and return of the form(s) of proxy will not prevent a Shareholder from subsequently attending the meeting (or any adjournments) and voting in person if he/she so wishes.
3. To appoint more than one proxy to vote in relation to different shares within your holding you may photocopy the form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed.
4. Forms of proxy, duly completed together with any power of attorney or other authority (if any) under which it/they is/are signed, or a notarial certified copy of such power or authority, must be lodged with Computershare Investor Services (Guernsey) Limited, C/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, not less than 48 hours before the time fixed for the meeting or any adjournment thereof, or in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll.
5. No shareholder will be entitled to be present or vote at the meeting (or any adjournment) either personally or by proxy unless their name appears on the register of members of the Company as at 9:30 a.m. on Wednesday, 25 January 2023. Changes to the entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting (or any adjournments). This record time is being set for voting at the meeting (and any adjournments) because the procedures for updating the register of members in respect of Shares held in uncertificated form require a record time to be set for the purpose of determining entitlements to attend and vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. A copy of the notice of this meeting, including these explanatory notes, is available on the Company's website: www.starwoodeuropeanfinance.com.
9. As at close of business on 20 December 2022 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 413,219,398 Shares, of which 17,626,702 Shares were held in treasury. The total voting rights as at close of business on 20 December 2022 was 395,592,696. Each Share carries the right to one vote at a general meeting of the Company.